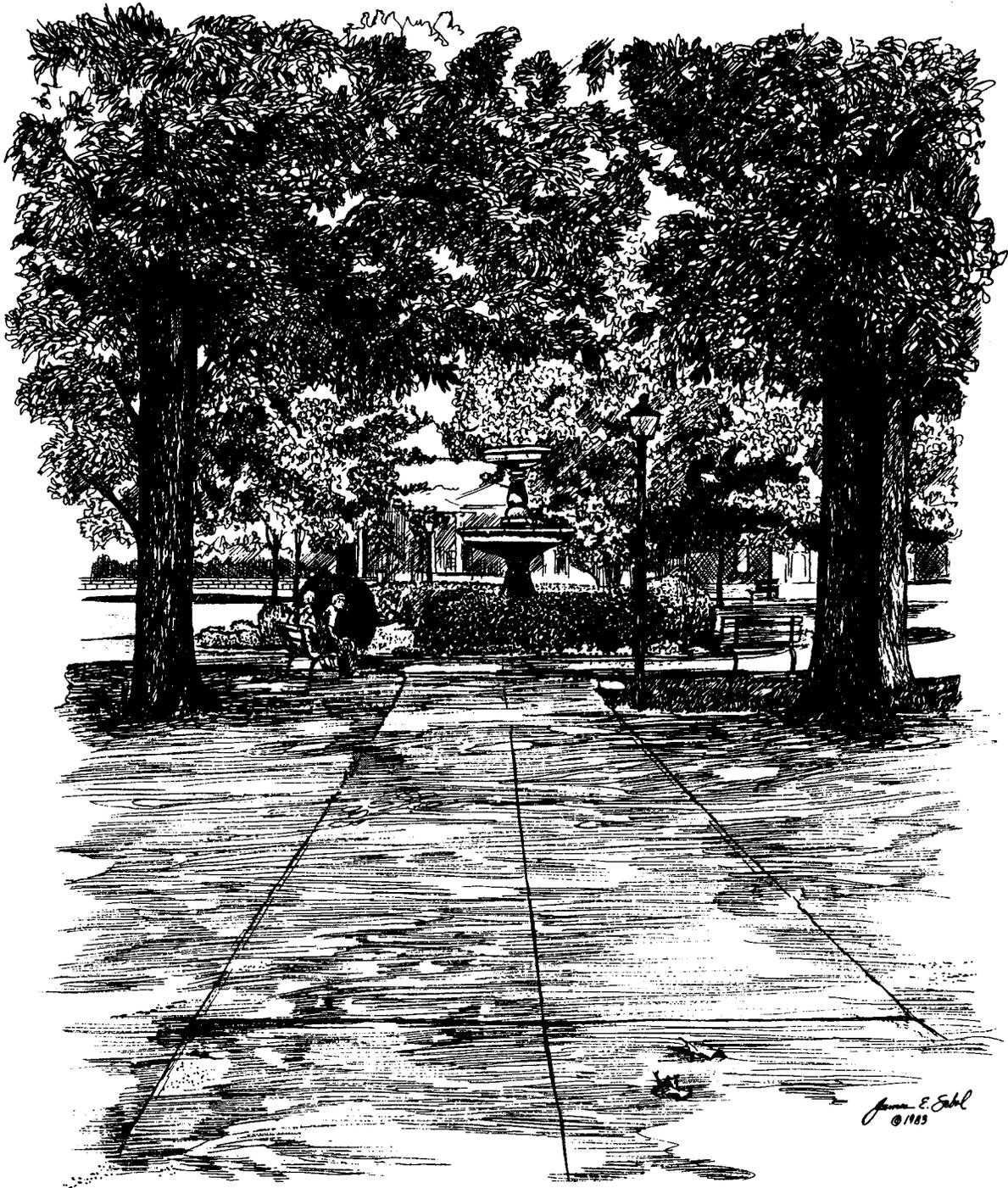


CITY OF ERIE

ERIE, PENNSYLVANIA



Comprehensive Annual Financial Report
Year Ended December 31, 1993

CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1993



Prepared By:
Department of Administration and Finance

Herbert V. Herriman
Director

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Year Ended December 31, 1993

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May 27, 1994

Honorable Members of City Council and Citizens
City of Erie

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 now underway is changing the face of downtown through a Facade Improvement Program with a widened State Street, which is the heart of the center business core, and the construction of a new baseball park. 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 theaters 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, the Greater Erie Area Golf Classic and SplitFire Spark Plug 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, Metro Health Centers and Lake Erie College of Osteopathic Medicine (LECOM). 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 and Gannon University 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
Mayor

May 27, 1994

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, 1993. 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 table of contents, the Mayor's letter, this transmittal letter, a list of principal City officials, and the City'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, commissions, pension organizations and a municipal authority 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.
- Pensions:** Officers and Employees Retirement Association, Police Pension Fund and Firemen's Pension Fund.
- Authority:** Erie Cable Television Public Access Authority.

The City of Erie has created various municipal authorities which operate within the City. They are reported in a separate column to emphasize that they are legally separate from the City. The governing bodies of all of these component units are appointed by the City (Mayor and/or City Council). The following entities have been included as discretely presented component units: Redevelopment Authority of the City of Erie; Erie Municipal Park Authority; Erie Metropolitan Transit Authority; Erie Parking Authority; Erie Civic Center Authority; and Erie Sewer Authority. Additionally, other 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 have been excluded: Erie City Water Authority; Erie Housing Authority; Erie Municipal Airport 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 Erie Magnetics are among the major corporations with both functioning plants and headquarters situated in the area. The availability of a skilled labor force due to the historically heavy concentration in tool and die firms in the area has also helped the community develop into the plastics industry capital of the world. 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 Insurance Group located in the downtown.

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. There are now a total of 29 neighborhood crime watch groups working to help stabilize the community which has led to a new self confidence and awareness of the importance of grass roots involvement in community development and local government. A downtown revitalization program including a facade improvement project has also resulted in reinvestment in several long vacant store fronts.

Economic development continues to be a top priority for Erie in 1993. The waterfront of Erie's fine natural harbor, the only lake and world port in Pennsylvania, has been a major focus of economic development. The extension of the Bayfront Highway across Erie's lakefront to Interstate Route 79 (I-79) is to be completed in the fall of 1994. Plans are being developed for the connection to Interstate Route 90 (I-90) by 1999. This highway has already stimulated tourist, commercial, residential and industrial interest in Erie's waterfront. Construction of Perry's Landing (a condominium complex), and initiation of bayfront development at the Penelec site, including a hotel, condominiums, a museum and mooring facilities 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 1993. The new Michael J. Veshecco Industrial Park is the first new industrial park opened in the City since 1958. In addition, Alliance Plastics, Tops Markets, Erie Insurance Group and several smaller businesses and industries located in Erie's Enterprise Zone announced expansion plans which will result in hundreds of new permanent jobs in the coming years. The establishment of an independent operating Water Authority in 1991, after two years of planning and development, is assisting in further future industrial and commercial development both in Erie and the greater Erie area.

MAJOR INITIATIVES

For The Year 1993

In preparing the budget, the City's priorities were identified as economic and community development, and maintaining all basic services at levels provided in 1992. 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 1993 included the following: complete financing and other arrangements for two industrial parks and a new multi-tenant building; create land development opportunities for residential development; secure grants for bayfront public access improvements; begin to implement a comprehensive parks plan; begin construction of a new baseball park; and implement 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 administrative staff reduction without backlogs or service reductions.

Public safety initiatives included projects in both the police and fire bureaus. The Bureau of Police implemented the 911 Emergency Communications system for all of Erie County. Investment in equipment included an on-line fingerprint identification system, replacement of front-line vehicles and a bomb disposal truck. Implementation of new programs and training included the Community Policing Program with the Erie Housing Authority and the SWAT team. Three additional officers were trained as Certified Crime Prevention Practitioners, increasing the total to twelve officers. Expansion of Neighborhood Crime Watch programs increased, bringing the total to twenty-nine groups to date.

The Bureau of Fire has upgraded equipment and services without significant increases in costs. To provide more comprehensive public safety communications and coordinated emergency management in disasters and emergencies, the bureau is nearing completion of an Emergency Operation Center (EOC) and backup dispatch center at the bureau headquarters. Changes in mobile radio equipment will vastly improve fireground radio reception, increasing firefighter safety and effectiveness. Changes in building security and maintenance not only have increased the protection of vital communications equipment, but also have reduced financial liability by restricting access to unauthorized or unsafe areas. Smoke detector grant programs, which are being finalized, will assure a more adequate level of fire safety in targeted at-risk areas of the City.

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 1993 with installation of playground equipment. The golf program continued to be a highly successful enterprise with all major capital improvements planned for 1993 being accomplished. Unlimited collection of household refuse, recycling of glass, cans, plastics, newspapers and our award winning composting program for leaves and grass continued in 1993, reducing the tonnage hauled and avoiding the increasing gate fees associated with landfill disposal. City employees accomplished crucial repairs to municipal buildings at a fraction of the estimated contract cost, saving taxpayers' dollars for other projects. Many advances were made in meeting ADA compliance requirements, such as: improving handicapped access into and throughout City Hall by the installation of automatic doors and single-action lever hardware, elevator control enhancements, wheel chair space and a lower microphone in council chambers; also, handicapped access and appropriate structures have been provided in many City parks and continues to be emphasized. The City's 322 miles of streets were maintained by our employees, and approximately 70 miles of roadway was resurfaced or repaved by contractors. Finally, the Bureau of Sewers working closely with the Engineering Bureau, 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 has resulted in significant reduction in the overall cost of the studies, and also likely reduce the ultimate cost of compliance.

Coming Year Initiatives

Priorities for 1994 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; secure tenants for the 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 and expand the facade program to Parade Street. Secure approval of a new Federal Enterprise Community designation in order to help facilitate new initiatives for neighborhood renewal.

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 - continued expansion of Neighborhood Crime Watch and Crime Prevention/Drug Education programs; implementation of Civilian Police Academy, "Operation Safe Streets" and Municipal Building security monitoring system; acquisition of two K-9 patrol dogs, U.S. military specialized equipment vehicles and "voice secure" portable police radios; update of communications equipment to fibre optics operations and replacement of front-line patrol vehicles; reorganization of police office and storage areas in the Municipal Building for more efficient operations; commencement of production of Police Public Service Announcements on safety, drugs, etc.; and completion of specialized police training.

- Fire - implementation of first responder water rescue training and equipment in response to a demonstrated need, community funded by concerned citizens and special interest groups making the bayfront safe while enhancing the value and desirability of bayfront recreation and development; technological upgrades in Cable TV access and equipment will contribute to increased use of public information channels for public fire safety education allowing increased training and dissemination of confidential public safety training without any significant cost increase; exploration of U.S. Government programs and grants for the purchase of capital equipment; increased fire code training which will increase fire safety and will generate incidental revenue and accountability from fees and fines, where applicable.

Public Works

Improve customer service through continued Total Quality Management (TQM) training; proceed expeditiously with 1993 bond issue capital improvement projects: consolidation of public works facilities, construction of a new central fire station, Liberty Street sanitary sewer rehabilitation, Zimmerman Road paving project, various other planned infrastructure improvements; implementation of the comprehensive parks plan utilizing bond funds, as well as CDBG monies; continue to bring facilities into full compliance with ADA requirements; maintain all streets through milling and resurfacing, tar and chipping, reclaiming, skin patching and pothole repairing programs; continue to provide expanded services in refuse collection, composting and recycling, including the addition of magazine recycling; initiate state-of-the-art computer-based sign making operation in the Bureau of Streets; improve Wastewater Treatment operations and remain in compliance with all state and federal regulations through major facility improvement projects; continue to meet the milestones of the consent decree with completion of the Act 537 Study and progression of the Millcreek Tube Pollution Study (MCTPS) and the Other Sources of Pollution Study (OSPS).

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.D 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, 1993 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 \$39,015,423 in 1993, a decrease of 6.0% from 1992. Total taxes account for 70.0% of general revenues compared to 70.3% last year. The amount of revenues from various sources and a comparison with the prior year are shown in the following tabulation:

Revenue Source	Amount	Percent of Total	Increase (Decrease) From 1992	
			Amount	Percent
Taxes	\$ 27,314,246	70.0	\$ (1,873,675)	(6.4)
Licenses and permits	936,890	2.4	(3,143)	(0.3)
Intergovernmental revenues	3,724,211	9.6	86,468	2.4
Charges for services	3,832,027	9.8	(3,589)	(0.1)
Fines and forfeits	1,131,552	2.9	76,566	7.3
Interest earnings	275,529	0.7	(29,038)	(9.5)
Miscellaneous sources	1,800,968	4.6	(738,999)	(29.1)
Total	<u>\$ 39,015,423</u>	<u>100.0</u>	<u>\$ (2,485,410)</u>	<u>(6.0)</u>

The most significant changes were in taxes and miscellaneous sources. The decreased tax revenues resulted from the prior year over-collection of current and three years of past due real estate taxes from a local hospital which was previously exempt.

Miscellaneous sources is down \$738,999 from the 1992 level in central service, municipal garage and pension liability reimbursements from the Bureau of Water for services provided by the City. The Bureau of Water, now established as the Erie City Water Authority, no longer utilizes City services and has organized its own pension plan.

Decreases to net assessed valuation of the City amounted to \$9,418,564 in 1993. This represented a decrease of 1.7% from 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. Current real estate tax collections were 92.0% of the tax levy. The ratio of total current and delinquent collections to the current tax levy was 98.5%.

General Fund expenditures totaled \$42,909,805, an increase of 4.9% over 1992. Variances in levels of expenditures for major functions and a comparison with the prior year are shown in the following tabulation:

Function	Amount	Percent of Total	Increase (Decrease) From 1992	
			Amount	Percent
General government	\$ 5,168,622	12.1	\$ 43,849	0.9
Public safety	26,396,807	61.5	1,064,916	4.2
Highways and streets	6,202,639	14.5	569,630	10.1
Sanitation	3,536,360	8.2	174,680	5.2
Culture and recreation	1,257,377	2.9	189,405	17.7
Debt service	0	0.0	(45,244)	(100.0)
Intergovernmental	348,000	0.8	(5,000)	(1.4)
Total	<u>\$ 42,909,805</u>	<u>100.0</u>	<u>\$ 1,992,236</u>	<u>4.9</u>

The single largest increase in General Fund expenditures are in Public Safety and Highways and Streets due to cost increases in salaries and wages, employee benefits, pension and other operating expenses.

The Debt Service decrease of \$45,244 is loan interest and a result of not issuing a tax revenue anticipation note in 1993.

General Fund Balance

The ending fund balance of the General Fund at December 31, 1993 was \$5,000,573 compared with a fund balance of \$6,529,028 at December 31, 1992, a decrease of 23.4%. An approximate \$1,500,000 decrease in undesignated fund balance brings this figure to 7.8% of annual expenses. However, the City continues to satisfy 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 1994 budget, City Council appropriated a portion of the undesignated, unreserved General Fund fund balance.

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, 1993 totaled \$13,598,225; expenditures for the period were \$13,417,075. The combined ending fund balance of the Special Revenue Funds at December 31, 1993 was \$3,229,755 compared to \$2,513,860 at the end of 1992.

Capital Projects Funds

The Capital Projects Funds account for major capital outlays. The level of expenditure in 1993 was \$1,379,061 (611.0%) above the 1992 level. This substantial increase was primarily due to Public Safety fire equipment purchased under a lease agreement.

Combined revenues for 1993 were \$282,837, a decrease of \$206,848 (42.2%), while expenditures totaled \$1,604,765 an increase of \$1,379,061 (611.0%). The Capital Projects Funds fund balance at December 31, 1993 totaled \$14,429,632, an increase of \$7,710,964 (114.8%). This increase reflects the proceeds received from the sale of the 1993 general obligation bond issued for street paving, public building improvements, recreation facility and for refunding the 1968 and 1986 general obligation bonds.

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 \$15,440,285 in 1993, while expenditures were \$13,376,026. The net income, before transfers, for the year amounted to \$2,708,573. The results of significant changes in operations of the Golf Fund initiated in 1991 (a complete irrigation system for one course and clubhouse improvements at two courses) became apparent in 1993. The golf program showed an \$80,881 (10.1%) increase in revenues due to fee increases and improvements completed in 1991. Expenses are up \$51,688 (7.3%) due to overall operational 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, 1993 were \$4,250,381 and operating expenses totaled \$4,697,473. The net loss for 1993, after nonoperating revenues (interest earnings), was \$398,940. In 1993, the City began accounting for a modified self-insurance program for hospitalization and medical costs in the Internal Service Funds that was previously presented via footnote disclosure only. As a result, the retained earnings of the Internal Service Funds for 1993 reflects an increase of \$750,011. An operating transfer to the General Fund accounts for the majority of the decrease in retained earnings in the Workers Compensation Trust Fund and Employees Health Benefit Plan. 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.

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) totaling \$98,342,905 (as of the latest actuarial report dated January 1, 1993). 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 1991 to 1993, City and Commonwealth of Pennsylvania contributions to its three pension funds were as follows:

	1993	1992	1991
Officers and Employees Retirement Association	\$ 2,527,458	\$ 2,051,456	\$ 2,734,959
Police Pension Fund	5,186,874	5,003,148	4,689,343
Firemen's Pension Fund	2,402,567	2,390,415	2,568,988
	<u>\$ 10,116,899</u>	<u>\$ 9,445,019</u>	<u>\$ 9,993,290</u>

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.

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, 1993, the General Fixed Assets of the City amounted to \$24,869,257. 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).

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 1993 were as follows:

	Amount	Ratio of Debt to Assessed Value (40% of Appraised Value)	Debt per Capita ¹
Net general bonded debt	\$ 12,950,000	2.4%	\$ 119.12

¹ Based upon 1990 census population of 108,718.

Outstanding general obligation bonds at December 31, 1993 totaled \$32,330,000 of which \$19,380,000 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, 1993, the City's net general bonded debt of \$32,330,000 was far below the legal limit of \$105,719,870.

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 ranged from 7 days to 2 years. The average yield on maturing investments during the year was 3.11%. General Fund interest earned was \$275,529. 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, 1993, 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 1993 indicates the wisdom of the change of funds managers.

Risk Management (see Note III.B.3 and VI.D)

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. Payments, based on anticipated claims and costs of administration, stop loss insurance and taxes were \$1,267,585 in 1993.

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 & Associates, Inc., 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, 1992. 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 a comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

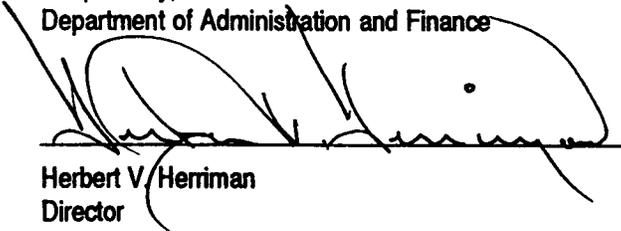
A Certificate of Achievement is valid for a period of one year only. The City of Erie has received the Certificate of Achievement for the last two consecutive years (fiscal years ended 1991 and 1992). We believe our current report continues to conform to the Certificate of Achievement program requirements, 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, Assistant Finance Director, 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, Guelcher & Associates, Inc. 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 continued interest and support in planning and conducting the financial operations of the City in a fiscally responsible and progressive manner.

Respectfully,
Department of Administration and Finance

A handwritten signature in black ink, appearing to read 'Herbert V. Herriman', is written over a horizontal line. The signature is stylized and somewhat cursive.

Herbert V. Herriman
Director

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, 1992

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.



Arnold H. Hahn

President

Jeffrey L. Eselle

Executive Director

CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1993

Principal City Officials

Mayor

Joyce A. Savocchio

City Council

Edward M. Brzezinski, President

Mario S. Bagnoni

Joseph J. Borgia

Robert J. Hickey

Chris E. Maras

Denise Illig Robison

Gail M. Wright

City Officials

Ortenzia M. Keller

Brenda A. Pundt

Paul J. Susko

James E. Klemm

Herbert V. Herriman

Joyce A. Savocchio, Mayor

John T. Barzano

Jeffrey E. Spaulding

City Treasurer

City Controller

City Solicitor

City Clerk

Director, Department of
Administration and Finance

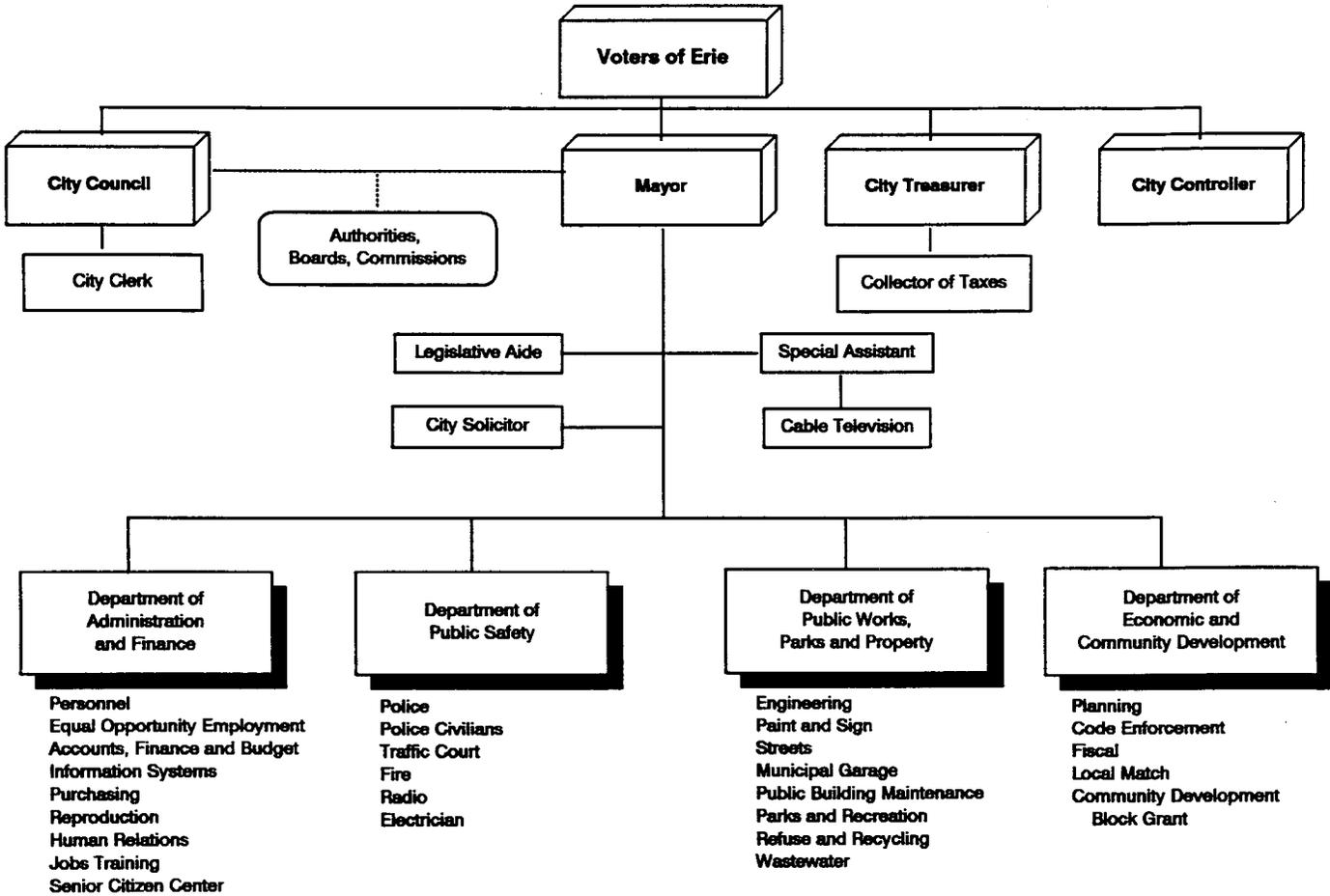
Director, Department of
Public Safety

Director, Department of Public
Works, Property and Parks

Director, Department of Economic
and Community Development

CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1993

Organization Chart



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of Erie, Pennsylvania (the "City") as of December 31, 1993, 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 did not audit the financial statements of the six component units listed in Note I.B., which are presented in the accompanying general purpose financial statements discretely from the primary government. Those financial statements were audited by other auditors who report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for those component units, is based solely on the reports of the other auditors.

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 and the report of other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, 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, 1993, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust 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



**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

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

Erie, Pennsylvania
May 17, 1994

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GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF ERIE, PENNSYLVANIA
 Combined Balance Sheet
 All Fund Types and Account Groups
 Year Ended December 31, 1993

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash	\$ 21,200	\$ 1,217,257	\$ 90,315	\$ 81,073
Investments	4,400,000	600,000	0	14,310,000
Restricted cash and investments	0	0	0	0
Receivables (net of allowance for uncollectibles):				
Accounts	292,955	0	0	0
Property tax	3,296,119	0	0	0
Earned income and occupational privilege tax	1,475,802	0	0	0
Liens	168,496	243,014	0	50,514
Intergovernmental	91,684	637,459	0	0
Interfund	52,434	0	0	0
Notes	43,712	3,052,648	0	0
Other	229,336	951	0	71,785
Inventory	0	0	0	0
Prepaid insurance	162,452	0	0	0
Due from other funds	0	0	0	76,000
Property, plant and equipment:				
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
Project costs	0	0	0	0
Bond issue costs	0	0	0	0
Amount to be provided for long-term debt	0	0	0	0
Total assets	\$ 10,234,190	\$ 5,751,329	\$ 90,315	\$ 14,589,372
LIABILITIES				
Cash overdraft	\$ 604,883	\$ 66,103	\$ 0	\$ 0
Accounts payable	511,235	734,981	0	28,798
Accrued payroll	425,202	9,921	0	0
Interfund payable	0	52,434	0	0
Compensated absences payable	129,986	16,445	0	0
Claims and judgments payable	42,500	0	0	0
Current portion of long-term liabilities	0	0	0	0
Deferred revenue	3,508,087	241,790	0	43,612
Capital lease obligation	0	0	0	0
Other liabilities	11,724	0	46,315	0
Due to other funds	0	0	0	87,330
Due to other governments	0	1,399,900	0	0
General obligation bonds payable	0	0	0	0
Deferred compensation benefits payable	0	0	0	0
Total liabilities	5,233,617	2,521,574	46,315	159,740
FUND EQUITY AND OTHER CREDITS				
Investment in general fixed assets	0	0	0	0
Contributed capital and other credits	0	316,745	0	0
Retained earnings:				
Unreserved (deficit)	0	0	0	0
Fund balance:				
Reserved for encumbrances	183,913	1,924,984	0	67,055
Reserved for noncurrent notes receivable	32,780	2,966,578	0	0
Reserved for prepaid insurance	162,452	0	0	0
Unreserved:				
Designated for self-insurance	1,253,934	0	0	0
Designated for endowment principal	0	0	0	6,000,000
Undesignated (deficit)	3,367,494	(1,978,552)	44,000	8,362,577
Total fund equity (deficit) and other credits	5,000,573	3,229,755	44,000	14,429,632
Total liabilities and fund equity and other credits	\$ 10,234,190	\$ 5,751,329	\$ 90,315	\$ 14,589,372

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
Enterprise	Internal Service	Non-Expendable Trust & Agency	General Fixed Assets	General Long-Term Debt			
\$ 1,302,480	\$ 0	\$ 903,356	\$ 0	\$ 0	\$ 3,615,681	\$ 2,342,019	\$ 5,957,700
12,655,000	0	72,135,420	0	0	104,100,420	13,037,316	117,137,736
0	1,247,644	0	0	0	1,247,644	3,223,306	4,470,950
1,292,655	0	0	0	0	1,585,610	263,897	1,849,507
0	0	0	0	0	3,296,119	0	3,296,119
0	0	0	0	0	1,475,802	0	1,475,802
0	0	0	0	0	462,024	0	462,024
0	0	0	0	0	729,143	463,994	1,193,137
0	0	0	0	0	52,434	0	52,434
6,290,000	0	0	0	0	9,386,360	0	9,386,360
16,345	2,787	569,770	0	0	890,974	207,930	1,098,904
0	0	0	0	0	0	238,380	238,380
26,550	0	0	0	0	189,002	246,842	435,844
87,330	0	0	0	0	163,330	0	163,330
730,999	0	0	762,216	0	1,493,215	2,370,898	3,864,113
8,519,490	0	0	11,885,924	0	20,405,414	58,381,135	78,786,549
40,242,197	0	0	0	0	40,242,197	1,034,088	41,276,285
7,657,385	0	0	12,221,117	0	19,878,502	23,063,080	42,941,582
(27,469,261)	0	0	0	0	(27,469,261)	(38,603,053)	(66,072,314)
0	0	0	0	0	0	35,453,996	35,453,996
501,742	0	0	0	0	501,742	556,399	1,058,141
0	0	0	0	14,857,405	14,857,405	0	14,857,405
<u>\$ 51,852,912</u>	<u>\$ 1,250,431</u>	<u>\$ 73,608,546</u>	<u>\$ 24,869,257</u>	<u>\$ 14,857,405</u>	<u>\$ 197,103,757</u>	<u>\$ 102,280,227</u>	<u>\$ 299,383,984</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 670,986	\$ 0	\$ 670,986
1,098,611	18,830	0	0	0	2,392,455	790,823	3,183,278
132,858	0	0	0	0	567,981	443,231	1,011,212
0	0	0	0	0	52,434	0	52,434
20,052	0	0	0	0	166,483	0	166,483
8,600	2,545,417	0	0	0	2,596,517	0	2,596,517
375,000	0	0	0	0	375,000	782,791	1,157,791
9,529,582	0	0	0	0	13,323,071	358,815	13,681,886
0	0	0	0	1,907,405	1,907,405	0	1,907,405
0	0	78,665	0	0	136,704	665,461	802,165
76,000	0	0	0	0	163,330	0	163,330
0	0	1,155,074	0	0	2,554,974	7,274,079	9,829,053
19,005,000	0	0	0	12,950,000	31,955,000	25,667,247	57,622,247
0	0	3,467,114	0	0	3,467,114	0	3,467,114
<u>30,245,703</u>	<u>2,564,247</u>	<u>4,700,853</u>	<u>0</u>	<u>14,857,405</u>	<u>60,329,454</u>	<u>35,982,447</u>	<u>96,311,901</u>
0	0	0	24,869,257	0	24,869,257	0	24,869,257
0	0	0	0	0	316,745	36,963,014	37,279,759
21,607,209	(1,313,816)	0	0	0	20,293,393	29,170,212	49,463,605
0	0	0	0	0	2,175,952	0	2,175,952
0	0	0	0	0	2,999,358	0	2,999,358
0	0	0	0	0	162,452	0	162,452
0	0	0	0	0	1,253,934	0	1,253,934
0	0	0	0	0	6,000,000	0	6,000,000
0	0	68,907,693	0	0	78,703,212	164,554	78,867,766
<u>21,607,209</u>	<u>(1,313,816)</u>	<u>68,907,693</u>	<u>24,869,257</u>	<u>0</u>	<u>136,774,303</u>	<u>66,297,780</u>	<u>203,072,083</u>
<u>\$ 51,852,912</u>	<u>\$ 1,250,431</u>	<u>\$ 73,608,546</u>	<u>\$ 24,869,257</u>	<u>\$ 14,857,405</u>	<u>\$ 197,103,757</u>	<u>\$ 102,280,227</u>	<u>\$ 299,383,984</u>

CITY OF ERIE, PENNSYLVANIA
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 All Governmental Fund Types
 Year Ended December 31, 1993

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Taxes	\$ 27,314,246	\$ 0	\$ 1,193,613	\$ 0
Licenses and permits	936,890	0	0	0
Intergovernmental	3,724,211	12,609,269	0	0
Charges for services	3,832,027	0	0	0
Fines and forfeits	1,131,552	0	0	0
Interest earnings	275,529	55,537	0	262,602
Miscellaneous	1,800,968	933,419	0	20,235
Total revenues	<u>39,015,423</u>	<u>13,598,225</u>	<u>1,193,613</u>	<u>282,837</u>
EXPENDITURES				
Current:				
General government	5,168,622	17,644	0	234,040
Public safety	26,396,807	1,769,795	0	0
Highways and streets	6,202,639	1,342,785	0	0
Sanitation	3,536,360	250,755	0	0
Culture and recreation	1,257,377	1,472,082	0	0
Economic and community development	0	8,564,014	0	0
Capital outlay	0	0	0	1,370,725
Debt service:				
Principal	0	0	878,856	0
Interest	0	0	314,757	0
Intergovernmental	348,000	0	0	0
Total expenditures	<u>42,909,805</u>	<u>13,417,075</u>	<u>1,193,613</u>	<u>1,604,765</u>
Excess of revenues over (under) expenditures	(3,894,382)	181,150	0	(1,321,928)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,505,031	297,163	44,000	0
Operating transfers (out)	(218,000)	(79,163)	0	(44,000)
Proceeds from general long-term debt	0	0	0	10,617,424
Proceeds from debt - payments to refunding agent	0	0	0	(2,543,350)
Proceeds from capital lease obligations	78,896	0	0	1,002,818
Total other financing sources (uses)	<u>2,365,927</u>	<u>218,000</u>	<u>44,000</u>	<u>9,032,892</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,528,455)	399,150	44,000	7,710,964
Fund balance (deficit) January 1, 1993	6,529,028	2,513,860	0	6,718,668
Increase to contributed capital and other credits	0	316,745	0	0
Fund balance (deficit) December 31, 1993	<u>\$ 5,000,573</u>	<u>\$ 3,229,755</u>	<u>\$ 44,000</u>	<u>\$ 14,429,632</u>

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

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ 28,507,859	\$ 0	\$ 28,507,859
936,890	0	936,890
16,333,480	53,000	16,386,480
3,832,027	0	3,832,027
1,131,552	0	1,131,552
593,668	0	593,668
2,754,622	1,203	2,755,825
<u>54,090,098</u>	<u>54,203</u>	<u>54,144,301</u>
5,420,306	0	5,420,306
28,166,602	0	28,166,602
7,545,424	0	7,545,424
3,787,115	0	3,787,115
2,729,459	0	2,729,459
8,564,014	18,527	8,582,541
1,370,725	0	1,370,725
878,856	35,000	913,856
314,757	18,000	332,757
348,000	0	348,000
<u>59,125,258</u>	<u>71,527</u>	<u>59,196,785</u>
(5,035,160)	(17,324)	(5,052,484)
2,846,194	0	2,846,194
(341,163)	0	(341,163)
10,617,424	0	10,617,424
(2,543,350)	0	(2,543,350)
1,081,714	0	1,081,714
<u>11,660,819</u>	<u>0</u>	<u>11,660,819</u>
6,625,659	(17,324)	6,608,335
15,761,556	35,987,024	51,748,580
316,745	253,272	570,017
<u>\$ 22,703,960</u>	<u>\$ 36,222,972</u>	<u>\$ 58,926,932</u>

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances) - All Governmental Fund Types
Year Ended December 31, 1993

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 28,203,352	\$ 27,669,564	\$ (533,788)
Licenses and permits	858,000	1,054,611	196,611
Intergovernmental	3,426,924	3,729,099	302,175
Charges for services	3,554,000	3,767,008	213,008
Fines and forfeits	1,044,000	1,130,401	86,401
Interest earnings	335,000	274,408	(60,592)
Miscellaneous	1,902,000	1,910,019	8,019
Total revenues	39,323,276	39,535,110	211,834
EXPENDITURES			
Current:			
General government	5,683,435	5,333,895	349,540
Public safety	27,329,824	26,570,569	759,255
Highways and streets	6,520,236	6,323,147	197,089
Sanitation	3,739,325	3,710,998	28,327
Culture and recreation	1,274,980	1,235,660	39,320
Economic and community development	0	0	0
Capital outlay	0	0	0
Debt service:			
Principal	0	0	0
Interest	0	0	0
Intergovernmental	348,000	348,000	0
Total expenditures	44,895,800	43,522,269	1,373,531
Excess of revenues over (under) expenditures	(5,572,524)	(3,987,159)	1,585,365
OTHER FINANCING SOURCES (USES)			
Operating transfers in	2,415,031	2,505,031	90,000
Operating transfers (out)	(173,000)	(218,000)	(45,000)
Proceeds from general long-term debt	0	0	0
Proceeds from debt - payments to refunding agent	0	0	0
Total other financing sources (uses)	2,242,031	2,287,031	45,000
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(3,330,493)	(1,700,128)	1,630,365
Fund balance (deficit) January 1, 1993 (Note VI.A.)	3,330,493	4,539,717	1,209,224
Prior year encumbrances paid in current year	0	830,842	830,842
Expenditures rebudgeted in the subsequent year (Note VI.B.)	0	0	0
Fund balance (deficit) December 31, 1993	\$ 0	3,670,431	\$ 3,670,431
RECONCILIATION TO GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		695,148	
Recognition of accrual basis adjustments		634,994	
Fund balance (deficit) December 31, 1993		\$ 5,000,573	

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	\$ 1,204,827	\$ 1,193,613	\$ (11,214)	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0	0
27,385,430	12,604,414	(14,781,016)	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	51,155	51,155	0	0	0	570,974	192,859	(378,115)
72,614	854,289	781,675	0	0	0	77,000	17,728	(59,272)
<u>27,458,044</u>	<u>13,509,858</u>	<u>(13,948,186)</u>	<u>1,204,827</u>	<u>1,193,613</u>	<u>(11,214)</u>	<u>647,974</u>	<u>210,587</u>	<u>(437,387)</u>
112,000	59,926	52,074	0	0	0	127,866	234,040	(106,174)
2,405,429	1,790,656	614,773	0	0	0	0	0	0
3,044,008	1,939,366	1,104,642	0	0	0	0	0	0
893,715	310,955	582,760	0	0	0	0	0	0
3,937,060	2,597,057	1,340,003	0	0	0	0	0	0
17,145,182	9,944,701	7,200,481	0	0	0	0	0	0
0	0	0	0	0	0	4,423,628	459,114	3,964,514
0	0	0	878,856	878,856	0	0	0	0
0	0	0	325,971	314,757	11,214	0	0	0
0	0	0	0	0	0	0	0	0
<u>27,537,394</u>	<u>16,642,661</u>	<u>10,894,733</u>	<u>1,204,827</u>	<u>1,193,613</u>	<u>11,214</u>	<u>4,551,494</u>	<u>693,154</u>	<u>3,858,340</u>
(79,350)	(3,132,803)	(3,053,453)	0	0	0	(3,903,520)	(482,567)	3,420,953
292,819	297,163	4,344	0	0	0	0	0	0
0	(79,163)	(79,163)	0	0	0	(260,000)	(44,000)	216,000
0	0	0	0	0	0	6,484,703	10,617,424	4,132,721
0	0	0	0	0	0	(2,633,665)	(2,543,350)	90,315
<u>292,819</u>	<u>218,000</u>	<u>(74,819)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,591,038</u>	<u>8,030,074</u>	<u>4,439,036</u>
213,469	(2,914,803)	(3,128,272)	0	0	0	(312,482)	7,547,507	7,859,989
(368,627)	1,137,261	1,505,888	0	0	0	0	6,691,056	6,691,056
0	1,766,104	1,766,104	0	0	0	0	45,493	45,493
342,447	0	342,447	0	0	0	312,482	0	(312,482)
<u>\$ (497,605)</u>	<u>(11,438)</u>	<u>\$ 486,167</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>14,284,056</u>	<u>\$ 14,284,056</u>
	3,415,341			0			95,753	
	(174,148)			44,000			49,823	
	<u>\$ 3,229,755</u>			<u>\$ 44,000</u>			<u>\$ 14,429,632</u>	

CITY OF ERIE, PENNSYLVANIA
 Combined Statement of Revenues, Expenses and Changes in Retained Earnings
 All Proprietary and Non-Expendable Trust Funds
 Year Ended December 31, 1993

	Enterprise	Internal Service	Non- Expendable Trust
OPERATING REVENUES			
Intergovernmental	\$ 0	\$ 4,203,122	\$ 0
Charges for services	13,384,695	0	0
Lease rental	1,778,229	0	0
Rental income	174,664	0	0
Pension contributions	0	0	11,669,375
Miscellaneous	102,697	47,259	2,292
Total operating revenues	<u>15,440,285</u>	<u>4,250,381</u>	<u>11,671,667</u>
OPERATING EXPENSES			
Personnel services	3,015,015	0	0
Other personnel costs	1,395,761	0	0
Services and fees	1,463,082	1,357	0
Utilities	1,811,871	0	0
Rent	75,970	0	0
Insurance	111,795	4,387,238	0
Materials, supplies and maintenance	2,081,068	0	0
Workers compensation claims	0	302,715	0
Pension benefits	0	0	8,241,940
Depreciation	1,303,843	0	0
Capital outlay	642,006	0	0
Other	1,475,615	6,163	293,743
Total operating expenses	<u>13,376,026</u>	<u>4,697,473</u>	<u>8,535,683</u>
Operating income (loss)	<u>2,064,259</u>	<u>(447,092)</u>	<u>3,135,984</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenue	712,651	0	0
Interest earnings	74,053	51,865	4,671,357
Interest expense	(161,924)	0	0
Other expense	19,534	(3,713)	0
Net nonoperating revenues (expenses)	<u>644,314</u>	<u>48,152</u>	<u>4,671,357</u>
Net income (loss) before operating transfers	<u>2,708,573</u>	<u>(398,940)</u>	<u>7,807,341</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	532,953	0	0
Operating transfers (out)	(2,487,984)	(550,000)	0
Total other financing sources (uses)	<u>(1,955,031)</u>	<u>(550,000)</u>	<u>0</u>
Net income (loss)	<u>753,542</u>	<u>(948,940)</u>	<u>7,807,341</u>
Retained earnings (deficit) January 1, 1993	20,853,667	(364,876)	61,100,352
Current contributions of capital	0	0	0
Retained earnings (deficit) December 31, 1993	<u>\$ 21,607,209</u>	<u>\$ (1,313,816)</u>	<u>\$ 68,907,693</u>

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

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ 4,203,122	\$ 1,456,203	\$ 5,659,325
13,384,695	5,325,487	18,710,182
1,778,229	0	1,778,229
174,664	389,145	563,809
11,669,375	0	11,669,375
152,248	196,736	348,984
<u>31,362,333</u>	<u>7,367,571</u>	<u>38,729,904</u>
3,015,015	4,316,223	7,331,238
1,395,761	1,195,158	2,590,919
1,464,439	1,066,213	2,530,652
1,811,871	464,170	2,276,041
75,970	57,801	133,771
4,499,033	124,007	4,623,040
2,081,068	901,301	2,982,369
302,715	0	302,715
8,241,940	0	8,241,940
1,303,843	2,793,999	4,097,842
642,006	0	642,006
1,775,521	109,190	1,884,711
<u>26,609,182</u>	<u>11,028,062</u>	<u>37,637,244</u>
<u>4,753,151</u>	<u>(3,660,491)</u>	<u>1,092,660</u>
712,651	3,698,571	4,411,222
4,797,275	383,064	5,180,339
(161,924)	(1,465,475)	(1,627,399)
15,821	(703)	15,118
<u>5,363,823</u>	<u>2,615,457</u>	<u>7,979,280</u>
10,116,974	(1,045,034)	9,071,940
532,953	0	532,953
(3,037,984)	0	(3,037,984)
<u>(2,505,031)</u>	<u>0</u>	<u>(2,505,031)</u>
7,611,943	(1,045,034)	6,566,909
81,589,143	31,059,541	112,648,684
0	60,301	60,301
<u>\$ 89,201,086</u>	<u>\$ 30,074,808</u>	<u>\$ 119,275,894</u>

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CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Retained Earnings (Cash Basis)
Budget and Actual (Including Encumbrances) - Enterprise Funds (Sewer Revenue and Golf)
Year Ended December 31, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$ 13,446,450	\$ 13,119,010	\$ (327,440)
Lease rental	0	0	0
Rental income	160,500	174,664	14,164
Miscellaneous	13,500	53,326	39,826
Total operating revenues	<u>13,620,450</u>	<u>13,347,000</u>	<u>(273,450)</u>
OPERATING EXPENSES			
Personnel services	3,035,897	2,966,839	69,058
Other personnel costs	1,461,254	1,395,616	65,638
Services and fees	2,487,775	1,782,289	705,486
Utilities	2,228,786	2,213,752	15,034
Rent	75,586	73,763	1,823
Insurance	222,473	124,685	97,788
Materials, supplies and maintenance	2,764,173	2,464,556	299,617
Workers compensation claims	0	0	0
Pension benefits	0	0	0
Depreciation	0	0	0
Capital outlay	1,396,539	527,818	868,721
Other	1,761,056	1,531,752	229,304
Total operating expenses	<u>15,433,539</u>	<u>13,081,070</u>	<u>2,352,469</u>
Operating income (loss)	<u>(1,813,089)</u>	<u>265,930</u>	<u>2,079,019</u>
NONOPERATING REVENUES (EXPENSES)			
Bond and loan principal	(173,927)	(166,144)	7,783
Intergovernmental revenue	710,000	712,651	2,651
Interest earnings	30,000	44,177	14,177
Interest expense	(345,948)	(161,924)	184,024
Other expense	0	0	0
Net nonoperating revenues (expenses)	<u>220,125</u>	<u>428,760</u>	<u>208,635</u>
Net income (loss) before operating transfers	<u>(1,592,964)</u>	<u>694,690</u>	<u>2,287,654</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	195,410	195,410	0
Operating transfers (out)	0	(927,543)	(927,543)
Total other financing sources (uses)	<u>195,410</u>	<u>(732,133)</u>	<u>(927,543)</u>
Net income (loss)	<u>(1,397,554)</u>	<u>(37,443)</u>	<u>1,360,111</u>
Retained earnings (deficit) January 1, 1993	1,397,554	5,879,005	4,481,451
Retained earnings (deficit) December 31, 1993	<u>\$ 0</u>	<u>\$ 5,841,562</u>	<u>\$ 5,841,562</u>
RECONCILIATION TO GAAP BASIS RETAINED EARNINGS			
Encumbrances recognized as current year expenditures		1,444,711	
Effect of nonbudgeted items (Note VI.C.)		(219,068)	
Recognition of accrual basis adjustments		(429,404)	
Individual funds not budgeted		14,969,408	
Retained earnings (deficit) December 31, 1993		<u>\$ 21,607,209</u>	

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

CITY OF ERIE, PENNSYLVANIA
 Combined Statement of Cash Flows
 All Proprietary and Non-Expendable Trust Funds
 Year Ended December 31, 1993

	Enterprise	Internal Service	Non- Expendable Trust
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 2,064,259	\$ (447,092)	\$ 3,135,984
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Noncash items included in operating income (loss):			
Depreciation expense	1,284,603	0	0
Amortization	2,740	0	0
Loss on bond defeasement	19,534	0	0
(Increase) decrease in current assets:			
Accounts receivable	(315,055)	0	0
Intergovernmental receivable	0	0	0
Other receivables	(15,049)	(2,787)	(76,002)
Inventory	0	0	0
Prepaid insurance	(12,890)	461,540	0
Due from other funds	16,612	0	0
Increase (decrease) in current liabilities:			
Accounts payable	429,766	18,830	0
Accrued payroll	48,964	0	0
Interfund payable	(37,282)	0	0
Compensated absences payable	(787)	0	0
Claims and judgments payable	8,600	(169,995)	0
Due to other governments	0	0	0
Due to other funds	76,000	0	0
Deferred revenue	(413,198)	0	0
Other liabilities	0	0	9,093
Net cash provided (used) by operating activities	3,156,817	(139,504)	3,069,075
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue	712,651	0	0
Note to Sewer Authority	(6,290,000)	0	0
Other income	0	0	0
Operating transfers in	532,953	0	0
Operating transfers (out)	(2,487,984)	(550,000)	0
Net cash provided (used) by noncapital financing activities	(7,532,380)	(550,000)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Net proceeds from general obligation bonds issued to refund capital debt	18,895,052	0	0
Payments to escrow agent to refund capital debt	(1,844,658)	0	0
Purchase of fixed assets	(485,309)	0	0
Disposition of fixed assets	16,500	0	0
Principal payments	(166,144)	0	0
Interest payments	(161,924)	0	0
Net cash provided (used) by capital and related financing activities	16,253,517	0	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale and redemption of investments	47,761,510	0	45,243,873
Net interest earnings	74,053	48,152	4,671,357
Purchase of investments	(58,773,510)	0	(53,321,202)
Net cash provided (used) by investing activities	(10,937,947)	48,152	(3,405,972)
Net increase (decrease) in cash	940,007	(641,352)	(336,897)
Cash January 1, 1993	362,473	1,888,996	665,607
Cash December 31, 1993	\$ 1,302,480	\$ 1,247,644	\$ 328,710

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

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ 4,753,151	\$ (3,660,491)	\$ 1,092,660
1,284,603	2,793,999	4,078,602
2,740	11,789	14,529
19,534	0	19,534
(315,055)	(27,112)	(342,167)
0	129,868	129,868
(93,838)	(27,206)	(121,044)
0	28,234	28,234
448,650	(32,353)	416,297
16,612	0	16,612
448,596	491,047	939,643
48,964	(6,860)	42,104
(37,282)	0	(37,282)
(787)	0	(787)
(161,395)	0	(161,395)
0	(66,254)	(66,254)
76,000	0	76,000
(413,198)	16,823	(396,375)
9,093	38,069	47,162
<u>6,086,388</u>	<u>(310,447)</u>	<u>5,775,941</u>
712,651	3,698,571	4,411,222
(6,290,000)	0	(6,290,000)
0	(4,099)	(4,099)
532,953	0	532,953
(3,037,984)	0	(3,037,984)
<u>(8,082,380)</u>	<u>3,694,472</u>	<u>(4,387,908)</u>
18,895,052	8,500,000	27,395,052
(1,844,658)	0	(1,844,658)
(485,309)	(5,822,840)	(6,308,149)
16,500	0	16,500
(166,144)	(624,238)	(790,382)
(161,924)	(1,470,328)	(1,632,252)
<u>16,253,517</u>	<u>582,594</u>	<u>16,836,111</u>
93,005,380	211,000	93,216,380
4,793,565	386,460	5,180,025
(112,094,712)	(4,176,548)	(116,271,260)
<u>(14,295,767)</u>	<u>(3,579,088)</u>	<u>(17,874,855)</u>
(38,242)	387,531	349,289
2,917,076	4,333,088	7,250,164
<u>\$ 2,878,834</u>	<u>\$ 4,720,619</u>	<u>\$ 7,599,453</u>

CITY OF ERIE, PENNSYLVANIA
 Combined Statement of Cash Flows, Continued
 All Proprietary and Non-Expendable Trust Funds
 Year Ended December 31, 1993

	Enterprise	Internal Service	Non- Expendable Trust
Reconciliation to the balance sheet:			
At January 1, 1993:			
Cash	\$ 362,473	\$ 0	\$ 665,607
Restricted cash and investments	0	1,888,996	0
	\$ 362,473	\$ 1,888,996	\$ 665,607
At December 31, 1993:			
Cash	\$ 1,302,480	\$ 0	\$ 328,710
Restricted cash and investments	0	1,247,644	0
	\$ 1,302,480	\$ 1,247,644	\$ 328,710

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

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ 1,028,080	\$ 1,197,827	\$ 2,225,907
1,888,996	3,135,261	5,024,257
<u>\$ 2,917,076</u>	<u>\$ 4,333,088</u>	<u>\$ 7,250,164</u>
\$ 1,631,190	\$ 1,497,313	\$ 3,128,503
1,247,644	3,223,306	4,470,950
<u>\$ 2,878,834</u>	<u>\$ 4,720,619</u>	<u>\$ 7,599,453</u>

CITY OF ERIE, PENNSYLVANIA

Notes to Financial Statements

December 31, 1993

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

An elected Mayor, serving 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. As required by generally accepted accounting principals, these financial statements present the City of Erie, Pennsylvania (the primary government) and its component units. The component units discussed in Note I.B. are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

B. Individual Component Unit Disclosures

Blended Component Units. The City of Erie has created various boards, commissions, pension organizations and a municipal authority which operate within the City. These entities have been included with the financial statements as the City exercises budget controls, controls over fiscal management and because they are integral extensions of the City. The following have been included as blended presentation:

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.

Pension Organizations - Officers and Employees Retirement Association, Police Pension Fund and Firemen's Pension Fund.

Authority - Erie Cable Television Public Access Authority.

Discretely Presented Component Units. The City of Erie has created various municipal authorities which operate within the City. They are reported in a separate column to emphasize that they are legally separate from the City. The governing bodies of all of these component units are appointed by the City (Mayor and/or City Council). The following have been included as discrete presentation:

Redevelopment Authority of the City of Erie - This authority was created to operate demolition and rehabilitation projects within the City. The primary source of income is from Community Development Block Grant monies which are allocated solely by the primary government.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Individual Component Unit Disclosures, Continued

Erie Municipal Park Authority - This financing authority was created to finance improvements to the park area of the Erie Zoo. The City is contingently liable for the debt of the authority under an agreement which is more fully described in Note III.B.5.

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 City and the County.

Erie Parking Authority - This authority operates the municipal parking ramps and lots and enforces parking regulations throughout the City. The City has entered into a Guaranty Agreement with the authority whereby the City has unconditionally guaranteed the payment of principal and interest of the Series 1987 bonds. (See Note V.A.)

Erie Civic Center Authority - This authority operates the Louis J. Tullio Convention Center, the Warner Theater and the Exhibit Hall. Pursuant to a management agreement, the City provides a material subsidy through annual appropriation of funds sufficient to cover the expected operating deficit.

Erie Sewer Authority - This is a financing authority created to acquire property and equipment for a sewage treatment plant. The City is contingently liable for the debt of the authority under an agreement which is more fully described in Note III.B.5.

The condensed financial information for the six discretely presented component units can be found on pages 116-120. Complete financial statements (the Erie Municipal Park Authority does not prepare financial statements) of the individual component units for periods ended and for the reports issued thereon dated, as listed below, can be obtained from their respective administrative offices or from the City Clerk's office in the Municipal Building.

Administrative Offices:

Redevelopment Authority of
the City of Erie
126 West 9th Street
Erie, Pennsylvania 16501
December 31, 1993
Qualified opinion dated May 2, 1994

Erie Municipal Park Authority
Integra Trust Company
300 Fourth Avenue
Pittsburgh, Pennsylvania 15278-2331
December 31, 1993
No financial report

Erie Metropolitan Transit Authority
127 East 14th Street
Erie, Pennsylvania 16503
June 30, 1993
Unqualified opinion dated September 27, 1993

Erie Parking Authority
117 West 7th Street
Erie, Pennsylvania 16501
December 31, 1993
Unqualified opinion dated March 2, 1994

Erie Civic Center Authority
809 French Street
Erie, Pennsylvania 16501

December 31, 1993
Unqualified opinion dated February 10, 1994

Erie Sewer Authority
% PNC Bank
P.O. Box 8480
Erie, Pennsylvania 16501
December 31, 1993
Unqualified opinion dated January 25, 1994

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Related Organizations

The City of Erie has created various municipal authorities, a non-profit corporation and a council which operate independently of the City. The members of the boards of these entities have been appointed by the City, but the City's accountability for these organizations does not extend beyond making the appointments. The following represents a listing of related organizations of the City:

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.

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

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.

D. 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.

For purposes of presentation, the statements have been segregated into activities of the primary government and those of its component units. The combination of these comprise the reporting entity.

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, 1993

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. 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 and the employees health benefit plan.

3. Fiduciary Fund Types - Fiduciary Funds generally include non-expendable 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.

Non-Expendable Trust Funds - Non-Expendable Trust Funds are used to account for the City's three pension plans.

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Presentation - Fund Accounting, Continued

4. Account Groups, Continued

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.

E. 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 and Non-Expendable Trust Funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned; expenses are recognized when they are incurred.

F. 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 approved supplemental appropriations which occurred during the year to appropriate funds for grant programs. These amounts are included in the appropriate budgetary statements.

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 the department level for the General Fund and in total for the Liquid Fuels Tax Fund (a Special Revenue Fund) and the Sewer Revenue and Golf Funds (Enterprise Funds), as adopted by Council Ordinance.

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 the liability 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Budgetary Data, Continued

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 the 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 comments from the citizenry.

Legal Adoption - Prior to December 31, the proposed operating budget as previously submitted to City Council 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.

G. Assets, Liabilities and Fund Equity

1. Cash Equivalents - For purposes of this section, cash equivalents are defined as deposits with financial institutions and short-term treasury investments.
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 3.10% to 4.32% and are due at various dates through December 15, 1995.
3. Interfund Receivables and Payables - Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. No such amounts have been eliminated.
4. Prepaid Items - Payments made to vendors for services that will benefit periods beyond December 31, 1993 are recorded as prepaid items.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Assets, Liabilities and Fund Equity, Continued

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 \$24,869,257 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.

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Assets, Liabilities and Fund Equity, Continued

9. Concentration of Credit Risk - The City maintains various deposit and trust accounts presented on the balance sheet as cash, investments, and restricted cash and investments with several local banks. The amounts on deposit with each bank exceed the \$100,000 federally insured limit. See Note III.A.1. "Cash and Investments" for further detail.

Also, the City has amounts receivable arising from property tax levies, sewer and refuse billings, earned income and occupational tax liabilities, revolving notes, property liens and other various activities. These amounts are generally due from taxpayers and citizens of the City of Erie, Pennsylvania and are, thus, subject to the economic conditions of this geographic area.

H. 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 of accumulate, (b) the payment of the obligation is probable and (c) the amount can be reasonably estimated.

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, undesignated fund balance due to the segregation of contributed capital, reservations for encumbrances and non-current receivables and the timing of grant funding. These include the Community Development Block Grant, Cable TV Access Program, Job Training Partnership Act Grant and Section 108 Loan Program which have deficits of \$2,032,794, \$212,118, \$1,948 and \$1,389,780, respectively.

Workers' Compensation Claims Fund (an Internal Service Fund) has a deficit in retained earnings of \$2,481,412 which is 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

The operations of the Cable TV Access Program were unexpectedly turned over to the City during 1993. Expenditures were required prior to adoption of a budget thus, creating expenditures in excess of appropriations.

No individual fund other than the Cable TV Access Program had an excess of expenditures over appropriations.

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

D. Budgetary Compliance, Continued

Encumbrances are contractual commitments which are considered expenditures on a budgetary basis and are included with 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 are covered by federal depository insurance, fully collateralized in the City's name and 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 Amount</u>	<u>Bank Balance</u>
(1) Insured and collateralized with securities held by the City or by its agent in the City's name	\$ 300,000	\$ 300,000
(2) Collateralized with securities held by the pledging financial institutions trust department or agent in the City's name	2,704,680	3,017,250
(3) Uncollateralized	22,850	0
Total	<u>\$ 3,027,530</u>	<u>\$ 3,317,250</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 counterpartys or by it's 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 Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Certificates of deposits	\$ 11,600,000	\$ 0	\$ 0	\$ 11,600,000	\$ 11,600,000
Corporate debt	0	0	13,314,981	13,314,981	14,132,838
Stocks	0	0	24,889,455	24,889,455	27,733,863
Repurchase agreements	0	0	21,015,000	21,015,000	21,015,000
Debt instruments of the United States	0	0	15,126,251	15,126,251	15,787,370
	<u>\$ 11,600,000</u>	<u>\$ 0</u>	<u>\$ 74,345,687</u>	85,945,687	90,269,071
Mutual funds (see also Note III.B.2.)				19,319,542	19,849,973
Total investments				<u>\$ 105,265,229</u>	<u>\$ 110,119,044</u>

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

Cash	\$ 3,027,530
Investments	105,265,229
Total	<u>\$ 108,292,759</u>

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

A. Assets, Continued

1. Cash and Investments, continued

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

Cash	\$ 3,615,681
Investments	104,100,420
Restricted cash and Investments	1,247,644
Cash overdraft	(670,986)
Total	<u>\$ 108,292,759</u>

2. Accounts Receivable - Accounts receivable represents the balance due to the General Fund (Refuse) and Enterprise Fund (Sewer) as of December 31, 1993 for service provided through December 31, 1993, net of an allowance for uncollectible accounts as follows:

	General Fund	Enterprise Fund
Gross accounts receivable	\$ 694,112	\$ 1,930,448
Less: allowance for uncollectible receivables	401,157	637,793
Account receivable, net	<u>\$ 292,955</u>	<u>\$ 1,292,655</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 \$25,967,901 on January 1, 1993 based on a gross assessed valuation of \$607,010,308 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, 1993.

Current real estate taxes receivable at December 31, 1993 consists of the face value of the tax levy uncollected at December 31, 1993.

The receivable for outstanding delinquent tax levies at December 31, 1993 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, 1993

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, 1993. In accordance with generally accepted accounting principles, revenue from these receivables are recognized only to the extent received within 60 days of December 31, 1993. An estimated provision for uncollectible taxes has been made to the extent that a property's estimated market value is less than the delinquent taxes on the property. The balance of the receivable is reported as deferred revenue as follows:

Balance held by County Tax Claim Bureau for 1993 and prior	\$ 1,740,579
Balance held by City Treasurer for 1993	1,592,840
Less: provision for uncollectible receivables	<u>37,300</u>
Total receivable	3,296,119
Less: cash received in January and February of 1994 and recognized as revenue	<u>144,206</u>
Deferred property tax revenue	3,151,913
Deferred lien revenue	164,731
Deferred interfund and other revenue	<u>191,443</u>
Total deferred revenue	<u>\$ 3,508,087</u>

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, 1993, as well as the City's share of the fourth quarter, 1993 taxes collected by the tax collector in January and February, 1994 as follows:

Estimated share of December 31, 1993 cash balance	\$ 237,397
Estimated share of January and February, 1994 cash receipts	1,238,405
Total receivable	<u>\$ 1,475,802</u>

5. Notes Receivable - During 1992, the City loaned \$55,000 from the General Fund to the Erie Civic Center Authority bearing interest at 6½% for five years. The balance of the note at December 31, 1993 is \$43,712.

Also, in prior years, the City made various loans to certain Erie businesses through the Urban Development Action Grant, Community Development Block Grant, Enterprise Loan Grant and Section 108 Loan Fund, four programs included with the Special Revenue Fund. The notes bear interest ranging from 2.0% to 7.0% with various maturities. During 1993, payments made to the City totalled \$100,028, representing \$90,036 of principal and \$17,992 of interest. The detailed activity is as follows:

Balance outstanding at December 31, 1992	\$ 1,271,138
1993 loans	1,871,546
Principal repayments	<u>(90,036)</u>
Balance outstanding at December 31, 1993	<u>\$ 3,052,648</u>

Finally, during 1993, the City advanced the Erie Sewer Authority \$6,000,000 from its 1993 General Obligation Bond proceeds in exchange for a note from the Authority. The note is for \$6,290,000, which includes the Authority's pro-rata share of issue costs, discount, interest, bond insurance and original issue discount. The note will be repaid, with interest, in accordance with the Sewer Revenue Note, Series of 1994. (See Note III.B.5.)

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

A. Assets, Continued

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.

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 receivable 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 Fund	Special Revenue	Capital Projects
Gross amount of receivable	\$ 236,192	\$ 1,178,455	\$ 144,604
Less: provision for uncollectible receivables	67,696	935,441	94,090
Net lien receivable	\$ 168,496	\$ 243,014	\$ 50,514

The lien receivables have been reported as deferred revenue to the extent not susceptible to accrual. (See Note III.A.3.)

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, 1993 from gas well revenue, interest income, real estate sales and other miscellaneous revenues.
9. Lease Agreement

Erie City Water Authority - In 1991, the City entered into a lease agreement, whereby, the Authority, a related organization, 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 an annual 4½% inflation increase 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.

1994	\$ 1,426,548
1995	1,490,648
1996	1,557,727
1997	1,627,825
1998	1,701,077
1999 and thereafter	43,981,497
Total lease receivable	\$ 51,785,322

10. Prepaid Insurance - Prepaid insurance represents a pro-rata share of premiums paid during 1993 which provides coverage through various dates in 1994.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

A. Assets, Continued

11. Fixed Assets

A summary of general fixed assets at December 31, 1993 is as follows:

	Balance January 1, 1993	Additions	Dispositions	Balance December 31, 1993
Land	\$ 775,716	\$ 0	\$ 13,500	\$ 762,216
Building and improvements	11,744,553	577,871	436,500	11,885,924
Vehicles and equipment	10,488,864	1,902,049	169,796	12,221,117
Total	<u>\$ 23,009,133</u>	<u>\$ 2,479,920</u>	<u>\$ 619,796</u>	<u>\$ 24,869,257</u>

A summary of Proprietary Fund type fixed assets at December 31, 1993 is as follows:

	Balance January 1, 1993	Additions	Dispositions	Balance December 31, 1993
Land	\$ 730,999	\$ 0	\$ 0	\$ 730,999
Building and improvements	8,479,522	39,968	0	8,519,490
Improvements other than buildings	40,225,586	16,611	0	40,242,197
Vehicles and equipment	7,245,155	428,730	16,500	7,657,385
Total	<u>56,681,262</u>	<u>485,309</u>	<u>16,500</u>	<u>57,150,071</u>
Less: accumulated depreciation	26,184,658	1,301,103	16,500	27,469,261
Net fixed assets	<u>\$ 30,496,604</u>	<u>\$ (815,794)</u>	<u>\$ 0</u>	<u>\$ 29,680,810</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.

The latest actuarial report dated January 1, 1993 reported the City's covered and total annual payroll pertaining to all the employee groups listed above as \$10,233,003. Covered payroll refers to all compensation paid by the City to active employees covered by the Officers and Employees Retirement Association.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities

1. Pension Plans, Continued (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, 1993, 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.

The unfunded pension benefit obligation as of January 1, 1993 (latest actuarial report) detailed in the table at the end of Note III.B.1.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 1993.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities

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

Contributions Required and Contributions Made - Annual employer contributions to the pension plan are not actuarially determined, but rather 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 1993 was \$2,580,225.

Total contribution to the OERA in 1992 amounted to \$2,745,592. The sources of this contribution are summarized in the table at the end of Note III.B.1.

Contributions made by the City of Erie and its employees each represented 9.6% and 6.8% of covered payroll, respectively.

Trend Information - Historical trend information for the Officers and Employees Retirement Association as of the January 1, 1993 valuation date is as follows:

	1993	1992	1991
Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees	52.2%	47.9%	40.3%
Unfunded pension benefit obligation as a percentage of the City's annual covered payroll ¹	198%	231%	261%
City contributions to the pension plan as a percentage of annual covered payroll	9.5%	23.1%	7.1%

¹ 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, 1993 reported the City's covered and total annual payroll for police officers as \$6,344,455. 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

1. Pension Plans, Continued (Police Pension Fund)

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, 1993, 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 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, 1993 (latest actuarial report) is detailed in the table at the end of Note III.B.1.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 1993.

Contributions Required and Contributions Made - Annual employer contributions to the pension plan are not actuarially determined but rather 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 of the plan for 1993 was \$5,466,266.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

1. Pension Plans, Continued (Police Pension Fund)

Total contribution to the Police Pension Fund in 1992 amounted to \$5,322,017. The sources of this contribution are summarized in the table at the end of Note III.B.1.

Contributions made by the City of Erie and its employees represented 62.7% and 5.0% of covered payroll, respectively.

Trend Information - Historical trend information for the Police Pension Fund as the of January 1, 1993 valuation date is as follows:

	<u>1993</u>	<u>1992</u>	<u>1991</u>
Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees	29.1%	24.3%	17.5%
Unfunded pension benefit obligation as a percentage of the City's annual covered payroll ¹	842%	964%	1045%
City contributions to the pension plan as a percentage of annual covered payroll	62.7%	86.5%	61.6%

¹ 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, 1993 reported the City's covered and total annual payroll for the firemen as \$6,121,179. 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.

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, 1993, per the most recently issued annual report.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

1. Pension Plans, Continued (Firemen's 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 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, 1993 (latest actuarial report) is detailed in the table at the end of Note III.B.1.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 1993. The actuarial assumption involving the retirement age was changed from a fixed retirement age to a staggered period from the age of 50 to the age of 52. The method utilized in calculating the changes in actuarial assumptions decreased the pension benefit obligation by \$2,248,634.

Contributions Required and Contributions Made - Annual employer contributions to the pension plan are not actuarially determined but rather 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 1993 was \$2,201,346.

Total contribution to the Firemen's Pension Fund in 1992 amounted to \$2,712,435. The sources of this contribution are summarized in the table at the end of Note III.B.1.

Contributions made by the City of Erie and its employees represented 16.3% and 5.3% of covered payroll, respectively.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

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

Trend Information - Historical trend information for the Firemen's Pension Fund as of the January 1, 1993 valuation date is as follows:

	1993	1992	1991
Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees	36.6%	31.2%	26.4%
Unfunded pension benefit obligation as a percentage of the City's annual covered payroll ¹	402%	529%	515%
City contributions to the pension plan as a percentage of annual covered payroll	16.3%	45.5%	27.2%

¹ 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.

The unfunded pension benefit of the three plans as of January 1, 1993 (latest actuarial report) is as follows:

	OERA	Police	Firemen's	Total
<u>Non-Current Employees</u>				
Retirees, beneficiaries	\$ 21,577,860	\$ 35,554,579	\$ 13,973,892	\$ 71,106,331
Terminated employees	335,153	1,252,689	54,217	1,642,059
Total non-current employees	21,913,013	36,807,268	14,028,109	72,748,390
<u>Current Employees</u>				
Accumulated employee contributions	5,372,949	2,998,540	3,291,011	11,662,500
Employer financed	15,139,390	35,619,218	21,489,073	72,247,681
Total current employees	20,512,339	38,617,758	24,780,084	83,910,181
Total pension benefit obligation	42,425,352	75,425,026	38,808,193	156,658,571
Net assets available for benefits (market value)	22,158,471	21,985,188	14,172,007	58,315,666
Unfunded pension benefit obligation	<u>\$ 20,266,881</u>	<u>\$ 53,439,838</u>	<u>\$ 24,636,186</u>	<u>\$ 98,342,905</u>

The sources of the contribution to the three plans are as follows:

	OERA	Police	Firemen's	Total
City of Erie	\$ 977,375	\$ 3,978,510	\$ 1,000,000	\$ 5,955,885
Employees	694,136	318,869	322,020	1,335,025
Commonwealth of Pennsylvania	1,074,081	1,024,638	1,390,415	3,489,134
Total	<u>\$ 2,745,592</u>	<u>\$ 5,322,017</u>	<u>\$ 2,712,435</u>	<u>\$ 10,780,044</u>

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

1. Pension Plans, Continued

Current membership in the Plans are as follows:

	OERA	Police	Firemen's	Total
Retirees, beneficiaries	151	360	178	689
Terminated	12	7	7	26
Active	182	411	191	784
Total	345	778	376	1,499

The plans held the following investments, other than U.S. government and U.S. government-guaranteed obligations, at year-end that represent 5% or more of net assets:

	Cost	Market
<u>Officers and Employees Retirement Association</u>		
Resolution FDC Corp. bond, 8.125%, due October 15, 2019	\$ 6,667,339	\$ 6,840,968
Corporate Bond Fund	\$ 6,397,565	\$ 6,754,368
<u>Firemen's</u>		
Resolution FDC Corp. bond, 8.125%, due October 15, 2019	\$ 2,322,312	\$ 2,659,500

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.

It is 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

3. Risk Management, Continued

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 \$1,219,989 in 1993.

The City has also maintained, since December, 1986, a modified self-insurance program for insuring hospitalization and medical costs which is being accounted for as an Internal Service Fund. Under this Employee Health Benefit Plan, 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, and the premium is charged to various funds. 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. 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.

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

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 \$50 to \$520,000. With regard to unsettled cases, the range of possible outcomes varies from remote to reasonably possible. The City's aggregate potential liability is \$2,938,300 of which \$1,676,800 is classified as remote and \$1,261,500 has been determined to be reasonably possible.

Furthermore, litigation is pending relative to the County of Erie's Local Economic Revitalization Tax Act ("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.

5. Lease Agreements

Erie Municipal Park Authority - In 1964, the City entered into a rental agreement with the Erie Municipal Park Authority, a component unit, to lease certain property, which is recorded in the General Fixed Asset Account Group at a cost of \$1,358,991, 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, 1993 are \$455,000. Upon termination of the lease, the leased property becomes property of the City. Therefore, this lease is being accounted for as a capital lease.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

5. Lease Agreements, Continued

The remaining lease payments as of December 31, 1993 are as follows:

1994	\$ 49,074
1995	45,439
1996	42,073
1997	38,957
1998	36,071
1999 and thereafter	166,751
Total minimum lease payments	<u>378,365</u>
Interest portion	204,635
Total	<u>\$ 583,000</u>

Erie Sewer Authority - In 1972, the City entered into a lease with the Erie Sewer Authority, a component unit, wherein the Authority issued debt to acquire real estate, building and equipment for the purpose of collecting and disposing of sewage. During 1993, the City advanced to the Authority \$6,000,000 from the proceeds of the 1993 General Obligation Bonds of the City in exchange for a note from the Authority. The note is in the amount of \$6,290,000, which includes the Authority's pro-rata share of issue costs, discount, interest, bond insurance and original issue discount and will be repaid by the Authority through an increase in the lease payment from the City. The lease was finalized in February of 1994 and this footnote reflects that agreement. 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 and its note. 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 for the debt and on May 1 and November 1 through November 1, 2017 for the note. 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 the debt service requirements related to the 1993 bonds plus \$15,000 for administrative expenses. The \$15,000 annual administrative fee is due in two \$7,500 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, 1993 are as follows:

	Debt	Note	Total
1994	\$ 1,040,583	\$ 474,684	\$ 1,515,267
1995	1,040,389	451,062	1,491,451
1996	1,040,486	451,262	1,491,748
1997	1,040,631	450,900	1,491,531
1998	1,040,534	449,610	1,490,144
1999 and thereafter	13,531,465	8,593,746	22,125,211
Total	<u>\$ 18,734,088</u>	<u>\$ 10,871,264</u>	<u>\$ 29,605,352</u>

The lease rental payment for 1993 was \$1,040,546. The Authority bonds outstanding as of December 31, 1993 are \$10,150,000.

Other Lease Agreements - The City has other capital lease agreements to purchase equipment (fire trucks and equipment, computers, and telephone system). Lease terms are from 1 to 6 years with interest on the unpaid balance from 6.49% to 9.41%. The City may pay off a lease ahead of schedule. Total expenditures for 1993 were \$247,003.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

5. Lease Agreements, Continued

The remaining lease payments as of December 31, 1993 are as follows:

1994	\$ 185,228
1995	196,455
1996	210,400
1997	192,349
1998	147,385
1999	156,950
Total minimum lease payments	<u>1,088,767</u>
Interest portion	235,638
Total	<u>\$ 1,324,405</u>

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

Erie Municipal Park Authority	\$ 583,000
Other lease agreements	1,324,405
Total capital leases	<u>\$ 1,907,405</u>

Assets capitalized under capital lease agreements total approximately \$1,902,000.

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 \$105,719,870 of non-electoral indebtedness.

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 principal at December 31, 1993 is \$60,000.

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, 1993 is \$1,215,000.

On October 1, 1991, 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 it's 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, 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, 1993 is \$925,000.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

6. Long-Term Debt, Continued

On November 4, 1993, the City issued \$30,130,000 principal amount of General Obligation Bonds, Series A and B of 1993 for the purpose of providing funds for various paving, building improvement, recreational facility and sewer projects, to refund outstanding 1968 and 1986 Series General Obligation Bonds and to pay the costs and expenses incidental to the issuance of the bonds. The bonds mature serially in various amounts on November 1, of each year. The Series A bonds mature beginning November 1, 1995 and end November 1, 2011. The Series B bonds mature beginning November 1, 1994 and end November 1, 2017. The bonds bear interest rates varying from 3.00% to 5.25% to 5.375% for Series A and B, respectively, payable semi-annually on May 1 and November 1, each year, commencing on May 1, 1994. Outstanding principal at December 31, 1993 is \$30,130,000 of which \$19,380,000 (Series B) is being classified as Proprietary Fund type debt based on the nature of the uses of the funds and the expecting source of debt extinguishment.

The following summarizes the General Obligation Bond maturities and related interest requirements due subsequent to December 31, 1993, for outstanding indebtedness of the General Long-Term Debt Account Group:

	General Fund General Obligation Bonds		
	Principal	Interest	Total
1994	\$ 480,000	\$ 673,412	\$ 1,153,412
1995	455,000	604,428	1,059,428
1996	480,000	574,933	1,054,933
1997	535,000	542,992	1,077,992
1998	595,000	520,061	1,115,061
1999 and thereafter	10,405,000	3,746,363	14,151,363
Total	\$ 12,950,000	\$ 6,662,189	\$ 19,612,189

Proprietary Funds

Sewer Revenue Bond Fund

The General Obligation Bonds, Series 1993 B, outstanding bond principal recorded in the fund at December 31, 1993 is \$19,380,000. 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, 1993:

Outstanding principal at December 31, 1993	\$ 19,380,000
Less: current maturities	375,000
Total	\$ 19,005,000

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

6. Long-Term Debt, Continued

The following summarizes the maturities and related interest requirements due subsequent to December 31, 1993, for outstanding indebtedness of the Proprietary Fund:

	Proprietary Fund General Obligation Bonds		
	Principal	Interest	Total
1994	\$ 375,000	\$ 987,056	\$ 1,362,056
1995	500,000	901,379	1,401,379
1996	515,000	886,379	1,401,379
1997	530,000	869,641	1,399,641
1998	550,000	850,031	1,400,031
1999 and thereafter	16,910,000	9,682,396	26,592,396
Total	\$ 19,380,000	\$ 14,176,882	\$ 33,556,882

Changes in long-term debt payable during 1993 are summarized as follows:

	Balance January 1, 1993	Incurred	Retired	Balance December 31, 1993
<u>General Long-Term Debt</u>				
Capital lease obligation	\$ 936,200	\$ 1,266,567	\$ 295,362	\$ 1,907,405
General obligation bonds	5,588,732	10,750,000	3,388,732	12,950,000
Total General Long-Term Debt	6,524,932	12,016,567	3,684,094	14,857,405
<u>Proprietary Fund Debt</u>				
Sewer Revenue Fund:				
General obligation bonds	1,991,268	19,380,000	1,991,268	19,380,000
Total Proprietary Fund Debt	1,991,268	19,380,000	1,991,268	19,380,000
Total Debt	\$ 8,516,200	\$ 31,396,567	\$ 5,675,362	\$ 34,237,405

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, 1993, \$3,860,000 of bonds outstanding are considered defeased.

Also during 1993, the City defeased both the 1968 and 1986 Series General Obligation Bonds by transferring the entire amount of principal outstanding plus a call premium to the paying agent to call all outstanding bonds. The defeasance resulted in a negative cash flow of \$525,427 and \$1,425,472 and an economic gain of \$34,501 and \$85,782 on the 1968 and 1986 bonds, respectively.

8. 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 \$166,483, which represents an increase of \$6,960 from the prior year, and is recorded in the appropriate funds as a current liability.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

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

B. Liabilities, Continued

9. 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 1993, the cost of postemployment benefits was \$49,099 for the 21 eligible Police retirees and \$20,090 for the 11 eligible Firefighter retirees.

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, 1993 consist of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$ 52,434	\$ 0
Special Revenue Fund:		
Community Development Block Grant	0	52,434
Total	\$ 52,434	\$ 52,434

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 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 noncurrent notes receivable represents the amount of fund equity used to finance certain projects for which repayment will not be available to meet expenditures of the succeeding year.

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.

Contributed capital is recorded for a component unit which has received capital grants and contributions for the purpose of purchasing, constructing or renovating capital assets.

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.

A portion of the Capital Project Fund's unreserved fund balance has been designated to establish a fund from the initial lease rental received from the Erie City Water Authority (a.k.a. Erie Water Works).

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

IV. SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintained, during 1993, four Enterprise Funds which provide the following services:

	Sewer Revenue	Sewer Reserve	Water Revenue	Golf	Total Enterprise Fund
Operating revenue	\$ 12,782,032	\$ 0	\$ 1,778,229	\$ 880,024	\$ 15,440,285
Operating expenses before depreciation	11,357,678	0	0	751,788	12,109,466
Depreciation	415,674	0	842,982	45,187	1,303,843
Operating income	1,008,680	0	935,247	83,049	2,026,976
Nonoperating revenue (expense)	627,693	13,840	0	2,781	644,314
Operating transfers in	195,410	337,543	0	0	532,953
Operating transfers (out)	(927,543)	(195,410)	(1,365,031)	0	(2,487,984)
Net income	<u>\$ 904,240</u>	<u>\$ 155,973</u>	<u>\$ (429,784)</u>	<u>\$ 85,830</u>	<u>\$ 716,259</u>
Current assets	\$ 15,000,560	\$ 426,410	\$ 0	\$ 108,390	\$ 15,535,360
Fixed asset additions	366,610	0	0	102,199	468,809
Other assets	11,144,141	0	24,072,580	632,022	35,848,743
Total assets	<u>\$ 26,511,311</u>	<u>\$ 426,410</u>	<u>\$ 24,072,580</u>	<u>\$ 842,611</u>	<u>\$ 51,852,912</u>
Current liabilities	\$ 1,627,771	\$ 0	\$ 0	\$ 120,633	\$ 1,748,404
Bonds & other liabilities	19,005,000	0	9,529,582	0	28,534,582
Total equity	5,878,540	426,410	14,542,998	721,978	21,569,926
Total liabilities and equity	<u>\$ 26,511,311</u>	<u>\$ 426,410</u>	<u>\$ 24,072,580</u>	<u>\$ 842,611</u>	<u>\$ 51,852,912</u>
Net working capital	<u>\$ 13,372,789</u>	<u>\$ 426,410</u>	<u>\$ 0</u>	<u>\$ (12,243)</u>	<u>\$ 13,786,956</u>

V. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

A. Debt Guaranty Agreements

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 this component unit's 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, 1993 are \$13,215,000.

During 1990 and 1991, the City entered into two financing agreements, evidenced by notes, with the Pennsylvania Infrastructure Investment Authority ("Pennvest"). On December 30, 1991, these notes were transferred to the Erie City Water Authority, a related organization (a.k.a. Erie Water Works), as a part of the water operation transfer from the City to the Authority. The City, however, remains contingently liable for the notes in the amounts of \$11,194,565 and \$2,906,182, respectively, at December 31, 1993.

B. Financial Assistance Programs

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

V. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES, Continued

C. Significant Contractual Agreements

The City has entered into several contractual agreements with engineering and construction firms to have certain planning and construction activities performed on various sewer related projects. The contracts total \$2,962,409, of which \$1,612,626 has been paid or accrued at December 31, 1993.

D. Other Contingencies

In connection with certain self-insurance agreements the City has a letter of credit at December 31, 1993 of \$4,927,339. The letter of credit is collateralized with a Tax Anticipation Note.

VI. OTHER DISCLOSURES

A. General Fund Budgetary Basis Budgeted Fund Balance

The City annually includes, as budgeted revenue, the actual budgetary basis fund balance from the prior year and an amount equal to encumbrances outstanding at the end of the prior year. This approach allows the City to budget all available resources, but does not facilitate the flow of budgetary basis, budgeted fund balance from year to year. In order to demonstrate the relationship between current year revenues and expenditures, the aforementioned amounts are included as "Fund balance (deficit) January 1, 1993."

B. 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.

C. Non-Budgeted Enterprise Fund Component

The purpose of presenting a budget to actual statement for individual Enterprise Funds is to demonstrate compliance with finance-related legal provisions. The Sewer Revenue Fund contains a component that is not part of the legally adopted budget for that fund, therefore, the net activity of this component is a necessary component of the reconciliation of budgetary basis retained earnings to the accrual basis retained earnings.

D. Prior Period Adjustment

Since 1986, when the City initiated a modified self-insurance program for hospitalization and medical costs, the activity has been presented via footnote disclosure only. During the current year, it was determined that the activity should be accounted for as an Internal Service Fund, includable in the primary government's financial statements. As a result, the retained earnings of the Internal Service Fund at January 1, 1993 has been increased by \$1,096,735.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

VII. COMPONENT UNIT DISCLOSURES

A. Redevelopment Authority of the City of Erie

1. **Activities** - The Redevelopment Authority of the City of Erie is an authority created under the Urban Redevelopment Law, Act 385 of 1945, by the Commonwealth of Pennsylvania in agreement with the City of Erie, with the primary objective of developing viable urban communities, including decent housing and suitable living environment, and expanding economic opportunities, principally of persons of low and moderate income. Consistent with this primary objective, the federal, state and local assistance provided is for the support of community development activities.

The financial statements of the Authority include the activity of the Urban Neighborhoods Revitalization, Inc., a non-profit corporation with the primary objective of developing viable urban communities, as a component unit.

2. **Basis of Accounting** - The financial statements of the Authority have been prepared on the modified accrual basis of accounting which is prescribed or permitted by the Pennsylvania Department of Community Affairs and the U.S. Department of Urban Development. These practices differ from generally accepted accounting principles as follows:

The costs of each grant project have been accumulated and recorded on the balance sheet as an asset.

The statements of revenue, expense, and change in fund balance do not present the results of operations in conformity with generally accepted accounting principles as expenses are capitalized and grant revenue is recorded as contributed capital.

3. **Pension** - The Authority provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after completing six months of service and 1,000 hours of service during the plan year. The plan stipulates that the Authority shall contribute and allocate to the account of each eligible participant 7½% of such participant's compensation. Each participant shall contribute 5½% of such participant's compensation. The Authority's contribution for each participant is fully vested after five years of continuous service. Each participant has a 100% vested interest in his contribution regardless of length of service. The Authority's contributions were calculated using the total compensation of eligible participants in the amount of \$252,404. Total payroll for the year was \$263,422. Both the Authority and the covered employees made the required contributions, amounting to \$18,565 from the Authority and \$13,882 from the covered employees, or \$32,447 in total.
4. **Long-Term Debt** - The Authority has entered into a mortgage agreement from an association of local banks. The mortgage payable of \$104,000 consists of a noninterest bearing note secured by various parcels of real estate, the net proceeds from the sale of which are due against the principal balance of the note which is due in full on May 14, 1997.
5. **Summary Disclosure of Significant Contingencies** - Employees of the Authority are entitled to paid vacation and paid sick days, depending on length of service. No more than thirty vacation days may be carried over from one calendar year to the next. Sick leave may be accumulated, but no more than one hundred days may be carried from one calendar year to the next. In addition, employees have the option to receive one day's pay for every four days unused sick leave. This option is only available for unused days earned during the current year. It is impracticable to estimate the allocation of compensation for future absences among the various projects and, accordingly, no liability has been recorded in the accompanying financial statements. The Authority's policy is to recognize the costs of compensated absences when actually paid to the employee.

The Authority is committed under a lease for office space. This lease is considered for accounting purposes to be an operating lease. Lease expenditures for the year-ending December 31, 1993 amounted to \$12,000. Future minimum lease payments for the lease are as follows:

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

VII. COMPONENT UNIT DISCLOSURES, Continued

A. Redevelopment Authority of the City of Erie, Continued

5. Summary Disclosure of Significant Contingencies, Continued

Year-ending		
1994	\$ 12,000
1995	10,000
Total	<u>\$ 22,000</u>

6. Transactions with the Primary Government - During 1993, the Redevelopment Authority received \$1,052,912 in grants from the City of Erie, recorded as contributed capital on the component unit's balance sheet. Also during 1993, the Redevelopment Authority returned to the City \$218,299 which represents the City's share of the proceeds from real estate sales.

B. Erie Metropolitan Transit Authority

1. Activities - The Authority is an operating authority created by the City and the County of Erie in 1967 for the purpose of operating the public transportation system of the City and County of Erie. The operation's deficits are funded by the U.S. Department of Transportation, Pennsylvania Department of Transportation, City of Erie, County of Erie and other municipalities of the County of Erie.

2. Restricted Cash and Investments - Restricted cash and investments represent the amount required to be restricted by grant agreements with Pennsylvania Department of Transportation and amounts internally designated by the Board.

3. Pension - All Authority full-time employees participate in the single-employer retirement plan maintained by the Authority. Covered employees are required to contribute \$6.75 plus 40% of the required monthly contributions over \$3.50. The Authority is required to contribute \$6.75 plus 60% of the required monthly contributions over \$13.50. The unfunded pension benefit obligation determined by the latest actuarial report dated April 30, 1993 is as follows:

<u>Pension Benefit Obligation</u>	
Vested benefits:	
Active participants	\$ 1,349,160
Vested terminated participants	37,230
Retired participants and beneficiaries	1,595,232
Total vested benefits	<u>2,981,622</u>
Nonvested benefits	12,421
Total accumulated benefits	<u>2,994,043</u>
Net assets available for plan benefits, at cost (market value is \$3,037,873)	2,790,718
Unfunded pension benefit obligation	<u>\$ 203,325</u>

4. Summary Disclosure of Significant Contingencies - The Authority has a \$500,000 unsecured line of credit with a local bank bearing interest at the prime rate minus 1½%.

5. Transactions with the Primary Government - During 1993, the City of Erie provided the Erie Metropolitan Transit Authority with \$185,000 of which \$92,500 is included in the Authority's statement of revenues, expenses and changes in retained earnings for the year-ending June 30, 1993. An additional \$90,000 is included with the amount above in the component unit's statement of revenues, expenses and changes in retained earnings was paid by the City during 1992.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

VII. COMPONENT UNIT DISCLOSURES, Continued

C. Erie Parking Authority

1. Activities - The Erie Parking Authority is an operating authority created for the purpose of operating metered street parking and off street parking lots and ramps in Erie, Pennsylvania.
2. Restricted Cash and Investments - In accordance with the terms and conditions of its trust indentures, the Authority has restricted assets for the specific purposes of debt service, meter and equipment replacement and other capital improvements.
3. Pension - The Authority maintains a single-employer defined benefit pension plan which covers substantially all of its employees. The unfunded pension benefit obligation determined by the latest actuarial report, dated January 1, 1993, is as follows:

<u>Pension Benefit Obligation</u>	
Retiree and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	\$ 211,616
Current Employees	
Vested	106,946
Nonvested	52,589
Total pension benefit obligation	371,151
Net assets available for plan benefits, market value	450,195
Assets in excess of pension benefit obligation	\$ (79,044)

The Authority also maintains a 401(k) retirement savings plan for its employees. Benefits payable are dependent solely on amounts contributed to the plan plus investment earnings. Participants may contribute up to 6% of their compensation to the Plan which is matched by the Authority.

4. Long-Term Debt - The Erie Parking Authority has entered into the following debt agreements:

Series of 1987 Refunding Bonds secured by the Authority's revenue bearing interest from 5% to 6% with various maturities through September, 2015	\$ 13,215,000
Series of 1993 Revenue Note secured by a second priority lien and security interest in the Authority's revenue bearing interest at 4.98% payable in monthly installments including principal and interest based upon an amortization period of 15 years with a balloon payment due at the end of 10 years for the then outstanding principal balance	2,483,447
Outstanding principal at December 31, 1993	15,698,447
Less: current maturities	420,200
Total long-term portion	\$ 15,278,247

The following summarizes the maturities due subsequent to December 31, 1993 for outstanding indebtedness of the Authority:

1994	\$ 420,200
1995	516,000
1996	547,200
1997	573,700
1998	605,500
1998 and thereafter	13,035,847
Total	\$ 15,698,447

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

VII. COMPONENT UNIT DISCLOSURES, Continued

D. Erie Civic Center Authority

1. **Activities** - The Erie Civic Center Authority is an operating authority created by the City of Erie pursuant to ordinance No. 69-1976 for the purpose of maintaining and operating the Civic Center complex consisting of the Warner Theater, Exhibit Hall and Convention Center. The Authority provides performing arts, exhibits and convention facilities to both public and private organizations on a user charge basis and is therefore accounted for as an Enterprise Fund.
2. **Restricted Cash and Investments** - The Board of Directors has authorized the establishment of a Restoration Fund which is to be used for capital improvements to the Warner Theater and the Capital Improvement Fund which is to be used for general capital improvements to the facility. Also, during 1992, the Authority received a State Legislative Grant of \$27,000 and is accounted for as restricted cash and as a component of deferred income.
3. **Pension** - Effective January 1, 1989, the Authority established a defined benefit pension plan covering all full-time employees. The plan provides for retirement, death and disability benefits. The unfunded pension benefit obligation determined by the latest actuarial report, dated January 1, 1993, is as follows:

<u>Pension Benefit Obligation</u>	
Retiree and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	\$ 42,311
Current Employees	
Employer financed vested	18,478
Employer financed nonvested	0
Total pension benefit obligation	60,789
Net assets available for plan benefits, market value	51,223
Unfunded pension benefit obligation	<u>\$ 9,566</u>

4. **Long-Term Debt** - The Erie Civic Center Authority has entered into the following debt agreements:

Note payable to bank, secured by related equipment bearing interest at 5½% maturing April, 1995	\$ 20,000
Note Payable to the City of Erie, unsecured, bearing interest at 6½% maturing in 1997	43,712
Note Payable to bank, secured by related equipment bearing interest at 8¼% maturing November, 1994	1,657
Outstanding principal at December 31, 1993	65,369
Less: Current maturities	27,591
Total long-term portion	<u>\$ 37,778</u>

The following summarizes the maturities due subsequent to December 31, 1993 for outstanding indebtedness of the Authority:

1994	\$ 27,591
1995	15,931
1996	10,926
1997	10,921
Total	<u>\$ 65,369</u>

5. **Summary Disclosure of Significant Contingencies** - The Authority has a \$35,000 unsecured line of credit with its principal depository, with an interest rate of 75% of the prevailing prime rate. There were no borrowings outstanding under the line of credit at December 31, 1993.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1993

VII. COMPONENT UNIT DISCLOSURES, Continued

D. Erie Civic Center Authority, Continued

6. Transactions with the Primary Government - During 1993, the Erie Civic Center Authority received a \$110,000 subsidy from the City of Erie, which is presented as intergovernmental revenue on the related component unit statement of revenues, expenses and changes in retained earnings.

E. Erie Sewer Authority

1. Activities - The Authority owns the municipal sewer systems and sewage treatment works in the City of Erie, which are operated by the City under lease from the Authority.

2. Long-Term Debt - The Erie Sewer Authority has entered into the following debt agreements:

Sewer Revenue Bonds, Series 1972, secured by the amended lease between the Authority and the City of Erie, bearing interest ranging from 5.85% to 6% with various maturities through June, 2011	\$ 10,165,000
Outstanding principal at December 31, 1993	10,165,000
Less: current maturities	335,000
Total long-term portion	<u>\$ 9,830,000</u>

The following summarizes the maturities due subsequent to December 31, 1993 for outstanding indebtedness of the Authority:

1994	\$ 335,000
1995	350,000
1996	370,000
1997	395,000
1998	415,000
1998 and thereafter	8,300,000
Total	<u>\$ 10,165,000</u>

A Sinking Fund has also been established for the benefit of the 1972 Series Revenue Bonds maturing June 1, 1993, 1996, 2002 and 2011. Pursuant to a redemption schedule, annual amounts due range from \$342,500 to \$835,000. Estimated Sinking Fund requirements for the succeeding five years are as follows:

1994	\$ 342,500
1995	\$ 372,500
1996	\$ 405,000
1997	\$ 427,500
1998	\$ 452,500

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.

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CITY OF ERIE, PENNSYLVANIA
 General Fund
 Schedule of Revenues and Expenditures (Cash Basis)
 Budget and Actual (Including Encumbrances)
 Year Ended December 31, 1993

REVENUES	Budget	Actual	Variance Favorable (Unfavorable)
General property taxes:			
Real estate taxes current	\$ 20,428,352	\$ 19,860,856	\$ (567,496)
Real estate taxes prior	1,480,000	1,474,700	(5,300)
Total general property taxes	<u>21,908,352</u>	<u>21,335,556</u>	<u>(572,796)</u>
Income taxes	5,300,000	5,299,982	(18)
Realty transfer taxes	390,000	467,492	77,492
Occupational privilege taxes	305,000	299,590	(5,410)
Real estate tax penalty and interest	300,000	266,944	(33,056)
Total taxes	<u>28,203,352</u>	<u>27,669,564</u>	<u>(533,788)</u>
Licenses and permits:			
Licenses	173,000	167,894	(5,106)
Permits	236,000	397,990	161,990
Inspections	26,000	40,745	14,745
Franchises	400,000	416,010	16,010
Miscellaneous	23,000	31,972	8,972
Total licenses and permits	<u>858,000</u>	<u>1,054,611</u>	<u>196,611</u>
Intergovernmental revenues:			
State operation grants	2,822,300	2,935,115	112,815
Local shared revenues	117,624	117,624	0
Payments in lieu of taxes	487,000	676,360	189,360
Total intergovernmental revenues	<u>3,426,924</u>	<u>3,729,099</u>	<u>302,175</u>
Charges for services:			
General government	471,000	651,576	180,576
Public safety	33,000	32,395	(605)
Sanitation	3,050,000	3,083,037	33,037
Total charges for services	<u>3,554,000</u>	<u>3,767,008</u>	<u>213,008</u>
Fines and forfeits:			
Parking fines	700,000	760,743	60,743
State police fines	85,000	92,306	7,306
Traffic court fines and costs	205,000	207,772	2,772
District justice fines	45,000	42,963	(2,037)
Miscellaneous fines	9,000	26,617	17,617
Total fines and forfeits	<u>1,044,000</u>	<u>1,130,401</u>	<u>86,401</u>
Interest earnings:			
Interest earning on investments	335,000	274,408	(60,592)
Total interest earnings	<u>335,000</u>	<u>274,408</u>	<u>(60,592)</u>
Miscellaneous:			
Rental income	50,000	59,999	9,999
Special assessments	9,000	20,280	11,280
Shared cost reimbursement-interfund	1,154,000	994,019	(159,981)
Shared cost reimbursement-intergovernmental	549,000	536,090	(12,910)
Miscellaneous sources	140,000	299,631	159,631
Total miscellaneous revenues	<u>1,902,000</u>	<u>1,910,019</u>	<u>8,019</u>
Total revenues	<u>39,323,276</u>	<u>39,535,110</u>	<u>211,834</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	2,415,031	2,505,031	90,000
Operating transfers (out)	(173,000)	(218,000)	(45,000)
Total other financing sources (uses)	<u>2,242,031</u>	<u>2,287,031</u>	<u>45,000</u>
Fund balance (deficit) January 1, 1993	3,330,493	4,539,717	1,209,224
Total revenues, other sources and beginning fund balance	<u>\$ 44,895,800</u>	<u>\$ 46,361,858</u>	<u>\$ 1,466,058</u>

CITY OF ERIE, PENNSYLVANIA
 General Fund
 Schedule of Revenues and Expenditures (Cash Basis)
 Budget and Actual (Including Encumbrances), Continued
 Year Ended December 31, 1993

EXPENDITURES	Budget	Actual	Variance Favorable (Unfavorable)
General government:			
City council and city clerk	\$ 267,419	\$ 260,578	\$ 6,841
Mayor	318,521	315,917	2,604
City solicitor	351,101	346,610	4,491
City treasurer	367,174	361,325	5,849
Income tax collector	483,623	449,293	34,330
City controller	125,682	120,156	5,526
Directors office	67,607	61,955	5,652
Personnel and civil service	256,446	240,783	15,663
Accounts, finance and budget	325,764	324,789	975
Computer systems and services	231,295	214,520	16,775
City purchasing	169,711	158,427	11,284
Reproduction	80,072	79,654	418
Human relations	35,641	34,800	841
Local match	547,580	489,481	58,099
General government, insurance and utility	2,055,799	1,875,607	180,192
Total general government	<u>5,683,435</u>	<u>5,333,895</u>	<u>349,540</u>
Public safety:			
Police civilians	1,170,734	1,055,866	114,868
Police	14,134,560	13,740,162	394,398
Traffic court	456,857	448,644	8,213
Fire	11,033,397	10,813,994	219,403
Radio	199,004	193,603	5,401
Electrician	335,272	318,300	16,972
Total public safety	<u>27,329,824</u>	<u>26,570,569</u>	<u>759,255</u>
Highways and streets:			
Directors office	108,240	107,090	1,150
Engineering	575,430	566,548	8,882
Paint and sign	205,808	204,034	1,774
Streets	3,593,707	3,527,841	65,866
Municipal garage	1,287,436	1,218,222	69,214
Public buildings maintenance	749,615	699,412	50,203
Total highways and streets	<u>6,520,236</u>	<u>6,323,147</u>	<u>197,089</u>
Sanitation:			
Refuse, disposal and recycling	3,739,325	3,710,998	28,327
Total sanitation	<u>3,739,325</u>	<u>3,710,998</u>	<u>28,327</u>
Culture and recreation:			
Parks and recreation	997,230	958,761	38,469
Shade Tree Commission	19,750	18,899	851
Erie Zoological Society	150,000	150,000	0
Humane Society	83,000	83,000	0
Arts Council of Erie	25,000	25,000	0
Total culture and recreation	<u>1,274,980</u>	<u>1,235,660</u>	<u>39,320</u>
Intergovernmental:			
Erie Civic Center Authority	110,000	110,000	0
Erie Metropolitan Transit Authority	185,000	185,000	0
Erie Municipal Park Authority	53,000	53,000	0
Total intergovernmental	<u>348,000</u>	<u>348,000</u>	<u>0</u>
Total expenditures	<u>\$ 44,895,800</u>	<u>\$ 43,522,269</u>	<u>\$ 1,373,531</u>

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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.

Section 108 Loan Program - federally guaranteed loan for the refurbishing of Avalon Hotel.

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.

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CITY OF ERIE, PENNSYLVANIA

Special Revenue Funds
Combining Balance Sheet
Year Ended December 31, 1993

	Community Development Block Grant	Liquid Fuels Tax Grant	Cable TV Access Program	BUDAG Revolving Account
ASSETS				
Cash	\$ 4,465	\$ 7,561	\$ 105,480	\$ 607,968
Investments	0	600,000	0	0
Receivables (net of allowance for uncollectibles):				
Liens	243,014	0	0	0
Intergovernmental	344,969	0	0	0
Notes	77,159	0	0	987,398
Other	0	951	0	0
Total assets	\$ 669,607	\$ 608,512	\$ 105,480	\$ 1,595,366
LIABILITIES				
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable	400,195	77,796	853	0
Accrued payroll	7,317	0	0	0
Interfund payable	52,434	0	0	0
Compensated absences payable	11,799	0	0	0
Deferred revenue	241,790	0	0	0
Due to other governments	0	0	0	0
Total liabilities	713,535	77,796	853	0
FUND EQUITY AND OTHER CREDITS				
Contributed capital and other credits	0	0	316,745	0
Fund balance:				
Reserved for encumbrances	1,924,984	0	0	0
Reserved for noncurrent notes receivable	63,882	0	0	914,605
Unreserved undesignated (deficit)	(2,032,794)	530,716	(212,118)	680,761
Total fund equity (deficit) and other credits	(43,928)	530,716	104,627	1,595,366
Total liabilities and fund equity and other credits	\$ 669,607	\$ 608,512	\$ 105,480	\$ 1,595,366

Bridge, Street and Traffic Imp. Projects	Jobs Training Partnership Act Grant	Section 108 Loan Program	Other Projects	Total
\$ 66,410	\$ 0	\$ 10,120	\$ 415,253	\$ 1,217,257
0	0	0	0	600,000
0	0	0	0	243,014
0	170,770	0	121,720	637,459
0	0	1,399,900	588,191	3,052,648
0	0	0	0	951
<u>\$ 66,410</u>	<u>\$ 170,770</u>	<u>\$ 1,410,020</u>	<u>\$ 1,125,164</u>	<u>\$ 5,751,329</u>
\$ 0	\$ 66,103	\$ 0	\$ 0	\$ 66,103
21,858	103,794	0	130,485	734,981
0	1,961	0	643	9,921
0	0	0	0	52,434
0	860	0	3,786	16,445
0	0	0	0	241,790
0	0	1,399,900	0	1,399,900
<u>21,858</u>	<u>172,718</u>	<u>1,399,900</u>	<u>134,914</u>	<u>2,521,574</u>
0	0	0	0	316,745
0	0	0	0	1,924,984
0	0	1,399,900	588,191	2,966,578
44,552	(1,948)	(1,389,780)	402,059	(1,978,552)
<u>44,552</u>	<u>(1,948)</u>	<u>10,120</u>	<u>990,250</u>	<u>3,229,755</u>
<u>\$ 66,410</u>	<u>\$ 170,770</u>	<u>\$ 1,410,020</u>	<u>\$ 1,125,164</u>	<u>\$ 5,751,329</u>

CITY OF ERIE, PENNSYLVANIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended December 31, 1993

	Community Development Block Grant	Liquid Fuels Tax Grant	Cable TV Access Program	BUDAG Revolving Account
REVENUES				
Intergovernmental:				
Federal grants	\$ 3,148,171	\$ 0	\$ 0	\$ 0
State grants	36,959	1,404,602	0	0
Local share-other	0	0	0	0
Total intergovernmental	<u>3,185,130</u>	<u>1,404,602</u>	<u>0</u>	<u>0</u>
Interest earnings	1,138	25,432	8,610	4,404
Miscellaneous	780,702	8,394	104,290	0
Total revenues	<u>3,966,970</u>	<u>1,438,428</u>	<u>112,900</u>	<u>4,404</u>
EXPENDITURES				
General government	17,644	0	0	0
Public safety	263,788	1,210,557	0	0
Highways and streets	422,292	0	0	0
Sanitation	93,176	0	0	0
Culture and recreation	419,028	0	325,018	0
Economic and community development	2,844,777	0	0	0
Total expenditures	<u>4,060,705</u>	<u>1,210,557</u>	<u>325,018</u>	<u>0</u>
Excess of revenues over (under) expenditures	(93,735)	227,871	(212,118)	4,404
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	0	0	0
Operating transfers (out)	(12,010)	0	0	(67,153)
Total other financing sources (uses)	<u>(12,010)</u>	<u>0</u>	<u>0</u>	<u>(67,153)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(105,745)	227,871	(212,118)	(62,749)
Fund balance (deficit) January 1, 1993	61,817	302,845	0	1,658,115
Increase to contributed capital and other credits	0	0	316,745	0
Fund balance (deficit) December 31, 1993	<u>\$ (43,928)</u>	<u>\$ 530,716</u>	<u>\$ 104,627</u>	<u>\$ 1,595,366</u>

Bridge, Street and Traffic Imp. Projects	Jobs Training Partnership Act Grant	Section 108 Loan Program	Other Projects	Total
\$ 0	\$ 4,010,696	\$ 0	\$ 120,727	\$ 7,279,594
833,937	104,668	0	1,552,294	3,932,460
0	0	0	1,397,215	1,397,215
<u>833,937</u>	<u>4,115,364</u>	<u>0</u>	<u>3,070,236</u>	<u>12,609,269</u>
0	0	120	15,833	55,537
0	0	10,000	30,033	933,419
<u>833,937</u>	<u>4,115,364</u>	<u>10,120</u>	<u>3,116,102</u>	<u>13,598,225</u>
0	0	0	0	17,644
0	0	0	295,450	1,769,795
584,298	0	0	336,195	1,342,785
0	0	0	157,579	250,755
0	0	0	728,036	1,472,082
0	4,121,947	0	1,597,290	8,564,014
<u>584,298</u>	<u>4,121,947</u>	<u>0</u>	<u>3,114,550</u>	<u>13,417,075</u>
249,639	(6,583)	10,120	1,552	181,150
495	0	0	296,668	297,163
0	0	0	0	(79,163)
<u>495</u>	<u>0</u>	<u>0</u>	<u>296,668</u>	<u>218,000</u>
250,134	(6,583)	10,120	298,220	399,150
(205,582)	4,635	0	692,030	2,513,860
0	0	0	0	316,745
<u>\$ 44,552</u>	<u>\$ (1,948)</u>	<u>\$ 10,120</u>	<u>\$ 990,250</u>	<u>\$ 3,229,755</u>

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, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 11,462,699	\$ 3,004,834	\$ (8,457,865)
Interest earnings	0	1,138	1,138
Miscellaneous	0	779,478	779,478
Total revenues	<u>11,462,699</u>	<u>3,785,450</u>	<u>(7,677,249)</u>
EXPENDITURES			
General government	112,000	59,926	52,074
Public safety	589,922	201,686	388,236
Highways and streets	1,302,804	477,258	825,546
Sanitation	168,060	102,136	65,924
Culture and recreation	2,358,942	1,377,377	981,565
Economic and community development	5,981,599	3,782,507	2,199,092
Total expenditures	<u>10,513,327</u>	<u>6,000,890</u>	<u>4,512,437</u>
Excess of revenues over (under) expenditures	949,372	(2,215,440)	(3,164,812)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers (out)	0	(12,010)	(12,010)
Total other financing sources (uses)	<u>0</u>	<u>(12,010)</u>	<u>(12,010)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	949,372	(2,227,450)	(3,176,822)
Fund balance (deficit) January 1, 1993	0	(975,529)	(975,529)
Prior year encumbrances paid in current year	0	981,296	981,296
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	(949,372)	0	949,372
Fund balance (deficit) December 31, 1993	<u>\$ 0</u>	<u>(2,221,683)</u>	<u>\$ (2,221,683)</u>
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		2,303,310	
Recognition of accrual basis adjustments		(125,555)	
Fund balance (deficit) December 31, 1993		<u>\$ (43,928)</u>	

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, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 1,321,962	\$ 1,404,602	\$ 82,640
Interest earnings	0	24,740	24,740
Miscellaneous	0	8,394	8,394
Total revenues	1,321,962	1,437,736	115,774
EXPENDITURES			
General government	0	0	0
Public safety	1,450,940	1,308,413	142,527
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	1,450,940	1,308,413	142,527
Excess of revenues over (under) expenditures	(128,978)	129,323	258,301
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers (out)	0	0	0
Total financing sources (uses)	0	0	0
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(128,978)	129,323	258,301
Fund balance (deficit) January 1, 1993	(368,627)	294,997	663,624
Prior year encumbrances paid in current year	0	128,978	128,978
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	0	0	0
Fund balance (deficit) December 31, 1993	\$ (497,605)	553,298	\$ 1,050,903
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		54,262	
Recognition of accrual basis adjustments		(76,844)	
Fund balance (deficit) December 31, 1993		\$ 530,716	

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, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 0	\$ 329,849	\$ 329,849
Interest earnings	0	2,349	2,349
Miscellaneous	0	26,384	26,384
Total revenues	0	358,582	358,582
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	253,102	(253,102)
Economic and community development	0	0	0
Total expenditures	0	253,102	(253,102)
Excess of revenues over (under) expenditures	0	105,480	105,480
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) expenditures and other financing uses	0	105,480	105,480
Fund balance (deficit) January 1, 1993	0	0	0
Prior year encumbrances paid in current year	0	0	0
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	0	0	0
Fund balance (deficit) December 31, 1993	\$ 0	105,480	\$ 105,480
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		0	
Recognition of accrual basis adjustments		(853)	
Fund balance (deficit) December 31, 1993		\$ 104,627	

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, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 0	\$ 0	\$ 0
Interest earnings	0	6,975	6,975
Miscellaneous	0	0	0
Total revenues	0	6,975	6,975
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	6,975	6,975
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers (out)	0	(67,153)	(67,153)
Total other financing sources (uses)	0	(67,153)	(67,153)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	0	(60,178)	(60,178)
Fund balance (deficit) January 1, 1993	0	1,655,544	1,655,544
Prior year encumbrances paid in current year	0	0	0
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	0	0	0
Fund balance (deficit) December 31, 1993	\$ 0	1,595,366	\$ 1,595,366
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		0	
Recognition of accrual basis adjustments		0	
Fund balance (deficit) December 31, 1993		\$ 1,595,366	

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, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 1,369,556	\$ 833,937	\$ (535,619)
Interest earnings	0	0	0
Miscellaneous	0	0	0
Total revenues	1,369,556	833,937	(535,619)
EXPENDITURES			
General government	0	0	0
Public safety	40,000	0	40,000
Highways and streets	1,288,046	1,117,395	170,651
Sanitation	0	0	0
Culture and recreation	0	0	0
Economic and community development	0	0	0
Total expenditures	1,328,046	1,117,395	210,651
Excess of revenues over (under) expenditures	41,510	(283,458)	(324,968)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	5,597	495	(5,102)
Operating transfers (out)	0	0	0
Total other financing sources (uses)	5,597	495	(5,102)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	47,107	(282,963)	(330,070)
Fund balance (deficit) January 1, 1993	0	(75,552)	(75,552)
Prior year encumbrances paid in current year	0	28,444	28,444
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	(47,107)	0	47,107
Fund balance (deficit) December 31, 1993	\$ 0	(330,071)	\$ (330,071)
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		396,480	
Recognition of accrual basis adjustments		(21,857)	
Fund balance (deficit) December 31, 1993		\$ 44,552	

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, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 7,553,530	\$ 4,020,904	\$ (3,532,626)
Interest earnings	0	0	0
Miscellaneous	0	0	0
Total revenues	<u>7,553,530</u>	<u>4,020,904</u>	<u>(3,532,626)</u>
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	7,807,916	4,145,896	3,662,020
Total expenditures	<u>7,807,916</u>	<u>4,145,896</u>	<u>3,662,020</u>
Excess of revenues over (under) expenditures	<u>(254,386)</u>	<u>(124,992)</u>	<u>129,394</u>
OTHER FINANCING SOURCES (USES)			
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	<u>(254,386)</u>	<u>(124,992)</u>	<u>129,394</u>
Fund balance (deficit) January 1, 1993	0	39,090	39,090
Prior year encumbrances paid in current year	0	19,797	19,797
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	254,386	0	(254,386)
Fund balance (deficit) December 31, 1993	<u>\$ 0</u>	<u>(66,105)</u>	<u>\$ (66,105)</u>
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		0	
Recognition of accrual basis adjustments		64,157	
Fund balance (deficit) December 31, 1993		<u>\$ (1,948)</u>	

CITY OF ERIE, PENNSYLVANIA
Special Revenue Fund - Section 108 Loan Program
Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 0	\$ 0	\$ 0
Interest earnings	0	120	120
Miscellaneous	0	10,000	10,000
Total revenues	0	10,120	10,120
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	10,120	10,120
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) expenditures and other financing uses	0	10,120	10,120
Fund balance (deficit) January 1, 1993	0	0	0
Prior year encumbrances paid in current year	0	0	0
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	0	0	0
Fund balance (deficit) December 31, 1993	\$ 0	10,120	\$ 10,120
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		0	
Recognition of accrual basis adjustments		0	
Fund balance (deficit) December 31, 1993		\$ 10,120	

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, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 5,677,683	\$ 3,010,288	\$ (2,667,395)
Interest earnings	0	15,833	15,833
Miscellaneous	72,614	30,033	(42,581)
Total revenues	<u>5,750,297</u>	<u>3,056,154</u>	<u>(2,694,143)</u>
EXPENDITURES			
General government	0	0	0
Public safety	324,567	280,557	44,010
Highways and streets	453,158	344,713	108,445
Sanitation	725,655	208,819	516,836
Culture and recreation	1,578,118	966,578	611,540
Economic and community development	3,355,667	2,016,298	1,339,369
Total expenditures	<u>6,437,165</u>	<u>3,816,965</u>	<u>2,620,200</u>
Excess of revenues over (under) expenditures	(686,868)	(760,811)	(73,943)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	287,222	296,668	9,446
Operating transfers (out)	0	0	0
Total other financing sources (uses)	<u>287,222</u>	<u>296,668</u>	<u>9,446</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(399,646)	(464,143)	(64,497)
Fund balance (deficit) January 1, 1993	0	198,711	198,711
Prior year encumbrances paid in current year	0	607,589	607,589
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	399,646	0	(399,646)
Fund balance (deficit) December 31, 1993	<u>\$ 0</u>	<u>342,157</u>	<u>\$ 342,157</u>
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		661,289	
Recognition of accrual basis adjustments		(13,196)	
Fund balance (deficit) December 31, 1993		<u>\$ 990,250</u>	

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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
 Balance Sheet
 Year Ended December 31, 1993

ASSETS		
Cash		\$ 90,315
Total assets		<u>\$ 90,315</u>
LIABILITIES		
Other liabilities		\$ 46,315
Total liabilities		<u>46,315</u>
FUND BALANCE		
Unreserved:		
Undesignated (deficit)		44,000
Total fund balance (deficit)		<u>44,000</u>
Total liabilities and fund balance		<u>\$ 90,315</u>

CITY OF ERIE, PENNSYLVANIA
 Debt Service Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended December 31, 1993

REVENUES		
Real estate taxes		\$ 1,193,613
Total revenues		<u>1,193,613</u>
EXPENDITURES		
Debt service:		
Principal		878,856
Interest		314,757
Total expenditures		<u>1,193,613</u>
Excess of revenues over (under) expenditures		0
OTHER FINANCING SOURCES (USES)		
Operating transfers in		44,000
Total other financing sources (uses)		<u>44,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses		44,000
Fund balance (deficit) January 1, 1993		<u>0</u>
Fund balance (deficit) December 31, 1993		<u><u>\$ 44,000</u></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, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Real estate taxes	\$ 1,204,827	\$ 1,193,613	\$ (11,214)
Total revenues	<u>1,204,827</u>	<u>1,193,613</u>	<u>(11,214)</u>
EXPENDITURES			
Debt service:			
Principal	878,856	878,856	0
Interest	325,971	314,757	11,214
Total expenditures	<u>1,204,827</u>	<u>1,193,613</u>	<u>11,214</u>
Excess of revenues over (under) expenditures	0	0	0
Fund balance (deficit) January 1, 1993	0	0	0
Fund balance (deficit) December 31, 1993	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Recognition of accrual basis adjustments		44,000	
Fund balance (deficit) December 31, 1993		<u>\$ 44,000</u>	

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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 - to account for capital additions and improvements to public buildings, park and recreation facilities; vehicle and equipment acquisitions.

1993 General Obligation Bond Fund - to account for capital additions and improvements to storm sewers, streets, public buildings, park and recreation facilities; real estate acquisition; refunding the 1968 and 1986 Capital Improvement Bond Funds.

CITY OF ERIE, PENNSYLVANIA

Capital Projects Funds
 Combining Balance Sheet
 Year Ended December 31, 1993

	Paving and Sewer Revolving	Capital Improvement	1993 General Obligation Bonds	Total
ASSETS				
Cash	\$ 8,743	\$ 62,840	\$ 9,490	\$ 81,073
Investments	275,000	6,220,000	7,815,000	14,310,000
Receivables:				
Liens	50,514	0	0	50,514
Other	1,013	59,037	11,735	71,785
Due from other funds	0	76,000	0	76,000
Total assets	<u>\$ 335,270</u>	<u>\$ 6,417,877</u>	<u>\$ 7,836,225</u>	<u>\$ 14,589,372</u>
LIABILITIES				
Accounts payable	\$ 100	\$ 28,698	\$ 0	\$ 28,798
Deferred revenue	43,612	0	0	43,612
Due to other funds	0	87,330	0	87,330
Total liabilities	<u>43,712</u>	<u>116,028</u>	<u>0</u>	<u>159,740</u>
FUND BALANCE				
Reserved for encumbrances	2,828	64,227	0	67,055
Designated for endowment principal	0	6,000,000	0	6,000,000
Unreserved:				
Undesignated (deficit)	288,730	237,622	7,836,225	8,362,577
Total fund balance (deficit)	<u>291,558</u>	<u>6,301,849</u>	<u>7,836,225</u>	<u>14,429,632</u>
Total liabilities and fund balance	<u>\$ 335,270</u>	<u>\$ 6,417,877</u>	<u>\$ 7,836,225</u>	<u>\$ 14,589,372</u>

CITY OF ERIE, PENNSYLVANIA
 Capital Projects Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended December 31, 1993

	Paving and Sewer Revolving	Capital Improvement	1993 General Obligation Bonds	Total
REVENUES				
Interest earnings	\$ 8,272	\$ 214,139	\$ 40,191	\$ 262,602
Miscellaneous	20,220	15	0	20,235
Total revenues	28,492	214,154	40,191	282,837
EXPENDITURES				
General government	0	0	234,040	234,040
Capital outlay	100	1,370,625	0	1,370,725
Total expenditures	100	1,370,625	234,040	1,604,765
Excess of revenues over (under) expenditures	28,392	(1,156,471)	(193,849)	(1,321,928)
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	0	0	(44,000)	(44,000)
Proceeds from general long-term debt	0	0	10,617,424	10,617,424
Proceeds from debt - payments to refunding agent	0	0	(2,543,350)	(2,543,350)
Proceeds from capital lease obligations	0	1,002,818	0	1,002,818
Total other sources (uses)	0	1,002,818	8,030,074	9,032,892
Excess of revenues and other financing sources over (under) expenditures and other financing uses	28,392	(153,653)	7,836,225	7,710,964
Fund balance (deficit) January 1, 1993	263,166	6,455,502	0	6,718,668
Fund balance (deficit) December 31, 1993	\$ 291,558	\$ 6,301,849	\$ 7,836,225	\$ 14,429,632

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, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest earnings	\$ 0	\$ 7,764	\$ 7,764
Miscellaneous	0	16,713	16,713
Total revenues	0	24,477	24,477
EXPENDITURES			
General government	0	0	0
Capital outlay	28,082	2,828	25,254
Total expenditures	28,082	2,828	25,254
Excess of revenues over (under) expenditures	(28,082)	21,649	49,731
OTHER FINANCING SOURCES (USES)			
Operating transfers (out)	0	0	0
Proceeds from general long-term debt	0	0	0
Proceeds from debt - payments to refunding agent	0	0	0
Total other financing sources (uses)	0	0	0
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(28,082)	21,649	49,731
Fund balance (deficit) January 1, 1993	0	256,440	256,440
Prior year encumbrances paid in current year	0	2,828	2,828
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	28,082	0	(28,082)
Fund balance (deficit) December 31, 1993	\$ 0	280,917	\$ 280,917
RECONCILIATION TO GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		2,828	
Recognition of accrual basis adjustments		7,813	
Fund balance (deficit) December 31, 1993		\$ 291,558	

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, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest earnings	\$ 265,146	\$ 156,639	\$ (108,507)
Miscellaneous	77,000	1,015	(79,985)
Total revenues	342,146	157,654	(184,492)
EXPENDITURES			
General government	0	0	0
Capital outlay	626,546	456,286	170,260
Total expenditures	626,546	456,286	170,260
Excess of revenues over (under) expenditures	(284,400)	(298,632)	(14,232)
OTHER FINANCING SOURCES (USES)			
Operating transfers (out)	0	0	0
Proceeds from general long-term debt	0	0	0
Proceeds from debt - payments to refunding agent	0	0	0
Total other financing sources (uses)	0	0	0
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(284,400)	(298,632)	(14,232)
Fund balance (deficit) January 1, 1993	0	6,434,616	6,434,616
Prior year encumbrances paid in current year	0	42,665	42,665
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	284,400	0	(284,400)
Fund balance (deficit) December 31, 1993	\$ 0	6,178,649	\$ 6,178,649
RECONCILIATION TO GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		92,925	
Recognition of accrual basis adjustments		30,275	
Fund balance (deficit) December 31, 1993		\$ 6,301,849	

CITY OF ERIE, PENNSYLVANIA
 Capital Projects Funds - 1993 General Obligation Bonds
 Individual Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
 Budget and Actual (Including Encumbrances)
 Year Ended December 31, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest earnings	\$ 305,828	\$ 28,456	\$ (277,372)
Miscellaneous	0	0	0
Total revenues	305,828	28,456	(277,372)
EXPENDITURES			
General government	127,866	234,040	(106,174)
Capital outlay	3,769,000	0	3,769,000
Total expenditures	3,896,866	234,040	3,662,826
Excess of revenues over (under) expenditures	(3,591,038)	(205,584)	3,385,454
OTHER FINANCING SOURCES (USES)			
Operating transfers (out)	(260,000)	(44,000)	216,000
Proceeds from general long-term debt	6,484,703	10,617,424	4,132,721
Proceeds from debt - payments to refunding agent	(2,633,665)	(2,543,350)	90,315
Total other financing sources (uses)	3,591,038	8,030,074	4,439,036
Excess of revenues and other financing sources over (under) expenditures and other financing uses	0	7,824,490	7,824,490
Fund balance (deficit) January 1, 1993	0	0	0
Prior year encumbrances paid in current year	0	0	0
Revenues and expenditures rebudgeted in the subsequent year (Note VI.B.)	0	0	0
Fund balance (deficit) December 31, 1993	\$ 0	7,824,490	\$ 7,824,490
RECONCILIATION TO GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		0	
Recognition of accrual basis adjustments		11,735	
Fund balance (deficit) December 31, 1993		\$ 7,836,225	

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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 1993 general obligation bonds (Series B) are accounted for as 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, 1993

	Sewer Revenue	Sewer Reserve	Water Revenue	Golf	Total
ASSETS					
Current assets:					
Cash	\$ 1,172,621	\$ 26,341	\$ 0	\$ 103,518	\$ 1,302,480
Investments	12,255,000	400,000	0	0	12,655,000
Receivables:					
Accounts	1,292,655	0	0	0	1,292,655
Notes, current	155,000	0	0	0	155,000
Other	16,276	69	0	0	16,345
Prepaid insurance	21,678	0	0	4,872	26,550
Due from other funds	87,330	0	0	0	87,330
Total current assets	15,000,560	426,410	0	108,390	15,535,360
Property, plant and equipment:					
Land	0	0	592,369	138,630	730,999
Buildings and improvements	221,934	0	7,923,777	373,779	8,519,490
Improvements other than buildings	4,525,726	0	35,211,685	504,786	40,242,197
Equipment and vehicles	2,321,142	0	5,085,739	250,504	7,657,385
Total property, plant and equipment	7,068,802	0	48,813,570	1,267,699	57,150,071
Less: accumulated depreciation	(2,194,793)	0	(24,740,990)	(533,478)	(27,469,261)
Net property, plant and equipment	4,874,009	0	24,072,580	734,221	29,680,810
Notes receivable, net of current maturities	6,135,000	0	0	0	6,135,000
Bond issue costs	501,742	0	0	0	501,742
Total assets	\$ 26,511,311	\$ 426,410	\$ 24,072,580	\$ 842,611	\$ 51,852,912
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 1,092,763	\$ 0	\$ 0	\$ 5,848	\$ 1,098,611
Accrued payroll	129,767	0	0	3,091	132,858
Interfund payable	0	0	0	0	0
Compensated absences payable	17,582	0	0	2,470	20,052
Claims and judgments payable	8,600	0	0	0	8,600
Current portion of long-term liabilities	375,000	0	0	0	375,000
Due to other funds	0	0	0	76,000	76,000
Total current liabilities	1,623,712	0	0	87,409	1,711,121
Long-term liabilities:					
Deferred revenue	0	0	9,529,582	0	9,529,582
General obligation bonds payable	19,005,000	0	0	0	19,005,000
Total long-term liabilities	19,005,000	0	9,529,582	0	28,534,582
Total liabilities	20,628,712	0	9,529,582	87,409	30,245,703
RETAINED EARNINGS					
Unreserved (deficit)	5,882,599	426,410	14,542,998	755,202	21,607,209
Total retained earnings (deficit)	5,882,599	426,410	14,542,998	755,202	21,607,209
Total liabilities and retained earnings	\$ 26,511,311	\$ 426,410	\$ 24,072,580	\$ 842,611	\$ 51,852,912

CITY OF ERIE, PENNSYLVANIA
Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended December 31, 1993

	Sewer Revenue	Sewer Reserve	Water Revenue	Golf	Total
OPERATING REVENUES					
Charges for services	\$ 12,649,335	\$ 0	\$ 0	\$ 735,360	\$ 13,384,695
Lease rental	0	0	1,778,229	0	1,778,229
Rental income	30,000	0	0	144,664	174,664
Miscellaneous	102,697	0	0	0	102,697
Total operating revenues	12,782,032	0	1,778,229	880,024	15,440,285
OPERATING EXPENSES					
Personnel services	2,680,684	0	0	334,331	3,015,015
Other personnel costs	1,270,027	0	0	125,734	1,395,761
Services and fees	1,441,407	0	0	21,675	1,463,082
Utilities	1,785,848	0	0	26,023	1,811,871
Rent	21,400	0	0	54,570	75,970
Insurance	89,901	0	0	21,894	111,795
Materials, supplies and maintenance	1,959,732	0	0	121,336	2,081,068
Depreciation	415,674	0	842,982	45,187	1,303,843
Capital outlay	631,072	0	0	10,934	642,006
Other	1,473,548	0	0	2,067	1,475,615
Total operating expenses	11,769,293	0	842,982	763,751	13,376,026
Operating income (loss)	1,012,739	0	935,247	116,273	2,064,259
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	712,651	0	0	0	712,651
Interest earnings	57,432	13,840	0	2,781	74,053
Interest expense	(161,924)	0	0	0	(161,924)
Other expense	19,534	0	0	0	19,534
Total nonoperating revenues (expenses)	627,693	13,840	0	2,781	644,314
Net income (loss) before operating transfers	1,640,432	13,840	935,247	119,054	2,708,573
OTHER FINANCING SOURCES (USES)					
Operating transfers in	195,410	337,543	0	0	532,953
Operating transfers (out)	(927,543)	(195,410)	(1,365,031)	0	(2,487,984)
Total other financing sources (uses)	(732,133)	142,133	(1,365,031)	0	(1,955,031)
Net income (loss)	908,299	155,973	(429,784)	119,054	753,542
Retained earnings (deficit) January 1, 1993	4,974,300	270,437	14,972,782	636,148	20,853,667
Retained earnings (deficit) December 31, 1993	\$ 5,882,599	\$ 426,410	\$ 14,542,998	\$ 755,202	\$ 21,607,209

CITY OF ERIE, PENNSYLVANIA
Enterprise Funds - Sewer Revenue
Individual Statement of Revenues, Expenditures and Changes in Retained Earnings (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$ 12,705,400	\$ 12,383,650	\$ (321,750)
Lease rental	0	0	0
Rental income	30,000	30,000	0
Miscellaneous	13,500	53,326	39,826
Total operating revenues	12,748,900	12,466,976	(281,924)
OPERATING EXPENSES			
Personnel services	2,666,541	2,630,415	36,126
Other personnel costs	1,325,156	1,269,882	55,274
Services and fees	2,426,446	1,727,741	698,705
Utilities	2,197,891	2,188,553	9,338
Rent	20,586	19,193	1,393
Insurance	196,000	99,033	96,967
Materials, supplies and maintenance	2,631,529	2,341,533	289,996
Depreciation	0	0	0
Capital outlay	1,356,724	1,529,685	221,306
Other	1,750,991	516,884	839,840
Total operating expenses	14,571,864	12,322,919	2,248,945
Operating income (loss)	(1,822,964)	144,057	1,967,021
NONOPERATING REVENUES (EXPENSES)			
Bond and loan principal	(166,144)	(166,144)	0
Intergovernmental revenue	710,000	712,651	2,651
Interest earnings	30,000	41,395	11,395
Interest expense	(343,856)	(161,924)	181,932
Other expense	0	0	0
Net nonoperating revenues (expenses)	230,000	425,978	195,978
Net income (loss) before operating transfers	(1,592,964)	570,035	2,162,999
OTHER FINANCING SOURCES (USES)			
Operating transfers in	195,410	195,410	0
Operating transfers (out)	0	(927,543)	(927,543)
Total other financing sources (uses)	195,410	(732,133)	(927,543)
Net income (loss)	(1,397,554)	(162,098)	1,235,456
Retained earnings (deficit) January 1, 1993	1,397,554	5,266,915	3,869,361
Retained earnings (deficit) December 31, 1993	\$ 0	5,104,817	\$ 5,104,817
RECONCILIATION TO GAAP BASIS RETAINED EARNINGS			
Encumbrances recognized as current year expenditures		1,439,648	
Effect of nonbudgeted items (Note VI.C.)		(219,068)	
Recognition of accrual basis adjustments		(442,798)	
Retained earnings (deficit) December 31, 1993		\$ 5,882,599	

CITY OF ERIE, PENNSYLVANIA
Enterprise Funds - Golf
Individual Statement of Revenues, Expenditures and Changes in Retained Earnings (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1993

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$ 741,050	\$ 735,360	\$ (5,690)
Lease rental	0	0	0
Rental income	130,500	144,664	14,164
Miscellaneous	0	0	0
Total operating revenues	<u>871,550</u>	<u>880,024</u>	<u>8,474</u>
OPERATING EXPENSES			
Personnel services	369,356	336,424	32,932
Other personnel costs	136,098	125,734	10,364
Services and fees	61,329	54,548	6,781
Utilities	30,895	25,199	5,696
Rent	55,000	54,570	430
Insurance	26,473	25,652	821
Materials, supplies and maintenance	132,644	123,023	9,621
Depreciation	0	0	0
Capital outlay	39,815	10,934	28,881
Other	10,065	2,067	7,998
Total operating expenses	<u>861,675</u>	<u>758,151</u>	<u>103,524</u>
Operating income (loss)	<u>9,875</u>	<u>121,873</u>	<u>111,998</u>
NONOPERATING REVENUES (EXPENSES)			
Bond and loan principal	(7,783)	0	7,783
Intergovernmental revenue	0	0	0
Interest earnings	0	2,782	2,782
Interest expense	(2,092)	0	2,092
Other expense	0	0	0
Net nonoperating revenues (expenses)	<u>(9,875)</u>	<u>2,782</u>	<u>12,567</u>
Net income (loss) before operating transfers	<u>0</u>	<u>124,655</u>	<u>124,655</u>
OTHER FINANCING SOURCES (USES)			
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>
Net income (loss)	<u>0</u>	<u>124,655</u>	<u>124,655</u>
Retained earnings (deficit) January 1, 1993	0	612,090	612,090
Retained earnings (deficit) December 31, 1993	<u>\$ 0</u>	<u>\$ 736,745</u>	<u>\$ 736,745</u>
RECONCILIATION TO GAAP BASIS RETAINED EARNINGS			
Encumbrances recognized as current year expenditures		5,063	
Effect on nonbudgeted items (Note VI.C.)		0	
Recognition of accrual basis adjustments		13,394	
Retained earnings (deficit) December 31, 1993		<u>\$ 755,202</u>	

CITY OF ERIE, PENNSYLVANIA
Enterprise Funds
Combining Statement of Cash Flows
Year Ended December 31, 1993

	Sewer Revenue	Sewer Reserve	Water Revenue	Golf	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,012,739	\$ 0	\$ 935,247	\$ 116,273	\$ 2,064,259
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Noncash items included in operating income (loss):					
Depreciation expense	396,434	0	842,982	45,187	1,284,603
Amortization	2,740	0	0	0	2,740
Loss on bond defeasement	19,534	0	0	0	19,534
(Increase) decrease in current assets:					
Accounts receivable	(315,055)	0	0	0	(315,055)
Other receivables	(16,037)	988	0	0	(15,049)
Prepaid insurance	(9,132)	0	0	(3,758)	(12,890)
Due from other funds	16,612	0	0	0	16,612
Increase (decrease) in current liabilities:					
Accounts payable	425,215	0	0	4,551	429,766
Accrued payroll	48,525	0	0	439	48,964
Interfund payable	(4,058)	0	0	(33,224)	(37,282)
Compensated absences payable	1,745	0	0	(2,532)	(787)
Claims and judgments payable	8,600	0	0	0	8,600
Due to other funds	0	0	0	76,000	76,000
Deferred revenue	0	0	(413,198)	0	(413,198)
Net cash provided (used) by operating activities	<u>1,587,862</u>	<u>988</u>	<u>1,365,031</u>	<u>202,936</u>	<u>3,156,817</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	712,651	0	0	0	712,651
Note to Sewer Authority	(6,290,000)	0	0	0	(6,290,000)
Operating transfers in	195,410	337,543	0	0	532,953
Operating transfers (out)	(927,543)	(195,410)	(1,365,031)	0	(2,487,984)
Net cash provided (used) by noncapital financing activities	<u>(6,309,482)</u>	<u>142,133</u>	<u>(1,365,031)</u>	<u>0</u>	<u>(7,532,380)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Net proceeds from general obligation bonds issued to refund capital debt	18,895,052	0	0	0	18,895,052
Payments to escrow agent to refund capital debt	(1,844,658)	0	0	0	(1,844,658)
Purchase of fixed assets	(383,110)	0	0	(102,199)	(485,309)
Disposition of fixed assets	16,500	0	0	0	16,500
Principal payments	(166,144)	0	0	0	(166,144)
Interest payments	(161,924)	0	0	0	(161,924)
Net cash provided (used) by capital and related financing activities	<u>16,355,716</u>	<u>0</u>	<u>0</u>	<u>(102,199)</u>	<u>16,253,517</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale and redemption of investments	44,429,510	2,672,000	0	660,000	47,761,510
Net interest earnings	57,432	13,840	0	2,781	74,053
Purchase of investments	(55,309,510)	(2,804,000)	0	(660,000)	(58,773,510)
Net cash provided (used) by investing activities	<u>(10,822,568)</u>	<u>(118,160)</u>	<u>0</u>	<u>2,781</u>	<u>(10,937,947)</u>
Net increase (decrease) in cash	811,528	24,961	0	103,518	940,007
Cash January 1, 1993	361,093	1,380	0	0	362,473
Cash December 31, 1993	<u>\$ 1,172,621</u>	<u>\$ 26,341</u>	<u>\$ 0</u>	<u>\$ 103,518</u>	<u>\$ 1,302,480</u>

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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.

Employees Health Benefit Plan - to account for monies provided by the City for health insurance premiums and claims.

CITY OF ERIE, PENNSYLVANIA

Internal Service Funds

Combining Balance Sheet

Year Ended December 31, 1993

	Workers Compensation Claims	Workers Compensation Trust	Employees Health Benefit Plan	Total
ASSETS				
Restricted cash and investments	\$ 82,835	\$ 416,543	\$ 748,266	\$ 1,247,644
Receivables:				
Other	0	1,042	1,745	2,787
Total assets	<u>\$ 82,835</u>	<u>\$ 417,585</u>	<u>\$ 750,011</u>	<u>\$ 1,250,431</u>
LIABILITIES				
Accounts payable	\$ 18,830	\$ 0	\$ 0	\$ 18,830
Claims and judgments payable	2,545,417	0	0	2,545,417
Total liabilities	<u>2,564,247</u>	<u>0</u>	<u>0</u>	<u>2,564,247</u>
RETAINED EARNINGS				
Unreserved (deficit) (Note VI.D.)	(2,481,412)	417,585	750,011	(1,313,816)
Total retained earnings (deficit)	<u>(2,481,412)</u>	<u>417,585</u>	<u>750,011</u>	<u>(1,313,816)</u>
Total liabilities and retained earnings	<u>\$ 82,835</u>	<u>\$ 417,585</u>	<u>\$ 750,011</u>	<u>\$ 1,250,431</u>

CITY OF ERIE, PENNSYLVANIA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended December 31, 1993

	Workers Compensation Claims	Workers Compensation Trust	Employees Health Benefit Plan	Total
OPERATING REVENUES				
Intergovernmental	\$ 1,267,585	\$ 0	\$ 2,935,537	\$ 4,203,122
Miscellaneous	47,259	0	0	47,259
Total operating revenues	<u>1,314,844</u>	<u>0</u>	<u>2,935,537</u>	<u>4,250,381</u>
OPERATING EXPENSES				
Insurance	1,227,650	0	3,159,588	4,387,238
Workers compensation claims	302,715	0	0	302,715
Other	5,070	0	2,450	7,520
Total operating expenses	<u>1,535,435</u>	<u>0</u>	<u>3,162,038</u>	<u>4,697,473</u>
Operating income (loss)	<u>(220,591)</u>	<u>0</u>	<u>(226,501)</u>	<u>(447,092)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	6,090	15,998	29,777	51,865
Other expense	0	(3,713)	0	(3,713)
Net nonoperating revenues (expenses)	<u>6,090</u>	<u>12,285</u>	<u>29,777</u>	<u>48,152</u>
Net income (loss) before operating transfers	<u>(214,501)</u>	<u>12,285</u>	<u>(196,724)</u>	<u>(398,940)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	0	(400,000)	(150,000)	(550,000)
Total other financing sources (uses)	<u>0</u>	<u>(400,000)</u>	<u>(150,000)</u>	<u>(550,000)</u>
Net income (loss)	<u>(214,501)</u>	<u>(387,715)</u>	<u>(346,724)</u>	<u>(948,940)</u>
Retained earnings (deficit) January 1, 1993	<u>(2,266,911)</u>	<u>805,300</u>	<u>1,096,735</u>	<u>(364,876)</u>
Retained earnings (deficit) December 31, 1993	<u>\$ (2,481,412)</u>	<u>\$ 417,585</u>	<u>\$ 750,011</u>	<u>\$ (1,313,816)</u>

CITY OF ERIE, PENNSYLVANIA
Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 1993

	Workers Compensation Claims	Workers Compensation Trust	Employees Health Benefit Plan	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (220,591)	\$ 0	\$ (226,501)	\$ (447,092)
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:				
Other receivables	0	(1,042)	(1,745)	(2,787)
Prepaid insurance	461,540	0	0	461,540
Increase (decrease) in current liabilities:				
Accounts payable	18,830	0	0	18,830
Claims and judgments payable	(169,995)	0	0	(169,995)
Net cash provided (used) by operating activities	<u>89,784</u>	<u>(1,042)</u>	<u>(226,246)</u>	<u>(139,504)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers (out)	0	(400,000)	(150,000)	(550,000)
Net cash provided (used) by financing activities	<u>0</u>	<u>(400,000)</u>	<u>(150,000)</u>	<u>(550,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net interest earnings	6,090	12,285	29,777	48,152
Net cash provided (used) by investing activities	<u>6,090</u>	<u>12,285</u>	<u>29,777</u>	<u>48,152</u>
Net increase (decrease) in cash	95,874	(388,757)	(348,469)	(641,352)
Restricted cash and investments, January 1, 1993	(13,039)	805,300	1,096,735	1,888,996
Restricted cash and investments, December 31, 1993	<u>\$ 82,835</u>	<u>\$ 416,543</u>	<u>\$ 748,266</u>	<u>\$ 1,247,644</u>

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CITY OF ERIE, PENNSYLVANIA

**Fiduciary Funds
Combining Financial Statements**

The Non-Expendable Trust Funds account for assets of all City of Erie employees who are covered by one of the following pension plans:

Officers and Employees Retirement Association (OERA) - To account for monies to cover employees in various departments (excluding uniformed policemen and firemen).

Police - to account for monies to cover uniformed employees of the Bureau of Police.

Firemen's - to account for monies to cover all members of Bureau of Fire except the employees in radio and communication center who are covered by OERA.

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.

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.

Community Service Fund - to account for monies received for charitable contributions through payroll deductions.

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CITY OF ERIE, PENNSYLVANIA

Fiduciary Funds
 Combining Balance Sheet
 Year Ended December 31, 1993

	Non- Expendable Trust Funds	Agency Funds	Total
ASSETS			
Cash	\$ 328,710	\$ 574,646	\$ 903,356
Investments	68,018,306	4,117,114	72,135,420
Receivables:			
Other	569,770	0	569,770
Total assets	\$ 68,916,786	\$ 4,691,760	\$ 73,608,546
LIABILITIES			
Other liabilities	\$ 9,093	\$ 69,572	\$ 78,665
Due to other governments	0	1,155,074	1,155,074
Deferred compensation benefits payable	0	3,467,114	3,467,114
Total liabilities	9,093	4,691,760	4,700,853
RETAINED EARNINGS			
Unreserved (deficit)	68,907,693	0	68,907,693
Total retained earnings (deficit)	68,907,693	0	68,907,693
Total liabilities and retained earnings	\$ 68,916,786	\$ 4,691,760	\$ 73,608,546

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Non-Expendable Trust Funds
 Combining Balance Sheet
 Year Ended December 31, 1993

	OERA	Police	Firemen's	Total
ASSETS				
Cash	\$ 179,360	\$ 6,717	\$ 142,633	\$ 328,710
Investments	27,689,675	25,415,982	14,912,649	68,018,306
Receivables:				
Other	159,172	220,536	190,062	569,770
Total assets	\$ 28,028,207	\$ 25,643,235	\$ 15,245,344	\$ 68,916,786
LIABILITIES				
Other liabilities	\$ 1,231	\$ 4,770	\$ 3,092	\$ 9,093
Due to other governments	0	0	0	0
Deferred compensation benefits payable	0	0	0	0
Total liabilities	1,231	4,770	3,092	9,093
RETAINED EARNINGS				
Unreserved (deficit)	28,026,976	25,638,465	15,242,252	68,907,693
Total retained earnings (deficit)	28,026,976	25,638,465	15,242,252	68,907,693
Total liabilities and retained earnings	\$ 28,028,207	\$ 25,643,235	\$ 15,245,344	\$ 68,916,786

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended December 31, 1993

	Balance Jan. 1, 1993	Additions	Deductions	Balance Dec. 31, 1993
TRAFFIC COURT STATE AND COUNTY FINES ACCOUNT				
Assets				
Cash	\$ 26,036	\$ 684,316	\$ (690,545)	\$ 19,807
Liabilities				
Due to other governments	\$ 26,036	\$ 684,316	\$ (690,545)	\$ 19,807
TRAFFIC COURT SECURITY BOND ACCOUNT				
Assets				
Cash	\$ 6,261	\$ 79,832	\$ (59,189)	\$ 26,904
Liabilities				
Vouchers payable	\$ 6,261	\$ 79,832	\$ (59,189)	\$ 26,904
RENT WITHHOLDING ACCOUNT				
Assets				
Cash	\$ 1,945	\$ 10,435	\$ (4,860)	\$ 7,520
Liabilities				
Returnable deposit	\$ 1,945	\$ 10,435	\$ (4,860)	\$ 7,520
CABLE TV SECURITY DEPOSIT ACCOUNT				
Assets				
Cash	\$ 25,000	\$ 0	\$ 0	\$ 25,000
Liabilities				
Returnable deposit	\$ 25,000	\$ 0	\$ 0	\$ 25,000
UNCLAIMED MONEY ACCOUNT				
Assets				
Cash	\$ 5,320	\$ 5,209	\$ (381)	\$ 10,148
Liabilities				
Unclaimed money	\$ 5,320	\$ 5,209	\$ (381)	\$ 10,148
PROPERTY TAX ACCOUNT				
Assets				
Cash	\$ 398,733	\$ 54,831,207	\$ (54,844,815)	\$ 385,125
Liabilities				
Due to taxing units:				
City of Erie	\$ 106,905	\$ 21,467,991	\$ (21,476,285)	\$ 98,611
Erie School District	237,534	24,671,391	(24,678,866)	230,059
County of Erie	54,244	8,691,696	(8,689,614)	56,326
Refunds	50	129	(50)	129
Total liabilities	\$ 398,733	\$ 54,831,207	\$ (54,844,815)	\$ 385,125
STATE PENSION CONTRIBUTION ACCOUNT				
Assets				
Cash	\$ 0	\$ 147,335	\$ (147,335)	\$ 0
Liabilities				
Due to pension fund	\$ 0	\$ 147,335	\$ (147,335)	\$ 0

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Agency Funds
 Combining Statement of Changes in Assets and Liabilities, Continued
 Year Ended December 31, 1993

	Balance Jan. 1, 1993	Additions	Deductions	Balance Dec. 31, 1993
INCOME TAX FUND				
Assets				
Cash	\$ 135,983	\$ 16,993,119	\$ (17,044,023)	\$ 85,079
Investments	1,400,000	0	(750,000)	650,000
Total assets	<u>\$ 1,535,983</u>	<u>\$ 16,993,119</u>	<u>\$ (17,794,023)</u>	<u>\$ 735,079</u>
Liabilities				
Due to taxing units	<u>\$ 1,535,983</u>	<u>\$ 16,993,119</u>	<u>\$ (17,794,023)</u>	<u>\$ 735,079</u>
OCCUPATIONAL PRIVILEGE TAX FUND				
Assets				
Cash	<u>\$ 6,756</u>	<u>\$ 604,461</u>	<u>\$ (596,154)</u>	<u>\$ 15,063</u>
Liabilities				
Due to taxing units	<u>\$ 6,756</u>	<u>\$ 604,461</u>	<u>\$ (596,154)</u>	<u>\$ 15,063</u>
DEFERRED COMPENSATION PLAN				
Assets				
Investments	<u>\$ 2,994,935</u>	<u>\$ 680,910</u>	<u>\$ (208,731)</u>	<u>\$ 3,467,114</u>
Liabilities				
Due to City of Erie employees	<u>\$ 2,994,935</u>	<u>\$ 680,910</u>	<u>\$ (208,731)</u>	<u>\$ 3,467,114</u>
COMMUNITY SERVICE FUND				
Assets				
Cash	<u>\$ 0</u>	<u>\$ 26,933</u>	<u>\$ (26,933)</u>	<u>\$ 0</u>
Liabilities				
Due to charities	<u>\$ 0</u>	<u>\$ 26,933</u>	<u>\$ (26,933)</u>	<u>\$ 0</u>
TOTALS-AGENCY FUNDS				
Assets				
Cash	\$ 606,034	\$ 73,382,847	\$ (73,414,235)	\$ 574,646
Investments	4,394,935	680,910	(958,731)	4,117,114
Total assets	<u>\$ 5,000,969</u>	<u>\$ 74,063,757</u>	<u>\$ (74,372,966)</u>	<u>\$ 4,691,760</u>
Liabilities				
Due to other governments	\$ 26,036	\$ 684,316	\$ (690,545)	\$ 19,807
Vouchers payable	6,261	79,832	(59,189)	26,904
Returnable deposit	26,945	10,435	(4,860)	32,520
Unclaimed money	5,320	5,209	(381)	10,148
Due to taxing units	1,941,472	72,428,787	(73,234,992)	1,135,267
Due to pension funds	0	147,335	(147,335)	0
Due to City of Erie employees	2,994,935	680,910	(208,731)	3,467,114
Due to charities	0	26,933	(26,933)	0
Total liabilities	<u>\$ 5,000,969</u>	<u>\$ 74,063,757</u>	<u>\$ (74,372,966)</u>	<u>\$ 4,691,760</u>

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Non-Expendable Trust Funds
 Combining Statement of Revenues, Expenses and Changes in Retained Earnings
 Year Ended December 31, 1993

	OERA	Police	Firemen's	Total
OPERATING REVENUES				
Pension contributions	\$ 3,454,929	\$ 5,578,989	\$ 2,635,457	\$ 11,669,375
Miscellaneous	2,158	0	134	2,292
Total operating revenues	<u>3,457,087</u>	<u>5,578,989</u>	<u>2,635,591</u>	<u>11,671,667</u>
OPERATING EXPENSES				
Pension benefits	3,990,728	2,639,937	1,611,275	8,241,940
Other	94,219	105,791	93,733	293,743
Total operating expenses	<u>4,084,947</u>	<u>2,745,728</u>	<u>1,705,008</u>	<u>8,535,683</u>
Operating income (loss)	<u>(627,860)</u>	<u>2,833,261</u>	<u>930,583</u>	<u>3,135,984</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	<u>2,295,099</u>	<u>1,414,622</u>	<u>961,636</u>	<u>4,671,357</u>
Net nonoperating revenues (expenses)	<u>2,295,099</u>	<u>1,414,622</u>	<u>961,636</u>	<u>4,671,357</u>
Net income (loss)	<u>1,667,239</u>	<u>4,247,883</u>	<u>1,892,219</u>	<u>7,807,341</u>
Retained earnings (deficit) January 1, 1993	<u>26,359,737</u>	<u>21,390,582</u>	<u>13,350,033</u>	<u>61,100,352</u>
Retained earnings (deficit) December 31, 1993	<u>\$ 28,026,976</u>	<u>\$ 25,638,465</u>	<u>\$ 15,242,252</u>	<u>\$ 68,907,693</u>

CITY OF ERIE, PENNSYLVANIA
Fiduciary Funds - Non-Expendable Trust Funds
Combining Statement of Cash Flows
Year Ended December 31, 1993

	OERA	Police	Firemen's	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (627,860)	\$ 2,833,261	\$ 930,583	\$ 3,135,984
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
(Increase) decrease in current assets:				
Other receivables	(4,049)	(38,133)	(33,820)	(76,002)
Increase (decrease) in current liabilities:				
Other liabilities	1,231	4,770	3,092	9,093
Net cash provided (used) by operating activities	(630,678)	2,799,898	899,855	3,069,075
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale and redemption of investments	10,657,458	24,364,490	10,221,925	45,243,873
Net interest earnings	2,295,099	1,414,622	961,636	4,671,357
Purchase of investments	(12,628,337)	(28,615,219)	(12,077,646)	(53,321,202)
Net cash provided (used) by investing activities	324,220	(2,836,107)	(894,085)	(3,405,972)
Net increase (decrease) in cash	(306,458)	(36,209)	5,770	(336,897)
Cash January 1, 1993	485,818	42,926	136,863	665,607
Cash December 31, 1993	\$ 179,360	\$ 6,717	\$ 142,633	\$ 328,710

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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, 1993

	Land	Buildings and Improvements	Equipment and Vehicles	Total
GENERAL FUND				
General government:				
Mayor	\$ 0	\$ 0	\$ 5,732	\$ 5,732
City solicitor	0	0	2,224	2,224
City treasurer	0	0	18,271	18,271
City controller	0	0	5,024	5,024
Accounts, finance and budget	0	0	6,534	6,534
Computer systems and services	0	0	168,288	168,288
Reproduction	0	0	16,863	16,863
Local match	0	0	12,417	12,417
General government, insurance and utility	762,216	1,809,659	523,478	3,095,353
Total general government	762,216	1,809,659	758,831	3,330,706
Public safety:				
Police	0	41,072	1,480,074	1,521,146
Traffic court	0	0	5,946	5,946
Fire	0	2,351,267	2,114,736	4,466,003
Radio	0	0	235,221	235,221
Electrician	0	142,713	144,862	287,575
Total public safety	0	2,535,052	3,980,839	6,515,891
Highways and streets:				
Engineering	0	0	8,148	8,148
Paint and sign	0	0	3,635	3,635
Streets	0	1,315,219	2,878,609	4,193,828
Municipal garage	0	88,550	30,878	119,428
Public buildings maintenance	0	2,720	136,113	138,833
Total highways and streets	0	1,406,489	3,057,383	4,463,872
Sanitation:				
Refuse, disposal and recycling	0	0	1,324,833	1,324,833
Total sanitation	0	0	1,324,833	1,324,833
Culture and recreation:				
Parks and recreation	0	2,541,942	630,063	3,172,005
Shade tree	0	9,980	0	9,980
Total culture and recreation	0	2,551,922	630,063	3,181,985
Total general fund	762,216	8,303,122	9,751,949	18,817,287
SPECIAL REVENUE FUNDS				
General government	0	5,448	11,607	17,055
Public safety	0	385,836	181,899	567,735
Highways and streets	0	116,097	624,818	740,915
Sanitation	0	0	560,419	560,419
Culture and recreation	0	2,823,867	4,764	2,828,631
Economic and community development	0	60,143	50,974	111,117
Total special revenue funds	0	3,391,391	1,434,481	4,825,872
CAPITAL PROJECTS FUNDS				
Capital outlay	0	191,411	1,034,687	1,226,098
Total capital projects funds	0	191,411	1,034,687	1,226,098
Total general fixed assets	\$ 762,216	\$ 11,885,924	\$ 12,221,117	\$ 24,869,257

CITY OF ERIE, PENNSYLVANIA
 General Fixed Assets
 Schedule of Changes by Function and Activity
 Year Ended December 31, 1993

	Balance Jan. 1, 1993	Additions	Deductions	Balance Dec. 31, 1993
GENERAL FUND				
General government:				
Mayor	\$ 1,542	\$ 4,190	\$ 0	\$ 5,732
City solicitor	2,224	0	0	2,224
City treasurer	674	17,597	0	18,271
City controller	5,024	0	0	5,024
Accounts, finance and budget	5,098	1,436	0	6,534
Computer systems and services	143,500	24,788	0	168,288
Reproduction	10,998	5,865	0	16,863
Local match	5,670	7,947	1,200	12,417
General government, insurance and utility	3,107,563	1,290	13,500	3,095,353
Total general government	3,282,293	63,113	14,700	3,330,706
Public safety:				
Police	1,414,601	188,841	82,296	1,521,146
Traffic court	3,693	2,253	0	5,946
Fire	4,460,547	5,456	0	4,466,003
Radio	238,028	4,253	7,060	235,221
Electrician	282,571	5,004	0	287,575
Total public safety	6,399,440	205,807	89,356	6,515,891
Highways and streets:				
Engineering	35,998	0	27,850	8,148
Paint and sign	3,635	0	0	3,635
Streets	4,113,216	168,112	87,500	4,193,828
Municipal garage	26,578	92,850	0	119,428
Public buildings maintenance	100,671	54,139	15,977	138,833
Total highways and streets	4,280,098	315,101	131,327	4,463,872
Sanitation:				
Refuse, disposal and recycling	1,161,436	163,397	0	1,324,833
Total sanitation	1,161,436	163,397	0	1,324,833
Culture and recreation				
Parks and recreation	3,098,018	73,987	0	3,172,005
Shade tree	9,980	0	0	9,980
Total culture and recreation	3,107,998	73,987	0	3,181,985
Total general fund	18,231,265	821,405	235,383	18,817,287
SPECIAL REVENUE FUNDS				
General government	17,055	0	0	17,055
Public safety	287,479	288,774	8,518	567,735
Highways and streets	670,882	276,407	206,374	740,915
Sanitation	411,597	148,822	0	560,419
Culture and recreation	3,013,284	251,847	436,500	2,828,631
Economic and community development	93,889	17,228	0	111,117
Total special revenue funds	4,494,186	983,078	651,392	4,825,872
CAPITAL PROJECTS FUNDS				
Capital outlay	283,682	962,997	20,581	1,226,098
Total capital projects funds	283,682	962,997	20,581	1,226,098
Total general fixed assets	\$ 23,009,133	\$ 2,767,480	\$ 907,356	\$ 24,869,257

CITY OF ERIE, PENNSYLVANIA

General Fixed Assets
Schedule by Source
Year Ended December 31, 1993

General fixed assets:

Land	\$ 762,216
Buildings and improvements	11,885,924
Equipment and vehicles	<u>12,221,117</u>
Total general fixed assets	<u>\$ 24,869,257</u>

Investment in general fixed assets by source:

General fund	\$ 18,817,287
Special revenue funds	4,825,872
Capital projects funds	<u>1,226,098</u>
Total investment in general fixed assets	<u>\$ 24,869,257</u>

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CITY OF ERIE, PENNSYLVANIA

Component Units

Combining Financial Statements

Redevelopment Authority of the City of Erie - This authority was created to operate demolition and rehabilitation projects within the City. The primary source of income is from Community Development Block Grant monies which are allocated solely by the primary government.

Erie Municipal Park Authority - This financing authority was created to finance improvements to the park area of the Erie Zoo. The City is contingently liable for the debt of the authority under a lease agreement.

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 City and the County.

Erie Parking Authority - This authority operates the municipal parking ramps and lots and enforces parking regulations throughout the City. The City has entered into a Guaranty Agreement with the authority whereby the City has unconditionally guaranteed the payment of principal and interest of the Series 1987 bonds.

Erie Civic Center Authority - This authority operates the Louis J. Tullio Convention Center, the Warner Theater and the Exhibit Hall. Pursuant to a management agreement the City provides a material subsidy through annual appropriation of funds sufficient to cover the expected operating deficit.

Erie Sewer Authority - This is a financing authority created to acquire property and equipment for a sewage treatment plant. The City is contingently liable for the debt of the authority under a lease agreement.

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CITY OF ERIE, PENNSYLVANIA

Component Units
Combining Balance Sheet
Year Ended December 31, 1993

	Redevelopment Authority of the City of Erie	Erie Municipal Park Authority	Erie Metropolitan Transit Authority	Erie Parking Authority
ASSETS				
Cash	\$ 844,706	\$ 0	\$ 1,330,607	\$ 56,537
Investments	221,964	0	0	2,040,000
Restricted cash and investments	0	0	1,383,362	1,697,546
Receivables (net of allowance for uncollectibles):				
Accounts	48,159	0	96,460	25,755
Intergovernmental	0	455,000	8,994	0
Other	0	0	7,064	9,900
Inventory	0	0	234,560	0
Prepaid insurance	0	0	151,383	64,626
Property, plant and equipment:				
Land	0	0	85,521	2,285,377
Buildings and improvements	0	0	1,680,354	19,961,215
Improvements other than buildings	0	0	401,453	0
Equipment and vehicles	0	0	11,160,633	550,512
Less: accumulated depreciation	0	0	(8,138,033)	(6,102,687)
Project costs	35,453,996	0	0	0
Bond issue costs	0	0	0	556,399
Total assets	\$ 36,568,825	\$ 455,000	\$ 8,402,358	\$ 21,145,180
LIABILITIES				
Accounts payable	\$ 68,249	\$ 0	\$ 76,048	\$ 192,044
Accrued payroll	0	0	378,975	42,611
Current portion of long-term liabilities	0	0	0	420,200
Deferred revenue	0	0	154,732	0
Other liabilities	173,604	0	109,949	293,721
Due to other governments	0	0	1,274,079	0
General obligation bonds payable	104,000	455,000	0	15,278,247
Total liabilities	345,853	455,000	1,993,783	16,226,823
FUND EQUITY AND OTHER CREDITS				
Contributed capital and other credits	36,058,418	0	0	0
Retained earnings:				
Unreserved (deficit)	0	0	6,408,575	4,918,357
Fund balance:				
Unreserved:				
Undesignated (deficit)	164,554	0	0	0
Total fund equity and other credits	36,222,972	0	6,408,575	4,918,357
Total liabilities and fund equity and other credits	\$ 36,568,825	\$ 455,000	\$ 8,402,358	\$ 21,145,180

Erie Civic Center Authority	Erie Sewer Authority	Total Component Units
\$ 107,713	\$ 2,456	\$ 2,342,019
0	10,775,352	13,037,316
142,398	0	3,223,306
93,523	0	263,897
0	0	463,994
0	190,966	207,930
3,820	0	238,380
30,833	0	246,842
0	0	2,370,898
0	36,739,566	58,381,135
632,635	0	1,034,088
808,537	10,543,398	23,063,080
(737,721)	(23,624,612)	(38,603,053)
0	0	35,453,996
0	0	556,399
<u>\$ 1,081,738</u>	<u>\$ 34,627,126</u>	<u>\$ 102,280,227</u>
\$ 101,855	\$ 352,627	\$ 790,823
21,645	0	443,231
27,591	335,000	782,791
204,083	0	358,815
37,778	50,409	665,461
0	6,000,000	7,274,079
0	9,830,000	25,667,247
<u>392,952</u>	<u>16,568,036</u>	<u>35,982,447</u>
904,596	0	36,963,014
(215,810)	18,059,090	29,170,212
0	0	164,554
<u>688,786</u>	<u>18,059,090</u>	<u>66,297,780</u>
<u>\$ 1,081,738</u>	<u>\$ 34,627,126</u>	<u>\$ 102,280,227</u>

CITY OF ERIE, PENNSYLVANIA
 Component Units
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended December 31, 1993

	Redevelopment Authority of the City of Erie	Erie Municipal Park Authority	Total
REVENUES			
Intergovernmental	\$ 0	\$ 53,000	\$ 53,000
Miscellaneous	1,203	0	1,203
Total revenues	<u>1,203</u>	<u>53,000</u>	<u>54,203</u>
EXPENDITURES			
Current:			
Economic and community development	18,527	0	18,527
Debt service:			
Principal	0	35,000	35,000
Interest	0	18,000	18,000
Total expenditures	<u>18,527</u>	<u>53,000</u>	<u>71,527</u>
Excess of revenues over (under) expenditures	(17,324)	0	(17,324)
Fund balance (deficit) January 1, 1993	35,987,024	0	35,987,024
Increase to contributed capital and other credits	253,272	0	253,272
Fund balance (deficit) December 31, 1993	<u>\$ 36,222,972</u>	<u>\$ 0</u>	<u>\$ 36,222,972</u>

CITY OF ERIE, PENNSYLVANIA
 Component Units
 Combining Statement of Revenues, Expenses and Changes in Retained Earnings
 Year Ended December 31, 1993

	Erie Metropolitan Transit Authority	Erie Parking Authority	Erie Civic Center Authority	Erie Sewer Authority	Total
OPERATING REVENUES					
Intergovernmental	\$ 415,438	\$ 0	\$ 0	\$ 1,040,765	\$ 1,456,203
Charges for services	2,006,487	2,729,863	589,137	0	5,325,487
Rental income	0	0	389,145	0	389,145
Miscellaneous	173,945	0	12,454	10,337	196,736
Total operating revenues	<u>2,595,870</u>	<u>2,729,863</u>	<u>990,736</u>	<u>1,051,102</u>	<u>7,367,571</u>
OPERATING EXPENSES					
Personnel services	3,149,449	655,944	510,830	0	4,316,223
Other personnel costs	924,870	270,288	0	0	1,195,158
Services and fees	972,188	42,794	51,231	0	1,066,213
Utilities	61,969	190,327	211,874	0	464,170
Rent	0	54,727	3,074	0	57,801
Insurance	0	44,574	79,433	0	124,007
Materials, supplies and maintenance	692,451	158,335	50,515	0	901,301
Depreciation	926,558	489,407	102,647	1,275,387	2,793,999
Other	80,134	19,042	10,014	0	109,190
Total operating expenses	<u>6,807,619</u>	<u>1,925,438</u>	<u>1,019,618</u>	<u>1,275,387</u>	<u>11,028,062</u>
Operating income (loss)	<u>(4,211,749)</u>	<u>804,425</u>	<u>(28,882)</u>	<u>(224,285)</u>	<u>(3,660,491)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	3,588,571	0	110,000	0	3,698,571
Interest earnings	57,434	110,540	0	215,090	383,064
Interest expense	0	(897,637)	(4,925)	(562,913)	(1,465,475)
Other expense	0	0	6,708	(7,411)	(703)
Total nonoperating revenues (expenses)	<u>3,646,005</u>	<u>(787,097)</u>	<u>111,783</u>	<u>(355,234)</u>	<u>2,615,457</u>
Net income (loss)	<u>(565,744)</u>	<u>17,328</u>	<u>82,901</u>	<u>(579,519)</u>	<u>(1,045,034)</u>
Retained earnings (deficit) January 1, 1993	6,974,319	4,901,029	545,584	18,638,609	31,059,541
Increase to contributed capital and other credits	0	0	60,301	0	60,301
Retained earnings (deficit) December 31, 1993	<u>\$ 6,408,575</u>	<u>\$ 4,918,357</u>	<u>\$ 688,786</u>	<u>\$ 18,059,090</u>	<u>\$ 30,074,808</u>

CITY OF ERIE, PENNSYLVANIA
Component Units
Combining Statement of Cash Flows
Year Ended December 31, 1993

	Erie Metropolitan Transit Authority	Erie Parking Authority	Erie Civic Center Authority	Erie Sewer Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (4,211,749)	\$ 804,425	\$ (28,882)	\$ (224,285)	\$ (3,660,491)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Noncash items included in operating income (loss):					
Depreciation expense	926,558	489,407	102,647	1,275,387	2,793,999
Amortization	0	11,789	0	0	11,789
(Increase) decrease in current assets:					
Accounts receivable	(9,006)	24,094	(42,200)	0	(27,112)
Intergovernmental receivable	129,868	0	0	0	129,868
Other receivables	0	0	0	(27,206)	(27,206)
Inventory	29,685	0	(1,451)	0	28,234
Prepaid insurance	(4,478)	(12,400)	(15,475)	0	(32,353)
Increase (decrease) in current liabilities:					
Accounts payable	160,284	167,504	(103,075)	266,334	491,047
Accrued payroll	0	(14,243)	7,383	0	(6,860)
Due to other governments	(66,254)	0	0	0	(66,254)
Deferred revenue	1,337	0	15,486	0	16,823
Other liabilities	39,591	0	0	(1,522)	38,069
Net cash provided (used) by operating activities	<u>(3,004,164)</u>	<u>1,470,576</u>	<u>(65,567)</u>	<u>1,288,708</u>	<u>(310,447)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	3,588,571	0	110,000	0	3,698,571
Other income	0	0	3,312	(7,411)	(4,099)
Net cash provided (used) by noncapital financing activities	<u>3,588,571</u>	<u>0</u>	<u>113,312</u>	<u>(7,411)</u>	<u>3,694,472</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Net proceeds from general obligation bonds issued to refund capital debt	0	2,500,000	0	6,000,000	8,500,000
Purchase of fixed assets	(360,783)	(2,926,049)	(78,336)	(2,457,672)	(5,822,840)
Principal payments	0	(296,553)	(27,685)	(300,000)	(624,238)
Interest payments	0	(902,490)	(4,925)	(562,913)	(1,470,328)
Net cash provided (used) by capital and related financing activities	<u>(360,783)</u>	<u>(1,625,092)</u>	<u>(110,946)</u>	<u>2,679,415</u>	<u>582,594</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale and redemption of investments	0	211,000	0	0	211,000
Net interest earnings	57,434	110,540	3,396	215,090	386,460
Purchase of investments	0	0	0	(4,176,548)	(4,176,548)
Net cash provided (used) by investing activities	<u>57,434</u>	<u>321,540</u>	<u>3,396</u>	<u>(3,961,458)</u>	<u>(3,579,088)</u>
Net increase (decrease) in cash	<u>281,058</u>	<u>167,024</u>	<u>(59,805)</u>	<u>(746)</u>	<u>387,531</u>
Cash January 1, 1993	2,432,911	1,587,059	309,916	3,202	4,333,088
Cash December 31, 1993	<u>\$ 2,713,969</u>	<u>\$ 1,754,083</u>	<u>\$ 250,111</u>	<u>\$ 2,456</u>	<u>\$ 4,720,619</u>
Reconciliation to the balance sheet:					
At January 1, 1993:					
Cash	\$ 992,558	\$ 40,470	\$ 161,597	\$ 3,202	\$ 1,197,827
Restricted cash and investments	1,440,353	1,546,589	148,319	0	3,135,261
	<u>\$ 2,432,911</u>	<u>\$ 1,587,059</u>	<u>\$ 309,916</u>	<u>\$ 3,202</u>	<u>\$ 4,333,088</u>
At December 31, 1993:					
Cash	\$ 1,330,607	\$ 56,537	\$ 107,713	\$ 2,456	\$ 1,497,313
Restricted cash and investments	1,383,362	1,697,546	142,398	0	3,223,306
	<u>\$ 2,713,969</u>	<u>\$ 1,754,083</u>	<u>\$ 250,111</u>	<u>\$ 2,456</u>	<u>\$ 4,720,619</u>

SCHEDULES

CITY OF ERIE, PENNSYLVANIA
 Officers and Employees Retirement Association
 Required Supplemental Schedule - Analysis of Funding Progress
 December 31, 1993
 (In Millions)

Valuation Date	Year	Net Assets Available for Benefits ¹	Pension Benefit Obligation ^{2,3}	Percentage Funded	Unfunded Pension Benefit Obligation ^{2,3}	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll ^{2,3}
1/1/84	1983	\$ 9.5	\$ 33.9	28.0 %	\$ 24.4	\$ 10.0	243 %
1/1/85	1984	10.1	35.7	28.3	25.6	10.9	235
1/1/86	1985	12.1	37.2	32.5	25.1	11.2	224
1/1/87	1986	14.2	41.3	34.4	27.1	10.9	248
1/1/88	1987	14.5	44.4	32.7	29.8	11.1	267
1/1/89	1988	17.1	45.9	37.2	28.8	11.2	257
1/1/90	1989	20.1	54.8	36.7	33.8	12.2	277
1/1/91	1990	22.3	55.3	40.3	33.1	12.7	261
1/1/92	1991	20.2	42.2	47.9	22.0	9.5	231
1/1/93	1992	20.2	42.4	52.4	20.3	10.2	198

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.

¹ At Market.

² For valuations dated 1/1/89 and prior, actuarial accrued liability was used because the pension benefit obligation was not computed.

³ 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, 1993
 (In Millions)

Valuation Date	Year	Net Assets Available for Benefits ¹	Pension Benefit Obligation ²	Percentage Funded	Unfunded Pension Benefit Obligation ²	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll ²
1/1/84	1983	\$ 3.0	\$ 44.9	6.7 %	\$ 41.9	\$ 4.1	1022 %
1/1/85	1984	2.9	47.2	6.1	44.3	4.1	1080
1/1/86	1985	3.5	50.1	7.0	46.6	4.5	1036
1/1/87	1986	3.9	52.6	7.4	48.7	4.6	1064
1/1/88	1987	4.7	55.5	8.5	50.8	4.3	1174
1/1/89	1988	6.3	59.8	10.5	53.5	4.6	1163
1/1/90	1989	9.5	68.3	13.9	58.8	4.8	1225
1/1/91	1990	12.2	69.7	17.5	57.5	5.5	1045
1/1/92	1991	17.5	71.8	24.3	54.3	5.6	964
1/1/93	1992	22.0	75.4	29.2	53.4	6.3	842

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.

¹ At Market.

² 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, 1993
 (In Millions)

Valuation Date	Year	Net Assets Available for Benefits ¹	Pension Benefit Obligation ²	Percentage Funded	Unfunded Pension Benefit Obligation ²	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll ²
1/1/84	1983	\$ 1.4	\$ 21.6	6.5 %	\$ 20.2	\$ 2.9	698 %
1/1/85	1984	1.7	25.1	6.8	23.4	3.5	670
1/1/86	1985	2.1	26.4	7.9	24.3	3.6	675
1/1/87	1986	2.8	27.5	10.0	24.7	4.2	590
1/1/88	1987	3.7	28.0	13.3	24.3	4.1	593
1/1/89	1988	5.0	29.8	16.7	24.8	4.3	506
1/1/90	1989	7.2	34.7	20.1	27.5	4.5	611
1/1/91	1990	8.9	33.7	26.4	24.7	4.8	515
1/1/92	1991	12.0	38.4	31.2	26.4	5.0	529
1/1/93	1992	14.2	38.8	36.6	24.6	6.1	402

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.

¹ At Market.

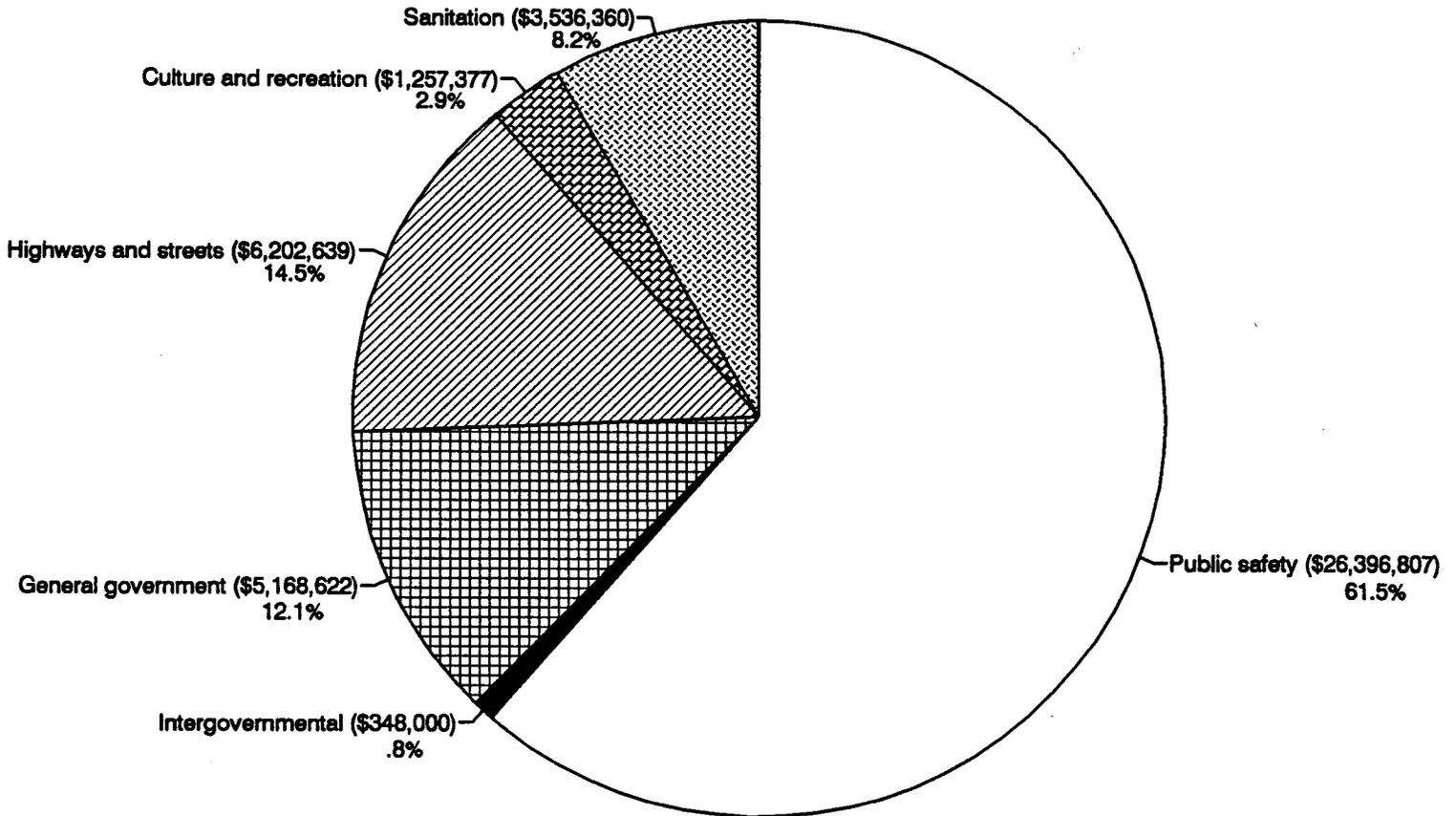
² For valuations dated 1/1/89 and prior, actuarial accrued liability was used because the pension benefit obligation was not computed.

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CITY OF ERIE, PENNSYLVANIA

General Fund
Expenditures by Function
December 31, 1993



CITY OF ERIE, PENNSYLVANIA

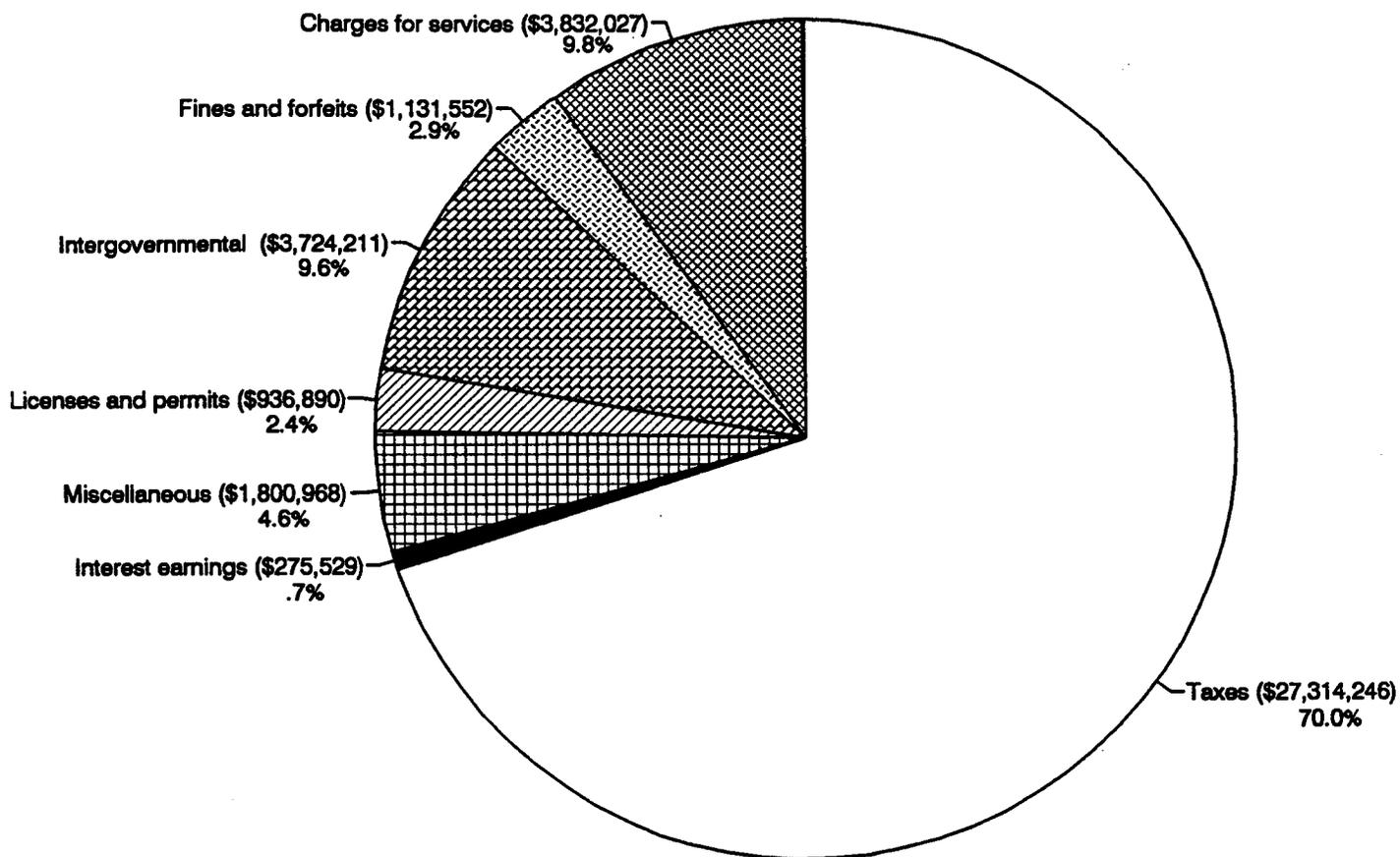
General Fund
Expenditures by Function
Last Ten Years

Year	General Government	Public Safety	Highway and Streets	Sanitation	Culture and Recreation	Debt Service	Inter-Governmental	Total
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
1993	5,168,622	26,396,807	6,202,639	3,536,360	1,257,377	0	348,000	42,909,805

1 Modified accrual basis, all other years cash basis.

CITY OF ERIE, PENNSYLVANIA

General Fund
Revenues by Source
December 31, 1993



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	Interest Earnings	Misc	Total
1984	\$ 19,627,947	\$ 470,966	\$ 163,442	\$ 2,516,101	\$ 104,512	\$ 482,259	\$ 536,444	\$ 2,143,317	\$ 26,044,988
1985	21,264,842	378,028	170,320	2,729,149	125,571	431,385	332,738	2,518,361	27,950,394
1986	19,167,927	349,836	640,554	2,348,253	461,882	582,718	617,759	2,449,188	26,618,117
1987	21,885,957	373,166	671,767	43,952	570,339	673,746	624,052	2,487,589	27,330,568
1988	22,810,844	470,520	653,551	0	598,622	799,184	623,052	1,903,157	27,858,930
1989	23,551,850	950,839	808,375	0	739,722	845,017	877,396	1,896,073	29,669,272
1990	24,747,672	511,148	811,893	0	2,562,176	1,137,462	737,299	1,638,949	32,146,599
1991	26,516,365	655,298	1,049,500	0	2,458,821	1,031,216	524,812	2,183,888	34,419,900
1992	29,187,921	940,033	3,637,743	0	3,835,616	1,054,986	304,567	2,539,967	41,500,833
1993	27,314,246	936,890	3,724,211	0	3,832,027	1,131,552	275,529	1,800,968	39,015,423

1 Modified accrual basis, all other years cash basis.

CITY OF ERIE, PENNSYLVANIA

Property Tax Levies and Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections As Percent Of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As Percent of Current Levy
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	929,387	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	21,707,385	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
1993	22,873,739	21,054,469	92.0	1,474,700	22,529,169	98.5	1,368,179	6.0

1 Gross tax levy, net of debit and credit memos, discounts and adjustments.

2 Current year.

3 Current and prior years.

4 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 Assessed Valuation</u> ¹	<u>Estimated Actual Value</u> ³	<u>Assessed Valuation As Percent of Market</u>	<u>Tax Title Exempt Property</u>
1984	\$ 551,084,848	\$ 1,010,419,900	54.4%	\$ 258,482,910
1985	529,455,572	991,551,300	53.4	283,981,490
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	1,183,239,700	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	547,164,522 ²	1,395,825,900	39.2	271,563,550
1993	537,745,958 ²	1,375,825,400	39.1	222,546,460

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

² Net of credits and debits.

³ Source: State Tax Equalization Board.

CITY OF ERIE, PENNSYLVANIA

Property Tax Rates - All Overlapping Governments
Last Ten Years

<u>Year</u>	<u>Per \$1000 of Assessed Value</u>			<u>Total</u>
	<u>City</u>	<u>School District</u>	<u>County</u>	
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
1993	42.78	49.00	43.50	135.28

1 Calculated on 40% of assessed value.

CITY OF ERIE, PENNSYLVANIA

Annual Requirements to Amortize Long-Term Debt
December 31, 1993

Year Ending Dec. 31	General Fund General Obligation Bonds			Sewer Revenue Fund General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
	1994	\$ 480,000	\$ 673,412	\$ 1,153,412	\$ 375,000	\$ 987,056
1995	455,000	604,428	1,059,428	500,000	901,379	1,401,379
1996	480,000	574,933	1,054,933	515,000	886,379	1,401,379
1997	535,000	542,991	1,077,991	530,000	869,641	1,399,641
1998	595,000	520,061	1,115,061	550,000	850,031	1,400,031
1999	620,000	494,785	1,114,785	570,000	829,131	1,399,131
2000	645,000	467,555	1,112,555	595,000	806,331	1,401,331
2001	675,000	439,265	1,114,265	620,000	781,044	1,401,044
2002	705,000	410,105	1,115,105	645,000	753,764	1,398,764
2003	735,000	381,185	1,116,185	675,000	724,094	1,399,094
2004	770,000	346,640	1,116,640	710,000	692,369	1,402,369
2005	860,000	309,680	1,169,680	740,000	658,289	1,398,289
2006	900,000	268,400	1,168,400	775,000	622,769	1,397,769
2007	940,000	224,750	1,164,750	815,000	585,181	1,400,181
2008	990,000	177,750	1,167,750	855,000	544,431	1,399,431
2009	1,040,000	128,250	1,168,250	900,000	501,681	1,401,681
2010	1,090,000	76,250	1,166,250	945,000	456,681	1,401,681
2011	435,000	21,750	456,750	990,000	409,431	1,399,431
2012	0	0	0	1,040,000	359,931	1,399,931
2013	0	0	0	1,090,000	307,931	1,397,931
2014	0	0	0	1,145,000	253,431	1,398,431
2015	0	0	0	1,205,000	194,750	1,399,750
2016	0	0	0	1,265,000	132,994	1,397,994
2017	0	0	0	1,330,000	68,163	1,398,163
Total	\$ 12,950,000	\$ 6,662,189	\$ 19,612,189	\$ 19,380,000	\$ 14,176,882	\$ 33,556,882

CITY OF ERIE, PENNSYLVANIA

Computation of Legal Debt Margin

As of December 31, 1993

Nonelectoral Debt Incurring Capacity:	
Borrowing base	\$ 60,518,247
Percentage limitation	<u>250</u>
Net nonelectoral debt limit	\$ 151,295,617
Less: net nonelectoral debt incurred	46,430,747
Add: current principal appropriation	<u>855,000</u>
Remaining nonelectoral debt incurring capacity	<u>\$ 105,719,870</u>

Nonelectoral Plus Lease Rental Debt Incurring Capacity:	
Borrowing base	\$ 60,518,247
Percentage limitation	<u>350</u>
Net nonelectoral plus lease rental debt limit	\$ 211,813,864
Less: net nonelectoral debt plus lease rental debt incurred	70,250,747
Add: current principal appropriation	<u>855,000</u>
Remaining nonelectoral plus lease rental debt incurring capacity	<u>\$ 142,418,117</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>	<u>Ratio to Assessed Valuation</u>	<u>Population</u> ³	<u>Net General Bonded Debt Per Capita</u>
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	547,164,522 ²	1.0	108,718	51.41
1993	12,950,000	537,745,958 ²	2.4	108,718	119.12

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

² Net of credits and debits.

³ 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> ¹	<u>Total General Expenditures</u> ²	<u>Ratio of Debt Service to General Expenditures</u>
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 ³	583,402	299,952	883,354	47,439,924	1.9
1992 ³	836,072	376,535	1,212,607	52,425,757	2.3
1993 ³	878,856	314,757	1,193,613	59,125,258	2.0

¹ Excludes loans.

² Includes all governmental fund types.

³ Modified accrual basis, all other years cash basis.

CITY OF ERIE, PENNSYLVANIA

Computation of Direct and Overlapping Debt
December 31, 1993

	Net Debt Outstanding	Percentage Applicable to City of Erie	Amount Applicable to City of Erie
Direct Debt:			
1964 City hall construction and improvement bond	\$ 60,000	100.0%	\$ 60,000
1971 Capital improvement bond	135,000	100.0	135,000
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
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
1993 General obligation bond (A)	15,000	100.0	15,000
1993 General obligation bond (A)	20,000	100.0	20,000
1993 General obligation bond (A)	390,000	100.0	390,000
1993 General obligation bond (A)	460,000	100.0	460,000
1993 General obligation bond (A)	485,000	100.0	485,000
1993 General obligation bond (A)	510,000	100.0	510,000
1993 General obligation bond (A)	540,000	100.0	540,000
1993 General obligation bond (A)	570,000	100.0	570,000
1993 General obligation bond (A)	735,000	100.0	735,000
1993 General obligation bond (A)	1,630,000	100.0	1,630,000
1993 General obligation bond (A)	900,000	100.0	900,000
1993 General obligation bond (A)	4,495,000	100.0	4,495,000
1993 General obligation bond (B)	375,000	100.0	375,000
1993 General obligation bond (B)	500,000	100.0	500,000
1993 General obligation bond (B)	515,000	100.0	515,000
1993 General obligation bond (B)	530,000	100.0	530,000
1993 General obligation bond (B)	550,000	100.0	550,000
1993 General obligation bond (B)	570,000	100.0	570,000
1993 General obligation bond (B)	595,000	100.0	595,000
1993 General obligation bond (B)	620,000	100.0	620,000
1993 General obligation bond (B)	645,000	100.0	645,000
1993 General obligation bond (B)	675,000	100.0	675,000
1993 General obligation bond (B)	1,450,000	100.0	1,450,000
1993 General obligation bond (B)	775,000	100.0	775,000
1993 General obligation bond (B)	6,635,000	100.0	6,635,000
1993 General obligation bond (B)	4,945,000	100.0	4,945,000
Total	\$ 32,330,000		\$ 32,330,000
Overlapping Debt:			
Erie Housing Authority	\$ 915,313	100.0	\$ 915,313
Erie Municipal Park Authority	455,000	100.0	455,000
Erie School District	51,014,283	100.0	51,014,283
Erie Sewer Authority	16,150,000	100.0	16,150,000
Erie Parking Authority	13,215,000	75.0	9,911,250
Erie City Water Authority	48,892,265	70.0	34,224,586
Erie Civic Center Authority	65,369	50.0	32,685
County of Erie	41,222,588	35.6	14,675,241
Erie Western Pennsylvania Port Authority	5,945,000	30.0	1,783,500
Total	\$ 177,874,818		\$ 129,161,857
Total Direct and Overlapping Debt	\$ 210,204,818		\$ 161,491,857

CITY OF ERIE, PENNSYLVANIA

Demographic Statistics
1800-1990

<u>Census Year</u>	<u>Population</u>	<u>% Increase (Decrease)</u>	<u>Square Miles</u>	<u>Average Density (Persons/ Square Miles)</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
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
1993	104	39,146,753	369	17,266,869	132	206,455

CITY OF ERIE, PENNSYLVANIA

Financial Institution Deposits
Last Ten Years

<u>Year</u>	<u>Commercial Banks</u>	<u>Savings and Loan Associations</u>	<u>Credit Unions</u>	<u>Mutual Savings Banks</u>	<u>Total Deposits</u>
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
1993	963,897,000	616,845,000	329,968,000	0	1,910,710,000

Fiscal Year Ended June 30.
Source: PNC Bank, Erie, PA.

CITY OF ERIE, PENNSYLVANIA

Principal Taxpayers
December 31, 1993

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Taxable Assessed Valuation</u>
Erie Indemnity Company	\$ 16,340,650	3.0%
Baldwin Brothers Incorporated	7,625,880	1.4
International Paper Company	5,090,340	1.0
Lord Manufacturing Corporation 100 State Street	2,720,160	0.5
Bayside Development	2,201,050	0.4
Albert Covelli	2,163,380	0.4
Friedman, Janice etal.	1,881,500	0.4
Erie Western Pennsylvania Port Authority	1,870,770	0.4
Zum Industries Incorporated	1,734,970	0.3
Total	<u>\$ 43,127,120</u>	<u>8.1%</u>

Source: Erie County Assessment Office.

CITY OF ERIE, PENNSYLVANIA

Miscellaneous Statistical Data
December 31, 1993

Area in Acres:			
Land	12,107.0		
Water	<u>384.0</u>	12,491.0	Acres
Square Miles:			
Land	18.9		
Water	<u>0.6</u>	19.5	Square Miles
Miles of Streets:			
Paved	261.0		
Unpaved	<u>60.9</u>	321.9	Miles
Miles of Sewers			
		413.4	Miles
Miles of Water Frontage:			
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 Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
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
1993	52.8	48.2	4.6	8.7

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

CITY OF ERIE, PENNSYLVANIA

General Fund
Schedule of Insurance In Force
December 31, 1993

Company	Details of Coverage	Policy Number	Policy Period		Coverage Limits	Deductible	Premium
			From	To			
Mt. Airy Insurance	Public officials liability includes Erie Sewer Authority	524-186582-4	12/1/93	12/1/94	\$1,000,000 aggregate \$1,000,000 each loss	\$10,000 per occurrence	\$ 10,958
Mt. Airy Insurance	Public officials liability includes Civic Center	524-186380-8	12/1/93	12/1/94	\$1,000,000 aggregate	\$80,000 per occurrence	\$ 48,734
Western World Insurance	Police professional liability	NLE01519	11/1/93	11/1/94	\$1,000,000 aggregate \$500,000 each person \$1,000 medical \$10,000 medical aggregate	\$5,000 each claim \$15,000 each incident	\$ 111,039
Twin City Fire Insurance	Erie Sewer Authority liability	40 UEN JM4436	4/13/93	4/13/94	\$1,000,000 aggregate \$10,000 medical expense on any one person \$300,000 fire damage		\$ 40,000
Western World Insurance	Emergency medical technicians	GLA336995	1/1/93	1/1/94	\$500,000 aggregate \$500,000 incident	\$250	\$ 6,300
Erie Insurance Group	Golf course liability pesticide/herbicide applicator coverage	Q28-0400424-E	4/4/93	4/4/94	\$1,000,000 aggregate \$1,000,000 occurrence	\$1,000	\$ 19,974
Commercial General	Crossing guards liability		11/15/93	11/15/94	\$50,000 occurrence subject to policy aggregate		\$ 759
Great Northern Insurance - Chubb Group of Insurance Companies	Boiler and machinery	7833-90-12	5/1/93	5/1/94	\$5,000,000	\$5,000 per occurrence except \$1,000 applies to internal combustion engines	\$ 7,241
Home Insurance	Simplified commercial property	BPR-F68-61-59	5/1/93	5/1/94	Fire and lightning extended coverage malicious mischief 90% coinsurance \$500,000 insurance \$120,111,000 statement of values	\$1,000	\$ 40,749
General Accident Insurance	Automobile fleet includes Bureau of Fire	BA 0143533-00	10/1/93	10/1/94	\$1,000,000 on comprehensive and collision insurance Full comprehensive coverage on all owned units	\$200 collision coverage for 1990 and subsequent years and on all motorcycles \$250 fire pumps and ladder trucks \$500 any Bureau of Fire unit in excess of \$20,000	\$ 145,917

Company	Details of Coverage	Policy Number	Policy Period		Coverage Limits	Deductible	Premium
			From	To			
General Accident Insurance	Floater policy	CIM0078607-06	10/1/93	10/1/94	\$748,300 insured coverage for equipment not attached to vehicles in various departments	\$250	\$ 5,509
LBL Insurance Agency	Treasurer bond	58533208	1/1/93	1/1/94	\$2,000,000		\$ 4,244
Ohio Casualty	Controller bond	S-140615	1/1/90	1/1/94	\$100,000		\$ 1,103
Cincinnati Insurance Company	Faithful performance all employees	80-311042	7/1/93	7/1/94	\$250,000	\$2,500	\$ 1,407
Cincinnati Insurance Company	Honesty blanket bond includes officers of Fire Pension Fund and Officers and Employees Retirement Fund	80-311038	7/1/93	7/1/94	\$100,000	\$1,000	\$ 1,660
Cincinnati Insurance Company	Crime policy - City Treasurer and employees	B80-503729	9/1/93	9/1/94	\$10,000 liability inside and outside premises \$25,000 increase during Feb and March \$50,000 check covering endorsement	\$1,000	\$ 469
Commercial Union Insurance	Cable TV equipment	CP-RO49312	6/17/93	6/17/94	N/A	\$100	\$ 682
Commercial Union Insurance	Electronic data processing equipment	CP-RO49311	6/17/93	6/17/94	\$100,000 liability replacement cost	\$250	\$ 1,426
General Accident Insurance	Inland floater traffic engineering 4 traffic counters	CIM0072599-07	9/1/93	9/1/94	\$5,980	\$250	189
General Accident Insurance	Inland marine floater TV inspection and sealing system	CIM0072602-07	9/27/93	9/27/94	\$120,000	\$250	\$ 1,800
Aetna Insurance	Fine arts-Perry Memorial	003-AR-5801868 TCA	1/1/93	1/1/94	\$41,172	\$100	\$ 326
Continental Insurance	Cable access liability	25-CLP 05226883-94	9/3/93	9/3/94	\$1,000,000 aggregate \$50,000 fire damage \$5,000 medical		\$ 216
PA Manufacturer's Association Insurance	Worker's compensation	209300 23-93-122	1/1/93	1/1/94	\$100,000 per accident \$500,000 policy limit \$100,000 occupational disease	\$500,000 per occurrence	\$ 581,895

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