

CITY OF ERIE
ERIE, PENNSYLVANIA



Comprehensive Annual Financial Report
Year Ended December 31, 1995

“Bicentennial Logo”

The sunset surging into Marni Cayro’s window every night became the inspiration behind the new Erie Bicentennial logo.

So the sunset and the lake became the elements of her awarding piece.

She wanted the logo to represent the “fun” aspect of Erie. “The entire city seems to come alive with outdoor activity.

So much of it is centered around the lake, it is a source of community pride.”

Cayro’s design was chosen as the official logo in a contest sponsored by the Times Publishing Co. and the Greater Erie Bicentennial Commission.

Original Artwork by Marni Cayro, 1994

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CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1995



Prepared By:
Department of Administration and Finance

Herbert V. Herriman
Director

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May 31, 1996

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 state on 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 trade agreements with Canada and other foreign nations as well as stimulating general trade on the Great Lakes.

The Erie area has experienced business growth and significant industrial retention and expansion resulting in job generation. 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 bayfront are in various stages of completion, promising new job opportunities. A Downtown Revitalization Project has changed the face of downtown through a Facade Improvement Program, a widened State Street, which is the heart of the center business core, new development of several older buildings and the completion of a new baseball park and newly restored hotel. Tourists, visitors and residents alike are serviced by a Bayfront Parkway now connected to I-79 and to be connected to I-90 by century's end as well as by the Erie International Airport - only a ten minute drive from the heart of the city.

Understanding the importance of rebuilding the City's infrastructure extensive capital improvements have been made to water and sewer lines and systems, as well as water and wastewater treatment plants providing improved services and economic growth to Erie and its surrounding municipalities.

Erie is the seat of City and County government and houses a wide range of legal services, including the County and Federal courthouses and several federal and state government offices. The downtown districts host a wide range of financial, commercial and retail ventures which are enhanced by the cultural and sports facilities located there: the restored Warner Theater, the Erie Civic Center, the Erie Playhouse (one of the top ten community theaters in the country), the Erie Philharmonic Orchestra, the Erie Civic Ballet, the Erie Art Museum, and the newly founded Children's Museum. A new County Library is now under construction as well as a companion museum to the historic ship U.S. Brig Niagara on Erie's waterfront. Perry Square Park, at the downtown's center, offers a wide variety of community activities, among them First Night - a community/family centered celebration of the arts ending with fireworks welcoming in the New Year, and Erie's main festival...WE LOVE ERIE DAYS...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 sporting events hosting professional baseball and a new hockey team, the Greater Erie Area Golf Classic and Flagship 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, having celebrated its Bicentennial this year, 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 31, 1996

Herbert V. Herriman
Director of Administration and Finance

To The Honorable Joyce A. Savocchio, Mayor,
Honorable Members of City Council and
Citizens of the City of Erie, Pennsylvania:

The Comprehensive Annual Financial Report of the City of Erie, Pennsylvania, for the fiscal year ended December 31, 1995 is hereby submitted. This report was prepared by the City's Department of Administration and Finance. 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, as presented, are accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations 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 affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes the Mayor's introduction to the City, this transmittal letter, the list of principal officials, and the government's organization chart. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent 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, various boards, commissions, pension organizations and a municipal authority are included with the financial statements as follows:

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, Plumbing Code, Traffic and Shade Tree.

Pensions: Officers and Employees Retirement Association, Police Relief Pension Association and Firemens 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; City of Erie Housing Authority; Erie Municipal Airport Authority; Erie Western Pennsylvania Port Authority; Higher Education Building Authority; Erie Zoological Society; and Erie County 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, EMI, International Paper, American Sterilizer (AMSCO), Reed Manufacturing, and a mixture of well established smaller and new firms in diversified fields from plastics to steel forging provide employment to Erie's skilled labor force. General Electric and Eriez Magnetics are among the major corporations with both functioning plants and headquarters situated in the area. 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 40 neighborhood 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 facade revitalization program has also resulted in reinvestment in several long vacant store fronts.

Economic development continues to be a top priority for Erie in 1995. 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) was completed in the fall of 1994. Plans are being developed for the connection to Interstate Route 90 (I-90) with the first section to East 6th Street to begin in 1998. This highway has already stimulated tourist, commercial, residential and industrial interest in Erie's waterfront. Construction of Perry's Landing condominiums continue, and initiation of bayfront development is well under way, including a maritime museum and mooring facilities for the U.S. Brig Niagara, a new county library, an observation tower, restaurant and office development, all evidencing the awakening of Erie's waterfront, alive with new economic and job development opportunities.

Economic Development in other areas of the City has also been brisk in 1995. The new Veshecco Industrial Park at 12th and Greengarden saw its first tenants under construction in 1995. In addition, Owens Illinois Closure, Tops Markets, and several smaller business 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. Building permit activity was the highest in recent history, further pointing to a renewed confidence in investing in the City of Erie.

MAJOR INITIATIVES

For The Year 1995

In preparing the budget, the City's priorities were identified as economic and community development, and maintaining all basic services at levels provided in 1994. 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 1995 included the following: Development of a new brownfield coordinator position in cooperation with the County Industrial Development Corporation with the ultimate goal of bringing environmentally distressed properties back on the tax roll for industrial reuse. A 17 acre parcel was purchased along East 12th Street and will be ready for redevelopment in 1996. Opportunities for residential growth also took place with the opening of the Palace Building; implementation of bayfront public access improvements; implementation of a comprehensive Parks Plan; opening of a new 6,000 seat baseball park; and reconstruction of several roadways important for unlocking industrial land. 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 fire and police bureaus. Construction of a \$1 million central fire station began in 1995 in downtown Erie and was completed and occupied in 1996. This new flagship facility highlights drive through bays, vehicle exhaust removal systems, a bunker gear maintenance room and modern living quarters. Used city vehicles were refurbished and put into service in fire prevention serving as mobile "field offices," permitting fire inspectors to carry fire prevention materials, bunker gear and fire investigation tools and equipment thus allowing 24 hour availability for after hours response. An increased enforcement effort for illegal burning, fire lane and hydrant violations has helped make the City a safer place to live and generated a minor revenue increase from fines. Increased computerization of bureau office procedures has improved efficiencies and productivity for maximizing work flow and reducing lost time with manual procedures.

The Bureau of Police continued its evolution to a community policing philosophy and methodology throughout the City with the further expansion to forty of the Neighborhood Crimewatch Programs. The community policing program was continued successfully, assigning on-duty police officers to the City of Erie Housing Authority complexes through a HUD grant, and through continued application of the Operation Safe Streets drug suppression program in cooperation with neighborhood watch groups. The bureau expended 8,000 man hours providing police certifications and skill sustainment training including such vital subjects as Crimes Code Updates, First Aid and CPR certification, Pursuit Driver Training, and hazardous materials (HazMat) certification.

Public Works projects included significant repair and capital improvement projects. The Director's Office coordinated the construction of the new downtown baseball park which was completed in 1995. Also, construction of the new Central Fire Station and the Public Works Consolidation Project began. The revitalization of parks continued in 1995. Among the physical improvements are new play structures at an additional five (5) City parks and refurbished basketball and tennis courts at eight (8) parks. The golf program continued to be a highly successful enterprise with all major capital improvements planned for 1995 being accomplished. Conditions were improved on all courses through diligent cultural methods. Cart paths were enhanced and clubhouses were upgraded. At City Hall, several stone soffits were resecured to eliminate safety concerns and all ADA compliance requirements have now been met with the renovations to the first floor restrooms.

Unlimited collection of household refuse, recycling of glass, cans, plastics, newspapers and our award winning composting program for leaves and grass continued in 1995, reducing the tonnage hauled and avoiding the increasing gate fees associated with landfill disposal. In June of 1995, the City added loose paper and corrugated paper to the list of recyclables collected, reducing disposal costs even further while realizing revenue of \$62.00 per ton (approximately \$15,000 per month).

The Streets Bureau continues to effectively maintain 322 miles of streets. In 1995, a greater emphasis placed on reclaiming of unpaved streets versus tar and chipping was highly successful. Approximately 20 miles of roadway were reclaimed or milled and resurfaced. Also, the Streets Bureau began utilizing liquid calcium chloride for more effective and efficient deicing of streets in winter. In addition, Streets Bureau personnel performed demolition and site work for the Public Works Consolidation Project saving approximately \$400,000.

The Bureau of Sewers working 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. The Bureau of Sewers, also continued expanding the preventive maintenance program for all plant equipment. The Bureau of Engineering completed numerous storm and sanitary sewer improvements in 1995 utilizing funds from the 1993 Bond Issue. Also, the paving of East 10th Street completed in 1995, was a tremendous improvement to a significant artery in northeast Erie.

COMING YEAR INITIATIVES

Priorities for 1996 include:

Economic and Community Development

Initiating development of the former Boston Store into new housing and commercial opportunities; begin renovations of the former Lovell Manufacturing building into office, commercial and housing units; complete Greengarden Incinerator renovations into a multi-tenant industrial building; facilitate and guide public/private bayfront investments ranging from waterfront housing, office, commercial and hotel activities; implement parks capital improvements and expand the facade program to Parade Street and West 18th Street; open a new industrial park on East 12th Street.

Administration

Continue improvements in financial planning, budget preparation and monitoring; continue to initiate and implement improvements to the insurance and workers compensation programs; refine control of physical assets and continue to upgrade the property records system; improve software support of operations, especially in Bureau of Police 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 - form a county-wide Gang Task Force along with the Pennsylvania State Police and other law enforcement agencies. To conduct gang suppression and investigative operations requiring further use of the eleven person K-9 unit, whose salaries are to be funded through Community Development Block Grant (CDBG) funds. Continue expansion of extensive gang awareness training to all middle and high school teachers and administrators in the district and to citizen groups. Acquisition of front line vehicles through non-profit organization donations and from the Department of Defense. Implementation of bicycle patrol unit to further enhance community policing and provide additional pro-active police patrol coverage.

Fire - occupied new fire station in downtown Erie. Efforts to continue with scheduled replacement of older apparatus is anticipated with requested funding of new equipment from a proposed bond issue, removal of underground storage tanks not being used (removing environmental liability), repairs and updates to existing fire stations and facilities and ongoing training, equipping and implementation of water rescue capabilities to protect our waterfront. Ongoing fire training, hazardous materials needs and updates in emergency medical services rules and regulations will also pose a challenge for the future.

Public Works

Improve customer service through continued training and seminars including expanded utilization of the student co-op program in the Division of Golf and at the Municipal Garage; proceed expeditiously with the 1993 bond issue capital improvement projects: completion of the Consolidation of Public Works Facilities, and the new Central Fire Station, begin construction of the Canal Sewer Project, and various other planned infrastructure improvements; implementation of the comprehensive parks plan utilizing bond funds as well as CDBG monies; continue to bring golf and park facilities into full compliance with ADA requirements; maintain all streets through milling and resurfacing, tar and chipping, reclaiming, asphalt patching and pothole repairing programs; continue to provide expanded services in refuse collection, composting and recycling; continue state-of-the-art computer-based sign making operations 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 Mill Creek Tube Pollution Study (MCTPS) and the Other Sources of Pollution Study (OSPS), and progression of the Act 537 Study to address community-wide, long range sewerage needs.

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, 1995 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 \$40,225,203 in 1995, an increase of 0.2% from 1994. Total taxes account for 69.9% of general revenues compared to 69.7% last year. The amount of revenues from various sources and a comparison with the prior year are shown in the following tabulation:

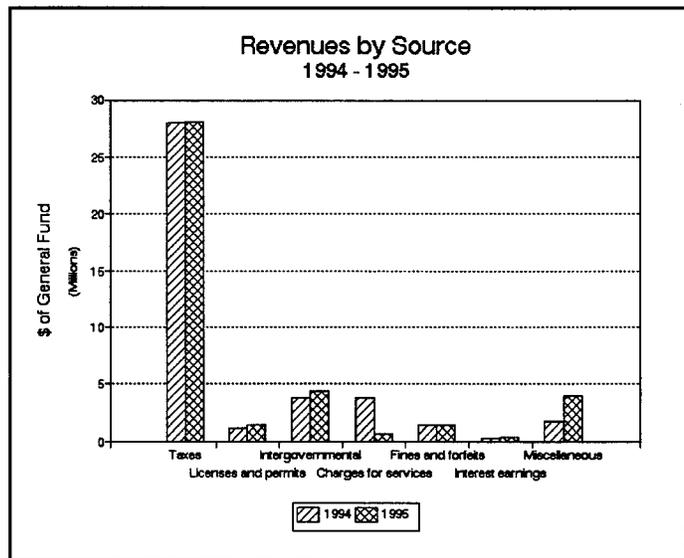
Function	Amount	Percent of Total	Increase (Decrease) From 1994	
			Amount	Percent
Taxes	\$ 28,124,592	69.9	\$ 133,575	0.5
Licenses and permits	1,450,482	3.6	306,208	26.8
Intergovernmental revenues	4,297,030	10.7	549,693	14.7
Charges for services	653,879	1.6	(3,088,602)	(82.5)
Fines and forfeits	1,402,940	3.5	(53,645)	(3.7)
Interest earnings	339,697	0.8	49,970	17.2
Miscellaneous sources	3,956,583	9.9	2,161,580	120.4
Total	\$ 40,225,203	100.0	\$ 58,779	0.1

The most significant changes were in licenses and permits derived from increased fees in building, demolition, moving, curb, driveway, sewer, sidewalk, and street and electric permits.

Charges for services decrease resulted from the refuse and recycling activity being accounted for as an Enterprise Fund.

Interest earnings increased \$49,970 due to higher interest rates.

Miscellaneous sources consists of substantial increases resulting from reimbursements from Blue Cross/Blue Shield, Erie Housing Authority, Police Officer training from the State of Pennsylvania, and Central Service Expenditures from Municipal Garage and Refuse and Recycling Fund. Also, the city was the recipient of a monetary settlement from Waste Management, Inc.



Decreases to net assessed valuation of the City amounted to \$2,870,866 in 1995. This represented a decrease of 0.5% from the prior year. However, during 1995, \$1,468,370 was recorded as additional exemption from taxation under LERTA (Local Economic Revitalization Tax Assistance Act) and continues to represent sound economic growth and future potential revenue for the City through both real estate and income taxes. Current real estate tax collections were 93.2% of the tax levy. The ratio of total current and delinquent collections to the current tax levy was 99.0%.

General Fund expenditures totaled \$41,431,724 a decrease of 6.2% over 1994. Variances in levels of expenditures for major functions and a comparison with the prior year are shown in the following tabulation:

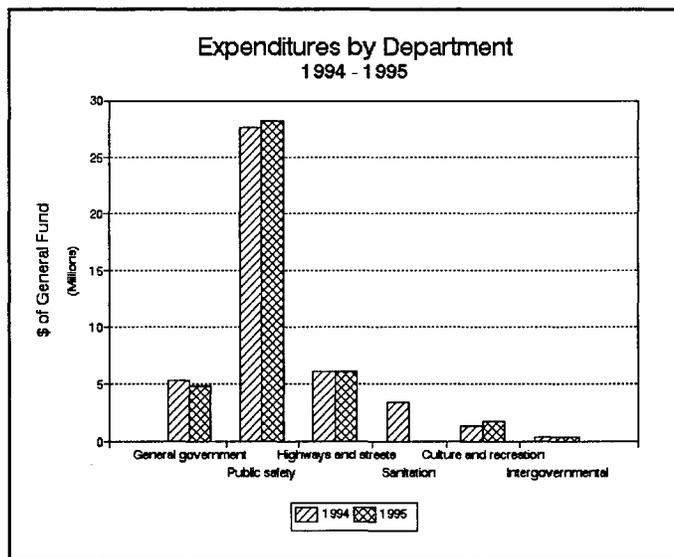
Function	Amount	Percent of Total	Increase (Decrease) From 1994	
			Amount	Percent
General government	\$ 4,900,550	11.8	\$ (481,340)	(8.9)
Public safety	28,181,500	68.0	574,182	2.1
Highways and streets	6,161,531	14.9	17,038	0.3
Sanitation	0	0.0	(3,401,378)	(100.0)
Culture and recreation	1,770,143	4.3	460,400	35.2
Intergovernmental	418,000	1.0	70,000	20.1
Total	\$ 41,431,724	100.0	\$ (2,761,098)	(6.2)

The largest decreases in General Fund expenditures are mostly in employee benefits, specifically pension and workers compensation as well as normal operating costs, particularly utility costs.

Sanitation costs have been transferred to the Enterprise Fund with the establishment of the Refuse and Recycling Fund.

Culture and recreation costs increased due to personnel costs and operating costs, especially central service charges.

Intergovernmental expenses increased as a result of additional appropriations to the Erie Civic Center Authority for the new professional baseball park which began its inaugural and league attendance record year in 1995.



General Fund Balance

The ending fund balance of the General Fund at December 31, 1995 was \$3,717,498 compared with a fund balance of \$3,424,816 at December 31, 1994, an increase of 8.6%. An increase of \$1,813,345 in undesignated fund balance brings this figure to 7.7% of annual expenses. In the 1996 budget, City Council appropriated \$1,741,494 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, 1995 totaled \$14,770,161; expenditures for the period were \$14,130,042. The combined ending fund balance of the Special Revenue Funds at December 31, 1995 was \$3,704,425 compared to \$3,517,528 at the end of 1994.

Capital Projects Funds

The Capital Projects Funds accounts for major capital outlays. Combined revenues for 1995 were \$813,065, an increase of \$279,810 (52.4%), primarily for interest earned on idle funds. Expenditures totaled \$2,419,724, an increase of \$69,127 (2.9%), consisting of police, fire and public buildings equipment, consolidation of street and municipal garage operations, park improvements, street paving and storm sewers. The fund balance at December 31, 1995 totaled \$10,504,932, a decrease of \$1,617,709 (13.3%).

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 \$19,339,660 in 1995, while expenses were \$17,370,446. The net income, before transfers, for the year amounted to \$2,857,580. The Sewer Revenue Fund showed an operating revenue decrease of \$81,380 (0.6%). Expenses were up \$93,094 (0.8%) due to overall operating cost increases. The Refuse and Recycling Fund was recorded herein for the first time in 1995 with revenues totaling \$3,581,844 and expenses were \$3,545,732, resulting in an operating income of \$36,112. The Golf Fund increased revenue \$18,638 (2.0%), a result of attendance increases. Expenses were \$19,919 (2.3%) over the 1994 level because of capital purchases.

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, 1995 were \$4,859,393 and operating expenses totaled \$4,910,344. The net income for 1995, after nonoperating revenues (investment income), was \$35,136.

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 actuarial accrued liability (primarily due to past service liability) totaling \$89,144,594, representing 57% of the total actuarial accrued liability (as of the latest actuarial report dated January 1, 1995).

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 1993-1995, City and Commonwealth of Pennsylvania contributions to its three pension funds were as follows:

	1993	1994	1995
Officers and Employees Retirement Association	\$ 2,115,362	\$ 2,539,313	\$ 1,850,911
Police Pension Fund	5,236,348	5,226,473	5,068,914
Firemens Pension Fund	2,302,567	1,996,084	1,945,353
	<u>\$ 9,654,277</u>	<u>\$ 9,761,870</u>	<u>\$ 8,865,178</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, 1995, the General Fixed Assets of the City amounted to \$27,169,752. 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 1995 were as follows:

	Amount	Ratio of Debt to Assessed Value (40% of Appraised Value)	Debt per Capita ¹
Net general bonded debt	\$ 12,015,000	2.2%	\$ 110.52

¹ Based upon 1990 census population of 108,718.

Outstanding general obligation bonds at December 31, 1995 totaled \$32,568,618, of which \$18,505,000 is the balance of the 1993 issue 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, 1995, the City's net general bonded debt of \$30,520,000 was far below the legal limit of \$118,438,414.

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 7 months. The average yield on maturing investments during the year was 5.8%. General Fund interest earned was \$339,697. 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, 1995, 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 1992 and continues through 1995. Evaluation of investment performance in 1995 indicates the wisdom of the change of funds managers. Beginning 1995, all accounting for pension funds were standardized and audited by the same firm to develop consistency in reporting.

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

The City accounts for its various insurance programs in the Internal Service Funds. Insurance, administrative and claims costs are charged to expenditures in those funds. The annual costs are billed to the other funds, which amounts are reported as revenues in the Internal Service Funds. Claim liabilities, which include incurred but not reported claims, are based on the estimated ultimate costs of settling the claims, based on historical experience. The funds used by the City are Workers Compensation, Employees Health Benefit Plan and Risk Management.

The City maintains a self-insurance program for workers compensation coverage, which is being accounted for as an Internal Service Fund. The fund charges back the costs to various other funds of the City based upon an appropriate risk factor based on the Pennsylvania Workers Compensation "Lost Cost" rates. This risk factor is then applied to the City's actual workers compensation losses and administrative costs in order to develop the actual charge back amount. A third-party claim administrator establishes claim reserves and adjusts claims. The City purchases stop-loss insurance for catastrophic type losses. This insurance limits the City's annual payout to a fixed amount. For 1995, the medical stop-loss amount was \$100,000 in the first year of a large-loss payment while the indemnity stop-loss was \$22,500.

The liability for estimated claims in the Workers Compensation Claims Fund decreased from \$3,512,791 in 1994 to \$3,234,896 in 1995, representing a change of \$277,895. The City intends to cover the deficit by annual assessments to the participating funds.

The Employees Health Benefit Plan is a modified self-insurance program for insuring hospitalization and medical costs. The program is limited to losses of \$50,000 annually per covered person for all programs combined. Additional coverage to the policy limits is provided through the use of stop loss policies. The Plan is fully funded by city contributions and covers all employees and eligible dependents.

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 1995, the City began a "protected" self-insurance plan. The City's comprehensive excess insurance program allows the City to self-insure small losses and fully insure catastrophe. Substantially all prospective losses are covered by excess loss insurance with retained losses generally of \$25,000 and a \$200,000 aggregate loss limit.

OTHER INFORMATION

Independent Audit

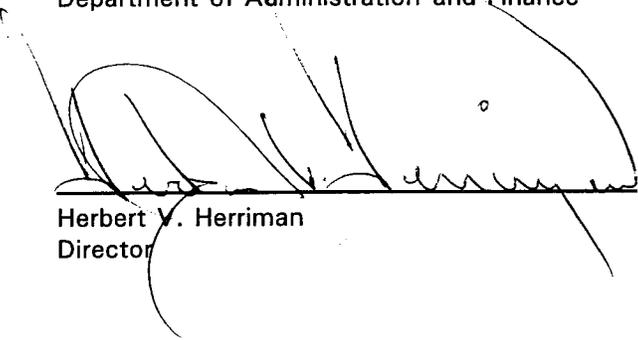
City code, grants and the Single Audit Act of 1984 requires that local governments receiving \$100,000 or more of Federal assistance in any fiscal year conduct a single audit encompassing the entirety of the financial operations of the City. In compliance with this act, an audit of the accounts and financial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

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 Director of the Department of Administration and Finance, 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 interest in and support of planning and conducting the financial operations of the City in a fiscally responsible and progressive manner.

Respectfully,
Department of Administration and Finance



Herbert V. Herriman
Director

CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1995

Principal City Officials

Mayor

Joyce A. Savocchio

City Council

Mario S. Bagnoni, President

Robert C. Brabender
Edward M. Brzezinski
James T. Casey

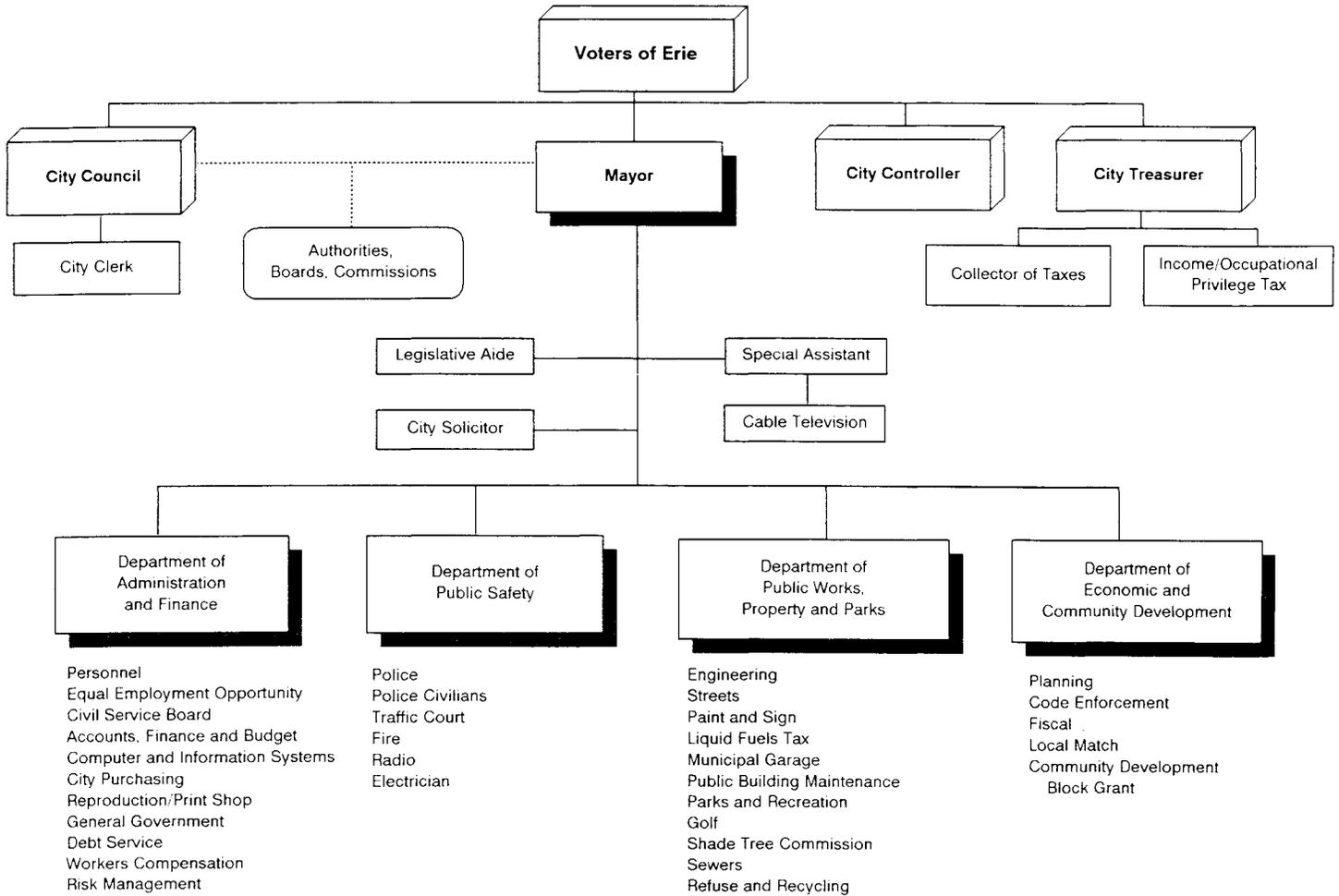
Chris E. Maras
James N. Thompson
Gayle M. Wright

City Officials

Ortenzia M. Keller	City Treasurer
Brenda A. Pundt	City Controller
Gregory A. Karle	City Solicitor
James E. Klemm	City Clerk
Joyce A. Savocchio, Mayor	Director, Department of Public Safety
Herbert V. Herriman	Director, Department of Administration and Finance
John T. Barzano	Director, Department of Public Works, Property and Parks
Jeffrey E. Spaulding	Director, Department of Economic and Community Development

CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1995

Organization Chart



B L A N K



516 West 10th Street • Erie, PA 16502-1352 • Phone 814/459-1445 • Fax 814/459-1924

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, 1995, 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, 1995, and the results of its operations and cash flows of its proprietary fund types and pension trust fund for the year then ended in conformity with generally accepted accounting principles.

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

McMahon, O'Polka, Guelcher & Assoc., Inc.
McMAHON, O'POLKA, GUELCHER
AND ASSOCIATES, INC.

Erie, Pennsylvania
May 16, 1996

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GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF ERIE, PENNSYLVANIA
 Combined Balance Sheet
 All Fund Types and Account Groups, and Discretely Presented Component Units
 December 31, 1995

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash	\$ 112,361	\$ 0	\$ 0	\$ 36,353
Investments	2,477,000	1,307,850	0	10,428,000
Restricted cash and investments	0	0	0	0
Receivables (net of allowance for uncollectibles):				
Accounts	0	0	0	0
Property tax	3,227,224	0	0	0
Earned income and occupational privilege tax	1,493,283	0	0	0
Liens	223,397	154,602	0	93,487
Intergovernmental	81,124	2,352,395	0	0
Interfund	353,669	205,783	0	0
Notes	21,847	4,841,288	0	105,000
Other	239,222	102,621	0	18,047
Inventory	0	0	0	0
Prepaid insurance	0	0	0	0
Due from other funds	0	0	0	37,324
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
Notes receivable, net of current maturities	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	<u>\$ 8,229,127</u>	<u>\$ 8,964,539</u>	<u>\$ 0</u>	<u>\$ 10,718,211</u>
LIABILITIES				
Accounts payable	\$ 424,455	\$ 1,094,957	\$ 0	\$ 43,831
Accrued payroll	607,795	10,269	0	0
Interfund payable	0	559,453	0	0
Compensated absences payable	208,779	18,232	0	0
Claims and judgments payable	0	0	0	0
Current portion of long-term liabilities	0	0	0	0
Deferred revenue	3,237,836	391,800	0	93,331
Capital lease obligation	0	0	0	0
Other liabilities	32,764	0	0	0
Due to other funds	0	185,403	0	76,117
Due to other governments	0	2,000,000	0	0
Notes payable	0	1,000,000	0	0
General obligation bonds payable	0	0	0	0
Deferred compensation benefits payable	0	0	0	0
Total liabilities	<u>4,511,629</u>	<u>5,260,114</u>	<u>0</u>	<u>213,279</u>
FUND EQUITY AND OTHER CREDITS				
Investment in general fixed assets	0	0	0	0
Contributed capital and other credits	0	0	0	0
Retained earnings:				
Unreserved (deficit)	0	0	0	0
Fund balance:				
Reserved for encumbrances	93,769	6,344,625	0	(2,595,370)
Reserved for noncurrent notes receivable	10,921	4,481,889	0	0
Unreserved:				
Designated for self-insurance	406,646	0	0	0
Designated for endowment principal	0	0	0	6,000,000
Undesignated (deficit)	3,206,162	(7,122,089)	0	7,100,302
Total fund equity (deficit) and other credits	<u>3,717,498</u>	<u>3,704,425</u>	<u>0</u>	<u>10,504,932</u>
Total liabilities and fund equity and other credits	<u>\$ 8,229,127</u>	<u>\$ 8,964,539</u>	<u>\$ 0</u>	<u>\$ 10,718,211</u>

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	Pension Trust and Agency	General Fixed Assets	General Long-Term Debt			
\$ 671,396	\$ 0	\$ 1,248,571	\$ 0	\$ 0	\$ 2,068,681	\$ 2,502,572	\$ 4,571,253
10,072,000	0	99,923,808	0	0	124,208,658	10,958,154	135,166,812
0	1,321,364	0	0	0	1,321,364	6,210,396	7,531,760
1,567,298	0	83,395	0	0	1,650,693	313,464	1,964,157
0	0	0	0	0	3,227,224	0	3,227,224
0	0	0	0	0	1,493,283	0	1,493,283
0	0	0	0	0	471,486	0	471,486
0	0	0	0	0	2,433,519	655,500	3,089,019
17,673	0	0	0	0	577,125	0	577,125
165,000	0	0	0	0	5,133,135	0	5,133,135
34,392	6,492	869,346	0	0	1,270,120	306,034	1,576,154
0	0	0	0	0	0	229,572	229,572
0	787	0	0	0	787	236,729	237,516
261,520	0	0	0	0	298,844	0	298,844
730,999	0	0	977,167	0	1,708,166	4,075,995	5,784,161
8,732,478	0	0	13,136,220	0	21,868,698	84,329,930	106,198,628
43,512,147	0	0	0	0	43,512,147	674,697	44,186,844
9,729,275	0	0	13,056,365	0	22,785,640	29,248,778	52,034,418
(30,113,607)	0	0	0	0	(30,113,607)	(47,822,304)	(77,935,911)
5,810,000	0	0	0	0	5,810,000	0	5,810,000
460,412	0	0	0	0	460,412	581,418	1,041,830
0	0	0	0	13,063,618	13,063,618	0	13,063,618
<u>\$ 51,650,983</u>	<u>\$ 1,328,643</u>	<u>\$ 102,125,120</u>	<u>\$ 27,169,752</u>	<u>\$ 13,063,618</u>	<u>\$ 223,249,993</u>	<u>\$ 92,500,935</u>	<u>\$ 315,750,928</u>
\$ 762,441	\$ 51,705	\$ 64,219	\$ 0	\$ 0	\$ 2,441,608	\$ 730,689	\$ 3,172,297
125,070	0	0	0	0	743,134	654,972	1,398,106
17,673	0	0	0	0	577,126	0	577,126
37,712	0	0	0	0	264,723	0	264,723
0	3,234,896	0	0	0	3,234,896	0	3,234,896
515,000	0	0	0	0	515,000	1,075,989	1,590,989
8,989,383	0	0	0	0	12,712,350	318,770	13,031,120
0	0	0	0	1,048,618	1,048,618	0	1,048,618
0	0	81,149	0	0	113,913	717,472	831,385
37,324	0	0	0	0	298,844	0	298,844
0	0	727,906	0	0	2,727,906	8,083,668	10,811,574
0	0	0	0	0	1,000,000	529,872	1,529,872
17,990,000	0	0	0	12,015,000	30,005,000	30,551,548	60,556,548
0	0	4,944,885	0	0	4,944,885	0	4,944,885
<u>28,474,603</u>	<u>3,286,601</u>	<u>5,818,159</u>	<u>0</u>	<u>13,063,618</u>	<u>60,628,003</u>	<u>42,662,980</u>	<u>103,290,983</u>
0	0	0	27,169,752	0	27,169,752	0	27,169,752
0	0	0	0	0	0	19,144,780	19,144,780
23,176,380	(1,957,958)	0	0	0	21,218,422	30,160,018	51,378,440
0	0	0	0	0	3,843,024	0	3,843,024
0	0	0	0	0	4,492,810	0	4,492,810
0	0	0	0	0	406,646	0	406,646
0	0	0	0	0	6,000,000	0	6,000,000
0	0	96,306,961	0	0	99,491,336	533,157	100,024,493
<u>23,176,380</u>	<u>(1,957,958)</u>	<u>96,306,961</u>	<u>27,169,752</u>	<u>0</u>	<u>162,621,990</u>	<u>49,837,955</u>	<u>212,459,945</u>
<u>\$ 51,650,983</u>	<u>\$ 1,328,643</u>	<u>\$ 102,125,120</u>	<u>\$ 27,169,752</u>	<u>\$ 13,063,618</u>	<u>\$ 223,249,993</u>	<u>\$ 92,500,935</u>	<u>\$ 315,750,928</u>

CITY OF ERIE, PENNSYLVANIA
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 All Governmental Fund Types and Discretely Presented Component Units
 Year Ended December 31, 1995

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Taxes	\$ 28,124,592	\$ 0	\$ 1,059,343	\$ 0
Licenses and permits	1,450,482	0	0	0
Intergovernmental	4,297,030	14,296,862	0	0
Charges for services	653,879	0	0	0
Fines and forfeits	1,402,940	0	0	0
Interest earnings	339,697	171,857	0	811,669
Miscellaneous	3,956,583	301,442	0	1,396
Total revenues	<u>40,225,203</u>	<u>14,770,161</u>	<u>1,059,343</u>	<u>813,065</u>
EXPENDITURES				
Current:				
General government	4,900,550	36,299	0	1,032
Public safety	28,181,500	2,055,981	0	0
Highways and streets	6,161,531	963,963	0	0
Sanitation	0	415,507	0	0
Culture and recreation	1,770,143	6,618,402	0	0
Economic and community development	0	4,000,745	0	0
Capital outlay	0	0	0	2,418,692
Debt service:				
Principal	0	0	455,000	0
Interest	0	39,145	604,343	0
Intergovernmental	418,000	0	0	0
Total expenditures	<u>41,431,724</u>	<u>14,130,042</u>	<u>1,059,343</u>	<u>2,419,724</u>
Excess of revenues over (under) expenditures	(1,206,521)	640,119	0	(1,606,659)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,966,828	87,958	0	0
Operating transfers (out)	(1,187,350)	(541,180)	0	(11,050)
Total other financing sources (uses)	<u>1,779,478</u>	<u>(453,222)</u>	<u>0</u>	<u>(11,050)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	572,957	186,897	0	(1,617,709)
Fund balance (deficit) January 1, 1995	3,424,816	3,517,528	0	12,122,641
Other increases (decreases) (Note V.E.)	(280,275)	0	0	0
Fund balance (deficit) December 31, 1995	<u>\$ 3,717,498</u>	<u>\$ 3,704,425</u>	<u>\$ 0</u>	<u>\$ 10,504,932</u>

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

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ 29,183,935	\$ 0	\$ 29,183,935
1,450,482	0	1,450,482
18,593,892	1,122,359	19,716,251
653,879	0	653,879
1,402,940	0	1,402,940
1,323,223	3,035	1,326,258
4,259,421	62,742	4,322,163
<u>56,867,772</u>	<u>1,188,136</u>	<u>58,055,908</u>
4,937,881	1,600	4,939,481
30,237,481	0	30,237,481
7,125,494	0	7,125,494
415,507	0	415,507
8,388,545	0	8,388,545
4,000,745	1,283,897	5,284,642
2,418,692	0	2,418,692
455,000	34,900	489,900
643,488	13,913	657,401
418,000	0	418,000
<u>59,040,833</u>	<u>1,334,310</u>	<u>60,375,143</u>
(2,173,061)	(146,174)	(2,319,235)
3,054,786	0	3,054,786
(1,739,580)	0	(1,739,580)
<u>1,315,206</u>	<u>0</u>	<u>1,315,206</u>
(857,855)	(146,174)	(1,004,029)
19,064,985	679,331	19,744,316
(280,275)	0	(280,275)
<u>\$ 17,926,855</u>	<u>\$ 533,157</u>	<u>\$ 18,460,012</u>

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances) - General and Budgeted Special Revenue
Year Ended December 31, 1995

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes	\$ 29,044,311	\$ 28,052,470	\$ (991,841)
Licenses and permits	1,339,090	1,447,022	107,932
Intergovernmental	3,601,900	4,360,013	758,113
Charges for services	669,400	586,854	(82,546)
Fines and forfeits	1,529,000	1,404,186	(124,814)
Interest earnings	292,275	344,732	52,457
Miscellaneous	3,029,867	3,878,749	848,882
Total revenues	<u>39,505,843</u>	<u>40,074,026</u>	<u>568,183</u>
EXPENDITURES			
Current:			
General government	5,418,319	5,077,794	340,525
Public safety	27,959,405	27,996,899	(37,494)
Highways and streets	6,404,840	6,130,089	274,751
Sanitation	39,359	38,274	1,085
Culture and recreation	1,936,633	1,768,721	167,912
Intergovernmental	418,000	418,000	0
Total expenditures	<u>42,176,556</u>	<u>41,429,777</u>	<u>746,779</u>
Excess of revenues over (under) expenditures	(2,670,713)	(1,355,751)	1,314,962
OTHER FINANCING SOURCES (USES)			
Operating transfers in	3,025,648	2,966,828	(58,820)
Operating transfers (out)	(3,488)	(1,187,350)	(1,183,862)
Total other financing sources (uses)	<u>3,022,160</u>	<u>1,779,478</u>	<u>(1,242,682)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	351,447	423,727	72,280
Fund balance (deficit) January 1, 1995 (Note VI.A.)	(351,447)	1,916,681	2,268,128
Prior year encumbrances paid in current year	0	707,980	707,980
Expenditures rebudgeted in the subsequent year (Note VI.B.)	0	0	0
Fund balance (deficit) December 31, 1995	<u>\$ 0</u>	<u>3,048,388</u>	<u>\$ 3,048,388</u>
RECONCILIATION TO GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		454,326	
Recognition of accrual basis adjustments		214,784	
Fund balance (deficit) December 31, 1995		<u>\$ 3,717,498</u>	

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

Liquid Fuels Tax Fund (a Special Revenue Fund)

Total (Memorandum Only)

Liquid Fuels Tax Fund (a Special Revenue Fund)			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 29,044,311	\$ 28,052,470	\$ (991,841)
0	0	0	1,339,090	1,447,022	107,932
1,414,434	1,447,694	33,260	5,016,334	5,807,707	791,373
0	0	0	669,400	586,854	(82,546)
0	0	0	1,529,000	1,404,186	(124,814)
0	64,777	64,777	292,275	409,509	117,234
8,375	8,375	0	3,038,242	3,887,124	848,882
<u>1,422,809</u>	<u>1,520,846</u>	<u>98,037</u>	<u>40,928,652</u>	<u>41,594,872</u>	<u>666,220</u>
0	0	0	5,418,319	5,077,794	340,525
1,828,262	1,768,123	60,139	29,787,667	29,765,022	22,645
0	0	0	6,404,840	6,130,089	274,751
0	0	0	39,359	38,274	1,085
0	0	0	1,936,633	1,768,721	167,912
0	0	0	418,000	418,000	0
<u>1,828,262</u>	<u>1,768,123</u>	<u>60,139</u>	<u>44,004,818</u>	<u>43,197,900</u>	<u>806,918</u>
(405,453)	(247,277)	158,176	(3,076,166)	(1,603,028)	1,473,138
0	0	0	3,025,648	2,966,828	(58,820)
0	0	0	(3,488)	(1,187,350)	(1,183,862)
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,022,160</u>	<u>1,779,478</u>	<u>(1,242,682)</u>
(405,453)	(247,277)	158,176	(54,006)	176,450	230,456
0	486,070	486,070	(351,447)	2,402,751	2,754,198
0	169,687	169,687	0	877,667	877,667
405,453	0	(405,453)	405,453	0	(405,453)
<u>\$ 0</u>	<u>408,480</u>	<u>\$ 408,480</u>	<u>\$ 0</u>	<u>3,456,868</u>	<u>\$ 3,456,868</u>
	179,128			633,454	
	(114,712)			100,072	
	<u>\$ 472,896</u>			<u>\$ 4,190,394</u>	

CITY OF ERIE, PENNSYLVANIA
 Combined Statement of Revenues, Expenses and Changes in Fund Equity
 All Proprietary and Pension Trust Funds and Discretely Presented Component Units
 Year Ended December 31, 1995

	Enterprise	Internal Service	Pension Trust
OPERATING REVENUES			
Intergovernmental	\$ 0	\$ 4,819,668	\$ 0
Charges for services	17,058,112	0	0
Lease rental	1,929,882	0	0
Rental income	204,503	0	0
Pension contributions	0	0	10,870,825
Miscellaneous	147,163	39,725	0
Total operating revenues	<u>19,339,660</u>	<u>4,859,393</u>	<u>10,870,825</u>
OPERATING EXPENSES			
Personnel services	4,104,021	0	0
Other personnel costs	1,765,136	0	0
Services and fees	3,179,302	40,497	0
Utilities	1,776,910	0	0
Rent	64,572	0	0
Insurance	250,985	3,810,256	0
Materials, supplies and maintenance	2,512,010	407,878	0
Workers compensation claims	863	569,509	0
Pension benefits	0	0	8,280,698
Depreciation	1,486,434	0	0
Capital outlay	41,926	0	0
Other	2,188,287	82,204	279,113
Total operating expenses	<u>17,370,446</u>	<u>4,910,344</u>	<u>8,559,811</u>
Operating income (loss)	<u>1,969,214</u>	<u>(50,951)</u>	<u>2,311,014</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenue	794,533	0	0
Investment income	1,013,501	86,087	18,531,879
Interest expense	(919,668)	0	0
Other expense	0	0	0
Net nonoperating revenues (expenses)	<u>888,366</u>	<u>86,087</u>	<u>18,531,879</u>
Net income (loss) before operating transfers	<u>2,857,580</u>	<u>35,136</u>	<u>20,842,893</u>
Operating transfers in	1,570,822	1,419,000	0
Operating transfers (out)	(4,110,420)	(194,607)	0
Net operating transfers	<u>(2,539,598)</u>	<u>1,224,393</u>	<u>0</u>
Net income (loss)	<u>317,982</u>	<u>1,259,529</u>	<u>20,842,893</u>
Fund equity (deficit) January 1, 1995	21,802,727	(3,217,487)	75,464,068
Other increases (decreases) (Note V.E.)	1,055,671	0	0
Current contributions of capital	0	0	0
Fund equity (deficit) December 31, 1995	<u>\$ 23,176,380</u>	<u>\$ (1,957,958)</u>	<u>\$ 96,306,961</u>

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

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ 4,819,668	\$ 1,850,392	\$ 6,670,060
17,058,112	7,513,104	24,571,216
1,929,882	0	1,929,882
204,503	434,785	639,288
10,870,825	0	10,870,825
186,888	250,119	437,007
<u>35,069,878</u>	<u>10,048,400</u>	<u>45,118,278</u>
4,104,021	5,290,148	9,394,169
1,765,136	1,532,653	3,297,789
3,219,799	848,567	4,068,366
1,776,910	520,292	2,297,202
64,572	65,606	130,178
4,061,241	146,725	4,207,966
2,919,888	755,936	3,675,824
570,372	0	570,372
8,280,698	0	8,280,698
1,486,434	3,765,907	5,252,341
41,926	0	41,926
2,549,604	1,189,582	3,739,186
<u>30,840,601</u>	<u>14,115,416</u>	<u>44,956,017</u>
<u>4,229,277</u>	<u>(4,067,016)</u>	<u>162,261</u>
794,533	5,833,964	6,628,497
19,631,467	996,336	20,627,803
(919,668)	(1,827,901)	(2,747,569)
0	8,797	8,797
<u>19,506,332</u>	<u>5,011,196</u>	<u>24,517,528</u>
<u>23,735,609</u>	<u>944,180</u>	<u>24,679,789</u>
2,989,822	0	2,989,822
(4,305,027)	0	(4,305,027)
<u>(1,315,205)</u>	<u>0</u>	<u>(1,315,205)</u>
22,420,404	944,180	23,364,584
94,049,308	42,435,901	136,485,209
1,055,671	0	1,055,671
0	5,924,717	5,924,717
<u>\$ 117,525,383</u>	<u>\$ 49,304,798</u>	<u>\$ 166,830,181</u>

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Cash Basis)
Budget and Actual (Including Encumbrances) - Enterprise Funds (Sewer Revenue, Golf and Refuse and
Recycling) and Internal Service Funds (Workers Compensation Claims and Risk Management)
Year Ended December 31, 1995

	Sewer Revenue, Golf and Refuse and Recycling (Enterprise Funds)		
	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Intergovernmental	\$ 16,502,555	\$ 16,098,553	\$ (404,002)
Charges for services	784,550	798,387	13,837
Rental income	175,500	204,503	29,003
Miscellaneous	195,000	218,757	23,757
Total operating revenues	<u>17,657,605</u>	<u>17,320,200</u>	<u>(337,405)</u>
OPERATING EXPENSES			
Personnel services	4,135,457	4,031,536	103,921
Other personnel costs	1,812,743	1,764,141	48,602
Services and fees	3,590,254	3,481,271	108,983
Utilities	1,997,702	1,955,380	42,322
Rent	84,450	64,723	19,727
Insurance	220,925	220,925	0
Materials, supplies and maintenance	2,963,373	2,799,906	163,467
Workers compensation claims	0	0	0
Capital outlay	1,390,902	1,300,135	90,767
Other	2,224,117	2,197,584	26,533
Total operating expenses	<u>18,419,923</u>	<u>17,815,601</u>	<u>604,322</u>
Operating income (loss)	<u>(762,318)</u>	<u>(495,401)</u>	<u>266,917</u>
NONOPERATING REVENUES (EXPENSES)			
Bond and loan principal	(516,337)	(516,337)	0
Intergovernmental revenue	722,000	794,533	72,533
Investment income	54,000	54,813	813
Interest expense	(905,063)	(905,061)	2
Net nonoperating revenues (expenses)	<u>(645,400)</u>	<u>(572,052)</u>	<u>73,348</u>
Net income (loss) before operating transfers	<u>(1,407,718)</u>	<u>(1,067,453)</u>	<u>340,265</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	1,422,814	1,413,877	(8,937)
Operating transfers (out)	(1,030,000)	(1,638,008)	(608,008)
Total other financing sources (uses)	<u>392,814</u>	<u>(224,131)</u>	<u>(616,945)</u>
Net income (loss)	<u>(1,014,904)</u>	<u>(1,291,584)</u>	<u>(276,680)</u>
Retained earnings (deficit) January 1, 1995	1,014,904	6,329,845	5,314,941
Prior year encumbrances paid in the current year	0	979,904	979,904
Retained earnings (deficit) December 31, 1995	<u>\$ 0</u>	<u>6,018,165</u>	<u>\$ 6,018,165</u>
RECONCILIATION TO GAAP BASIS RETAINED EARNINGS			
Encumbrances recognized as current year expense		1,346,384	
Effect of nonbudgeted items (Note VI.D.)		532,528	
Recognition of accrual basis adjustments		(1,022,766)	
Other GAAP basis increase		1,055,671	
Individual funds not budgeted		15,246,398	
Retained earnings (deficit) December 31, 1995		<u>\$ 23,176,380</u>	

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

Workers Compensation Claims and
Risk Management
(Internal Service Funds)

Total (Memorandum Only)

Workers Compensation Claims and Risk Management (Internal Service Funds)			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 658,975	\$ 1,343,011	\$ 684,036	\$ 17,161,530	\$ 17,441,564	\$ 280,034
0	0	0	784,550	798,387	13,837
0	0	0	175,500	204,503	29,003
0	121,169	121,169	195,000	339,926	144,926
<u>658,975</u>	<u>1,464,180</u>	<u>805,205</u>	<u>18,316,580</u>	<u>18,784,380</u>	<u>467,800</u>
10,885	0	10,885	4,146,342	4,031,536	114,806
833	0	833	1,813,576	1,764,141	49,435
16,000	15,957	43	3,606,254	3,497,228	109,026
0	0	0	1,997,702	1,955,380	42,322
0	0	0	84,450	64,723	19,727
88,337	88,337	0	309,262	309,262	0
642,975	407,905	235,070	3,606,348	3,207,811	398,537
895,882	922,193	(26,311)	895,882	922,193	(26,311)
0	0	0	1,390,902	1,300,135	90,767
115,431	102,717	12,714	2,339,548	2,300,301	39,247
<u>1,770,343</u>	<u>1,537,109</u>	<u>233,234</u>	<u>20,190,266</u>	<u>19,352,710</u>	<u>837,556</u>
<u>(1,111,368)</u>	<u>(72,929)</u>	<u>1,038,439</u>	<u>(1,873,686)</u>	<u>(568,330)</u>	<u>1,305,356</u>
0	0	0	(516,337)	(516,337)	0
0	0	0	722,000	794,533	72,533
2,000	41,116	39,116	56,000	95,929	39,929
0	0	0	(905,063)	(905,061)	2
<u>2,000</u>	<u>41,116</u>	<u>39,116</u>	<u>(643,400)</u>	<u>(530,936)</u>	<u>112,464</u>
<u>(1,109,368)</u>	<u>(31,813)</u>	<u>1,077,555</u>	<u>(2,517,086)</u>	<u>(1,099,266)</u>	<u>1,417,820</u>
0	507,598	507,598	1,422,814	1,921,475	498,661
0	0	0	(1,030,000)	(1,638,008)	(608,008)
<u>0</u>	<u>507,598</u>	<u>507,598</u>	<u>392,814</u>	<u>283,467</u>	<u>(109,347)</u>
<u>(1,109,368)</u>	<u>475,785</u>	<u>1,585,153</u>	<u>(2,124,272)</u>	<u>(815,799)</u>	<u>1,308,473</u>
1,109,368	0	(1,109,368)	2,124,272	6,329,845	4,205,573
0	0	0	0	979,904	979,904
<u>\$ 0</u>	<u>475,785</u>	<u>\$ 475,785</u>	<u>\$ 0</u>	<u>6,493,950</u>	<u>\$ 6,493,950</u>

0	1,346,384
0	532,528
(3,205,203)	(4,227,969)
0	1,055,671
771,460	16,017,858
<u>\$ (1,957,958)</u>	<u>\$ 21,218,422</u>

CITY OF ERIE, PENNSYLVANIA
 Combined Statement of Cash Flows, Continued
 All Proprietary and Pension Trust Funds and Discretely Presented Component Units
 Year Ended December 31, 1995

	Enterprise	Internal Service	Pension Trust
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,969,214	\$ (50,951)	\$ 2,311,014
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Other non-operating income	0	0	0
Noncash items included in operating income (loss):			
Depreciation expense	1,486,434	0	0
Amortization	24,676	0	0
Prior period adjustment	0	0	0
(Increase) decrease in current assets:			
Accounts receivable	(149,727)	0	154,474
Intergovernmental receivable	0	0	0
Other receivables	75,623	(4,747)	0
Inventory	0	0	0
Prepaid insurance	30,060	(787)	0
Due from other funds	(185,400)	0	0
Increase (decrease) in current liabilities:			
Accounts payable	214,448	(74,026)	60,119
Accrued payroll	71,313	0	0
Interfund payable	17,673	0	0
Compensated absences payable	8,564	0	0
Claims and judgments payable	0	(277,895)	0
Due to other governments	0	0	0
Due to other funds	(34,009)	0	0
Deferred revenue	(458,691)	0	0
Other liabilities	0	0	0
Net cash provided (used) by operating activities	<u>3,070,178</u>	<u>(408,406)</u>	<u>2,525,607</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue	794,533	0	0
Note to Sewer Authority	160,000	0	0
Operating transfers in	1,570,822	1,419,000	0
Operating transfers (out)	(4,110,420)	(194,607)	0
Proceeds from the sale of equipment	0	0	0
Net cash provided (used) by noncapital financing activities	<u>(1,585,065)</u>	<u>1,224,393</u>	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Net proceeds from general obligation bonds issued to fund new parking garage	0	0	0
Net proceeds from refunding revenue bonds	0	0	0
Purchase of fixed assets	(1,330,091)	0	0
Payment of bond issue costs	0	0	0
Principal payments	(500,000)	0	0
Interest payments	(919,668)	0	0
Net cash provided (used) by capital and related financing activities	<u>(2,749,759)</u>	<u>0</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale and redemption of investments	31,807,000	0	76,199,489
Net interest earning	1,013,501	86,087	5,231,856
Purchase of investments	(31,529,000)	0	(83,878,707)
Net cash provided (used) by investing activities	<u>1,291,501</u>	<u>86,087</u>	<u>(2,447,362)</u>
Net increase (decrease) in cash	26,855	902,074	78,245
Cash January 1, 1995	644,541	419,290	361,271
Cash December 31, 1995	<u>\$ 671,396</u>	<u>\$ 1,321,364</u>	<u>\$ 439,516</u>
NON-CASH INVESTING ACTIVITIES			
Increase in accrued interest receivable	\$ 0	\$ 0	\$ 146,956
Increase in unrealized appreciation on investments	\$ 0	\$ 0	\$ 13,153,067

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

CITY OF ERIE, PENNSYLVANIA
 Combined Statement of Cash Flows, Continued
 All Proprietary and Pension Trust Funds and Discretely Presented Component Units
 Year Ended December 31, 1995

	Enterprise	Internal Service	Pension Trust
Reconciliation to the balance sheet:			
At January 1, 1995:			
Cash:			
Cash	\$ 644,541	\$ 0	\$ 361,271
Agency fund cash not included on combined statement of cash flows	0	0	713,427
Total cash	644,541	0	1,074,698
Restricted cash and investments:			
Restricted cash and investments	0	419,290	0
Total restricted cash and investments	0	419,290	0
	\$ 644,541	\$ 419,290	\$ 1,074,698
At December 31, 1995:			
Cash:			
Cash	\$ 671,396	\$ 0	\$ 439,516
Agency fund cash not included on combined statement of cash flows	0	0	809,054
Total cash	671,396	0	1,248,570
Restricted cash and investments:			
Restricted cash and investments	0	1,321,364	0
Total restricted cash and investments	0	1,321,364	0
	\$ 671,396	\$ 1,321,364	\$ 1,248,570

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

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ 4,229,277	\$ (4,067,016)	\$ 162,261
0	1,555	1,555
1,486,434	3,765,907	5,252,341
24,676	16,360	41,036
0	(5,954)	(5,954)
4,747	(17,764)	(13,017)
0	(71,582)	(71,582)
70,876	(56,217)	14,659
0	7,649	7,649
29,273	(3,454)	25,819
(185,400)	0	(185,400)
200,541	339,348	539,889
71,313	(7,431)	63,882
17,673	0	17,673
8,564	0	8,564
(277,895)	0	(277,895)
0	308,153	308,153
(34,009)	0	(34,009)
(458,691)	(455)	(459,146)
0	35,356	35,356
<u>5,187,379</u>	<u>244,455</u>	<u>5,431,834</u>
794,533	5,833,964	6,628,497
160,000	0	160,000
2,989,822	0	2,989,822
(4,305,027)	0	(4,305,027)
0	5,954	5,954
<u>(360,672)</u>	<u>5,839,918</u>	<u>5,479,246</u>
0	6,525,706	6,525,706
0	9,795,000	9,795,000
(1,330,091)	(10,143,901)	(11,473,992)
0	(131,958)	(131,958)
(500,000)	(10,496,451)	(10,996,451)
(919,668)	(1,558,436)	(2,478,104)
<u>(2,749,759)</u>	<u>(6,010,040)</u>	<u>(8,759,799)</u>
108,006,489	2,967,694	110,974,183
6,331,444	961,710	7,293,154
(115,407,707)	(2,892,992)	(118,300,699)
<u>(1,069,774)</u>	<u>1,036,412</u>	<u>(33,362)</u>
1,007,174	1,110,745	2,117,919
1,425,102	5,126,066	6,551,168
<u>\$ 2,432,276</u>	<u>\$ 6,236,811</u>	<u>\$ 8,669,087</u>
<u>\$ 146,956</u>	<u>\$ 0</u>	<u>\$ 146,956</u>
<u>\$ 13,153,067</u>	<u>\$ 0</u>	<u>\$ 13,153,067</u>

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$ 1,005,812	\$ 1,748,649	\$ 2,754,461
<u>713,427</u>	<u>0</u>	<u>713,427</u>
1,719,239	1,748,649	3,467,888
 419,290	 3,377,417	 3,796,707
<u>419,290</u>	<u>3,377,417</u>	<u>3,796,707</u>
<u>\$ 2,138,529</u>	<u>\$ 5,126,066</u>	<u>\$ 7,264,595</u>
\$ 1,110,912	\$ 2,295,727	\$ 3,406,639
<u>809,054</u>	<u>0</u>	<u>809,054</u>
1,919,966	2,295,727	4,215,693
 1,321,364	 3,941,084	 5,262,448
<u>1,321,364</u>	<u>3,941,084</u>	<u>5,262,448</u>
<u>\$ 3,241,330</u>	<u>\$ 6,236,811</u>	<u>\$ 9,478,141</u>

CITY OF ERIE, PENNSYLVANIA

Notes to Financial Statements

December 31, 1995

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 principles, 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, their governing bodies are substantively the same as the governing body of the City, and their services are provided entirely for 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, Sinking Fund and Zoning Hearing.

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

Pension Organizations - Officers and Employees Retirement Association, Police Relief and Pension Association and Firemens Pension Fund.

Authority - Erie Cable Television Public Access Authority. This authority monitors the franchise agreement between the City and a cable company and provides for the production of private and government programming on local access channels. This component unit has been blended with the primary government.

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:

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Individual Component Unit Disclosures, Continued

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. This component unit has been included as a discretely presented component unit because the primary government is financially accountable but does not have substantively the same governing body nor does it provide services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefit 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 an agreement which is more fully described in Note III.B.5. This component unit has been included as a discretely presented component unit because the primary government is financially accountable but does not have substantively the same governing body nor does it provide services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefit the primary government.

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. This component unit has been included as a discretely presented component unit because the primary government is financially accountable but does not have substantively the same governing body nor does it provide services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefit the primary government.

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 1994 and 1987 bonds. This component unit has been included as a discretely presented component unit because the primary government is financially accountable but does not have substantively the same governing body nor does it provide services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefit the primary government. (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. This component unit has been included as a discretely presented component unit because the primary government is financially accountable but does not have substantively the same governing body nor does it provide services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefit the primary government.

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. This component unit has been included as a discretely presented component unit because the primary government is financially accountable but does not have substantively the same governing body nor does it provide services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefit the primary government.

The condensed financial information for the six discretely presented component units can be found on pages 130 - 134. Complete 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Individual Component Unit Disclosures, Continued

Administrative Offices:

Redevelopment Authority of
the City of Erie
126 West 9th Street
Erie, Pennsylvania 16501
December 31, 1995
Unqualified opinion dated April 29, 1996

Erie Municipal Park Authority
Integra Trust Company
300 Fourth Avenue
Pittsburgh, Pennsylvania 15278-2331
December 31, 1995
Unqualified opinion dated February 14, 1996

Erie Metropolitan Transit Authority
127 East 14th Street
Erie, Pennsylvania 16503
June 30, 1995
Unqualified opinion dated October 9, 1995

Erie Parking Authority
117 West 7th Street
Erie, Pennsylvania 16501
December 31, 1995
Unqualified opinion dated January 22, 1996

Erie Civic Center Authority
809 French Street
Erie, Pennsylvania 16501

December 31, 1995
Unqualified opinion dated May 15, 1996

Erie Sewer Authority
% PNC Bank
P.O. Box 8480
Erie, Pennsylvania 16501
December 31, 1995
Unqualified opinion dated February 8, 1996

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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, the employees health benefit plan and all other insurance costs of the City.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Presentation - Fund Accounting, Continued

3. Fiduciary Fund Types - Fiduciary Funds generally include non-expendable trust, pension trust, agency and similar funds. The focus of Pension Trust fund measurement is upon net income, financial position and cash flows. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Pension Trust Funds - Pension 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 Assets Account Group which is used to maintain control and cost information for all fixed assets other than those accounted for in Proprietary Funds.

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

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

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 Pension 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Budgetary Data

1. Budget Policy - The City annually adopts the Budget for the General Fund, Liquid Fuels Tax Fund (a Special Revenue Fund), Sewer Revenue, Refuse and Recycling and Golf Funds (Enterprise Funds), and Workers Compensation Claims and Risk Management Funds (Internal Service Funds). Budgets for certain Special Revenue Funds (other than Liquid Fuels Tax Fund) and Capital Projects are grant/project-length budgets adopted at the time the money is awarded. Three Special Revenue Funds, Cable TV Access Program, BUDAG Revolving Account and Section 108 Loan Program, are not budgeted on an annual or grant/project-length basis for various reasons. The City's Budget Ordinance provides transfer authority to (a) City Council within any fund as long as the total fund budget is not increased (the Director of Administration and Finance has the authority to annually transfer up to the lesser of 5% of the budget unit's (Office/Bureau/Division) 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, which are detailed on page 75 for the General Fund, and in total for the Liquid Fuels Tax Fund (a Special Revenue Fund), Sewer Revenue, Refuse and Recycling and Golf Funds (Enterprise Funds), and Workers Compensation Claims and Risk Management Funds (Internal Service 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.
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 Tax Fund (a Special Revenue Fund), Sewer Revenue, Refuse and Recycling and Golf Funds (Enterprise Funds), and Workers Compensation Claims and Risk Management Funds (Internal Service Funds). Budgets for certain Special Revenue Funds (other than the Liquid Fuels Tax 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 in any fund as long as the total fund budget is not increased. The Director of Administration and Finance has the authority to annually transfer up to the lesser of 5% of the budget unit's (Office/Bureau/Division) 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Budgetary Data, Continued

3. Budgetary Accounting, Continued

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 with original maturities of 3 months or less.
2. Investments - Investments other than those included in the Pension Trust and Agency Fund, consist primarily of certificates of deposit, 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 5.60% to 5.81% and are due at various dates through June 21, 1996. Investments included in the Pension Trust and Agency Funds are stated at market value and consist of a variety of fixed income and equity investments.
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, 1995 are recorded as prepaid items.
5. Fixed Assets

General Fixed Assets

Fixed assets used in Governmental Fund type operations (general fixed assets) are accounted for in the General Fixed Assets 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 \$16,900,000 of the \$27,169,752 of fixed assets recorded in the General Fixed Assets 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

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Assets, Liabilities and Fund Equity, Continued

5. Fixed Assets, Continued

Proprietary Fund Fixed Assets, Continued

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.

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

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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, Bridges, Streets and Traffic Improvements, Section 108 Loan Program and Other Projects which have deficits of (\$4,671,548), (\$296,310), (\$1,989,475), and (\$1,252,808), respectively.

Workers Compensation Claims Fund (an Internal Service Fund) has a deficit in retained earnings of (\$3,072,078) 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

No individual fund 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 years 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 periods excess of revenues over expenditures.

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 a combination of federal depository insurance and marketable securities designated as collateral by the financial institutions holding City funds. These accounts are carried at cost. Balances are categorized to give an indication of the level of risk assumed by the City at year end:

Category	Carrying Amount	Bank Balance
(1) Insured and collateralized with securities held by the City or by its agent in the City's name	\$ 217,220	\$ 217,220
(2) Collateralized with securities held by the pledging financial institutions' trust department or agent in the City's name . . .	1,876,855	1,876,855
(3a) Collateralized with designated securities held by the pledging financial institutions' trust department or agency	24,783,509	27,978,928
(3b) Uncollateralized (includes funds held in common trust funds) . .	31,200	714,194
Total	\$ 26,908,784	\$ 30,787,197

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

A. Assets, Continued

1. Cash and Investments, Continued

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 counterpartys trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparties or by their trust department or agent, but not in the City's name. Investments are categorized as to the risk assumed at year end.

	Category 1	Category 2	Category 3	Carrying Amount	Market Value
Government bonds	\$ 0	\$ 0	\$ 27,453,025	\$ 27,453,025	\$ 28,968,387
Corporate bonds	0	0	21,717,409	21,717,409	22,843,650
Common stocks	0	0	27,508,604	27,508,604	35,210,219
Fixed income obligations	0	0	0	0	0
International investments	0	0	5,425,812	5,425,812	5,756,055
Miscellaneous	0	0	0	0	18,947
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 82,104,850</u>	<u>82,104,850</u>	<u>92,797,258</u>
Mutual funds (see also Note III.B.2.)				4,963,832	4,944,885
Money market funds				2,947,776	2,947,776
Total investments				<u>\$ 90,016,458</u>	<u>\$ 100,689,919</u>

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

Cash	\$ 26,908,784
Investments	100,689,919
Total	<u>\$ 127,598,703</u>

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

Cash	\$ 2,068,681
Investments	124,208,658
Restricted cash and Investments	1,321,364
Total	<u>\$ 127,598,703</u>

2. Accounts Receivable - Accounts receivable represents the balance due to the Enterprise Fund as of December 31, 1995 for services provided through December 31, 1995, net of an allowance for uncollectible accounts as follows:

	Sewer Revenue Fund	Refuse and Recycling Fund	Total
Gross accounts receivable	\$ 2,074,698	\$ 923,019	\$ 2,997,717
Less: allowance for uncollectible receivables	859,655	570,764	1,430,419
Account receivable, net	<u>\$ 1,215,043</u>	<u>\$ 352,255</u>	<u>\$ 1,567,298</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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

A. Assets, Continued

3. Property Taxes Receivable and Deferred Revenue, Continued

The City levied real estate taxes of \$23,872,537 on January 1, 1995 based on a gross assessed valuation of \$552,221,480 at 43.23 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, 1995.

Current real estate taxes receivable at December 31, 1995 consists of the face value of the tax levy uncollected at December 31, 1995.

The receivable for outstanding delinquent tax levies at December 31, 1995 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.

The property tax receivable represents the balance due to the City of Erie for real estate taxes levied prior to December 31, 1995. In accordance with generally accepted accounting principles, revenue from these receivables are recognized only to the extent received within 60 days of December 31, 1995. 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 1994 and prior	\$ 1,828,608
Balance held by City Treasurer for 1995	1,471,860
Less: provision for uncollectible receivables	73,244
Total receivable	3,227,224
Less: cash received in January and February of 1996 and recognized as revenue	212,722
Deferred property tax revenue	3,014,502
Deferred lien revenue	223,334
Total deferred revenue	\$ 3,237,836

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 collectors bank account at December 31, 1995, as well as the City's share of the fourth quarter, 1995 taxes collected by the tax collector in January and February, 1996 as follows:

Estimated share of December 31, 1995 cash balance	\$ 123,463
Estimated share of January and February, 1996 cash receipts	1,369,820
Total receivable	\$ 1,493,283

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, 1995 is \$21,847.

Also the City has 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 1995, payments made to the City totalled \$318,666, representing \$234,576 of principal and \$84,090 of interest. The detailed activity is as follows:

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

A. Assets, Continued

5. Notes Receivable, Continued

Balance outstanding at December 31, 1994	\$ 3,588,309
1995 loans	1,487,555
Principal repayments	234,576
Balance outstanding at December 31, 1995	\$ 4,841,288

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.)

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	\$ 551,521	\$ 1,006,462	\$ 187,717
Less: provision for uncollectible receivables	328,124	851,860	94,230
Net lien receivable	\$ 223,397	\$ 154,602	\$ 93,487

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, 1995 from interest income, gas well revenue 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

A. Assets, Continued

9. Lease Agreement, Continued

1996	\$ 1,557,727
1997	1,627,825
1998	1,701,077
1999	1,777,626
2000	1,857,619
2001 and thereafter	40,346,252
Total lease receivable	<u>\$ 48,868,126</u>

10. Prepaid Insurance - Prepaid insurance represents a pro-rata share of premiums paid during 1995 which provides coverage through various dates in 1996.

11. Fixed Assets

A summary of general fixed assets at December 31, 1995 is as follows:

	Balance January 1, 1995	Additions	Dispositions	Balance December 31, 1995
Land	\$ 928,167	\$ 49,000	\$ 0	\$ 977,167
Building and improvements	13,073,508	1,903,157	1,840,445	13,136,220
Vehicles and equipment	13,089,832	50,905	84,372	13,056,365
Total	<u>\$ 27,091,507</u>	<u>\$ 2,003,062</u>	<u>\$ 1,924,817</u>	<u>\$ 27,169,752</u>

A summary of Proprietary Fund type fixed assets at December 31, 1995 is as follows:

	Balance January 1, 1995	Additions	Dispositions	Balance December 31, 1995
Land	\$ 730,999	\$ 0	\$ 0	\$ 730,999
Building and improvements	8,585,211	147,267	0	8,732,478
Improvements other than buildings	43,356,110	156,037	0	43,512,147
Vehicles and equipment	7,927,092	1,802,183	0	9,729,275
Total	<u>60,599,412</u>	<u>2,105,487</u>	<u>0</u>	<u>62,704,899</u>
Less: accumulated depreciation ..	28,627,173	1,486,434	0	30,113,607
Net fixed assets	<u>\$ 31,972,239</u>	<u>\$ 619,053</u>	<u>\$ 0</u>	<u>\$ 32,591,292</u>

Improvements other than buildings consist of leasehold improvements to the waste water plant, water mains and intakes, fire hydrants and water storage reservoirs. The general fixed asset dispositions and Proprietary Fund additions above include \$755,396 of assets transferred to the Refuse and Recycling Fund as of January 1, 1995. (See Note VI.E.)

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 all contributions are made as single employer defined benefit pension plans and cover only City of Erie employees. The information pertaining to the particular plans is explained in the following:

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

B. Liabilities, Continued

1. Pension Plans, Continued

Officers and Employees Retirement Association

Plan Description - The Officers and Employees Retirement Association ("Officers and Employees") 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, 1995 reported the City's covered and total annual payroll pertaining to all the employee groups listed above as \$11,401,455. Covered payroll refers to all compensation paid by the City to active employees covered by the Officers and Employees Retirement Association.

All employees who are not uniformed police or fire employees are required to participate in the plan. Under the provisions 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 60. 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 15 years of service (10 years for employees hired prior to 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.

Covered employees must contribute 6½% (except for a few employees hired prior to 1969, who contribute 4½% or 5%) of their gross qualified earnings 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 Officers and Employees Retirement Association does not have any investments issued by a related party as of December 31, 1995, 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 Employees Retirement System (PERS) funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons among PERS. This measure is independent of the funding method used to determine the City's contribution requirements.

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

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

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

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

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

B. Liabilities, Continued

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

The unfunded pension benefit obligation as of January 1, 1995 (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 1995.

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 1995 was \$1,881,360.

Total contribution to the Officers and Employees Retirement Association in 1995 amounted to \$2,701,970. 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 16.1% and 6.5% of covered payroll, respectively.

Trend Information - Historical trend information for the Officers and Employees Retirement Association is as follows:

	1994	1993	1992
Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees	53.5%	55.5%	49.7%
Unfunded pension benefit obligation as a percentage of the City's annual covered payroll ¹	249%	235%	259%
City and State contributions to the pension plan as a percentage of annual covered payroll	22.4%	19.1%	22.8%

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 Relief and Pension Association

Plan Description - The Police Relief and Pension Association ("Police Pension Fund") covers the uniformed employees of the Bureau of Police.

The latest actuarial report, dated January 1, 1995, reported the City's covered and total annual payroll for police officers as \$6,958,189. 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

B. Liabilities, Continued

1. Pension Plans, Continued (Police Relief and Pension Association)

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. Members hired before 1981 shall receive, when retired, an annual cost of living increase to their monthly benefit based on increases in the Consumer Price Index and subject to certain limits.

Also, the plan provides for death benefits of 50% of annual compensation and disability 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, 1995, 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 Employees 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 for members hired before 1981, reflect an assumed 5% annual cost of living benefit increase.

The unfunded pension benefit obligation as of January 1, 1995 (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 1995.

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

B. Liabilities, Continued

1. Pension Plans, Continued (Police Relief and Pension Association)

The total financial requirement of the plan for 1995 was \$5,028,735.

Total contribution to the Police Pension Fund in 1995 amounted to \$5,419,278. 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 72.7% and 5.0% of covered payroll, respectively.

Trend Information - Historical trend information for the Police Pension Fund is as follows:

	1994	1993	1992
Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees	35.9%	38.7%	29.3%
Unfunded pension benefit obligation as a percentage of the City's annual covered payroll ¹	707%	616%	846%
City and State contributions to the pension plan as a percentage of annual covered payroll	72.6%	77.0%	79.3%

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.

Legal Matters - As previously described, members hired after January 1, 1981 do not receive, when retired, an annual cost of living allowance (COLA) to their benefits. Commonwealth Court recently ruled that this provision does not apply. The City of Erie disagrees with the Court's ruling, which may be appealed. In addition, the pension benefit obligation (PBO) is based on an actuarial assumption of annual COLA increases. Pending the final resolution of this matter, the PBO may be significantly different. The amount of the difference is indeterminable at the present time.

Firemens Pension Fund

Plan Description - The Firemens Pension Fund covers all members of the Bureau of Fire.

The latest actuarial report, dated January 1, 1995, reported the City's covered and total annual payroll for the firemen as \$7,011,922. Covered payroll refers to all compensation paid by the City to active employees covered by the Firemens 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

B. Liabilities, Continued

1. Pension Plans, Continued (Firemens Pension Fund)

Related Party Investments - The Firemens Pension Fund does not have any investments issued by a related party as of December 31, 1995, 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 Employees 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, 1995 (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 1995.

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 1995 was \$1,933,582.

Total contribution to the Firemens Pension Fund in 1995 amounted to \$2,309,944. 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 27.6% and 5.2% of covered payroll, respectively.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

B. Liabilities, Continued

1. Pension Plans, Continued (Firemens Pension Fund)

Trend Information - Historical trend information for the Firemens Pension Fund is as follows:

	1994	1993	1992
Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees	38.9%	39.8%	34.0%
Unfunded pension benefit obligation as a percentage of the City's annual covered payroll ¹	399%	391%	400%
City and State contributions to the pension plan as a percentage of annual covered payroll	29.8%	35.4%	37.3%

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, 1995 (latest actuarial report) is as follows:

	Officers and Employees	Police	Firemens	Total
<u>Non-Current Employees</u>				
Retirees, beneficiaries	\$ 22,390,415	\$ 41,068,516	\$ 14,767,500	\$ 78,226,431
Terminated employees	456,287	1,112,490	63,384	1,632,161
Total non-current employees	<u>22,846,702</u>	<u>42,181,006</u>	<u>14,830,884</u>	<u>79,858,592</u>
<u>Current Employees</u>				
Accumulated employee contributions	6,042,947	3,357,827	3,901,602	13,302,376
Employer financed	16,079,176	33,863,246	24,921,617	74,864,039
Total current employees	<u>22,122,123</u>	<u>37,221,073</u>	<u>28,823,219</u>	<u>88,166,415</u>
Total pension benefit obligation	44,968,825	79,402,079	43,654,103	168,025,007
Net assets available for benefits (market value)	23,400,264	28,512,257	16,961,775	68,874,296
Unfunded pension benefit obligation	<u>\$ 21,568,561</u>	<u>\$ 50,889,822</u>	<u>\$ 26,692,328</u>	<u>\$ 99,150,711</u>

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

	Officers and Employees	Police	Firemens	Total
City of Erie	\$ 1,836,524	\$ 5,056,295	\$ 1,933,582	\$ 8,826,401
Employees	743,426	350,364	364,591	1,458,381
County of Erie and other				
City agencies	108,260	0	0	108,260
Commonwealth of Pennsylvania	13,760	12,619	11,771	38,150
Total	<u>\$ 2,701,970</u>	<u>\$ 5,419,278</u>	<u>\$ 2,309,944</u>	<u>\$ 10,431,192</u>

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

B. Liabilities, Continued

1. Pension Plans, Continued

Current membership in the plans is as follows:

	Officers and Employees	Police	Firemens	Total
Retirees, beneficiaries	375	191	164	730
Terminated	9	8	1	18
Active	418	192	182	792
Total	<u>802</u>	<u>391</u>	<u>347</u>	<u>1,540</u>

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

	Market Value
<u>Police Pension Fund</u>	
Mortgage backed securities (GNMA and FHLMC)	\$ 4,950,459

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 accounts for its various insurance programs in the Internal Service Funds. Insurance, administrative and claims costs are charged to expenditures in those funds. The annual costs are billed to the other funds, which amounts are reported as revenues in the Internal Service Funds. Claim liabilities, which include incurred but not reported claims, are based on the estimated ultimate costs of settling the claims, based on historical experience. The funds used by the City are Workers Compensation, Employees Health Benefit Plan and Risk Management.

The City maintains a self-insurance program for workers compensation coverage. The fund charges back the costs to various other funds of the City based upon an appropriate risk factor based on the Pennsylvania Workers Compensation "Lost Cost" rates. This risk factor is then applied to the City's actual workers compensation losses and administrative costs in order to develop the actual charge back amount. A third-party claim administrator establishes claim reserves and adjusts claims. The City purchases stop-loss insurance for catastrophic type losses. This insurance limits the City's annual payout to a fixed amount. For 1995, the medical stop-loss amount was \$100,000 in the first year of a large-loss payment while the indemnity stop-loss was \$22,500. The change in the liability for estimated claims is comprised of:

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

B. Liabilities, Continued

3. Risk Management, Continued

Balance, December 31, 1994	\$ 3,512,791
Incurred claims and claims adjustment expenses:	
Provision for insured events of the current year	\$ 284,997
Increases in provision for insured events of prior year	1,208,633
Total incurred claims and claims adjustment expenses	1,493,630
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current year	173,789
Claims and Claim adjustment expenses attributable to insured events of prior year	1,597,736
Total Payments	1,771,525
Balance, December 31, 1995	\$ 3,234,896

The City intends to cover the deficit in the Workers Compensation Claims Fund by annual assessments to the participating funds.

The Employees Health Benefit Plan is a modified self-insurance program for insuring hospitalization and medical costs. The program is limited to losses of \$50,000 annually per covered person for all programs combined. Additional coverage to the policy limits is provided through the use of stop-loss policies. The Plan is fully funded by city contributions and covers all employees and eligible dependents. At December 31, 1995 there were no material amounts of claims liabilities.

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 1995, the City began a "protected" self-insurance plan. The City's comprehensive excess insurance program allows the City to self-insure small losses and fully insure catastrophe. Substantially all prospective losses are covered by excess loss insurance with retained losses generally of \$25,000 and a \$200,000 aggregate loss limit. At December 31, 1995 there were no material amounts of claims liabilities. Prior to 1995, these risks were accounted for in the General Fund, which, at December 31, 1994, had a designation of its fund balance of \$1,341,934 to cover the estimated losses under its self-insurance program. This amount was reduced to \$406,646 at December 31, 1995 because of the 1995 change to the related insurance programs.

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 \$1,500 to \$100,000. With regard to unsettled cases, the range of possible outcomes varies from remote to reasonably possible. The City's aggregate potential liability is \$865,500 and 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 \$607,000 of property taxes representing taxes levied and collected in excess of the LERTA abatement.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

B. Liabilities, Continued

5. Lease Agreements

Erie Municipal Park Authority - In 1964, the City entered into a rental agreement with the Erie Municipal Park Authority, a component unit, to lease certain property, which is recorded in the General Fixed Assets 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, 1995 are \$395,000. Upon termination of the lease, the leased property becomes property of the City. Therefore, this lease is being accounted for as a capital lease.

The remaining lease payments as of December 31, 1995 are as follows:

1996	.....	\$	53,000
1997	.....		53,000
1998	.....		53,000
1999	.....		53,000
2000	.....		53,000
2001 and thereafter	.....		212,000
Total lease payments	.....		<u>477,000</u>
Less: interest portion	.....		145,915
Minimum lease obligation	.....	\$	<u>331,085</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. Upon termination of the lease, the leased property is retained by the Authority. Therefore, this lease is being accounted for as an operating lease. During 1993, the City advanced to the Authority \$6,000,000 from the proceeds of the 1993 General Obligation Bond 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. In 1995, the Authority refinanced its 1972 bonds with the issuance of 1995 Sewer Revenue Bonds in the principal amount of \$9,795,000. Repayment by the Authority is through semi-annual lease payments from the City in amounts necessary to retire the Authority's debt and note. The lease payments are due on June 1 and December 1 through December 1, 2011 for the debt and on May 1 and November 1 through November 1, 2017 for the note. The remaining lease payments as of December 31, 1995 are as follows:

	Debt	Note	Total
1996	\$ 892,985	\$ 451,262	\$ 1,344,247
1997	900,698	450,900	1,351,598
1998	896,933	449,610	1,346,543
1999	901,633	452,960	1,354,593
2000	899,878	450,560	1,350,438
2001 and thereafter	9,785,796	7,690,226	17,476,022
Total lease payments	14,277,923	9,945,518	24,223,441
Less: interest portion	4,482,923	3,970,518	8,453,441
Total minimum lease obligation	<u>\$ 9,795,000</u>	<u>\$ 5,975,000</u>	<u>\$ 15,770,000</u>

The lease rental payment for 1995 was \$1,040,389.

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 5 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 1995 were \$260,299.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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

B. Liabilities, Continued

5. Lease Agreements, Continued

The remaining lease payments as of December 31, 1995 are as follows:

1996	.....	\$ 260,299
1997	.....	227,666
1998	.....	169,440
1999	.....	167,136
		<hr/>
Total lease payments	.....	824,541
Less: Interest portion	.....	107,008
		<hr/>
Total minimum lease obligation	.....	<u>\$ 717,533</u>

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

Erie Municipal Park Authority	.....	\$ 331,085
Other lease agreements	.....	717,533
		<hr/>
Total capital leases	.....	<u>\$ 1,048,618</u>

Assets capitalized under capital lease agreements total approximately \$2,960,000.

6. Long-Term Debt

General Long-Term Debt Account Group: General obligation note and 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 \$106,853,605 of non-electoral indebtedness.

General Obligation Note - On September 14, 1994, the City issued \$3,000,000 principal amount of General Obligation Note, Series of 1994 for the purpose of providing interim working capital for the construction of the Erie Baseball Park and to pay the costs of issuance of the note. The note matures on March 15, 1996. The note bears interest at a fixed rate of 3.97% payable semi-annually on March 15 and September 15, each year, commencing March 15, 1995. The outstanding principal at December 31, 1995 is \$1,000,000.

General Obligation Bonds:

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, 1995 is \$945,000.

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 its Cable Television franchise and to pay the costs and expenses incidental to the issuance of the bonds. The bonds are to mature serially in various amounts on November 1, 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, 1995 is \$335,000.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

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, 1995 is \$29,240,000 of which \$18,505,000 (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 retirement.

The following summarizes the maturities and related interest requirements due subsequent to December 31, 1995, for outstanding indebtedness of the Proprietary Fund:

	General Obligation Bonds		
	Principal	Interest	Total
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	570,000	829,131	1,399,131
2000	595,000	806,331	1,401,331
2001 and thereafter	15,745,000	8,046,934	23,791,934
Total	\$ 18,505,000	\$ 12,288,447	\$ 30,793,447

Changes in long-term debt payable during 1995 are summarized as follows:

	Balance January 1, 1995	Incurred	Retired	Balance December 31, 1995
<u>General Long-Term Debt</u>				
Capital lease obligation	\$ 1,273,342	\$ 0	\$ 224,724	\$ 1,048,618
General obligation note	2,999,863	0	1,999,863	1,000,000
General obligation bonds	12,470,000	0	455,000	12,015,000
Total General Long-Term Debt	16,743,205	0	2,679,587	14,063,618
<u>Proprietary Fund Debt</u>				
<u>Sewer Revenue Fund:</u>				
General obligation bonds	19,005,000	0	500,000	18,505,000
Total Proprietary Fund Debt	19,005,000	0	500,000	18,505,000
Total Debt	\$ 35,748,205	\$ 0	\$ 3,179,587	\$ 32,568,618

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, 1995, \$3,200,000 of bonds outstanding are considered defeased.
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 \$264,723, which represents an increase of \$74,250 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, 1995

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 1995, the cost of postemployment benefits was \$124,528 for the 33 eligible Police retirees and \$93,809 for the 23 eligible Firefighter retirees.

C. Interfund Receivables and Interfund Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund receivables" or "interfund payables" on the balance sheets.

As indicated in Note III.A.1., the City invests its funds in various certificates of deposit. Periodically throughout the year, the timing of the maturities of the certificates may not generate sufficient deposits to fully cover the cash disbursed from a particular account. When this occurs, temporary loans are made between funds to cover such deficiencies. Accordingly, any such overdraft conditions at the balance sheet date are included in "interfund payables" and "interfund receivables."

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 in the amount of \$76,117. Also, during 1993, the Capital Improvement Fund loaned the Golf Fund \$76,000; at December 31, 1995 the principal balance due was \$37,324. The balances in the due to and due from other funds represent temporary loans between the funds.

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.

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, 1995

IV. SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintained, during 1995, five Enterprise Funds which provide the following services:

	Utilities				Recreation		Total Enterprise Fund
	Sewer Revenue	Sewer Reserve	Water Revenue	Refuse and Recycling	Golf		
Operating revenue	\$ 12,854,869	\$ 0	\$ 1,929,882	\$ 3,581,844	\$ 973,065		\$ 19,339,660
Operating expenses before depreciation . . .	11,568,900	0	0	3,490,048	825,064		15,884,012
Depreciation	565,642	0	805,910	55,684	59,198		1,486,434
Operating income	720,327	0	1,123,972	36,112	88,803		1,969,214
Nonoperating revenue (expense)	722,427	85,346	0	62,912	17,681		888,366
Operating transfers in . . .	962,814	608,008	0	0	0		1,570,822
Operating transfers (out) . .	(1,626,958)	(962,814)	(1,490,648)	0	(30,000)		(4,110,420)
Net income	<u>\$ 778,610</u>	<u>\$ (269,460)</u>	<u>\$ (366,676)</u>	<u>\$ 99,024</u>	<u>\$ 76,484</u>		<u>\$ 317,982</u>
Current assets	\$ 10,607,577	\$ 1,446,233	\$ 0	\$ 532,311	\$ 203,158		\$ 12,789,279
Fixed asset additions	1,224,838	0	0	20,381	84,872		1,330,091
Other assets	13,675,571	0	22,451,278	719,712	685,052		37,531,613
Total assets	<u>\$ 25,507,986</u>	<u>\$ 1,446,233</u>	<u>\$ 22,451,278</u>	<u>\$ 1,272,404</u>	<u>\$ 973,082</u>		<u>\$ 51,650,983</u>
Current liabilities	\$ 1,312,466	\$ 0	\$ 0	\$ 117,709	\$ 65,045		\$ 1,495,220
Bonds and other liabilities . .	18,328,270	0	8,651,113	0	0		26,979,383
Residual equity transfer . . .	0	0	0	1,055,671	0		1,055,671
Total equity	5,867,250	1,446,233	13,800,165	99,024	908,037		22,120,709
Total liabilities and equity	<u>\$ 25,507,986</u>	<u>\$ 1,446,233</u>	<u>\$ 22,451,278</u>	<u>\$ 1,272,404</u>	<u>\$ 973,082</u>		<u>\$ 51,650,983</u>
Net working capital	<u>\$ 9,295,111</u>	<u>\$ 1,446,233</u>	<u>\$ 0</u>	<u>\$ 414,602</u>	<u>\$ 138,113</u>		<u>\$ 11,294,059</u>

V. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

A. Debt Guaranty Agreements

The Erie Parking Authority's Guaranteed Parking Revenue Bonds, Series 1995, is fully insured by an independent insurance company against default. The City agreed to guaranty this component unit's 1995 Series in the form of a Guaranty Agreement whereby the City will guarantee payment of principal and interest. The insurance company's guaranty would become effective if both the Authority and the City failed to meet the obligation. Bonds outstanding at December 31, 1995 are \$9,010,000. (See Note VII.D.6.)

The Erie Parking Authority's Guaranteed Parking Revenue Refunding Bonds, Series 1994, partially refunded the 1987 series and is fully insured by an independent insurance company against default. The City agreed to guaranty this component unit's 1994 Series in the form of a Guaranty Agreement whereby the City will guarantee payment of principal and interest. The insurance company's guaranty would become effective if both the Authority and the City failed to meet the obligation. Bonds outstanding at December 31, 1995 are \$12,105,000. (See Note VII.D.6.)

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 guaranty would become effective if both the Authority and the City failed to meet the obligation. Bonds outstanding at December 31, 1995 are \$1,700,000. (See Note VII.D.6.)

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

V. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES, Continued

A. Debt Guaranty Agreements, Continued

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 \$10,689,924 and \$2,766,826, respectively, at December 31, 1995.

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.

C. Significant Contractual Agreements

The City has entered into several contractual agreements with architectural, engineering and construction firms related to the construction of a new central fire station and a new centralized public works complex. The total contractual cost for the fire station is \$1,020,000, of which \$250,634 has been paid or accrued at December 31, 1995. The public works complex has a contractual cost of \$2,800,000, of which \$389,335 has been paid on accrued at year end.

D. Baseball Park Project

On August 19, 1994, the City entered into an agreement, as amended, with the Commonwealth of Pennsylvania under which the Commonwealth committed to provide \$8,855,000 of funding from the state's Redevelopment Assistance Capital Fund for the purpose of construction of a Baseball Park. Construction of the ballpark was completed in 1995. In connection with this agreement, local funds in the amount of \$6,457,000 were committed. As part of this local component, the Erie Parking Authority completed, after year end, the construction of a parking ramp with a projected final cost of \$5,889,000. In addition, land with an appraised value of \$2,100,000 was donated by the Erie Civic Center Authority and the Erie Parking Authority for the construction of the baseball park complex and the adjacent parking ramp. Grants for the purpose of paying "soft" costs (architect, legal, appraisal and other fees) were made by the City and County of Erie, each in the amount of \$300,000, Millcreek Township in the amount of \$25,000, Team Erie, a group of local investors in the amount of \$300,000 with an additional \$65,000 of "in-kind" services by the utility companies. The total project cost is \$17,925,827. The ballpark complex, with a total cost of \$9,936,827 was completed in 1995.

A receivable in the amount of \$1,991,156 has been recorded in the Special Revenue Fund, of which \$1,916,156 due from the Commonwealth, is included with intergovernmental receivables and \$75,000 due from Team Erie, is included with other receivables. The City has funded the construction of the baseball park primarily from draws on a \$3,000,000 line of credit. At year end 1995, the balance due on this line was \$1,000,000. In addition, there were interfund payables amounting to \$934,362 as a result of this project. Accounts payable at year end related to construction of the ballpark was \$89,478.

E. Other Contingencies

In connection with certain self-insurance agreements the City has a letter of credit at December 31, 1995 of \$4,868,818. The letter of credit is collateralized with a Tax Anticipation Note.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

V. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES, Continued

F. Contingent Liability

In the fall of 1982, the City elected to enter into a contract with Pennsylvania Manufacturers Insurance Company (PMA) under a program called "Paid Loss Retrospective" (PLR) for securing workers' compensation benefit payments. This program mirrored a self-insurance program by allowing the City to be responsible for paying losses while retaining the cash flow advantage of self-insurance.

The City was notified on April 30, 1996, by PMA that the formula developed by PMA to calculate the "Retrospective Adjustment" for the years January 1, 1983 through December 31, 1991, erroneously and repeatedly credited dividends at each annual retrospective adjustment. As a result, PMA alleges that they incorrectly credited approximately \$2,047,000 to the City. The City is analyzing this claim and, as of the date of the accompanying financial statements, cannot determine whether a loss has been sustained. Accordingly, the financial statements do not include any loss provision.

VI. OTHER DISCLOSURES

A. Revolving Fund Programs

1. Bayfront Urban Development Action Grant (BUDAG) - In 1980, the City received an Urban Development Action Grant under Section 179 of the Housing and Urban Development Act of 1974 (P.L. 93-383) in the amount of \$7,315,338 for the purpose of developing the bayfront area. Of this total grant award \$1,500,000 was used by Erie Insurance for the purpose of acquiring certain parcels of property in the bayfront area. The purchase price plus interest is being repaid to the City in the form of a \$200,000 lump sum payment and 30 subsequent annual installments of \$75,179. All payments received by the City are restricted to expenditures for further improvement activities in the bayfront area subject to approval by both the City and HUD. The City is reporting this activity as a Special Revenue Fund activity and the balance available for expenditure is presented there.
2. Enterprise Zone Loan Program - During the past several years, the City has received state grant funds under the Enterprise Zone Program which are utilized by the City in supporting businesses within the "Enterprise Zone." These funds are loaned to businesses at attractive interest rates which the City feels results in increased business investment, job creation, and expansion and retention of manufacturing and service firms in the area. All principal and interest payments received by the City are restricted to expenditures that meet the objectives of the Enterprise Zone Program. The city is including this activity with "Other Projects," a Special Revenue Fund. The balance available for expenditure is \$214,085.

B. 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, 1995."

C. 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VI. OTHER DISCLOSURES, Continued

D. 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.

E. New Enterprise Fund

As of January 1, 1995, the City created a Refuse and Recycling Fund to account for refuse and recycling activities, which were previously included with the General Fund. In connection with the establishment of this Fund, the General Fund made a residual equity transfer of \$280,275 and the General Fixed Asset Group transferred \$775,396 of assets.

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 information of the Authority includes 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 information of the Authority have been prepared on the modified accrual basis of accounting which recognizes revenues when they become measurable and available and expenditures are recognized when the liability is incurred.

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 the costs of completed projects are removed from fund equity in the year the project is closed. Also, for purposes of this financial information, the current year grant revenue is included with intergovernmental revenue and not as contributed capital as prescribed by HUD. This change caused \$36,058,418 of previously reported contributed capital and other credits to be reclassified as unreserved, undesignated fund balance.

3. Cash Deposits - The Redevelopment Authority's cash deposits were covered by federal depository insurance and collateralized by security pools held by the Authority's authorized depositories in accordance with Pennsylvania Pledge Act 72. Cash deposits are carried at cost plus accrued interest earned and paid. Bank balances are categorized below to give an indication of the level of risk assumed by the Authority at year end as follows:

<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
(1) Insured by federal depository insurance	\$ 100,000	\$ 101,055
(2) Collateralized by federal security pools held by the pledging financial institutions trust department or agent in the name of the financial institution	318,219	318,219
Total deposits	<u>\$ 418,219</u>	<u>\$ 419,274</u>

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

A. Redevelopment Authority of the City of Erie, Continued

4. 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 or her contribution regardless of length of service. The Authority's contributions were calculated using the total compensation of eligible participants in the amount of \$296,911. Total payroll for the year was \$337,309. Both the Authority and the covered employees made the required contributions, amounting to \$22,268 from the Authority and \$16,330 from the covered employees, or \$38,598 in total.
5. Long-Term Debt - The Authority entered into a mortgage agreement dated May 14, 1992 with 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 sales are applied against the principal balance of the note which is due in full on May 14, 1997.

The Authority entered into a mortgage agreement dated November 1, 1994 with a local bank to construct two affordable homes for low income families. As of December 31, 1995, \$61,888 of the \$103,200 credit limit on the mortgage note had been drawn from the bank in payment of construction costs. The note is secured by the real estate parcels upon which the new homes are being constructed. Terms of the note include interest at 1% above the prime rate with full payment due on July 1, 1996.

6. 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 information. 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, 1995 amounted to \$12,000. Future minimum lease payments for the lease are as follows:

Year ending		
1996	.....	\$ 10,000
Total	.....	<u>\$ 10,000</u>

7. Transactions with the Primary Government - During 1995, the Redevelopment Authority received \$915,791 in grants from the City of Erie, recorded as intergovernmental revenue in the component unit's statement of revenues, expenditures and changes in fund balance.
- B. Erie Municipal Park Authority
1. Activities - The Erie Municipal Park Authority, a financing Authority incorporated June 12, 1964, was formed to acquire and improve the park, playgrounds and recreation grounds located at the Erie Zoological Society. It has since entered into a lease with the City of Erie for the park grounds which revenue is used to finance the interest and debt reduction of the Authority.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

B. Erie Municipal Park Authority, Continued

2. Basis of Accounting - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial information. The accompanying financial information has been prepared on the modified accrual basis of accounting.
3. Property, Plant and Equipment - The Authority's fixed assets relating to the bond issues are reflected in the General Fixed Assets Account Group of the City of Erie.
4. Investments - The investments stated at cost, which approximates market value, at December 31, 1995 consist of U.S. Treasury trust obligations.
5. Long-Term Debt - The bonds payable consists of Park Revenue Bonds - Series of 1964, \$1,080,000 principal amount, dated August 1, 1964. The remaining bonds outstanding at December 31, 1995 bear interest payable semi-annually on February 1 and August 1, and mature on February 1, 2004.

Year of Maturity	Interest Rate	Amount
2004	3.50%	\$ 415,000

In accordance with the Trust Indenture, bonds maturing February 1, 2004 are subject to redemption prior to and in order of maturity in part on February 1, 1980 and on any February 1 thereafter, except on maturity dates thereof, only from monies in the Special Sinking Fund Account in the Bond Fund upon payments of 100% of the principal amount plus accrued interest.

In addition, bonds outstanding are subject to redemption prior to maturity at the option of the Authority as a whole at any time or from time to time in part in the inverse order of maturity on any interest payment date upon payment of the principal plus accrued interest to the date of redemption.

As of December 31, 1995, the Authority has redeemed principal amount of bonds prior to normal redemption, which would have matured in 2004, in the amount of \$200,000. For the year ended December 31, 1995, the Authority redeemed bonds at a discount as follows:

Face amount of bonds redeemed	\$ 35,000
Less: discount upon redemption	(100)
Redemption amount	\$ 34,900

6. Transactions with the Primary Government - The offsetting asset and liability represents the aggregate remaining bond principal outstanding as of December 31, 1995 for the Series of 1964 bond issue. These bonds are redeemed with the proceeds from leasing the Park property to the City of Erie. The City's lease rental payment is \$53,000 annually on January 1 to and including January 1, 2004, which amounts to \$477,000 at December 31, 1995. The difference between the aggregate lease rentals to be received and outstanding bond principal represents bond interest and administrative expenses. (See also note III.B.5.)

C. 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

C. Erie Metropolitan Transit Authority, Continued

3. Cash and Investments - Restricted cash represents cash required to be restricted by grant agreement. The restricted amounts are as follows:

Pennsylvania Department of Transportation, Act 26, Section 1310 \$ 1,637,380

Board restricted cash has been internally designated for the following:

Pennsylvania Department of Transportation grant
advances and local matching funds \$ 80,650

Cash and cash equivalents and investments consist of the following:

	Cost	Market
<u>Cash and cash equivalents:</u>		
Petty Cash	\$ 2,850	\$ 2,850
Cash in checking and savings at local bank	630,485	630,485
Pennsylvania Act 26 Savings account at local bank, interest rate of 4.24% per annum	637,360	637,360
Cash funds with brokerage firm	464	464
<u>Certificates of deposit with local bank:</u>		
Maturity May 10, 1996, interest rates of 5.76% and 3.100% per annum	102,010	102,010
Maturity May 10, 1996, interest rate of 5.76% per annum	70,413	70,413
	<u>1,443,582</u>	<u>1,443,582</u>
<u>Investments:</u>		
Government Income Securities, Inc. mutual fund investing in securities guaranteed by the U.S. Government of its instrumentalities	511,175	508,835
\$165,000 U.S. Treasury Notes, due April 30, 1996, 5.50% yield to maturity	162,044	164,691
\$95,000 FHLMC Pool, 6.000% yield to maturity due December 15, 2023	91,197	91,197
Pennsylvania Local Government Investment Trust/Term Fund, average yield of 5.66% at June 30, 1995	258,577	258,577
PIF Dollar Series Federal Fund mutual fund	268,615	268,615
\$1,006,000 U.S. Treasury Notes, due April 30, 1996, 5.5% yield to maturity	1,000,020	1,003,796
	<u>2,291,628</u>	<u>2,295,711</u>
	<u>\$ 3,735,210</u>	<u>\$ 3,739,293</u>

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

C. Erie Metropolitan Transit Authority, Continued

4. Investment in Transit System - The investment in the transit system is carried on the books at cost and consists of the following:

	Estimated Useful Lives in Years		
Land	N/A	\$	85,521
Land improvements	10 - 15		227,768
Building and building improvements	12 - 33		1,801,388
Buses	7 - 12		10,828,798
Fare boxes	12		336,460
Service vehicles and equipment	4 - 7		292,103
Shop and garage equipment	5 - 12		765,289
Office furniture and equipment	7 - 10		235,129
Radio Equipment	12		394,658
Bus Shelters	12 - 15		103,888
Suburban mobility study in progress	N/A		91,032
			15,162,034
Less: accumulated depreciation			9,627,967
Net investment in transit system		\$	5,534,067

The 1995 additions to the transit system consist mainly of eight transit buses, four lift vans, facility improvements, shop equipment and office equipment.

5. Pension - All Authority full-time employees participate in the single-employer defined benefit pension plan maintained by the Authority. Covered employees are required to contribute \$6.75 plus 40% of the required monthly contributions over \$13.50. 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, 1995 is as follows:

<u>Pension Benefit Obligation</u>		
Vested benefits:		
Active participants	\$	2,003,106
Vested terminated participants		121,210
Retired participants and beneficiaries		1,920,029
Total vested benefits		4,044,345
Nonvested benefits		28,376
Total accumulated benefits		4,072,721
Net assets available for plan benefits, at cost (market value is \$3,037,873)		3,343,076
Unfunded pension benefit obligation	\$	(729,645)

6. 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 1 1/2 %.
7. Transactions with the Primary Government - During 1995, the City of Erie provided the Erie Metropolitan Transit Authority with \$200,000, which is included in the Authority's statement of revenues, expenses and changes in retained earnings for the year ended June 30, 1994.

D. 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 the City of Erie.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

D. Erie Parking Authority, Continued

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. Cash and Investments - The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less to be cash equivalents.

Cash - The Authority's cash deposits, which include certificates of deposit, are carried at cost. Bank balances of the Authority at year end are categorized as follows with respect to credit risk.

<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
(1) Insured or collateralized with securities held by the Authority or by its agent in the Authority's name	\$ 144,667	\$ 175,123
(2) Collateralized with securities held by the pledging financial institutions trust department or agent in the Authority's name	0	0
(3) Uncollateralized (including those collateralized with securities held by pledging institutions trust department or agent but not in the name of the Authority)	2,010,752	2,010,752
Total	<u>\$ 2,155,419</u>	<u>\$ 2,185,875</u>

Investments - The Authority's investments are summarized below and are categorized by credit risk. Category 1 includes investments held by the Authority or its agent in the Authority'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 Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's, or by its trust department or agent but not in the Authority's name.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Repurchase agreements	\$ 2,798,507	\$ 0	\$ 0	\$ 2,798,507	\$ 2,798,507
Liquid treasury investments	640,336	0	0	640,336	640,336
Term treasury investments	1,334,984	0	0	1,334,984	1,367,961
	<u>\$ 4,773,827</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,773,827</u>	<u>\$ 4,806,804</u>

The term treasury investments are restricted for revenue bond debt service and will be held to maturity.

4. Capitalization and Depreciation - Property is stated at cost. Expenditures for additions, replacements and major renovations are capitalized while those for normal repairs and maintenance are expensed in the year incurred. Depreciation of property is computed by the straight-line method over the estimated useful lives of the various assets. Estimated useful lives are as follows:

Parking ramps	45 years
Surface lots	10 to 20 years
Meters and collection equipment	15 years
Other equipment and vehicles	6 to 10 years

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

D. Erie Parking Authority, Continued

4. Capitalization and Depreciation, Continued

A summary of property activity for 1995 is as follows:

	Balance January 1, 1995	Additions	Dispositions	Balance December 31, 1995
Land	\$ 2,285,377	\$ 0	\$ 0	2,285,377
Parking facilities	20,244,533	4,156,755	140,750	24,260,538
Metered collection equipment	332,362	0	0	332,362
Other Equipment and vehicles	220,368	21,907	0	242,275
Total	23,082,640	4,178,662	140,750	27,120,552
Less: accumulated depreciation	6,692,818	593,525	140,750	7,145,593
Undepreciated cost	\$ 16,389,822	\$ 3,585,137	\$ 0	\$ 19,974,959

5. 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, 1995, 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	\$ 221,783
Current Employees	
Vested	125,060
Nonvested	82,755
Total pension benefit obligation	429,598
Net assets available for plan benefits, market value	485,339
Assets in excess of pension benefit obligation	\$ 55,741

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. The Authority's contribution to the plan amounted to \$30,450 in 1995.

6. 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	\$ 1,700,000
Series of 1994 Refunding Bond secured by the Authority's revenue bearing interest from 2 3/4% to 5 1/8% with various maturities through September, 2015	12,105,000
Series of 1995 Guaranteed Parking Revenue Bonds secured by the Authority's revenue bearing interest at 4.1% to 5.8% with various maturities through September 1, 2020	9,010,000
Less: unamortized original issue discount and deferred amount on refunding - 1994 Series	-
Outstanding principal at December 31, 1995	22,815,000
Less: current maturities	309,256
Less: Unamortized deferred amount on refunding - 1995 Series	1,064,196
Total long-term portion	\$ 21,441,548

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

D. Erie Parking Authority, Continued

6. Long-Term Debt, Continued

The following summarizes the maturities due subsequent to December 31, 1995 for outstanding indebtedness of the Authority:

1996	\$ 475,000
1997	500,000
1998	525,000
1999	550,000
2000	580,000
2001 and thereafter	18,811,548
Total	<u>\$ 21,441,548</u>

7. Commitment - The Authority has committed to the construction of a new parking ramp adjacent to the location where a baseball stadium is under construction. The Authority intends to issue a new revenue bond series in the amount of \$9,000,000 which would provide funding for the construction of the parking ramp, related bond issuance costs, and the retirement of the existing Revenue Note - 1993 Series.

E. 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, Convention Center and the Baseball Park. The Authority provides performing arts, exhibits and convention facilities and sporting events 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. Cash Deposits - The Authority's cash deposits were covered by federal depository insurance and fully collateralized by collateral pools in accordance with Pennsylvania Pledge Act 72 carried at cost. Bank balances are categorized to give an indication of the level of risk assumed by the Authority at year end as follows:

Category	Carrying Amount	Bank Balance
(1) Insured or collateralized with securities held by the Authority or by its agent in the Authority's name	\$ 155,217	\$ 155,217
(2) Collateralized with securities held by the pledging financial institutions trust department or agent in the Authority's name	227,194	227,194
(3) Uncollateralized	0	0
Total	<u>\$ 382,411</u>	<u>\$ 382,411</u>

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

E. Erie Civic Center Authority, Continued

3. Cash Deposits, Continued

The carrying amount of cash deposits is reported in the accompanying financial information as follows:

<u>Unrestricted Cash</u>		
Deposits and cash on hand		\$ 238,584
<u>Restricted Cash</u>		
Warner restoration account		48,954
Capital improvement account		103,302
		<u>152,256</u>
Restricted cash deposits		\$ 390,840
Carrying amount of cash deposits		<u><u>390,840</u></u>

4. Property and Equipment

Contributed Capital Assets - A summary of the Authority's capital assets acquired by contributed capital transactions through December 31, 1995 is as follows:

	Balance January 1, 1995	Additions	Dispositions	Balance December 31, 1995
Land and improvements	\$ 1,705,097	\$ 0	\$ 0	\$ 1,705,097
Leasehold buildings and improvements	11,678,975	9,621,492	0	21,300,467
Machinery and equipment	398,828	21,519	0	420,347
Construction in progress ¹	3,721,139	0	3,721,139	0
Total	<u>17,504,039</u>	<u>9,643,011</u>	<u>3,721,139</u>	<u>23,425,911</u>
Less: accumulated depreciation . .	3,860,074	456,119	0	4,316,193
Net contributed capital assets	<u>\$ 13,643,965</u>	<u>\$ 9,186,892</u>	<u>\$ 3,721,139</u>	<u>\$ 19,109,718</u>

¹ See Note V.D. for details of the Baseball Park Project

Purchased Capital Assets - A summary of capital assets purchased by the Authority with operating funds through December 31, 1995 is as follows:

	Balance January 1, 1995	Additions	Dispositions	Balance December 31, 1995
Land improvements	\$ 3,848	\$ 0	\$ 0	\$ 3,848
Leasehold improvements	156,039	92,122	0	248,161
Machinery and equipment	410,795	46,860	0	457,655
Total	<u>570,682</u>	<u>138,982</u>	<u>0</u>	<u>709,664</u>
Less: accumulated depreciation . .	249,115	54,825	0	303,940
Net purchased capital assets	<u>\$ 321,567</u>	<u>\$ 84,157</u>	<u>\$ 0</u>	<u>\$ 405,724</u>

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

E. Erie Civic Center Authority, Continued

5. 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, 1995, 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	\$ 49,350
Current Employees	
Employer financed vested	29,436
Employer financed nonvested	305
Total pension benefit obligation	79,091
Net assets available for plan benefits, market value	98,925
Assets in excess of pension benefit obligation	\$ 19,834

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

Note Payable to the City of Erie, unsecured, bearing interest at 6½% maturing in 1997	\$ 21,847
Outstanding principal at December 31, 1995	21,847
Less: Current maturities	10,989
Total long-term portion	\$ 10,858

The following summarizes the maturities due subsequent to December 31, 1995 for outstanding indebtedness of the Authority:

1996	\$ 10,989
1997	10,858
Total	\$ 21,847

7. 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, 1995.
8. Transactions with the Primary Government - During 1995, the Erie Civic Center Authority received a \$165,000 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.

F. 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. Marketable Securities - Marketable securities are recorded at cost. The cost and related market values of the Authority's investments are summarized as follows:

	Cost	Market
Certificates of deposit	\$ 14,549	\$ 14,549
U.S. Treasury notes	6,774,301	6,744,756
	\$ 6,788,850	\$ 6,759,305

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

F. Erie Sewer Authority, Continued

3. Investment in Facilities - The Authority has acquired from the City of Erie its plant, equipment, and facilities (including certain connecting sewers and mains) used in connection with the sewage collection system of the City. These facilities are leased under a lease agreement which is fully described in note III.B.5.

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

Sewer Revenue Bonds, Series 1995, secured by the amended lease between the Authority and the City of Erie, bearing interest ranging from 3.9% to 5.6% with various maturities through June, 2011	\$ 9,795,000
Sewer Revenue Note, Series of 1994 (See Note III.B.5)	5,975,000
Outstanding principal at December 31, 1995	15,770,000
Less: current maturities	590,000
Total long-term portion	\$ 15,180,000

The following summarizes the maturities due subsequent to December 31, 1995 for outstanding indebtedness of the Authority:

1996	\$ 590,000
1997	620,000
1998	640,000
1999	675,000
2000	700,000
2001 and thereafter	12,545,000
Total	\$ 15,770,000

5. Contingency - The U.S. Department of Justice has advised the City of Erie and Erie Sewer Authority of proposed action by the U.S. Department of Justice in the U.S. District Court against the City of Erie and Erie Sewer Authority seeking civil penalties and injunctive relief for alleged violations of the Clean Water Act. The Erie Sewer Authority responded to the U.S. Department of Justice and has denied the existence of violations. The Authority is currently contesting the suit vigorously, and it is too early to predict the outcome of this matter.

G. Other Component Unit Disclosures

	Governmental Funds		Proprietary Funds				Total
	Redevelopment Authority of the City of Erie	Erie Municipal Park Authority	Erie Metropolitan Transit Authority	Erie Parking Authority	Erie Civic Center Authority	Erie Sewer Authority	
Current assets	\$ 676,009	\$ 21,715	\$ 4,407,563	\$ 7,107,421	\$ 505,793	\$ 8,313,920	\$ 21,032,421
Due from primary government	0	0	0	0	0	0	0
Fixed assets	227,971	0	5,534,067	19,974,959	19,515,442	25,254,657	70,507,096
Amounts to be provided for long-term debt	0	380,000	0	0	0	0	380,000
Other assets	0	0	0	581,418	0	0	581,418
Total assets	\$ 903,980	\$ 401,715	\$ 9,941,630	\$ 27,663,798	\$ 20,021,235	\$ 33,568,577	\$ 92,500,935
Current liabilities	\$ 226,650	\$ 0	\$ 3,216,175	\$ 1,301,779	\$ 487,999	\$ 737,941	\$ 5,970,544
Due to primary government	0	0	0	0	0	5,975,000	5,975,000
Bonds and other liabilities	165,888	380,000	0	20,966,548	0	9,205,000	30,717,436
Total equity	511,442	21,715	6,725,455	5,395,471	19,533,236	17,650,636	49,837,955
Total liabilities and equity	\$ 903,980	\$ 401,715	\$ 9,941,630	\$ 27,663,798	\$ 20,021,235	\$ 33,568,577	\$ 92,500,935

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1995

VII. COMPONENT UNIT DISCLOSURES, Continued

G. Other Component Unit Disclosures, Continued

	Governmental Funds		Total
	Redevelopment Authority of the City of Erie	Erie Municipal Park Authority	
Revenue	\$ 1,133,903	\$ 1,233	\$ 1,135,136
Transfer from the primary government	0	53,000	53,000
Current expenditures	1,283,897	1,600	1,285,497
Capital outlay expenditures	0	0	0
Debt service expenditures	0	48,813	48,813
Excess (deficiency) of revenue	<u>\$ (149,994)</u>	<u>\$ 3,820</u>	<u>\$ (146,174)</u>

	Proprietary Funds				Total
	Erie Metropolitan Transit Authority	Erie Parking Authority	Erie Civic Center Authority	Erie Sewer Authority	
Operating revenue	\$ 4,083,932	\$ 3,289,380	\$ 1,202,673	\$ 0	\$ 8,575,985
Operating expense	7,572,445	1,526,012	1,251,052	0	10,349,509
Depreciation	1,136,998	593,525	56,607	1,492,102	3,279,232
Operating income	<u>(4,625,511)</u>	<u>1,169,843</u>	<u>(104,986)</u>	<u>(1,492,102)</u>	<u>(5,052,756)</u>
Operating grants, etc.	5,668,964	0	0	0	5,668,964
Other nonoperating income	96,418	(716,689)	26,248	(228,745)	(822,768)
Transfers from primary government	0	0	165,000	1,472,415	1,637,415
Net income (loss)	<u>\$ 1,139,871</u>	<u>\$ 453,154</u>	<u>\$ 86,262</u>	<u>\$ (248,432)</u>	<u>\$ 1,430,855</u>
Current capital contributions	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,144,780</u>	<u>\$ 0</u>	<u>\$ 19,144,780</u>

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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.

B L A N K

CITY OF ERIE, PENNSYLVANIA
 General Fund
 Schedule of Revenues and Expenditures (Cash Basis)
 Budget and Actual (Including Encumbrances)
 Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
General property taxes:			
Real estate taxes current	\$ 21,264,311	\$ 20,255,515	\$ (1,008,796)
Real estate taxes prior	1,500,000	1,431,991	(68,009)
Total general property taxes	<u>22,764,311</u>	<u>21,687,506</u>	<u>(1,076,805)</u>
Income taxes	5,250,000	5,225,000	(25,000)
Realty transfer taxes	480,000	569,754	89,754
Occupational privilege taxes	300,000	300,435	435
Real estate tax penalty and interest	250,000	269,775	19,775
Total taxes	<u>29,044,311</u>	<u>28,052,470</u>	<u>(991,841)</u>
Licenses and permits:			
Licenses	237,090	143,613	(93,477)
Permits	590,000	832,423	242,423
Inspections	45,000	38,400	(6,600)
Franchises	440,000	404,729	(35,271)
Miscellaneous	27,000	27,857	857
Total licenses and permits	<u>1,339,090</u>	<u>1,447,022</u>	<u>107,932</u>
Intergovernmental revenues:			
State operation grants	2,762,100	3,425,187	663,087
Local shared revenues	139,800	139,800	0
Payments in lieu of taxes	700,000	795,026	95,026
Total intergovernmental revenues	<u>3,601,900</u>	<u>4,360,013</u>	<u>758,113</u>
Charges for services:			
General government	591,000	518,414	(72,586)
Public safety	78,400	68,440	(9,960)
Sanitation	0	0	0
Total charges for services	<u>669,400</u>	<u>586,854</u>	<u>(82,546)</u>
Fines and forfeits:			
Fire fines	11,000	0	(11,000)
Parking fines	1,134,000	973,722	(160,278)
State police fines	80,000	96,125	16,125
Traffic court fines and costs	228,000	225,668	(2,332)
District justice fines	50,000	80,115	30,115
Miscellaneous fines	26,000	28,556	2,556
Total fines and forfeits	<u>1,529,000</u>	<u>1,404,186</u>	<u>(124,814)</u>
Interest earnings:			
Interest earning on investments	292,275	344,732	52,457
Total interest earnings	<u>292,275</u>	<u>344,732</u>	<u>52,457</u>
Miscellaneous:			
Newspaper sales	0	99,473	99,473
Rental income	55,000	46,925	(8,075)
Special assessments	13,813	17,293	3,480
Shared cost reimbursement-interfund	1,748,181	2,370,825	622,644
Shared cost reimbursement-intergovernmental	601,000	840,940	239,940
Miscellaneous sources	611,873	503,293	(108,580)
Total miscellaneous revenues	<u>3,029,867</u>	<u>3,878,749</u>	<u>848,882</u>
Total revenues	<u>39,505,843</u>	<u>40,074,026</u>	<u>568,183</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	3,025,648	2,966,828	(58,820)
Operating transfers (out)	(3,488)	(1,187,350)	(1,183,862)
Total other financing sources (uses)	<u>3,022,160</u>	<u>1,779,478</u>	<u>(1,242,682)</u>
Fund balance (deficit) January 1, 1995	(351,447)	1,916,681	2,268,128
Total revenues, other sources and beginning fund balance	<u>\$ 42,176,556</u>	<u>\$ 43,770,185</u>	<u>\$ 1,593,629</u>

CITY OF ERIE, PENNSYLVANIA
 General Fund
 Schedule of Revenues and Expenditures (Cash Basis)
 Budget and Actual (Including Encumbrances), Continued
 Year Ended December 31, 1995

EXPENDITURES	Budget	Actual	Variance Favorable (Unfavorable)
General government:			
City council and city clerk	\$ 281,564	\$ 277,846	\$ 3,718
Mayor	339,310	340,108	(798)
City solicitor	361,824	352,437	9,387
City treasurer	369,349	360,397	8,952
Income tax collector	472,531	450,934	21,597
City controller	142,040	137,760	4,280
Directors office	68,870	69,727	(857)
Personnel and civil service	287,154	280,692	6,462
Accounts, finance and budget	334,711	336,957	(2,246)
Computer systems and services	208,227	202,359	5,868
City purchasing	164,099	166,122	(2,023)
Reproduction	89,953	93,364	(3,411)
Local match	464,848	438,255	26,593
General government, insurance and utility	1,833,839	1,570,836	263,003
Total general government	<u>5,418,319</u>	<u>5,077,794</u>	<u>340,525</u>
Public safety:			
Police civilians	1,336,803	1,339,794	(2,991)
Police	14,297,335	14,287,906	9,429
Traffic court	462,227	443,610	18,617
Fire	11,320,062	11,382,445	(62,383)
Radio	186,371	186,183	188
Electrician	356,607	356,961	(354)
Total public safety	<u>27,959,405</u>	<u>27,996,899</u>	<u>(37,494)</u>
Highways and streets:			
Directors office	137,277	138,177	(900)
Engineering	564,267	546,205	18,062
Streets	3,611,578	3,410,760	200,818
Paint and sign	196,236	195,851	385
Municipal garage	1,229,375	1,190,462	38,913
Public buildings maintenance	666,107	648,634	17,473
Total highways and streets	<u>6,404,840</u>	<u>6,130,089</u>	<u>274,751</u>
Sanitation:			
Refuse, disposal and recycling	39,359	38,274	1,085
Total sanitation	<u>39,359</u>	<u>38,274</u>	<u>1,085</u>
Culture and recreation:			
Parks and recreation	1,533,796	1,366,071	167,725
Shade Tree Commission	18,064	17,877	187
Erie Zoological Society	125,000	125,000	0
Humane Society	89,773	89,773	0
Arts Council of Erie	20,000	20,000	0
Baseball park project	150,000	150,000	0
Total culture and recreation	<u>1,936,633</u>	<u>1,768,721</u>	<u>167,912</u>
Intergovernmental:			
Erie Civic Center Authority	165,000	165,000	0
Erie Metropolitan Transit Authority	200,000	200,000	0
Erie Municipal Park Authority	53,000	53,000	0
Total intergovernmental	<u>418,000</u>	<u>418,000</u>	<u>0</u>
Total expenditures	<u>\$ 42,176,556</u>	<u>\$ 41,429,777</u>	<u>\$ 746,779</u>

B L A N K

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 - federal 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 - local 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 federal 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 - federal, state and local funded for development and implementation of bridge, street and traffic signalization projects.

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

Other Projects - federal, state and local funded projects for the construction of a baseball park; public safety equipment purchases; recycling projects; park and playground improvements; summer recreation and senior citizen programs; enterprise marketing and assistance programs; various site improvements and renovations.

B L A N K

CITY OF ERIE, PENNSYLVANIA

Special Revenue Funds
Combining Balance Sheet
December 31, 1995

	Community Development Block Grant	Liquid Fuels Tax Grant	Cable TV Access Program	BUDAG Revolving Account
ASSETS				
Cash	\$ 0	\$ 0	\$ 0	\$ 0
Investments	0	740,000	0	567,850
Receivables (net of allowance for uncollectibles):				
Liens	154,602	0	0	0
Intergovernmental	170,197	0	0	0
Interfund	0	33,014	8,291	153,953
Notes	206,626	0	0	876,009
Other	0	888	25,938	795
Total assets	<u>\$ 531,425</u>	<u>\$ 773,902</u>	<u>\$ 34,229</u>	<u>\$ 1,598,607</u>
LIABILITIES				
Accounts payable	\$ 251,966	\$ 115,603	\$ 0	\$ 0
Accrued payroll	8,761	0	0	0
Interfund payable	170,197	0	0	0
Compensated absences payable	15,968	0	0	0
Deferred revenue	151,209	0	0	0
Due to other funds	0	185,403	0	0
Due to other governments	0	0	0	0
Notes payable	0	0	0	0
Total liabilities	<u>598,101</u>	<u>301,006</u>	<u>0</u>	<u>0</u>
FUND EQUITY				
Contributed capital and other credits	0	0	0	0
Fund balance:				
Reserved for encumbrances	4,460,438	181,810	0	0
Reserved for noncurrent notes receivable	144,434	0	0	835,870
Unreserved undesignated (deficit)	(4,671,548)	291,086	34,229	762,737
Total fund equity (deficit)	<u>(66,676)</u>	<u>472,896</u>	<u>34,229</u>	<u>1,598,607</u>
Total liabilities and fund equity	<u>\$ 531,425</u>	<u>\$ 773,902</u>	<u>\$ 34,229</u>	<u>\$ 1,598,607</u>

Bridge, Street and Traffic Imp. Projects	Section 108 Loan Program	Other Projects	Total
\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	1,307,850
0	0	0	154,602
49,624	0	2,132,574	2,352,395
0	10,525	0	205,783
0	2,000,000	1,758,653	4,841,288
0	0	75,000	102,621
<u>\$ 49,624</u>	<u>\$ 2,010,525</u>	<u>\$ 3,966,227</u>	<u>\$ 8,964,539</u>
\$ 0	\$ 0	\$ 727,388	\$ 1,094,957
0	0	1,508	10,269
37,853	0	351,403	559,453
0	0	2,264	18,232
0	0	240,591	391,800
0	0	0	185,403
0	2,000,000	0	2,000,000
0	0	1,000,000	1,000,000
<u>37,853</u>	<u>2,000,000</u>	<u>2,323,154</u>	<u>5,260,114</u>
0	0	0	0
308,081	0	1,394,296	6,344,625
0	2,000,000	1,501,585	4,481,889
(296,310)	(1,989,475)	(1,252,808)	(7,122,089)
<u>11,771</u>	<u>10,525</u>	<u>1,643,073</u>	<u>3,704,425</u>
<u>\$ 49,624</u>	<u>\$ 2,010,525</u>	<u>\$ 3,966,227</u>	<u>\$ 8,964,539</u>

CITY OF ERIE, PENNSYLVANIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended December 31, 1995

	Community Development Block Grant	Liquid Fuels Tax Grant	Cable TV Access Program	BUDAG Revolving Account
REVENUES				
Intergovernmental:				
Federal grants	\$ 4,832,131	\$ 0	\$ 0	\$ 0
State grants	37,040	1,447,693	0	0
Local share-other	0	0	0	0
Total intergovernmental	<u>4,869,171</u>	<u>1,447,693</u>	<u>0</u>	<u>0</u>
Interest earnings	8,207	62,266	914	79,894
Miscellaneous	105,385	8,374	101,978	0
Total revenues	<u>4,982,763</u>	<u>1,518,333</u>	<u>102,892</u>	<u>79,894</u>
EXPENDITURES				
General government	36,299	0	0	0
Public safety	307,535	1,666,964	0	0
Highways and streets	947,665	0	0	0
Sanitation	0	0	0	0
Culture and recreation	664,746	0	12,442	0
Economic and community development	3,002,066	0	0	171,227
Debt service:				
Interest	0	0	0	0
Total expenditures	<u>4,958,311</u>	<u>1,666,964</u>	<u>12,442</u>	<u>171,227</u>
Excess of revenues over (under) expenditures	24,452	(148,631)	90,450	(91,333)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	0	0	0
Operating transfers (out)	(241,180)	0	(175,000)	0
Total other financing sources (uses)	<u>(241,180)</u>	<u>0</u>	<u>(175,000)</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(216,728)	(148,631)	(84,550)	(91,333)
Fund balance (deficit) January 1, 1995	150,052	621,527	118,779	1,689,940
Fund balance (deficit) December 31, 1995	<u>\$ (66,676)</u>	<u>\$ 472,896</u>	<u>\$ 34,229</u>	<u>\$ 1,598,607</u>

Bridge, Street and Traffic Imp. Projects	Section 108 Loan Program	Other Projects	Total
\$ 0	\$ 0	\$ 0	\$ 4,832,131
2,352	0	7,617,877	9,104,962
0	0	359,769	359,769
<u>2,352</u>	<u>0</u>	<u>7,977,646</u>	<u>14,296,862</u>
0	174	20,402	171,857
0	0	85,705	301,442
<u>2,352</u>	<u>174</u>	<u>8,083,753</u>	<u>14,770,161</u>
0	0	0	36,299
0	0	81,482	2,055,981
2,352	0	13,946	963,963
0	0	415,507	415,507
0	0	5,941,214	6,618,402
0	0	827,452	4,000,745
0	0	39,145	39,145
<u>2,352</u>	<u>0</u>	<u>7,318,746</u>	<u>14,130,042</u>
0	174	765,007	640,119
0	0	87,958	87,958
0	0	(125,000)	(541,180)
0	0	(37,042)	(453,222)
0	174	727,965	186,897
11,771	10,351	915,108	3,517,528
<u>\$ 11,771</u>	<u>\$ 10,525</u>	<u>\$ 1,643,073</u>	<u>\$ 3,704,425</u>

CITY OF ERIE, PENNSYLVANIA
Special Revenue Fund - Community Development Block Grant
Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 15,881,200	\$ 4,867,017	\$ (11,014,183)
Interest earnings	0	8,207	8,207
Miscellaneous	54,645	102,287	47,642
Total revenues	15,935,845	4,977,511	(10,958,334)
EXPENDITURES			
General government	135,883	51,463	84,420
Public safety	827,342	377,821	449,521
Highways and streets	1,892,996	1,128,853	764,143
Sanitation	40	0	40
Culture and recreation	3,746,768	2,829,725	917,043
Economic and community development	8,031,408	5,034,248	2,997,160
Loan interest	0	0	0
Total expenditures	14,634,437	9,422,110	5,212,327
Excess of revenues over (under) expenditures	1,301,408	(4,444,599)	(5,746,007)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers (out)	(450,000)	(241,180)	208,820
Total other financing sources (uses)	(450,000)	(241,180)	208,820
Excess of revenues and other financing sources over (under) expenditures and other financing uses	851,408	(4,685,779)	(5,537,187)
Fund balance (deficit) January 1, 1995	0	(3,601,269)	(3,601,269)
Prior year encumbrances paid in current year	0	3,744,112	3,744,112
Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.)	(851,408)	0	851,408
Fund balance (deficit) December 31, 1995	\$ 0	(4,542,936)	\$ (4,542,936)
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		4,549,353	
Recognition of accrual basis adjustments		(73,093)	
Fund balance (deficit) December 31, 1995		\$ (66,676)	

CITY OF ERIE, PENNSYLVANIA
Special Revenue Fund - Liquid Fuels Tax Grant
Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 1,414,434	\$ 1,447,694	\$ 33,260
Interest earnings	0	64,777	64,777
Miscellaneous	8,375	8,375	0
Total revenues	<u>1,422,809</u>	<u>1,520,846</u>	<u>98,037</u>
EXPENDITURES			
General government	0	0	0
Public safety	1,828,262	1,768,123	60,139
Highways and streets	0	0	0
Sanitation	0	0	0
Culture and recreation	0	0	0
Economic and community development	0	0	0
Loan interest	0	0	0
Total expenditures	<u>1,828,262</u>	<u>1,768,123</u>	<u>60,139</u>
Excess of revenues over (under) expenditures	(405,453)	(247,277)	158,176
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers (out)	0	0	0
Total financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(405,453)	(247,277)	158,176
Fund balance (deficit) January 1, 1995	0	486,070	486,070
Prior year encumbrances paid in current year	0	169,687	169,687
Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.)	405,453	0	(405,453)
Fund balance (deficit) December 31, 1995	<u>\$ 0</u>	<u>408,480</u>	<u>\$ 408,480</u>
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		179,128	
Recognition of accrual basis adjustments		(114,712)	
Fund balance (deficit) December 31, 1995		<u>\$ 472,896</u>	

CITY OF ERIE, PENNSYLVANIA
Special Revenue Fund - Cable TV Access Program
Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 0	\$ 0	\$ 0
Interest earnings	0	914	914
Miscellaneous	0	101,212	101,212
Total revenues	<u>0</u>	<u>102,126</u>	<u>102,126</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	12,661	(12,661)
Economic and community development	0	0	0
Loan interest	0	0	0
Total expenditures	<u>0</u>	<u>12,661</u>	<u>(12,661)</u>
Excess of revenues over (under) expenditures	0	89,465	89,465
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers (out)	0	(175,000)	(175,000)
Total other financing sources (uses)	<u>0</u>	<u>(175,000)</u>	<u>(175,000)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	0	(85,535)	(85,535)
Fund balance (deficit) January 1, 1995	0	93,825	93,825
Prior year encumbrances paid in current year	0	0	0
Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.)	0	0	0
Fund balance (deficit) December 31, 1995	<u>\$ 0</u>	<u>8,290</u>	<u>\$ 8,290</u>
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		25,939	
Recognition of accrual basis adjustments		0	
Fund balance (deficit) December 31, 1995		<u>\$ 34,229</u>	

CITY OF ERIE, PENNSYLVANIA
Special Revenue Fund - BUDAG Revolving Account
Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 0	\$ 0	\$ 0
Interest earnings	0	80,953	80,953
Miscellaneous	0	0	0
Total revenues	0	80,953	80,953
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	171,227	(171,227)
Loan interest	0	0	0
Total expenditures	0	171,227	(171,227)
Excess of revenues over (under) expenditures	0	(90,274)	(90,274)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers (out)	0	0	0
Total other financing sources (uses)	0	(90,274)	(90,274)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	0	(90,274)	(90,274)
Fund balance (deficit) January 1, 1995	0	1,688,088	1,688,088
Prior year encumbrances paid in current year	0	0	0
Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.)	0	0	0
Fund balance (deficit) December 31, 1995	\$ 0	1,597,814	\$ 1,597,814
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		0	
Recognition of accrual basis adjustments		793	
Fund balance (deficit) December 31, 1995		\$ 1,598,607	

CITY OF ERIE, PENNSYLVANIA
Special Revenue Fund - Bridge, Street and Traffic Improvement Projects
Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 402,818	\$ 45,113	\$ (357,705)
Interest earnings	0	0	0
Miscellaneous	0	0	0
Total revenues	<u>402,818</u>	<u>45,113</u>	<u>(357,705)</u>
EXPENDITURES			
General government	0	0	0
Public safety	0	0	0
Highways and streets	340,612	328,840	11,772
Sanitation	0	0	0
Culture and recreation	0	0	0
Economic and community development	0	0	0
Loan interest	0	0	0
Total expenditures	<u>340,612</u>	<u>328,840</u>	<u>11,772</u>
Excess of revenues over (under) expenditures	62,206	(283,727)	(345,933)
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	62,206	(283,727)	(345,933)
Fund balance (deficit) January 1, 1995	0	(391,048)	(391,048)
Prior year encumbrances paid in current year	0	328,841	328,841
Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.)	(62,206)	0	62,206
Fund balance (deficit) December 31, 1995	<u>\$ 0</u>	<u>(345,934)</u>	<u>\$ (345,934)</u>
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		308,081	
Recognition of accrual basis adjustments		49,624	
Fund balance (deficit) December 31, 1995		<u>\$ 11,771</u>	

CITY OF ERIE, PENNSYLVANIA
Special Revenue Fund - Section 108 Loan Program
Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 0	\$ 0	\$ 0
Interest earnings	0	174	174
Miscellaneous	0	0	0
Total revenues	0	174	174
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
Loan interest	0	0	0
Total expenditures	0	0	0
Excess of revenues over (under) expenditures	0	174	174
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	174	174
Fund balance (deficit) January 1, 1995	0	10,351	10,351
Prior year encumbrances paid in current year	0	0	0
Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.)	0	0	0
Fund balance (deficit) December 31, 1995	\$ 0	10,525	\$ 10,525
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		0	
Recognition of accrual basis adjustments		0	
Fund balance (deficit) December 31, 1995		\$ 10,525	

CITY OF ERIE, PENNSYLVANIA
Special Revenue Fund - Other Projects
Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 13,305,469	\$ 9,320,137	\$ (3,985,332)
Interest earnings	0	20,402	20,402
Miscellaneous	91,666	85,705	(5,961)
Total revenues	13,397,135	9,426,244	(3,970,891)
EXPENDITURES			
General government	0	0	0
Public safety	107,210	84,485	22,725
Highways and streets	778,792	50,900	727,892
Sanitation	936,147	429,378	506,769
Culture and recreation	6,328,303	6,188,695	139,608
Economic and community development	2,070,219	1,201,762	868,457
Loan Interest	100,000	73,653	26,347
Total expenditures	10,320,671	8,028,873	2,291,798
Excess of revenues over (under) expenditures	3,076,464	1,397,371	(1,679,093)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	258,892	87,958	(170,934)
Operating transfers (out)	0	(125,000)	(125,000)
Total other financing sources (uses)	258,892	(37,042)	(295,934)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	3,335,356	1,360,329	(1,975,027)
Fund balance (deficit) January 1, 1995	0	(8,022,451)	(8,022,451)
Prior year encumbrances paid in current year	0	5,778,098	5,778,098
Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.)	(3,335,356)	0	3,335,356
Fund balance (deficit) December 31, 1995	\$ 0	(884,024)	\$ (884,024)
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		648,096	
Recognition of accrual basis adjustments		1,879,001	
Fund balance (deficit) December 31, 1995		\$ 1,643,073	

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
December 31, 1995

ASSETS	
Cash	\$ 0
Total assets	<u>\$ 0</u>
LIABILITIES	
Other liabilities	\$ 0
Total liabilities	<u>0</u>
FUND BALANCE	
Unreserved:	
Undesignated (deficit)	<u>0</u>
Total fund balance (deficit)	<u>0</u>
Total liabilities and fund balance	<u>\$ 0</u>

CITY OF ERIE, PENNSYLVANIA
Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended December 31, 1995

REVENUES		
Real estate taxes	\$ 1,059,343	
Interest earnings	0	
Total revenues	<u>1,059,343</u>	
EXPENDITURES		
Debt service:		
Principal	455,000	
Interest	604,343	
Total expenditures	<u>1,059,343</u>	
Excess of revenues over (under) expenditures	0	
OTHER FINANCING SOURCES (USES)		
Operating transfers in	0	
Operating transfers (out)	0	
Total other financing sources (uses)	<u>0</u>	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	0	
Fund balance (deficit) January 1, 1995	0	
Fund balance (deficit) December 31, 1995	<u>\$ 0</u>	

CITY OF ERIE, PENNSYLVANIA
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Real estate taxes	\$ 0	\$ 1,059,343	\$ 1,059,343
Interest earnings	0	0	0
Total revenues	0	1,059,343	1,059,343
EXPENDITURES			
Debt service:			
Principal	0	455,000	(455,000)
Interest	0	604,343	(604,343)
Total expenditures	0	1,059,343	(1,059,343)
Excess of revenues over (under) expenditures	0	0	0
OTHER FINANCING SOURCES (USES)			
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	0	0
Fund balance (deficit) January 1, 1995	0	0	0
Fund balance (deficit) December 31, 1995	\$ 0	0	\$ 0
RECONCILIATION OF GAAP BASIS FUND BALANCE			
Recognition of accrual basis adjustments		0	
Fund balance (deficit) December 31, 1995		\$ 0	

B L A N K

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
 December 31, 1995

	Paving and Sewer Revolving	Capital Improvement	1993 General Obligation Bond	Total
ASSETS				
Cash	\$ 727	\$ 12,299	\$ 23,327	\$ 36,353
Investments	198,000	6,240,000	3,990,000	10,428,000
Receivables:				
Liens	93,487	0	0	93,487
Notes	105,000	0	0	105,000
Other	492	8,621	8,934	18,047
Due from other funds	0	37,324	0	37,324
Total assets	<u>\$ 397,706</u>	<u>\$ 6,298,244</u>	<u>\$ 4,022,261</u>	<u>\$ 10,718,211</u>
LIABILITIES				
Accounts payable	\$ 0	\$ 24,231	\$ 19,600	\$ 43,831
Deferred revenue	93,331	0	0	93,331
Due to other funds	0	76,117	0	76,117
Total liabilities	<u>93,331</u>	<u>100,348</u>	<u>19,600</u>	<u>213,279</u>
FUND BALANCE				
Reserved for encumbrances	0	(101,917)	(2,493,453)	(2,595,370)
Unreserved:				
Designated for endowment principal	0	6,000,000	0	6,000,000
Undesignated (deficit)	304,375	299,813	6,496,114	7,100,302
Total fund balance (deficit)	<u>304,375</u>	<u>6,197,896</u>	<u>4,002,661</u>	<u>10,504,932</u>
Total liabilities and fund balance	<u>\$ 397,706</u>	<u>\$ 6,298,244</u>	<u>\$ 4,022,261</u>	<u>\$ 10,718,211</u>

CITY OF ERIE, PENNSYLVANIA
 Capital Projects Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended December 31, 1995

	Paving and Sewer Revolving	Capital Improvement	1993 General Obligation Bond	Total
REVENUES				
Intergovernmental revenues	\$ 0	\$ 0	\$ 0	\$ 0
Interest earnings	14,772	391,248	405,649	811,669
Miscellaneous	0	0	1,396	1,396
Total revenues	<u>14,772</u>	<u>391,248</u>	<u>407,045</u>	<u>813,065</u>
EXPENDITURES				
General government	1,032	0	0	1,032
Capital outlay	0	286,188	2,132,504	2,418,692
Total expenditures	<u>1,032</u>	<u>286,188</u>	<u>2,132,504</u>	<u>2,419,724</u>
Excess of revenues over (under) expenditures	13,740	105,060	(1,725,459)	(1,606,659)
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	0	0	(11,050)	(11,050)
Proceeds from general long-term debt	0	0	0	0
Proceeds from debt - payments to refunding agent	0	0	0	0
Proceeds from capital lease obligations	0	0	0	0
Total other sources (uses)	<u>0</u>	<u>0</u>	<u>(11,050)</u>	<u>(11,050)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	13,740	105,060	(1,736,509)	(1,617,709)
Fund balance (deficit) January 1, 1995	290,635	6,092,836	5,739,170	12,122,641
Fund balance (deficit) December 31, 1995	<u>\$ 304,375</u>	<u>\$ 6,197,896</u>	<u>\$ 4,002,661</u>	<u>\$ 10,504,932</u>

CITY OF ERIE, PENNSYLVANIA
 Capital Projects Funds - Paving and Sewer Revolving
 Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
 Budget and Actual (Including Encumbrances)
 Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 0	\$ 0	\$ 0
Interest earnings	0	14,690	14,690
Miscellaneous	0	5,096	5,096
Total revenues	<u>0</u>	<u>19,786</u>	<u>19,786</u>
EXPENDITURES			
General government	0	0	0
Capital outlay	13,285	981	12,304
Debt service:			
Interest	0	0	0
Total expenditures	<u>13,285</u>	<u>981</u>	<u>12,304</u>
Excess of revenues over (under) expenditures	(13,285)	18,805	32,090
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)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(13,285)	18,805	32,090
Fund balance (deficit) January 1, 1995	0	283,759	283,759
Prior year encumbrances paid in current year	0	1,166	1,166
Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.)	13,285	0	(13,285)
Fund balance (deficit) December 31, 1995	<u>\$ 0</u>	<u>303,730</u>	<u>\$ 303,730</u>
RECONCILIATION TO GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		0	
Recognition of accrual basis adjustments		645	
Fund balance (deficit) December 31, 1995		<u>\$ 304,375</u>	

CITY OF ERIE, PENNSYLVANIA
 Capital Projects Funds - Capital Improvement
 Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
 Budget and Actual (Including Encumbrances)
 Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 0	\$ 0	\$ 0
Interest earnings	336,347	384,859	48,512
Miscellaneous	52,851	0	(52,851)
Total revenues	389,198	384,859	(4,339)
EXPENDITURES			
General government	0	0	0
Capital outlay	552,666	420,325	132,341
Debt service:			
Interest	0	0	0
Total expenditures	552,666	420,325	132,341
Excess of revenues over (under) expenditures	(163,468)	(35,466)	128,002
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	(163,468)	(35,466)	128,002
Fund balance (deficit) January 1, 1995	0	6,118,518	6,118,518
Prior year encumbrances paid in current year	0	28,600	28,600
Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.)	163,468	0	(163,468)
Fund balance (deficit) December 31, 1995	\$ 0	6,111,652	\$ 6,111,652
RECONCILIATION TO GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		101,918	
Recognition of accrual basis adjustments		(15,674)	
Fund balance (deficit) December 31, 1995		\$ 6,197,896	

CITY OF ERIE, PENNSYLVANIA
 Capital Projects Funds - 1993 General Obligation Bond
 Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
 Budget and Actual (Including Encumbrances)
 Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 0	\$ 0	\$ 0
Interest earnings	70,330	407,722	337,392
Miscellaneous	0	1,398	1,398
Total revenues	70,330	409,120	338,790
EXPENDITURES			
General government	0	0	0
Capital outlay	5,879,880	4,560,856	1,319,024
Debt service:			
Interest	0	0	0
Total expenditures	5,879,880	4,560,856	1,319,024
Excess of revenues over (under) expenditures	(5,809,550)	(4,151,736)	1,657,814
OTHER FINANCING SOURCES (USES)			
Operating transfers (out)	(11,050)	(11,050)	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)	(11,050)	(11,050)	0
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(5,820,600)	(4,162,786)	1,657,814
Fund balance (deficit) January 1, 1995	0	5,585,007	5,585,007
Prior year encumbrances paid in current year	0	260,354	260,354
Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.)	5,820,600	0	(5,820,600)
Fund balance (deficit) December 31, 1995	\$ 0	1,682,575	\$ 1,682,575
RECONCILIATION TO GAAP BASIS FUND BALANCE			
Encumbrances recognized as current year expenditures		2,330,753	
Recognition of accrual basis adjustments		(10,667)	
Fund balance (deficit) December 31, 1995		\$ 4,002,661	

B L A N K

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 bond (Series B) is 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.

Refuse and Recycling Fund - to account for the provision of refuse collection services, and the recycling and composting programs to the residents of the City.

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

B L A N K

CITY OF ERIE, PENNSYLVANIA

Enterprise Funds
Combining Balance Sheet
December 31, 1995

	Sewer Revenue	Sewer Reserve	Water Revenue	Refuse and Recycling	Golf
ASSETS					
Current assets:					
Cash	\$ 648,635	\$ 600	\$ 0	\$ 0	\$ 22,161
Investments	8,275,000	1,442,000	0	180,000	175,000
Receivables:					
Accounts	1,215,043	0	0	352,255	0
Interfund	17,673	0	0	0	0
Notes, current	165,000	0	0	0	0
Other	24,706	3,633	0	56	5,997
Prepaid insurance	0	0	0	0	0
Due from other funds	261,520	0	0	0	0
Total current assets	<u>10,607,577</u>	<u>1,446,233</u>	<u>0</u>	<u>532,311</u>	<u>203,158</u>
Property, plant and equipment:					
Land	0	0	592,369	0	138,630
Buildings and improvements	421,658	0	7,923,777	0	387,043
Improvements other than buildings	7,760,676	0	35,211,685	0	539,786
Equipment and vehicles	3,713,994	0	4,867,305	795,777	352,199
Total property, plant and equipment	<u>11,896,328</u>	<u>0</u>	<u>48,595,136</u>	<u>795,777</u>	<u>1,417,658</u>
Less: accumulated depreciation	<u>(3,266,331)</u>	<u>0</u>	<u>(26,143,858)</u>	<u>(55,684)</u>	<u>(647,734)</u>
Net property, plant and equipment	<u>8,629,997</u>	<u>0</u>	<u>22,451,278</u>	<u>740,093</u>	<u>769,924</u>
Notes receivable, net of current maturities	5,810,000	0	0	0	0
Bond issue costs	460,412	0	0	0	0
Total assets	<u>\$ 25,507,986</u>	<u>\$ 1,446,233</u>	<u>\$ 22,451,278</u>	<u>\$ 1,272,404</u>	<u>\$ 973,082</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 669,789	\$ 0	\$ 0	\$ 76,563	\$ 16,089
Accrued payroll	103,781	0	0	16,786	4,503
Interfund payable	0	0	0	17,673	0
Compensated absences payable	23,896	0	0	6,687	7,129
Current portion of long-term liabilities	515,000	0	0	0	0
Due to other funds	0	0	0	0	37,324
Total current liabilities	<u>1,312,466</u>	<u>0</u>	<u>0</u>	<u>117,709</u>	<u>65,045</u>
Long-term liabilities:					
Deferred revenue	338,270	0	8,651,113	0	0
General obligation bonds payable	17,990,000	0	0	0	0
Total long-term liabilities	<u>18,328,270</u>	<u>0</u>	<u>8,651,113</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>19,640,736</u>	<u>0</u>	<u>8,651,113</u>	<u>117,709</u>	<u>65,045</u>
RETAINED EARNINGS					
Unreserved (deficit)	5,867,250	1,446,233	13,800,165	1,154,695	908,037
Total retained earnings (deficit)	<u>5,867,250</u>	<u>1,446,233</u>	<u>13,800,165</u>	<u>1,154,695</u>	<u>908,037</u>
Total liabilities and retained earnings	<u>\$ 25,507,986</u>	<u>\$ 1,446,233</u>	<u>\$ 22,451,278</u>	<u>\$ 1,272,404</u>	<u>\$ 973,082</u>

	<u>Total</u>
\$	671,396
	10,072,000
	1,567,298
	17,673
	165,000
	34,392
	0
	261,520
	<u>12,789,279</u>
	730,999
	8,732,478
	43,512,147
	9,729,275
	<u>62,704,899</u>
	(30,113,607)
	<u>32,591,292</u>
	5,810,000
	460,412
\$	<u><u>51,650,983</u></u>

\$	762,441
	125,070
	17,673
	37,712
	515,000
	37,324
	<u>1,495,220</u>

	8,989,383
	17,990,000
	<u>26,979,383</u>
	<u>28,474,603</u>

	23,176,380
	<u>23,176,380</u>
\$	<u><u>51,650,983</u></u>

CITY OF ERIE, PENNSYLVANIA
Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended December 31, 1995

	Sewer Revenue	Sewer Reserve	Water Revenue	Refuse and Recycling	Golf
OPERATING REVENUES					
Charges for services	\$ 12,683,423	\$ 0	\$ 0	\$ 3,581,844	\$ 792,845
Lease rental	0	0	1,929,882	0	0
Rental income	30,000	0	0	0	174,503
Miscellaneous	141,446	0	0	0	5,717
Total operating revenues	<u>12,854,869</u>	<u>0</u>	<u>1,929,882</u>	<u>3,581,844</u>	<u>973,065</u>
OPERATING EXPENSES					
Personnel services	2,840,512	0	0	899,218	364,291
Other personnel costs	1,279,457	0	0	357,259	128,420
Services and fees	1,440,697	0	0	1,677,205	61,400
Utilities	1,741,862	0	0	2,662	32,386
Rent	6,794	0	0	0	57,778
Insurance	213,210	0	0	0	37,775
Materials, supplies and maintenance	2,153,537	0	0	232,383	126,090
Workers compensation claims	863	0	0	0	0
Depreciation	565,642	0	805,910	55,684	59,198
Capital outlay	27,145	0	0	0	14,781
Other	1,864,823	0	0	321,321	2,143
Total operating expenses	<u>12,134,542</u>	<u>0</u>	<u>805,910</u>	<u>3,545,732</u>	<u>884,262</u>
Operating income (loss)	<u>720,327</u>	<u>0</u>	<u>1,123,972</u>	<u>36,112</u>	<u>88,803</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	723,521	0	0	57,378	13,634
Investment income	914,892	85,346	0	5,534	7,729
Interest expense	(915,986)	0	0	0	(3,682)
Other expense	0	0	0	0	0
Total nonoperating revenues (expenses)	<u>722,427</u>	<u>85,346</u>	<u>0</u>	<u>62,912</u>	<u>17,681</u>
Net income (loss) before operating transfers	<u>1,442,754</u>	<u>85,346</u>	<u>1,123,972</u>	<u>99,024</u>	<u>106,484</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	962,814	608,008	0	0	0
Operating transfers (out)	(1,626,958)	(962,814)	(1,490,648)	0	(30,000)
Total other financing sources (uses)	<u>(664,144)</u>	<u>(354,806)</u>	<u>(1,490,648)</u>	<u>0</u>	<u>(30,000)</u>
Net income (loss)	778,610	(269,460)	(366,676)	99,024	76,484
Retained earnings (deficit) January 1, 1995	5,088,640	1,715,693	14,166,841	0	831,553
Other increases (decreases) (Note VI.E.)	0	0	0	1,055,671	0
Retained earnings (deficit) December 31, 1995	<u>\$ 5,867,250</u>	<u>\$ 1,446,233</u>	<u>\$ 13,800,165</u>	<u>\$ 1,154,695</u>	<u>\$ 908,037</u>

<u>Total</u>	
\$	17,058,112
	1,929,882
	204,503
	147,163
	<u>19,339,660</u>

	4,104,021
	1,765,136
	3,179,302
	1,776,910
	64,572
	250,985
	2,512,010
	863
	1,486,434
	41,926
	2,188,287
	<u>17,370,446</u>
	<u>1,969,214</u>

	794,533
	1,013,501
	(919,668)
	0
	<u>888,366</u>
	<u>2,857,580</u>

	1,570,822
	(4,110,420)
	<u>(2,539,598)</u>
	317,982
	21,802,727
	1,055,671
\$	<u><u>23,176,380</u></u>

CITY OF ERIE, PENNSYLVANIA
Enterprise Funds - Sewer Revenue
Individual Schedule of Revenues, Expenses and Changes in Retained Earnings (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Intergovernmental	\$ 12,975,400	\$ 12,568,039	\$ (407,361)
Charges for services	0	0	0
Lease rental	0	0	0
Rental income	30,000	30,000	0
Miscellaneous	195,000	213,042	18,042
Total operating revenues	<u>13,200,400</u>	<u>12,811,081</u>	<u>(389,319)</u>
OPERATING EXPENSES			
Personnel services	2,877,199	2,787,150	90,049
Other personnel costs	1,320,908	1,279,751	41,157
Services and fees	1,812,359	1,704,950	107,409
Utilities	1,961,623	1,919,487	42,136
Rent	24,500	6,693	17,807
Insurance	189,900	189,900	0
Materials, supplies and maintenance	2,606,021	2,450,605	155,416
Depreciation	0	0	0
Capital outlay	1,269,623	1,178,880	90,743
Other	1,899,358	1,874,118	25,240
Total operating expenses	<u>13,961,491</u>	<u>13,391,534</u>	<u>569,957</u>
Operating income (loss)	<u>(761,091)</u>	<u>(580,453)</u>	<u>180,638</u>
NONOPERATING REVENUES (EXPENSES)			
Bond and loan principal	(500,001)	(500,001)	0
Intergovernmental revenue	710,000	723,521	13,521
Investment income	54,000	41,393	(12,607)
Interest expense	(901,381)	(901,379)	2
Other expense	0	0	0
Net nonoperating revenues (expenses)	<u>(637,382)</u>	<u>(636,466)</u>	<u>916</u>
Net income (loss) before operating transfers	<u>(1,398,473)</u>	<u>(1,216,919)</u>	<u>181,554</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	1,422,814	1,413,877	(8,937)
Operating transfers (out)	(1,000,000)	(1,608,008)	(608,008)
Total other financing sources (uses)	<u>422,814</u>	<u>(194,131)</u>	<u>(616,945)</u>
Net income (loss)	<u>(975,659)</u>	<u>(1,411,050)</u>	<u>(435,391)</u>
Retained earnings (deficit) January 1, 1995	975,659	4,484,753	3,509,094
Prior year encumbrances paid in current year	0	975,659	975,659
Retained earnings (deficit) December 31, 1995	<u>\$ 0</u>	<u>4,049,362</u>	<u>\$ 4,049,362</u>
RECONCILIATION TO GAAP BASIS RETAINED EARNINGS			
Encumbrances recognized as current year expense		1,331,462	
Effect of nonbudgeted items (Note VI.D.)		532,528	
Recognition of accrual basis adjustments		(46,102)	
Other GAAP basis increase		0	
Individual funds not budgeted		0	
Retained earnings (deficit) December 31, 1995		<u>\$ 5,867,250</u>	

CITY OF ERIE, PENNSYLVANIA
Enterprise Funds - Refuse and Recycling
Individual Schedule of Revenues, Expenses and Changes in Retained Earnings (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Intergovernmental	\$ 3,527,155	\$ 3,530,514	\$ 3,359
Charges for services	0		0
Lease rental	0	0	0
Rental income	0	0	0
Miscellaneous	0	0	0
Total operating revenues	<u>3,527,155</u>	<u>3,530,514</u>	<u>3,359</u>
OPERATING EXPENSES			
Personnel services	884,133	883,336	797
Other personnel costs	357,744	357,271	473
Services and fees	1,715,900	1,714,754	1,146
Utilities	2,700	2,658	42
Rent	50	0	50
Insurance	0	0	0
Materials, supplies and maintenance	223,990	221,686	2,304
Depreciation	0	0	0
Capital outlay	20,379	20,378	1
Other	322,259	321,323	936
Total operating expenses	<u>3,527,155</u>	<u>3,521,406</u>	<u>5,749</u>
Operating income (loss)	<u>0</u>	<u>9,108</u>	<u>9,108</u>
NONOPERATING REVENUES (EXPENSES)			
Bond and loan principal	0	0	0
Intergovernmental revenue	0	57,378	57,378
Investment income	0	5,478	5,478
Interest expense	0	0	0
Other expense	0	0	0
Net nonoperating revenues (expenses)	<u>0</u>	<u>62,856</u>	<u>62,856</u>
Net income (loss) before operating transfers	<u>0</u>	<u>71,964</u>	<u>71,964</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>71,964</u>	<u>71,964</u>
Retained earnings (deficit) January 1, 1995	0	1,076,324	1,076,324
Prior year encumbrances paid in current year	0	0	0
Retained earnings (deficit) December 31, 1995	<u>\$ 0</u>	<u>1,148,288</u>	<u>\$ 1,148,288</u>
RECONCILIATION TO GAAP BASIS RETAINED EARNINGS			
Encumbrances recognized as current year expenses		0	
Effect of nonbudgeted items (Note VI.D.)		0	
Recognition of accrual basis adjustments		(1,049,264)	
Other GAAP basis increase		1,055,671	
Individual funds not budgeted		0	
Retained earnings (deficit) December 31, 1995		<u>\$ 1,154,695</u>	

CITY OF ERIE, PENNSYLVANIA

Enterprise Funds - Golf

Individual Schedule of Revenues, Expenses and Changes in Retained Earnings (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Intergovernmental	\$ 0	\$ 0	\$ 0
Charges for services	784,550	798,387	13,837
Lease rental	0	0	0
Rental income	145,500	174,503	29,003
Miscellaneous	0	5,715	5,715
Total operating revenues	<u>930,050</u>	<u>978,605</u>	<u>48,555</u>
OPERATING EXPENSES			
Personnel services	374,125	361,050	13,075
Other personnel costs	134,091	127,119	6,972
Services and fees	61,995	61,567	428
Utilities	33,379	33,235	144
Rent	59,900	58,030	1,870
Insurance	31,025	31,025	0
Materials, supplies and maintenance	133,362	127,615	5,747
Depreciation	0	0	0
Capital outlay	100,900	100,877	23
Other	2,500	2,143	357
Total operating expenses	<u>931,277</u>	<u>902,661</u>	<u>28,616</u>
Operating income (loss)	<u>(1,227)</u>	<u>75,944</u>	<u>77,171</u>
NONOPERATING REVENUES (EXPENSES)			
Bond and loan principal	(16,336)	(16,336)	0
Intergovernmental revenue	12,000	13,634	1,634
Investment income	0	7,942	7,942
Interest expense	(3,682)	(3,682)	0
Other expense	0	0	0
Net nonoperating revenues (expenses)	<u>(8,018)</u>	<u>1,558</u>	<u>9,576</u>
Net income (loss) before operating transfers	<u>(9,245)</u>	<u>77,502</u>	<u>86,747</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers (out)	(30,000)	(30,000)	0
Total other financing sources (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>0</u>
Net income (loss)	<u>(39,245)</u>	<u>47,502</u>	<u>86,747</u>
Retained earnings (deficit) January 1, 1995	39,245	768,768	729,523
Prior year encumbrances paid in current year	0	4,245	4,245
Retained earnings (deficit) December 31, 1995	<u>\$ 0</u>	<u>820,515</u>	<u>\$ 820,515</u>
RECONCILIATION TO GAAP BASIS RETAINED EARNINGS			
Encumbrances recognized as current year expense		14,922	
Effect on nonbudgeted items (Note VI.D.)		0	
Recognition of accrual basis adjustments		72,600	
Other GAAP basis increase		0	
Individual funds not budgeted		0	
Retained earnings (deficit) December 31, 1995		<u>\$ 908,037</u>	

B L A N K

CITY OF ERIE, PENNSYLVANIA
Enterprise Funds
Combining Statement of Cash Flows, Continued
Year Ended December 31, 1995

	Sewer Revenue	Sewer Reserve	Water Revenue	Refuse and Recycling	Golf
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 720,327	\$ 0	\$ 1,123,972	\$ 36,112	\$ 88,803
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Noncash items included in operating income (loss):					
Depreciation expense	565,642	0	805,910	55,684	59,198
Amortization	24,676	0	0	0	0
Prior period adjustment	0	0	0	0	0
(Increase) decrease in current assets:					
Accounts receivable	(98,400)	0	0	(51,327)	0
Other receivables	73,014	(3,091)	0	(56)	5,756
Prepaid insurance	23,310	0	0	0	6,750
Due from other funds	(185,400)	0	0	0	0
Increase (decrease) in current liabilities:					
Accounts payable	146,333	0	0	55,910	12,205
Accrued payroll	53,679	0	0	16,786	848
Interfund payable	0	0	0	17,673	0
Compensated absences payable	(526)	0	0	6,687	2,403
Claims and judgments payable	0	0	0	0	0
Due to other funds	(17,673)	0	0	0	(16,336)
Deferred revenue	(19,457)	0	(439,234)	0	0
Net cash provided (used) by operating activities	<u>1,285,525</u>	<u>(3,091)</u>	<u>1,490,648</u>	<u>137,469</u>	<u>159,627</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	723,521	0	0	57,378	13,634
Note to Sewer Authority	160,000	0	0	0	0
Operating transfers in	962,814	608,008	0	0	0
Operating transfers (out)	(1,626,958)	(962,814)	(1,490,648)	0	(30,000)
Net cash provided (used) by noncapital financing activities	<u>219,377</u>	<u>(354,806)</u>	<u>(1,490,648)</u>	<u>57,378</u>	<u>(16,366)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Net proceeds from general obligation bonds issued to refund capital debt	0	0	0	0	0
Payments to escrow agent to refund capital debt	0	0	0	0	0
Purchase of fixed assets	(1,224,838)	0	0	(20,381)	(84,872)
Disposition of fixed assets	0	0	0	0	0
Principal payments	(500,000)	0	0	0	0
Interest payments	(915,986)	0	0	0	(3,682)
Net cash provided (used) by capital and related financing activities	<u>(2,640,824)</u>	<u>0</u>	<u>0</u>	<u>(20,381)</u>	<u>(88,554)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale and redemption of investments	19,851,000	10,471,000	0	120,000	1,365,000
Net interest earnings	914,892	85,346	0	5,534	7,729
Purchase of investments	(19,596,000)	(10,203,000)	0	(300,000)	(1,430,000)
Net cash provided (used) by investing activities	<u>1,169,892</u>	<u>353,346</u>	<u>0</u>	<u>(174,466)</u>	<u>(57,271)</u>
Net increase (decrease) in cash	<u>33,970</u>	<u>(4,551)</u>	<u>0</u>	<u>0</u>	<u>(2,564)</u>
Cash January 1, 1995	614,665	5,151	0	0	24,725
Cash December 31, 1995	<u>\$ 648,635</u>	<u>\$ 600</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,161</u>

Total
\$ 1,969,214

1,486,434
24,676
0

(149,727)
75,623
30,060
(185,400)

214,448
71,313
17,673
8,564
0
(34,009)
(458,691)

3,070,178

794,533
160,000
1,570,822
(4,110,420)

(1,585,065)

0
0
(1,330,091)
0
(500,000)
(919,668)

(2,749,759)

31,807,000
1,013,501
(31,529,000)

1,291,501

26,855

644,541

\$ 671,396

B L A N K

CITY OF ERIE, PENNSYLVANIA

Internal Service Funds
Combining Financial Statements

The Internal Service Funds account for the costs of providing modified 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.

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

Risk Management - to account for assets held by the City for the purpose of paying general insurance premiums and claims.

CITY OF ERIE, PENNSYLVANIA

Internal Service Funds
 Combining Balance Sheet
 December 31, 1995

	Workers Compensation Claims	Workers Compensation Trust	Employees Health Benefit Plan	Risk Management	Total
ASSETS					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Investments	0	0	0	0	0
Restricted cash and investments	213,104	766,111	331	341,818	1,321,364
Receivables:					
Other	659	5,016	2	815	6,492
Prepaid insurance	0	0	0	787	787
Total assets	<u>\$ 213,763</u>	<u>\$ 771,127</u>	<u>\$ 333</u>	<u>\$ 343,420</u>	<u>\$ 1,328,643</u>
LIABILITIES					
Accounts payable	\$ 50,945	\$ 0	\$ 0	\$ 760	\$ 51,705
Claims and judgments payable	3,234,896	0	0	0	3,234,896
Total liabilities	<u>3,285,841</u>	<u>0</u>	<u>0</u>	<u>760</u>	<u>3,286,601</u>
RETAINED EARNINGS					
Unreserved (deficit) (Note II.B.)	(3,072,078)	771,127	333	342,660	(1,957,958)
Total retained earnings (deficit)	<u>(3,072,078)</u>	<u>771,127</u>	<u>333</u>	<u>342,660</u>	<u>(1,957,958)</u>
Total liabilities and retained earnings	<u>\$ 213,763</u>	<u>\$ 771,127</u>	<u>\$ 333</u>	<u>\$ 343,420</u>	<u>\$ 1,328,643</u>

CITY OF ERIE, PENNSYLVANIA

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended December 31, 1995

	Workers Compensation Claims	Workers Compensation Trust	Employees Health Benefit Plan	Risk Management	Total
OPERATING REVENUES					
Intergovernmental	\$ 686,086	\$ 0	\$ 3,476,657	\$ 656,925	\$ 4,819,668
Miscellaneous	39,725	0	0	0	39,725
Total operating revenues	<u>725,811</u>	<u>0</u>	<u>3,476,657</u>	<u>656,925</u>	<u>4,859,393</u>
OPERATING EXPENSES					
Services and fees	24,540	0	0	15,957	40,497
Insurance	88,337	0	3,721,919	0	3,810,256
Materials, supplies and maintenance	0	0	0	407,878	407,878
Workers compensation claims	569,509	0	0	0	569,509
Other	78,177	1,653	2,374	0	82,204
Total operating expenses	<u>760,563</u>	<u>1,653</u>	<u>3,724,293</u>	<u>423,835</u>	<u>4,910,344</u>
Operating income (loss)	<u>(34,752)</u>	<u>(1,653)</u>	<u>(247,636)</u>	<u>233,090</u>	<u>(50,951)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	14,464	40,806	2,691	28,126	86,087
Net nonoperating revenues (expenses)	<u>14,464</u>	<u>40,806</u>	<u>2,691</u>	<u>28,126</u>	<u>86,087</u>
Net income (loss) before operating transfers	<u>(20,288)</u>	<u>39,153</u>	<u>(244,945)</u>	<u>261,216</u>	<u>35,136</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	507,598	598,458	231,500	81,444	1,419,000
Operating transfers (out)	0	(194,607)	0	0	(194,607)
Total other financing sources (uses)	<u>507,598</u>	<u>403,851</u>	<u>231,500</u>	<u>81,444</u>	<u>1,224,393</u>
Net income (loss)	<u>487,310</u>	<u>443,004</u>	<u>(13,445)</u>	<u>342,660</u>	<u>1,259,529</u>
Retained earnings (deficit) January 1, 1995	(3,559,388)	328,123	13,778	0	(3,217,487)
Retained earnings (deficit) December 31, 1995	<u>\$ (3,072,078)</u>	<u>\$ 771,127</u>	<u>\$ 333</u>	<u>\$ 342,660</u>	<u>\$ (1,957,958)</u>

CITY OF ERIE, PENNSYLVANIA
Internal Service Fund - Workers Compensation Claims
Individual Schedule of Revenues, Expenses and Changes in Retained Earnings (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Intergovernmental	\$ 0	\$ 686,086	\$ 686,086
Charges for services	0	0	0
Rental income	0	0	0
Miscellaneous	0	39,726	39,726
Total operating revenues	0	725,812	725,812
OPERATING EXPENSES			
Personnel services	10,885	0	10,885
Other personnel costs	833	0	833
Services and fees	0	0	0
Insurance	88,337	88,337	0
Material, supplies and maintenance	0	0	0
Workers compensation claims	895,882	922,193	(26,311)
Other	115,431	102,717	12,714
Total operating expenses	1,111,368	1,113,247	(1,879)
Operating income (loss)	(1,111,368)	(387,435)	723,933
NONOPERATING REVENUES (EXPENSES)			
Investment income	2,000	13,804	11,804
Net nonoperating revenues (expenses)	2,000	13,804	11,804
Net income (loss) before operating transfers	(1,109,368)	(373,631)	735,737
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	507,598	507,598
Operating transfers (out)	0	0	0
Total other financing sources (uses)	0	507,598	507,598
Net income (loss)	(1,109,368)	133,967	1,243,335
Retained earnings (deficit) January 1, 1995	1,109,368	0	(1,109,368)
Prior year encumbrances paid in current year	0	0	0
Retained earnings (deficit) December 31, 1995	\$ 0	133,967	\$ 133,967
RECONCILIATION TO GAAP BASIS RETAINED EARNINGS			
Encumbrances recognized as current year expenses		0	
Effect of nonbudgeted items (Note VI.D.)		0	
Recognition of accrual basis adjustments		(3,206,045)	
Other GAAP basis increase		0	
Individual funds not budgeted		0	
Retained earnings (deficit) December 31, 1995		\$ (3,072,078)	

CITY OF ERIE, PENNSYLVANIA
Internal Service Fund - Risk Management
Individual Schedule of Revenues, Expenses and Changes in Retained Earnings (Cash Basis)
Budget and Actual (Including Encumbrances)
Year Ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Intergovernmental	\$ 658,975	\$ 656,925	\$ (2,050)
Charges for services	0	0	0
Rental income	0	0	0
Miscellaneous	0	81,443	81,443
Total operating revenues	<u>658,975</u>	<u>738,368</u>	<u>79,393</u>
OPERATING EXPENSES			
Personnel services	0	0	0
Other personnel costs	0	0	0
Services and fees	16,000	15,957	43
Insurance	0	0	0
Material, supplies and maintenance	642,975	407,905	235,070
Workers compensation claims	0	0	0
Other	0	0	0
Total operating expenses	<u>658,975</u>	<u>423,862</u>	<u>235,113</u>
Operating income (loss)	<u>0</u>	<u>314,506</u>	<u>314,506</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	0	27,312	27,312
Net nonoperating revenues (expenses)	<u>0</u>	<u>27,312</u>	<u>27,312</u>
Net income (loss) before operating transfers	<u>0</u>	<u>341,818</u>	<u>341,818</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers (out)	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net income (loss)	<u>0</u>	<u>341,818</u>	<u>341,818</u>
Retained earnings (deficit) January 1, 1995	0	0	0
Prior year encumbrances paid in current year	0	0	0
Retained earnings (deficit) December 31, 1995	<u>\$ 0</u>	<u>341,818</u>	<u>\$ 341,818</u>
RECONCILIATION TO GAAP BASIS RETAINED EARNINGS			
Encumbrances recognized as current year expenses		0	
Effect of nonbudgeted items (Note VI.D.)		0	
Recognition of accrual basis adjustments		842	
Other GAAP basis increase		0	
Individual funds not budgeted		0	
Retained earnings (deficit) December 31, 1995		<u>\$ 342,660</u>	

CITY OF ERIE, PENNSYLVANIA
Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 1995

	Workers Compensation Claims	Workers Compensation Trust	Employees Health Benefit Plan	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (34,752)	\$ (1,653)	\$ (247,636)	\$ 233,090	\$ (50,951)
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	(660)	(3,592)	321	(816)	(4,747)
Prepaid insurance	0	0	0	(787)	(787)
Increase (decrease) in current liabilities:					
Accounts payable	(74,787)	0	0	761	(74,026)
Claims and judgments payable	(277,895)	0	0	0	(277,895)
Net cash provided (used) by operating activities	<u>(388,094)</u>	<u>(5,245)</u>	<u>(247,315)</u>	<u>232,248</u>	<u>(408,406)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	507,598	598,458	231,500	81,444	1,419,000
Operating transfers (out)	<u>0</u>	<u>(194,607)</u>	<u>0</u>	<u>0</u>	<u>(194,607)</u>
Net cash provided (used) by financing activities	<u>507,598</u>	<u>403,851</u>	<u>231,500</u>	<u>81,444</u>	<u>1,224,393</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Net interest earnings	<u>14,464</u>	<u>40,806</u>	<u>2,691</u>	<u>28,126</u>	<u>86,087</u>
Net cash provided (used) by investing activities	<u>14,464</u>	<u>40,806</u>	<u>2,691</u>	<u>28,126</u>	<u>86,087</u>
Net increase (decrease) in cash	133,968	439,412	(13,124)	341,818	902,074
Restricted cash and investments, January 1, 1995	79,136	326,699	13,455	0	419,290
Restricted cash and investments, December 31, 1995	<u>\$ 213,104</u>	<u>\$ 766,111</u>	<u>\$ 331</u>	<u>\$ 341,818</u>	<u>\$ 1,321,364</u>

B L A N K

CITY OF ERIE, PENNSYLVANIA
Fiduciary Funds
Combining Financial Statements

The Pension 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 ("Officers and Employees") - To account for monies to cover employees in various departments (excluding uniformed policemen and firemen).

Police Relief and Pension Association ("Police") - to account for monies to cover uniformed employees of the Bureau of Police.

Firemens Pension Fund ("Firemens") - to account for monies to cover all members of Bureau of Fire except the employees in radio and communication center who are covered by Officers and Employees Retirement Association.

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.

B L A N K

CITY OF ERIE, PENNSYLVANIA

Fiduciary Funds
 Combining Balance Sheet
 December 31, 1995

	Pension Trust Funds	Agency Funds	Total
ASSETS			
Cash	\$ 439,516	\$ 809,055	\$ 1,248,571
Investments	94,978,923	4,944,885	99,923,808
Receivables:			
Accounts	83,395	0	83,395
Other	869,346	0	869,346
Total assets	<u>\$ 96,371,180</u>	<u>\$ 5,753,940</u>	<u>\$ 102,125,120</u>
LIABILITIES			
Accounts payable	\$ 64,219	\$ 0	\$ 64,219
Other liabilities	0	81,149	81,149
Due to other governments	0	727,906	727,906
Deferred compensation benefits payable	0	4,944,885	4,944,885
Total liabilities	<u>64,219</u>	<u>5,753,940</u>	<u>5,818,159</u>
FUND BALANCE			
Unreserved (deficit)	96,306,961	0	96,306,961
Total fund balance (deficit)	<u>96,306,961</u>	<u>0</u>	<u>96,306,961</u>
Total liabilities and fund balance	<u>\$ 96,371,180</u>	<u>\$ 5,753,940</u>	<u>\$ 102,125,120</u>

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Pension Trust Funds
 Combining Balance Sheet
 December 31, 1995

	Officers and Employees	Police	Firemens	Total
ASSETS				
Cash	\$ 251,341	\$ 29,626	\$ 158,549	\$ 439,516
Investments	36,052,317	37,608,377	21,318,229	94,978,923
Receivables:				
Accounts	32,822	28,871	21,702	83,395
Other	379,577	245,463	244,306	869,346
Total assets	\$ 36,716,057	\$ 37,912,337	\$ 21,742,786	\$ 96,371,180
LIABILITIES				
Accounts payable	\$ 6,202	\$ 36,867	\$ 21,150	\$ 64,219
Other liabilities	0	0	0	0
Due to other governments	0	0	0	0
Deferred compensation benefits payable	0	0	0	0
Total liabilities	6,202	36,867	21,150	64,219
FUND BALANCE				
Unreserved (deficit)	36,709,855	37,875,470	21,721,636	96,306,961
Total fund balance (deficit)	36,709,855	37,875,470	21,721,636	93,306,961
Total liabilities and fund balance	\$ 36,716,057	\$ 37,912,337	\$ 21,742,786	\$ 96,371,180

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended December 31, 1995

	Balance Jan. 1, 1995	Additions	Deductions	Balance Dec. 31, 1995
TRAFFIC COURT STATE AND COUNTY FINES ACCOUNT				
Assets				
Cash	\$ 21,370	\$ 661,090	\$ (682,460)	\$ 0
Liabilities				
Due to other governments	\$ 21,370	\$ 661,090	\$ (682,460)	\$ 0
TRAFFIC COURT SECURITY BOND ACCOUNT				
Assets				
Cash	\$ 26,661	\$ 76,943	\$ (93,848)	\$ 9,756
Liabilities				
Vouchers payable	\$ 26,661	\$ 76,943	\$ (93,848)	\$ 9,756
RENT WITHHOLDING ACCOUNT				
Assets				
Cash	\$ 5,420	\$ 7,003	\$ (11,948)	\$ 475
Liabilities				
Returnable deposit	\$ 5,420	\$ 7,003	\$ (11,948)	\$ 475
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	\$ 7,902	\$ 372	\$ (477)	\$ 7,797
Liabilities				
Unclaimed money	\$ 7,902	\$ 372	\$ (477)	\$ 7,797
PROPERTY TAX ACCOUNT				
Assets				
Cash	\$ 368,143	\$ 56,722,047	\$ (56,754,751)	\$ 335,439
Liabilities				
Due to taxing units:				
City of Erie	\$ 115,634	\$ 21,814,233	\$ (21,843,099)	\$ 86,768
Erie School District	199,383	25,748,492	(25,753,300)	194,575
County of Erie	53,079	9,156,812	(9,158,305)	51,586
Refunds	47	2,510	(47)	2,510
Total liabilities	\$ 368,143	\$ 56,722,047	\$ (56,754,751)	\$ 335,439
STATE PENSION CONTRIBUTION ACCOUNT				
Assets				
Cash	\$ 68,427	\$ 38,121	\$ (68,427)	\$ 38,121
Liabilities				
Due to pension fund	\$ 68,427	\$ 38,121	\$ (68,427)	\$ 38,121

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Agency Funds
 Combining Statement of Changes in Assets and Liabilities, Continued
 Year Ended December 31, 1995

	Balance Jan. 1, 1995	Additions	Deductions	Balance Dec. 31, 1995
INCOME TAX FUND				
Assets				
Cash	\$ 186,454	\$ 17,423,303	\$ (17,245,913)	\$ 363,844
Liabilities				
Due to taxing units	\$ 186,454	\$ 17,423,303	\$ (17,245,913)	\$ 363,844
OCCUPATIONAL PRIVILEGE TAX FUND				
Assets				
Cash	\$ 4,050	\$ 638,929	\$ (614,356)	\$ 28,623
Investments	0	175,000	(175,000)	0
Total Assets	\$ 4,050	\$ 813,929	\$ (789,356)	\$ 28,623
Liabilities				
Due to taxing units	\$ 4,050	\$ 813,929	\$ (789,356)	\$ 28,623
DEFERRED COMPENSATION PLAN				
Assets				
Investments	\$ 3,985,245	\$ 1,143,387	\$ (183,747)	\$ 4,944,885
Liabilities				
Due to City of Erie employees	\$ 3,985,245	\$ 1,143,387	\$ (183,747)	\$ 4,944,885
COMMUNITY SERVICE FUND				
Assets				
Cash	\$ 0	\$ 26,713	\$ (26,713)	\$ 0
Liabilities				
Due to charities	\$ 0	\$ 26,713	\$ (26,713)	\$ 0
TOTALS-AGENCY FUNDS				
Assets				
Cash	\$ 713,427	\$ 75,594,521	\$ (75,498,893)	\$ 809,055
Investments	3,985,245	1,318,387	(358,747)	4,944,885
Total assets	\$ 4,698,672	\$ 76,912,908	\$ (75,857,640)	\$ 5,753,940
Liabilities				
Due to other governments	\$ 21,370	\$ 661,090	\$ (682,460)	\$ 0
Vouchers payable	26,661	76,943	(93,848)	9,756
Returnable deposit	30,420	7,003	(11,948)	25,475
Unclaimed money	7,902	372	(477)	7,797
Due to taxing units	558,647	74,959,279	(74,790,020)	727,906
Due to pension funds	68,427	38,121	(68,427)	38,121
Due to City of Erie employees	3,985,245	1,143,387	(183,747)	4,944,885
Due to charities	0	26,713	(26,713)	0
Total liabilities	\$ 4,698,672	\$ 76,912,908	\$ (75,857,640)	\$ 5,753,940

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Pension Trust Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Balance
 Year Ended December 31, 1995

	Officers and Employees	Police	Firemens	Total
OPERATING REVENUES				
Pension contributions	\$ 3,141,603	\$ 5,419,278	\$ 2,309,944	\$ 10,870,825
Miscellaneous	0	0	0	0
Total operating revenues	<u>3,141,603</u>	<u>5,419,278</u>	<u>2,309,944</u>	<u>10,870,825</u>
OPERATING EXPENSES				
Pension benefits	3,593,372	2,905,679	1,781,647	8,280,698
Net loss from investment activities	0	0	0	0
Other	226,403	31,269	21,441	279,113
Total operating expenses	<u>3,819,775</u>	<u>2,936,948</u>	<u>1,803,088</u>	<u>8,559,811</u>
Operating income (loss)	<u>(678,172)</u>	<u>2,482,330</u>	<u>506,856</u>	<u>2,311,014</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	7,397,991	6,880,883	4,253,005	18,531,879
Total nonoperating revenues (expenses)	<u>7,397,991</u>	<u>6,880,883</u>	<u>4,253,005</u>	<u>18,531,879</u>
Net income (loss)	6,719,819	9,363,213	4,759,861	20,842,893
Fund balance (deficit) January 1, 1995	29,990,036	28,512,257	16,961,775	75,464,068
Prior period adjustments	0	0	0	0
Fund balance (deficit) December 31, 1995	<u>\$ 36,709,855</u>	<u>\$ 37,875,470</u>	<u>\$ 21,721,636</u>	<u>\$ 96,306,961</u>

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Pension Trust Funds
 Combining Statement of Cash Flows
 Year Ended December 31, 1995

	Officers and Employees	Police	Firemens	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (678,172)	\$ 2,482,330	\$ 506,856	\$ 2,311,014
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:				
Accounts receivables	69,957	50,356	34,161	154,474
Increase (decrease) in current liabilities:				
Accounts payable	6,202	32,767	21,150	60,119
Net cash provided (used) by operating activities	<u>(602,013)</u>	<u>2,565,453</u>	<u>562,167</u>	<u>2,525,607</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale and redemption of investments	21,370,959	40,853,535	13,974,995	76,199,489
Net interest earnings	2,351,183	1,229,417	1,651,256	5,231,856
Purchase of investments	(23,069,488)	(44,635,598)	(16,173,621)	(83,878,707)
Net cash provided (used) by investing activities	<u>652,654</u>	<u>(2,552,646)</u>	<u>(547,370)</u>	<u>(2,447,362)</u>
Net increase (decrease) in cash	50,641	12,807	14,797	78,245
Cash January 1, 1995	200,700	16,819	143,752	361,271
Cash December 31, 1995	<u>\$ 251,341</u>	<u>\$ 29,626</u>	<u>\$ 158,549</u>	<u>\$ 439,516</u>

B L A N K

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
 December 31, 1995

	Land	Buildings and Improvements	Equipment and Vehicles	Total
GENERAL FUND				
General government:				
City clerk	\$ 0	\$ 0	\$ 6,679	\$ 6,679
Mayor	0	0	5,732	5,732
City solicitor	0	0	9,461	9,461
City treasurer	0	0	21,157	21,157
City controller	0	0	7,671	7,671
Accounts, finance and budget	0	0	14,121	14,121
Computer systems and services	0	0	89,199	89,199
Reproduction	0	0	20,059	20,059
Local match	0	0	16,337	16,337
General government, insurance and utility	762,216	1,809,657	496,784	3,068,657
Total general government	<u>762,216</u>	<u>1,809,657</u>	<u>687,200</u>	<u>3,259,073</u>
Public safety:				
Police	0	42,672	1,427,931	1,470,603
Traffic court	0	0	5,946	5,946
Fire	0	2,400,541	2,195,935	4,596,476
Radio	0	0	259,940	259,940
Electrician	0	142,713	151,373	294,086
Total public safety	<u>0</u>	<u>2,585,926</u>	<u>4,041,125</u>	<u>6,627,051</u>
Highways and streets:				
Director	165,951	0	0	165,951
Engineering	0	0	17,873	17,873
Paint and sign	0	0	26,499	26,499
Streets	0	1,315,221	3,098,327	4,413,548
Municipal garage	0	88,550	91,280	179,830
Public buildings maintenance	0	92,720	168,645	261,365
Total highways and streets	<u>165,951</u>	<u>1,496,491</u>	<u>3,402,624</u>	<u>5,065,066</u>
Sanitation:				
Refuse, disposal and recycling	0	107,376	46,094	153,470
Total sanitation	<u>0</u>	<u>107,376</u>	<u>46,094</u>	<u>153,470</u>
Culture and recreation:				
Parks and recreation	0	2,547,242	811,475	3,358,717
Shade tree	0	9,980	0	9,980
Total culture and recreation	<u>0</u>	<u>2,557,222</u>	<u>811,475</u>	<u>3,368,697</u>
Total general fund	<u>928,167</u>	<u>8,556,672</u>	<u>8,988,518</u>	<u>18,473,357</u>
SPECIAL REVENUE FUNDS				
General government	0	11,921	15,527	27,448
Public safety	0	385,836	290,835	676,671
Highways and streets	0	126,819	1,235,955	1,362,774
Sanitation	0	0	1,020,472	1,020,472
Culture and recreation	0	3,129,472	64,974	3,194,446
Economic and community development	0	60,143	59,967	120,110
Total special revenue funds	<u>0</u>	<u>3,714,191</u>	<u>2,687,730</u>	<u>6,401,921</u>
CAPITAL PROJECTS FUNDS				
Capital outlay	49,000	865,357	1,380,117	2,294,474
Total capital projects funds	<u>49,000</u>	<u>865,357</u>	<u>1,380,117</u>	<u>2,294,474</u>
Total general fixed assets	<u>\$ 977,167</u>	<u>\$ 13,136,220</u>	<u>\$ 13,056,365</u>	<u>\$ 27,169,752</u>

CITY OF ERIE, PENNSYLVANIA
 General Fixed Assets
 Schedule of Changes by Function and Activity
 Year Ended December 31, 1995

	Balance Jan. 1, 1995	Additions	Dispositions	Balance Dec. 31, 1995
GENERAL FUND				
General government:				
City clerk	\$ 0	\$ 6,679	\$ 0	\$ 6,679
Mayor	5,732	0	0	5,732
City solicitor	9,461	0	0	9,461
City treasurer	21,157	0	0	21,157
City controller	7,671	0	0	7,671
Accounts, finance and budget	11,332	2,789	0	14,121
Computer systems and services	89,199	0	0	89,199
Reproduction	20,059	0	0	20,059
Local match	16,337	0	0	16,337
General government, insurance and utility	3,068,657	0	0	3,068,657
Total general government	<u>3,249,605</u>	<u>9,468</u>	<u>0</u>	<u>3,259,073</u>
Public safety:				
Police	1,517,865	31,314	78,576	1,470,603
Traffic court	5,946	0	0	5,946
Fire	4,528,094	68,382	0	4,596,476
Radio	240,381	19,559	0	259,940
Electrician	294,086	0	0	294,086
Total public safety	<u>6,586,372</u>	<u>119,255</u>	<u>78,576</u>	<u>6,627,051</u>
Highways and streets:				
Director	165,951	0	0	165,951
Engineering	23,667	0	5,794	17,873
Paint and sign	26,499	0	0	26,499
Streets	4,317,406	96,142	0	4,413,548
Municipal garage	160,430	19,400	0	179,830
Public buildings maintenance	258,158	3,207	0	261,365
Total highways and streets	<u>4,952,111</u>	<u>118,749</u>	<u>5,794</u>	<u>5,065,066</u>
Sanitation:				
Refuse, disposal and recycling	1,438,214	0	1,284,744	153,470
Total sanitation	<u>1,438,214</u>	<u>0</u>	<u>1,284,744</u>	<u>153,470</u>
Culture and recreation				
Parks and recreation	3,304,807	53,910	0	3,358,717
Shade tree	9,980	0	0	9,980
Total culture and recreation	<u>3,314,787</u>	<u>53,910</u>	<u>0</u>	<u>3,368,697</u>
Total general fund	<u>19,541,089</u>	<u>301,382</u>	<u>1,369,114</u>	<u>18,473,357</u>
SPECIAL REVENUE FUNDS				
General government	23,528	3,920	0	27,448
Public safety	592,666	84,005	0	676,671
Highways and streets	917,983	444,791	0	1,362,774
Sanitation	840,444	180,028	0	1,020,472
Culture and recreation	3,750,149	0	555,703	3,194,446
Economic and community development	119,889	221	0	120,110
Total special revenue funds	<u>6,244,659</u>	<u>712,965</u>	<u>555,703</u>	<u>6,401,921</u>
CAPITAL PROJECTS FUNDS				
Capital outlay	1,305,759	988,715	0	2,294,474
Total capital projects funds	<u>1,305,759</u>	<u>988,715</u>	<u>0</u>	<u>2,294,474</u>
Total general fixed assets	<u>\$ 27,091,507</u>	<u>\$ 2,003,062</u>	<u>\$ 1,924,817</u>	<u>\$ 27,169,752</u>

CITY OF ERIE, PENNSYLVANIA

General Fixed Assets
Schedule by Source
December 31, 1995

General fixed assets:	
Land	\$ 977,167
Buildings and improvements	13,136,220
Equipment and vehicles	13,056,365
Total general fixed assets	<u>\$ 27,169,752</u>
Investment in general fixed assets by source:	
General fund	\$ 18,473,357
Special revenue funds	6,401,921
Capital projects funds	2,294,474
Total investment in general fixed assets	<u>\$ 27,169,752</u>

B L A N K

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 1994 and 1987 bonds.

Erie Civic Center Authority - This authority operates the Louis J. Tullio Convention Center, the Warner Theater, the Exhibit Hall, and the Baseball Park which is under construction. 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.

B L A N K

CITY OF ERIE, PENNSYLVANIA

Component Units
Combining Balance Sheet
December 31, 1995

	Redevelopment Authority of the City of Erie	Erie Municipal Park Authority	Erie Metropolitan Transit Authority	Erie Parking Authority
ASSETS				
Cash	\$ 204,619	\$ 2,226	\$ 2,017,180	\$ 35,129
Investments	108,793	19,489	0	2,798,507
Restricted cash and investments	213,600	0	1,718,030	4,126,510
Receivables (net of allowance for uncollectibles):				
Accounts	46,844	0	137,248	48,503
Intergovernmental	78,706	380,000	196,794	0
Other	0	0	0	28,313
Inventory	0	0	225,379	0
Prepaid insurance	23,447	0	112,932	70,459
Property, plant and equipment:				
Land	0	0	85,521	2,285,377
Buildings and improvements	227,971	0	1,801,388	24,260,538
Improvements other than buildings	0	0	422,688	0
Equipment and vehicles	0	0	12,852,437	574,637
Less: accumulated depreciation	0	0	(9,627,967)	(7,145,593)
Project costs	0	0	0	0
Bond issue costs	0	0	0	581,418
Total assets	<u>\$ 903,980</u>	<u>\$ 401,715</u>	<u>\$ 9,941,630</u>	<u>\$ 27,663,798</u>
LIABILITIES				
Accounts payable	\$ 107,914	\$ 0	\$ 218,429	\$ 21,251
Accrued payroll	0	0	582,928	39,920
Current portion of long-term liabilities	0	0	0	475,000
Deferred revenue	0	0	156,585	0
Other liabilities	112,504	0	155,797	401,624
Due to other governments	6,232	0	2,102,436	0
Notes payable	165,888	0	0	363,984
General obligation bonds payable	0	380,000	0	20,966,548
Total liabilities	<u>392,538</u>	<u>380,000</u>	<u>3,216,175</u>	<u>22,268,327</u>
FUND EQUITY AND OTHER CREDITS				
Contributed capital and other credits	0	0	0	0
Retained earnings:				
Unreserved (deficit)	0	0	6,725,455	5,395,471
Fund balance:				
Unreserved:				
Undesignated (deficit)	511,442	21,715	0	0
Total fund equity and other credits	<u>511,442</u>	<u>21,715</u>	<u>6,725,455</u>	<u>5,395,471</u>
Total liabilities and fund equity and other credits	<u>\$ 903,980</u>	<u>\$ 401,715</u>	<u>\$ 9,941,630</u>	<u>\$ 27,663,798</u>

Erie Civic Center Authority	Erie Sewer Authority	Total Component Units
\$ 238,584	\$ 4,834	\$ 2,502,572
0	8,031,365	10,958,154
152,256	0	6,210,396
80,869	0	313,464
0	0	655,500
0	277,721	306,034
4,193	0	229,572
29,891	0	236,729
1,705,097	0	4,075,995
21,300,467	36,739,566	84,329,930
252,009	0	674,697
878,002	14,943,702	29,248,778
(4,620,133)	(26,428,611)	(47,822,304)
0	0	0
0	0	581,418
<u>\$ 20,021,235</u>	<u>\$ 33,568,577</u>	<u>\$ 92,500,935</u>
\$ 271,843	\$ 111,252	\$ 730,689
32,124	0	654,972
10,989	590,000	1,075,989
162,185	0	318,770
10,858	36,689	717,472
0	5,975,000	8,083,668
0	0	529,872
0	9,205,000	30,551,548
<u>487,999</u>	<u>15,917,941</u>	<u>42,662,980</u>
19,144,780	0	19,144,780
388,456	17,650,636	30,160,018
0	0	533,157
<u>19,533,236</u>	<u>17,650,636</u>	<u>49,837,955</u>
<u>\$ 20,021,235</u>	<u>\$ 33,568,577</u>	<u>\$ 92,500,935</u>

CITY OF ERIE, PENNSYLVANIA

Component Units

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended December 31, 1995

	Redevelopment Authority of the City of Erie	Erie Municipal Park Authority	Total
REVENUES			
Intergovernmental	\$ 1,069,359	\$ 53,000	\$ 1,122,359
Interest earnings	1,802	1,233	3,035
Miscellaneous	62,742	0	62,742
Total revenues	<u>1,133,903</u>	<u>54,233</u>	<u>1,188,136</u>
EXPENDITURES			
Current:			
General government	0	1,600	1,600
Economic and community development	1,283,897	0	1,283,897
Debt service:			
Principal	0	34,900	34,900
Interest	0	13,913	13,913
Total expenditures	<u>1,283,897</u>	<u>50,413</u>	<u>1,334,310</u>
Excess of revenues over (under) expenditures	(149,994)	3,820	(146,174)
Fund balance (deficit) January 1, 1995	661,436	17,895	679,331
Increase to contributed capital and other credits	0	0	0
Fund balance (deficit) December 31, 1995	<u>\$ 511,442</u>	<u>\$ 21,715</u>	<u>\$ 533,157</u>

CITY OF ERIE, PENNSYLVANIA
Component Units
Combining Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended December 31, 1995

	Erie Metropolitan Transit Authority	Erie Parking Authority	Erie Civic Center Authority	Erie Sewer Authority	Total
OPERATING REVENUES					
Intergovernmental	\$ 377,977	\$ 0	\$ 0	\$ 1,472,415	\$ 1,850,392
Charges for services	3,468,279	3,289,380	755,445	0	7,513,104
Rental income	0	0	434,785	0	434,785
Miscellaneous	237,676	0	12,443	0	250,119
Total operating revenues	<u>4,083,932</u>	<u>3,289,380</u>	<u>1,202,673</u>	<u>1,472,415</u>	<u>10,048,400</u>
OPERATING EXPENSES					
Personnel services	3,919,751	692,804	677,593	0	5,290,148
Other personnel costs	1,262,955	269,698	0	0	1,532,653
Services and fees	736,160	43,013	69,394	0	848,567
Utilities	71,817	191,263	257,212	0	520,292
Rent	8,235	56,888	483	0	65,606
Insurance	0	52,170	94,555	0	146,725
Materials, supplies and maintenance	473,155	196,036	86,745	0	755,936
Depreciation	1,136,998	593,525	543,282	1,492,102	3,765,907
Other	1,100,372	24,140	65,070	0	1,189,582
Total operating expenses	<u>8,709,443</u>	<u>2,119,537</u>	<u>1,794,334</u>	<u>1,492,102</u>	<u>14,115,416</u>
Operating income (loss)	<u>(4,625,511)</u>	<u>1,169,843</u>	<u>(591,661)</u>	<u>(19,687)</u>	<u>(4,067,016)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	5,668,964	0	165,000	0	5,833,964
Interest earnings	96,418	370,414	9,731	519,773	996,336
Interest expense	0	(1,087,103)	(2,363)	(738,435)	(1,827,901)
Other income (expense)	0	0	18,880	(10,083)	8,797
Total nonoperating revenues (expenses)	<u>5,765,382</u>	<u>(716,689)</u>	<u>191,248</u>	<u>(228,745)</u>	<u>5,011,196</u>
Net income (loss)	<u>1,139,871</u>	<u>453,154</u>	<u>(400,413)</u>	<u>(248,432)</u>	<u>944,180</u>
Total fund equity and other credits January 1, 1995	5,585,584	4,942,317	14,008,932	17,899,068	42,435,901
Increase to contributed capital and other credits	0	0	5,924,717	0	5,924,717
Total fund equity and other credits December 31, 1995	<u>\$ 6,725,455</u>	<u>\$ 5,395,471</u>	<u>\$ 19,533,236</u>	<u>\$ 17,650,636</u>	<u>\$ 49,304,798</u>

CITY OF ERIE, PENNSYLVANIA
Component Units
Combining Statement of Cash Flows
Year Ended December 31, 1995

	Erie Metropolitan Transit Authority	Erie Parking Authority	Erie Civic Center Authority	Erie Sewer Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (4,625,511)	\$ 1,169,843	\$ (591,661)	\$ (19,687)	\$ (4,067,016)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Other nonoperating income	0	0	11,638	(10,083)	1,555
Noncash items included in operating income (loss):					
Depreciation expense	1,136,998	593,525	543,282	1,492,102	3,765,907
Amortization	0	16,360	0	0	16,360
Gain on sale of assets	(5,954)	0	0	0	(5,954)
(Increase) decrease in current assets:					
Accounts receivable	(5,987)	7,021	(18,798)	0	(17,764)
Intergovernmental receivable	(71,582)	0	0	0	(71,582)
Other receivables	0	0	0	(56,217)	(56,217)
Inventory	7,314	0	335	0	7,649
Prepaid insurance	10,134	(4,143)	(9,445)	0	(3,454)
Increase (decrease) in current liabilities:					
Accounts payable	59,230	362,113	141,251	(223,246)	339,348
Accrued payroll	0	(6,500)	(931)	0	(7,431)
Due to other governments	308,153	0	0	0	308,153
Deferred revenue	774	0	(1,229)	0	(455)
Other liabilities	47,442	0	0	(12,086)	35,356
Net cash provided (used) by operating activities	<u>(3,138,989)</u>	<u>2,138,219</u>	<u>74,442</u>	<u>1,170,783</u>	<u>244,455</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	5,668,964	0	165,000	0	5,833,964
Proceeds from the sale of equipment	5,954	0	0	0	5,954
Net cash provided (used) by noncapital financing activities	<u>5,674,918</u>	<u>0</u>	<u>165,000</u>	<u>0</u>	<u>5,839,918</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Net proceeds from general obligation bonds issued to fund new parking garage	0	6,525,706	0	0	6,525,706
Net proceeds from refunding revenue bonds	0	0	0	9,795,000	9,795,000
Purchase of fixed assets	(2,159,564)	(4,178,662)	(183,949)	(3,621,726)	(10,143,901)
Disposition of fixed assets	0	0	0	0	0
Contributions	0	0	0	0	0
Payment of bond issue costs	0	(131,958)	0	0	(131,958)
Principal payments	0	(489,271)	(17,180)	(9,990,000)	(10,496,451)
Interest payments	0	(817,638)	(2,363)	(738,435)	(1,558,436)
Net cash provided (used) by capital and related financing activities	<u>(2,159,564)</u>	<u>908,177</u>	<u>(203,492)</u>	<u>(4,555,161)</u>	<u>(6,010,040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale and redemption of investments	0	0	0	2,967,694	2,967,694
Net interest earnings	96,418	332,063	13,456	519,773	961,710
Purchase of investments	0	(2,787,319)	0	(105,673)	(2,892,992)
Net cash provided (used) by investing activities	<u>96,418</u>	<u>(2,455,256)</u>	<u>13,456</u>	<u>3,381,794</u>	<u>1,036,412</u>
Net increase (decrease) in cash	472,783	591,140	49,406	(2,584)	1,110,745
Cash January 1, 1995	3,262,427	1,514,787	341,434	7,418	5,126,066
Cash December 31, 1995	<u>\$ 3,735,210</u>	<u>\$ 2,105,927</u>	<u>\$ 390,840</u>	<u>\$ 4,834</u>	<u>\$ 6,236,811</u>
Reconciliation to the balance sheet:					
At January 1, 1995:					
Cash	\$ 1,563,743	\$ 44,357	\$ 133,131	\$ 7,418	\$ 1,748,649
Restricted cash and investments	1,698,684	1,470,430	208,303	0	3,377,417
	<u>\$ 3,262,427</u>	<u>\$ 1,514,787</u>	<u>\$ 341,434</u>	<u>\$ 7,418</u>	<u>\$ 5,126,066</u>
At December 31, 1995:					
Cash	\$ 2,017,180	\$ 35,129	\$ 238,584	\$ 4,834	\$ 2,295,727
Restricted cash and investments	1,718,030	2,070,798	152,256	0	3,941,084
	<u>\$ 3,735,210</u>	<u>\$ 2,105,927</u>	<u>\$ 390,840</u>	<u>\$ 4,834</u>	<u>\$ 6,236,811</u>

SCHEDULES

CITY OF ERIE, PENNSYLVANIA
 Officers and Employees Retirement Association
 Required Supplemental Schedule - Analysis of Funding Progress
 December 31, 1995
 (In Millions)

Valuation Date	Year	Net Assets Available for Benefits ¹	Pension Benefit Obligation ^{2,3,4}	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 ⁴	1986	14.2	44.6	31.8	27.1	10.9	248
1/1/88	1987	14.5	47.9	30.3	29.8	11.1	267
1/1/89	1988	17.1	51.3	33.3	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
1/1/94	1993	24.1	43.3	55.7	19.2	10.4	185
1/1/95	1994	23.5	44.9	52.3	21.4	11.0	195

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 1/1/86 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.

⁴ For the valuation dated 1/1/87, the Pension Benefit Obligation has been actuarially estimated.

CITY OF ERIE, PENNSYLVANIA
 Police Relief and Pension Association
 Required Supplemental Schedule - Analysis of Funding Progress
 December 31, 1995
 (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	51.9	7.5	48.7	4.6	1064
1/1/88	1987	4.7	57.1	8.2	50.8	4.3	1174
1/1/89	1988	6.3	68.5	9.2	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
1/1/94	1993	27.1	68.2	39.7	41.1	6.8	604
1/1/95	1994	29.2	79.4	36.8	50.2	7.1	707

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 1/1/86 and prior, actuarial accrued liability was used because the pension benefit obligation was not computed.

CITY OF ERIE, PENNSYLVANIA
 Firemens Pension Fund
 Required Supplemental Schedule - Analysis of Funding Progress
 December 31, 1995
 (In Millions)

Valuation Date	Year	Net Assets Available for Benefits ¹	Pension Benefit Obligation ^{2,3}	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 ³	1986	2.8	28.1	10.1	24.7	4.2	590
1/1/88	1987	3.7	30.2	12.3	24.3	4.1	593
1/1/89	1988	5.0	34.7	14.4	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
1/1/94	1993	16.5	42.2	39.1	25.7	6.5	395
1/1/95	1994	16.6	43.6	38.0	27.0	6.6	409

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 1/1/86 and prior, actuarial accrued liability was used because the pension benefit obligation was not computed.

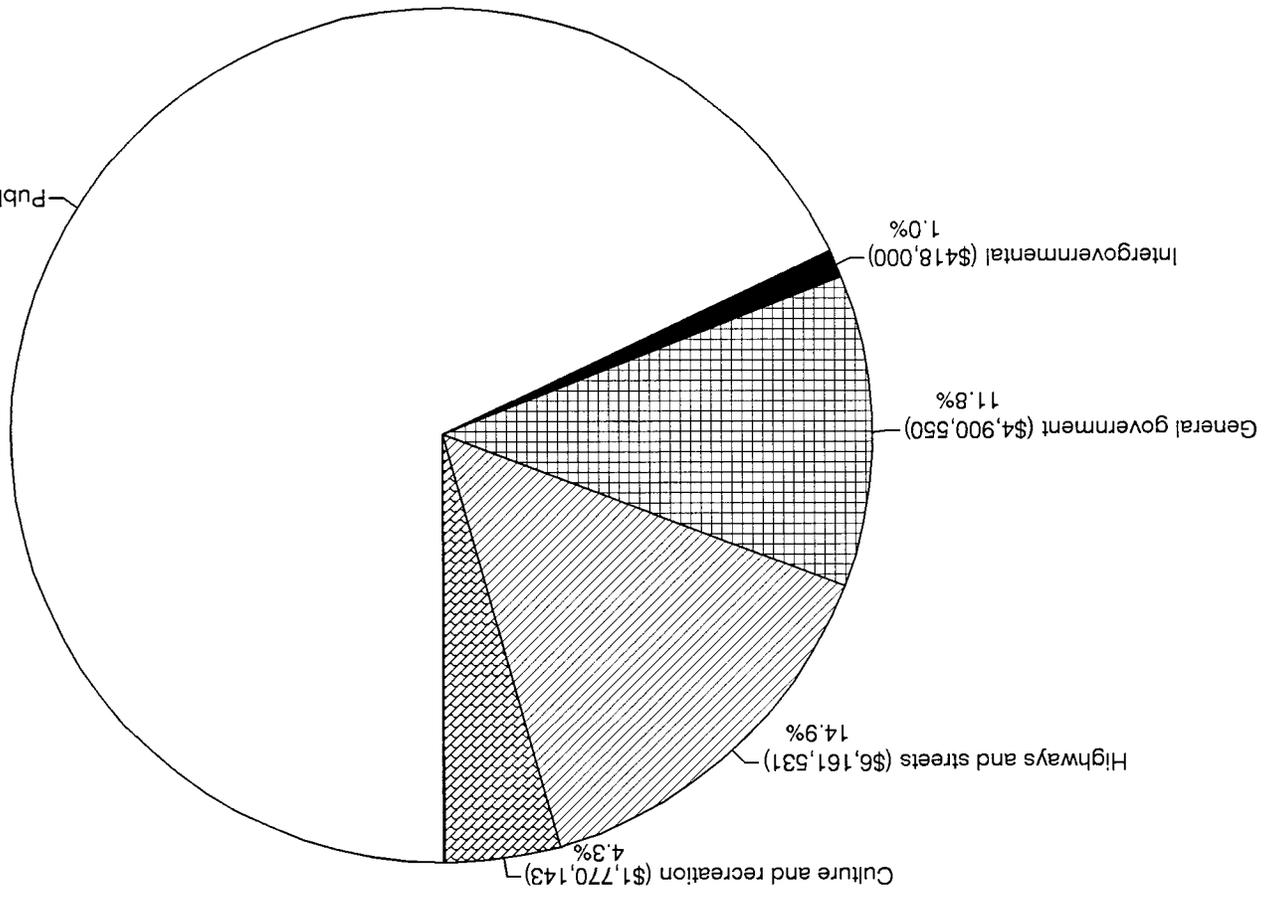
³ For the valuation dated 1/1/87, the Pension Benefit Obligation has been actuarially estimated.

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CITY OF ERIE, PENNSYLVANIA

General Fund
Expenditures by Function
December 31, 1995



CITY OF ERIE, PENNSYLVANIA

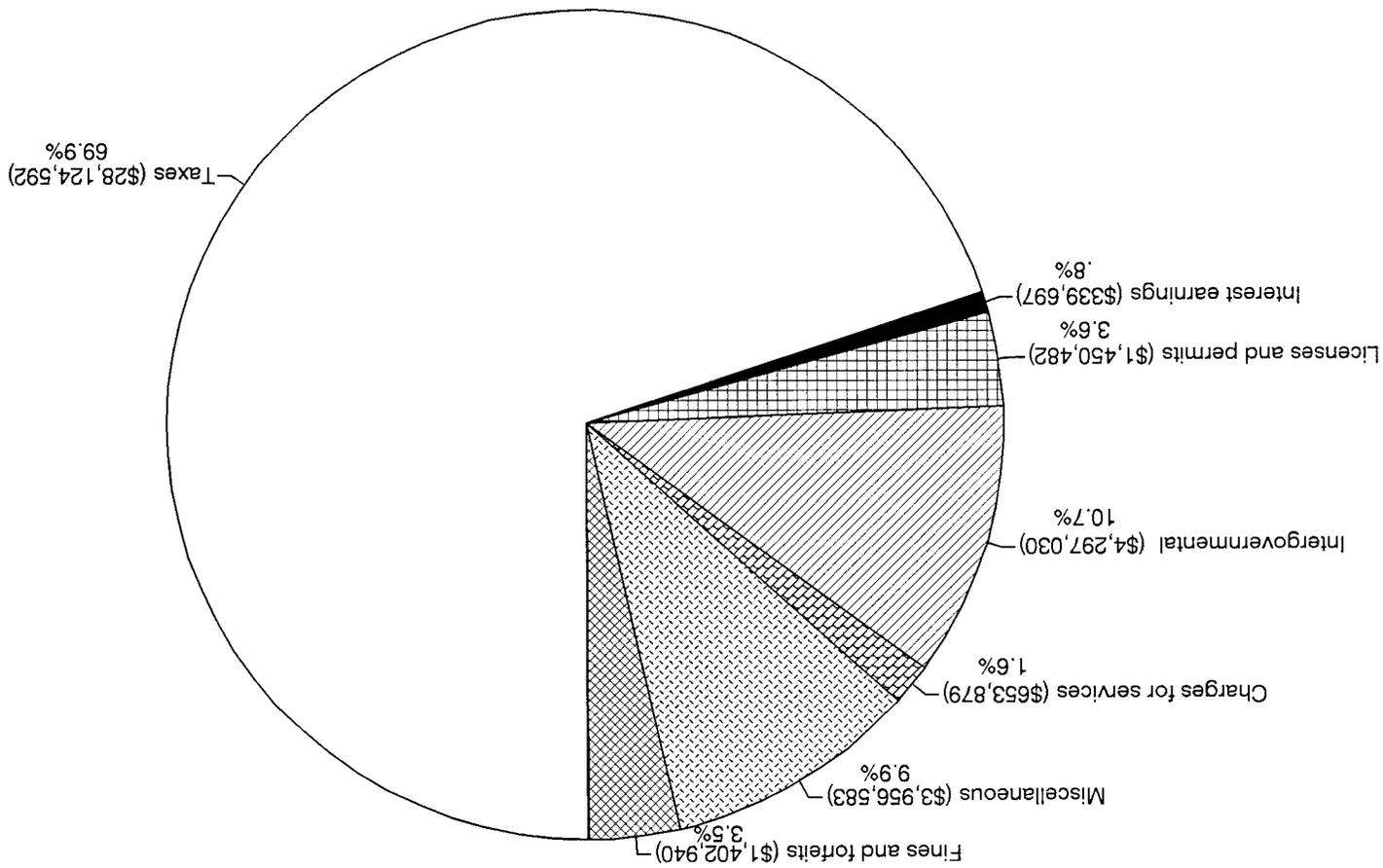
General Fund
Expenditures by Function
Last Ten Years

Year	General Government	Public Safety	Highway and Streets	Sanitation	Culture and Recreation	Debt Service	Inter-Governmental	Total
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(1)	5,873,375	21,364,046	5,602,769	2,501,896	893,329	280,952	353,000	36,869,367
1992(1)	5,124,773	25,331,891	5,633,009	3,361,680	1,067,972	45,244	353,000	40,917,569
1993(1)	5,168,622	26,396,807	6,202,639	3,536,360	1,257,377	0	348,000	42,909,805
1994(1)	5,381,890	27,607,318	6,144,493	3,401,378	1,309,743	0	348,000	44,192,822
1995(1)	4,900,550	28,181,500	6,161,531	0	1,770,143	0	418,000	41,431,724

(1) Modified accrual basis, all other years cash basis.

CITY OF ERIE, PENNSYLVANIA

General Fund
Revenues by Source
December 31, 1995



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
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(1)	26,516,365	655,298	1,049,500	0	2,458,821	1,031,216	524,812	2,183,888	34,419,900
1992(1)	29,187,921	940,033	3,637,743	0	3,836,616	1,054,986	304,567	2,539,967	41,500,833
1993(1)	27,314,246	936,890	3,724,211	0	3,832,027	1,131,552	275,529	1,800,968	39,015,423
1994(1)	27,991,017	1,144,274	3,747,337	0	3,742,481	1,456,585	289,727	1,795,003	40,166,424
1995(1)	28,124,592	1,450,482	4,297,030	0	653,879	1,402,940	339,697	3,956,583	40,225,203

(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(1)	Current Tax Collections	Percent of Levy Collected(2)	Delinquent Tax Collections	Total Tax Collections(3)	Total Collections As Percent Of Current Levy	Outstanding Delinquent Taxes(4)	Outstanding Delinquent Taxes As Percent Of Current Levy
1986	\$ 17,747,919	\$ 16,716,863	94.2%	\$ 856,494	\$ 17,573,357	99.0%	\$ 806,072	4.5%
1987	20,113,540	18,706,114	93.0	957,173	19,663,287	97.8	1,193,387	5.9
1988	20,493,361	19,211,819	93.7	1,179,624	20,391,443	99.5	986,887	4.8
1989	20,823,118	19,433,754	93.3	1,316,393	20,750,147	99.6	1,079,722	5.2
1990	20,847,453	19,627,804	94.1	1,377,050	21,004,854	100.8	1,866,307	9.0
1991	21,707,365	19,709,072	90.8	1,236,680	20,945,752	96.5	1,960,987	9.0
1992	23,085,067	21,411,050	92.7	2,592,639	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
1994	22,838,081	21,149,004	92.6	1,520,056	22,669,060	99.0	1,622,913	7.0
1995	22,862,066	21,314,859	93.2	1,431,989	22,746,848	99.0	1,390,857	6.1

(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.

Source: City Treasurer.

CITY OF ERIE, PENNSYLVANIA

Assessed and Estimated Actual
Value of Taxable Property
Last Ten Years

Year	Net Assessed Valuation(1)	Estimated Actual Value(3)	Assessed Valuation As Percent of Market	Tax Title Exempt Property
1986	\$ 528,383,674	\$ 1,065,109,800	49.6%	\$ 264,289,920
1987	534,452,430	1,081,000,300	49.4	267,500,200
1988	534,987,455	1,155,760,600	46.3	275,843,150
1989	537,484,050	1,163,239,700	46.2	283,499,830
1990	546,004,259	1,253,886,400	43.5	267,340,640
1991	548,036,990	1,272,387,800	43.1	271,536,510
1992	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
1994	538,761,050 (2)	1,482,771,200	36.3	260,535,960
1995	535,890,184 (2)	1,486,402,400	36.1	256,459,100

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

(2) Net of debits and credits.

(3) Source: State Tax Equalization Board.

CITY OF ERIE, PENNSYLVANIA
 Property Tax Rates - Direct and Overlapping Governments
 Last Ten Years

Year	Per \$1000 of Assessed Value		
	City	School District	County(1)
1986	34.25	39.50	27.50
1987	38.25	38.50	30.00
1988	39.25	38.50	30.00
1989	39.75	38.50	31.75
1990	40.00	45.00	35.50
1991	40.50	48.00	40.25
1992	42.78	49.00	41.75
1993	42.78	49.00	43.50
1994	42.78	49.00	44.50
1995	43.23	51.00	45.50
Total			

(1) Calculated on 40% of assessed value.

CITY OF ERIE, PENNSYLVANIA
 Annual Requirements to Amortize Long-Term Debt
 December 31, 1995

Year Ending Dec. 31	General Fund General Obligation Bonds		Sewer Revenue Fund General Obligation Bonds	
	Principal	Interest	Principal	Interest
1996	\$ 480,000	\$ 574,933	\$ 515,000	\$ 886,379
1997	535,000	542,991	530,000	869,641
1998	595,000	520,061	550,000	850,031
1999	620,000	494,785	570,000	829,131
2000	645,000	467,555	595,000	806,331
2001	675,000	439,255	620,000	781,044
2002	705,000	410,105	645,000	753,764
2003	735,000	381,185	675,000	724,094
2004	770,000	346,640	710,000	692,369
2005	860,000	309,680	740,000	658,289
2006	900,000	268,400	775,000	622,769
2007	940,000	224,750	815,000	585,181
2008	990,000	177,750	855,000	544,431
2009	1,040,000	128,250	900,000	501,681
2010	1,090,000	76,250	945,000	456,681
2011	435,000	21,750	990,000	409,431
2012	0	0	1,040,000	359,931
2013	0	0	1,090,000	307,931
2014	0	0	1,145,000	253,431
2015	0	0	1,205,000	194,750
2016	0	0	1,265,000	132,994
2017	0	0	1,330,000	68,163
Total	\$ 12,015,000	\$ 5,384,350	\$ 18,505,000	\$ 12,288,447
				\$ 30,793,447

CITY OF ERIE, PENNSYLVANIA
 Computation of Legal Debt Margin
 As of December 31, 1995

	\$ 65,370,535		\$ 151,133,949
Borrowing base(1)	350	Net nonelectoral plus lease rental debt limit	228,796,873
Percentage limitation	350	Less: net nonelectoral debt plus lease rental debt incurred	78,657,924
Nonelectoral Plus Lease Rental Debt Incurring Capacity:		Add: current principal appropriation	995,000
		Remaining nonelectoral plus lease rental debt incurring capacity	118,438,414
			\$ 118,438,414

	\$ 65,370,535		\$ 163,426,338
Borrowing base(1)	250	Net nonelectoral debt limit	45,982,924
Percentage limitation	250	Less: net nonelectoral debt plus lease rental debt incurred	995,000
Nonelectoral Debt Incurring Capacity:		Add: current principal appropriation	118,438,414
		Remaining nonelectoral debt incurring capacity	118,438,414
			\$ 118,438,414

(1) 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

Year	Net General Bonded Debt	Net Assessed Valuation(1)	Ratio to Assessed Valuation	Population(3)	Net General Bonded Debt Per Capita
1986	\$ 12,185,000	\$ 528,383,674	2.3%	116,893	\$ 104.75
1987	10,619,670	534,452,430	2.0	116,325	91.74
1988	8,951,886	534,987,455	1.7	115,758	77.71
1989	7,193,773	537,484,050	1.3	115,190	62.45
1990	5,568,206	546,004,259	1.0	115,190	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
1994	12,470,000	538,761,050 (2)	2.3	108,718	114.70
1995	12,015,000	535,890,184 (2)	2.2	108,718	110.52

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

(2) Net of debits and credits.

(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

Year	Principal	Interest	Total Debt Service(1)	Total General Expenditures	Ratio of Debt Service to General Expenditures
1986	\$ 1,380,000	\$ 621,027	\$ 2,001,027	\$ 28,704,919	7.0%
1987	1,565,330	649,210	2,214,540	27,829,604	8.0
1988	1,665,392	559,598	2,224,990	27,797,330	8.0
1989	1,760,505	461,298	2,221,803	30,154,187	7.4
1990	1,623,175	363,945	1,987,120	32,292,094	6.2
1991(2)	583,402	299,952	883,354	36,869,367	2.4
1992(2)	836,072	376,535	1,212,607	40,917,569	3.0
1993(2)	878,856	314,757	1,193,613	42,909,805	2.8
1994(2)	480,000	673,412	1,153,412	44,192,822	2.6
1995(2)	455,000	604,428	1,059,428	41,321,724	2.6

(1) Excludes loans.

(2) Modified accrual basis, all other years cash basis.

CITY OF ERIE, PENNSYLVANIA

Computation of Direct and Overlapping Debt
December 31, 1995

Amount Applicable to City of Erie	Percentage Applicable to City of Erie	Net Debt Outstanding	Direct Debt:
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
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 (A)
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	1993 General obligation bond (B)
30,520,000		30,520,000	Total
			Overlapping Debt:
			Erie Housing Authority
			Erie Municipal Park Authority
			Erie School District
			Erie Sewer Authority
			Erie Parking Authority
			Erie City Water Authority
			Erie Civic Center Authority
			County of Erie
			Erie Western Pennsylvania Port Authority
			Total
			Total Direct and Overlapping Debt

CITY OF ERIE, PENNSYLVANIA

Demographic Statistics
1800-1990

Census Year	Population	% Increase (Decrease)	Square Miles	Average Density (Persons/Square Mile)
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
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
1994	110	35,304,641	369	10,537,236	109	190,523
1995	124	51,002,534	330	7,804,454	115	230,078

Source: Department of Economic and Community Development

CITY OF ERIE, PENNSYLVANIA
 Financial Institution Deposits
 Last Ten Years

Year(1)	Commercial Banks	Savings and Loan Associations	Credit Unions	Mutual Savings Banks	Total Deposits
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
1994	1,004,768,000	629,224,000	343,605,000	0	1,977,597,000
1995	949,439,000	643,149,000	331,913,000	0	1,924,501,000

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

CITY OF ERIE, PENNSYLVANIA

Principal Taxpayers
December 31, 1995

Percent of Taxable Assessed Valuation	Assessed Valuation	Taxpayer
2.4%	\$ 12,858,500	Erie Insurance, et al
1.2	6,539,570	Baldwin Brothers Incorporated
1.0	5,100,800	International Paper Company
0.4	2,186,950	Bay Area Redevelopment, Ltd.
0.4	2,162,550	Grandview Co., et al
0.4	2,026,100	Bayside Development Company
0.4	1,994,590	Lord Manufacturing Corporation
0.4	1,870,870	Friedman, Janice
0.3	1,779,230	Erie Western Pennsylvania Port Authority
0.3	1,533,590	South Shore Development, et al
7.2%	\$ 38,052,750	

Source: Erie County Assessment Office.

CITY OF ERIE, PENNSYLVANIA

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

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
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	6.6
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
1994	52.0	47.2	4.2	8.2
1995	52.4	47.8	4.6	8.2

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

General Fund
 Schedule of Insurance In Force
 December 31, 1995

CITY OF ERIE, PENNSYLVANIA

Company	Details of Coverage	Policy Number	Policy Period		Coverage Limits	Deductible	Premium
			From	To			
Mt. Airy Insurance	Public officials liability includes Erie Sewer Authority	524-420241-3	12/1/95	12/1/96	\$ 1,000,000 aggregate \$ 1,000,000 each loss	\$ 10,000 per occurrence	\$ 10,410
Mt. Airy Insurance	Public officials liability includes Civic Center	524-420239-5	12/1/95	12/1/96	\$ 1,000,000 aggregate	\$ 60,000 per occurrence	\$ 46,297
Great American Insurance	Police professional liability	PAC891-13-41	1/1/95	1/1/96	\$ 2,000,000 aggregate	\$ 25,000	\$ 65,287
Great American Insurance	General liability Erie Sewer Authority, golf course liability, pesticide/herbicide applicator coverage, crossing guards liability, emergency medical technicians	PAC891-13-41	1/1/95	1/1/96	\$ 1,000,000 aggregate \$ 500,000 each occurrence	\$ 25,000	\$ 56,320
Great American Insurance(1)	Commercial property	PAC891-13-41	1/1/95	1/1/96	\$ 500,000 per occurrence Fire and lightning extended coverage malicious mischief	\$ 25,000	\$ 26,913
Great American Insurance(1)	Cable TV equipment	PAC891-13-41	1/1/95	1/1/96		\$ 25,000	
Great American Insurance(1)	Electronic data processing equipment	PAC891-13-41	1/1/95	1/1/96		\$ 25,000	
Great American Insurance(1)	Inland floater traffic engineering & traffic counters	PAC891-13-41	1/1/95	1/1/96		\$ 25,000	
Great American Insurance(1)	Inland marine floater TV inspection and sealing system	PAC891-13-41	1/1/95	1/1/96		\$ 25,000	
Great American Insurance(1)	Fine arts-Perry Memorial	PAC891-13-41	1/1/95	1/1/96		\$ 25,000	
Great American Insurance(1)	Auto fleet Bureau of Fire/physical damage	PAC891-13-41	1/1/95	1/1/96	Full comprehensive coverage on all owned units	\$ 250 fire pumps and ladder trucks \$ 500 any Bureau of Fire unit in excess of \$20,000	
Great American Insurance(1)	Floater policy	PAC891-13-41	1/1/95	1/1/96	Coverage for equipment not attached to vehicles in various departments	\$ 25,000	
Great American Insurance	Employees Dishonesty Fund also includes Pension Fund and Officers includes officers of Fire	PAC891-13-41	1/1/95	1/1/96	\$ 100,000 \$ 25,000 theft \$ 50,000 forgery	\$ 25,000	\$ 2,033

(1) Premium included in Great American Insurance - commercial property (\$26,913)

Company	Details of Coverage	Policy Number	Policy Period		Coverage Limits	Deductible	Premium
			From	To			
Kemper Insurance	Boiler and machinery	3XN-026-686	1/1/95	1/1/96	\$ 30,000,000 maximum limit per loss	\$ 1,000	\$ 7,831
Hartford Insurance/ Federal Insurance/ American Insurance	Excess property	83-XLSSD8705 6592957 XER2367844	1/1/95	1/1/96	\$ 80,593,356 statement of values	\$ 25,000	\$ 19,000
General Accident Insurance	Automobile fleet fire/liability only	BA 0143533-00	1/1/95	1/1/96	\$ 1,000,000 on comprehensive and collision insurance	\$ 200 collision coverage for 1990 years and all motorcycles	\$ 178,352
Firemens Fund	Surety bond	37-049-531	5/2/95	5/2/96	\$ 25,000 limit Gas well at zoo		\$ 250
Cincinnati Insurance	Treasurer bond	58533208	1/1/94	1/1/98	\$ 2,000,000	\$ 4,244	\$
National Grange Mutual Insurance	Controller bond	S-140615	1/1/94	1/1/98	\$ 100,000	\$ 1,139	\$
Commonwealth of Pennsylvania	Workers compensation		1/1/95	1/1/96		Self-insured with the State	
Zurich Insurance	Excess workers compensation	8180112-00	1/1/95	1/1/96	\$ 1,000,000 limit of indemnity		\$ 79,522

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