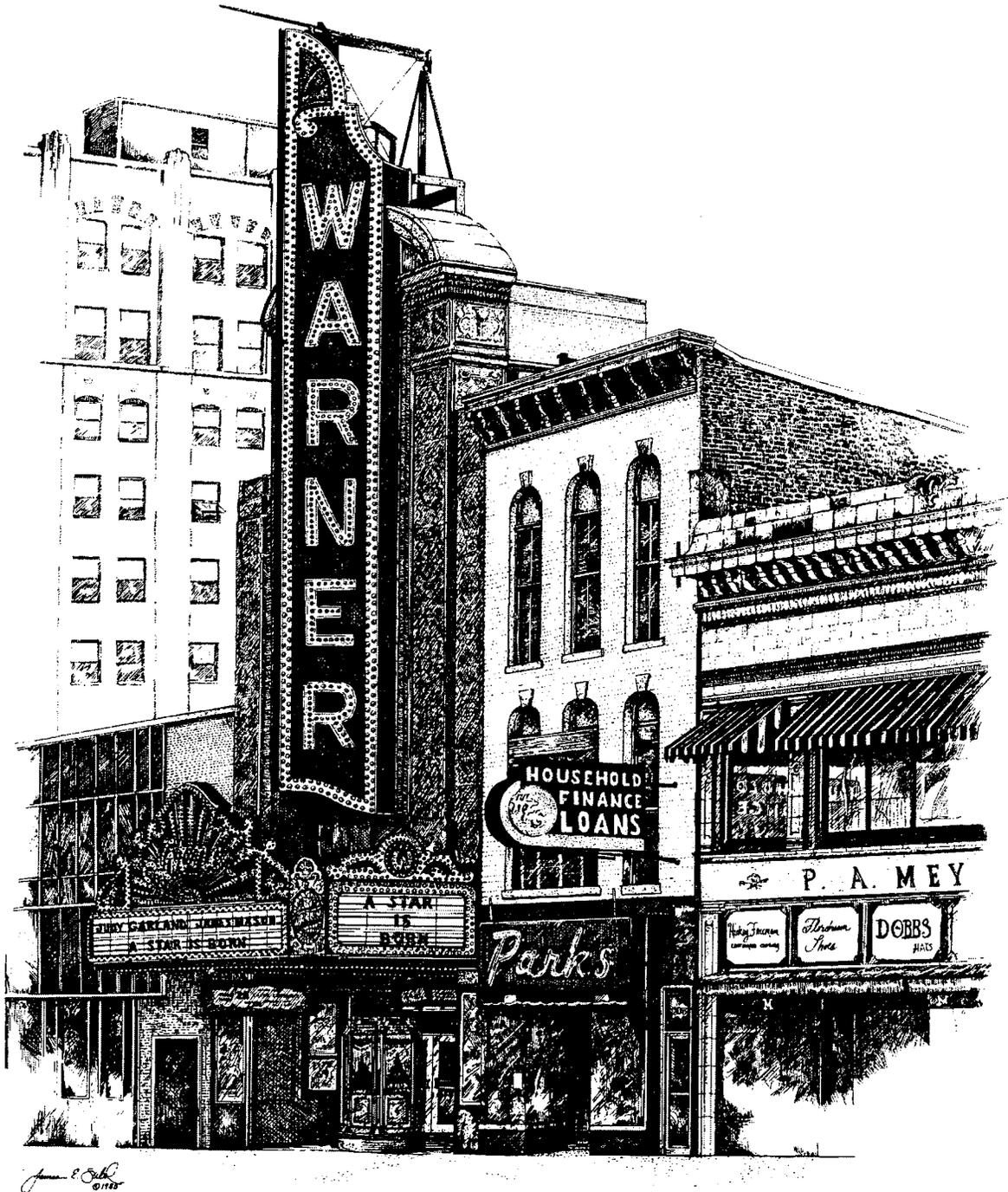


CITY OF ERIE

ERIE, PENNSYLVANIA



Comprehensive Annual Financial Report
Year Ended December 31, 1996

Ageless Beauty ... Preserved in Time, 1985

The Warner Theater opened on April 10, 1931 after two years of construction and \$1.5 million. One of four built by the Warner Brother's, Erie's Warner is the only one that has not been architecturally altered.

Talk of razing the theater in the mid-1970's spearheaded the effort to save it. After intensive lobbying, Pennsylvania purchased the building in 1977 and leased it to the City. In the year 2013, the City will resume full ownership.

The "grand lady of entertainment" has come to life again. Erie's premier showplace has become home to Broadway shows, appearances by leading entertainers, and the Erie Philharmonic concerts, adding to the Erie area quality of life.

CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1996



Prepared By:
Department of Administration and Finance

Herbert V. Herriman
Director

CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1996

Table of Contents

INTRODUCTORY SECTION

| | |
|--|----|
| Introduction to the City of Erie | 1 |
| Transmittal Letter | 2 |
| Principal City Officials | 12 |
| Organization Chart | 13 |

FINANCIAL SECTION

| | |
|--|----|
| Independent Auditors Report | 15 |
| General Purpose Financial Statements: | |
| Combined Balance Sheet - All Fund Types and Account Groups, and Discretely Presented Component Units | 18 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Discretely Presented Component Units | 20 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis) Budget and Actual (Including Encumbrances) - General and Budgeted Special Revenue | 22 |
| Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary and Pension Trust Funds and Discretely Presented Component Units | 24 |
| Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Cash Basis) Budget and Actual (Including Encumbrances) - Enterprise Funds (Sewer Revenue, Refuse and Recycling and Golf) and Internal Service Funds (Workers Compensation Claims and Risk Management) | 26 |
| Combined Statement of Cash Flows - All Proprietary and Pension Trust Funds and Discretely Presented Component Units | 28 |
| Notes to Financial Statements: | |
| I. Summary of Significant Accounting Policies | 32 |
| A. Financial Reporting Entity | 32 |
| B. Individual Component Unit Disclosures | 32 |
| C. Related Organizations | 34 |
| D. Basis of Presentation - Fund Accounting | 35 |
| 1. Governmental Fund Types | 35 |
| 2. Proprietary Fund Types | 35 |
| 3. Fiduciary Fund Types | 36 |
| 4. Account Groups | 36 |
| E. Basis of Accounting | 36 |
| 1. Modified Accrual Basis | 36 |
| 2. Accrual Basis | 36 |
| F. Budgetary Data | 37 |
| 1. Budget Policy | 37 |
| 2. Encumbrances | 37 |
| 3. Budgetary Accounting | 37 |
| G. Assets, Liabilities and Fund Equity | 38 |
| 1. Cash Equivalents | 38 |
| 2. Investments | 38 |
| 3. Interfund Receivables and Payables | 38 |
| 4. Prepaid Items | 38 |
| 5. Fixed Assets | 38 |
| 6. Long-Term Obligations | 39 |
| 7. Fund Equity | 39 |
| 8. Interfund Transactions | 39 |
| 9. Concentration of Credit Risk | 39 |
| 10. Use of Estimates | 39 |
| H. Revenues, Expenditures and Expenses | 39 |
| 1. Governmental Fund Revenues | 39 |
| 2. Compensated Absences | 40 |
| II. Stewardship, Compliance and Accountability | 40 |
| A. Compliance with Financial Related Legal and Contractual Provisions | 40 |
| B. Deficit Fund Equity of Individual Funds | 40 |
| C. Excess of Expenditures Over Appropriations in Individual Funds | 40 |
| D. Budgetary Compliance | 40 |
| III. Detail Notes - All Funds and Account Groups | 40 |
| A. Assets | 40 |
| 1. Cash and Investments | 40 |
| 2. Accounts Receivable | 42 |
| 3. Property Taxes Receivable and Deferred Revenue | 42 |

CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1996

Table of Contents, Continued

FINANCIAL SECTION, Continued

Notes to Financial Statements, Continued

| | | |
|------|---|----|
| 4. | Earned Income Tax and Occupational Privilege Tax Receivable | 42 |
| 5. | Notes Receivable | 43 |
| 6. | Liens Receivable | 43 |
| 7. | Intergovernmental Receivable | 43 |
| 8. | Other Receivables | 44 |
| 9. | Lease Agreement | 44 |
| 10. | Prepaid Insurance | 44 |
| 11. | Fixed Assets | 44 |
| B. | Liabilities | 45 |
| 1. | Pension Plans | 45 |
| 2. | Deferred Compensation Plan | 51 |
| 3. | Risk Management | 51 |
| 4. | Claims and Judgments Payable | 52 |
| 5. | Lease Agreements | 53 |
| 6. | Long-Term Debt | 54 |
| 7. | Prior Year Defeasance of Debt | 56 |
| 8. | Compensated Absences | 56 |
| 9. | Other Postemployment Benefits | 56 |
| C. | Interfund Receivables and Interfund Payables | 56 |
| D. | Due From/To Other Funds | 57 |
| E. | Fund Equity | 57 |
| IV. | Segment Information - Enterprise Funds | 58 |
| V. | Summary Disclosure of Significant Commitments and Contingencies | 58 |
| A. | Debt Guaranty Agreements | 58 |
| B. | Financial Assistance Programs | 59 |
| C. | Significant Contractual Agreements | 59 |
| D. | Other Contingencies | 59 |
| E. | Contingent Liability | 59 |
| VI. | Other Disclosures | 59 |
| A. | Revolving Fund Programs | 59 |
| 1. | Bayfront Urban Development Action Grant (BUDAG) | 59 |
| 2. | Enterprise Zone Loan Program | 60 |
| B. | General Fund Budgetary Basis Budgeted Fund Balance | 60 |
| C. | Special Revenue - Liquid Fuels Tax Grant | 60 |
| D. | Contributed Capital - Enterprise Fund | 60 |
| VII. | Component Unit Disclosures | 60 |
| A. | Redevelopment Authority of the City of Erie | 60 |
| 1. | Activities | 60 |
| 2. | Basis of Accounting | 60 |
| 3. | Cash Deposits | 61 |
| 4. | Pension | 61 |
| 5. | Long-Term Debt | 61 |
| 6. | Restatement of Beginning Fund Balance | 61 |
| 7. | Summary Disclosure of Significant Contingencies | 61 |
| 8. | Transactions with the Primary Government | 62 |
| B. | Erie Municipal Park Authority | 62 |
| 1. | Activities | 62 |
| 2. | Basis of Accounting | 62 |
| 3. | Property, Plant and Equipment | 62 |
| 4. | Investments | 62 |
| 5. | Long-Term Debt | 62 |
| 6. | Restatement of Beginning Fund Balance | 63 |
| 7. | Transactions with Primary Government | 63 |
| C. | Erie Metropolitan Transit Authority | 63 |
| 1. | Activities | 63 |
| 2. | Basis of Accounting | 63 |
| 3. | Restricted Cash and Investments | 63 |
| 4. | Cash and Investments | 63 |
| 5. | Inventories | 64 |
| 6. | Investment in Transit System | 65 |
| 7. | Pension | 65 |

CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1996

Table of Contents, Continued

FINANCIAL SECTION, Continued

Notes to Financial Statements, Continued

| | |
|--|-----|
| 8. Line of Credit | 65 |
| 9. Transactions with the Primary Government | 65 |
| D. Erie Parking Authority | 65 |
| 1. Activities | 65 |
| 2. Restricted Cash and Investments | 65 |
| 3. Cash and Investments | 65 |
| 4. Capitalization and Depreciation | 65 |
| 5. Compensated Absences | 67 |
| 6. Pension | 67 |
| 7. Long-Term Debt | 68 |
| E. Erie Civic Center Authority | 68 |
| 1. Activities | 68 |
| 2. Restricted Cash and Investments | 68 |
| 3. Cash Deposits | 69 |
| 4. Property and Equipment | 69 |
| 5. Deferred Compensation Plan | 70 |
| 6. Long-Term Debt | 70 |
| 7. Summary Disclosure of Significant Contingencies | 70 |
| 8. Transactions with the Primary Government | 70 |
| F. Erie Sewer Authority | 70 |
| 1. Activities | 70 |
| 2. Basis of Accounting | 70 |
| 3. Marketable Securities | 70 |
| 4. Investment in Facilities | 71 |
| 5. Long-Term Debt | 71 |
| 6. Contingency | 71 |
| G. Other Component Unit Disclosures | 72 |
| Combining and Individual Fund Statements and Schedules: | |
| General Fund | |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis) Budget and Actual (Including Encumbrances) | 75 |
| Special Revenue Funds | |
| Combining Balance Sheet | 90 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 92 |
| Individual Schedule of Revenues, Expenditures and Changes in Fund Balance (Cash Basis) Budget and Actual (Including Encumbrances) | |
| Liquid Fuels Tax Fund Grant | 94 |
| Debt Service Fund | |
| Balance Sheet | 95 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 96 |
| Capital Projects Funds | |
| Combining Balance Sheet | 97 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 98 |
| Enterprise Funds | |
| Combining Balance Sheet | 100 |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings | 102 |
| Individual Schedule of Revenues, Expenses and Changes in Retained Earnings (Cash Basis) Budget and Actual (Including Encumbrances) | |
| Sewer Revenue | 104 |
| Refuse and Recycling | 105 |
| Golf | 106 |
| Combining Statement of Cash Flows | 108 |
| Internal Service Funds | |
| Combining Balance Sheet | 111 |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings | 112 |
| Individual Schedule of Revenues, Expenses and Changes in Retained Earnings (Cash Basis) Budget and Actual (Including Encumbrances) | |
| Workers Compensation Claims | 113 |
| Risk Management | 114 |
| Combining Statement of Cash Flows | 115 |

CITY OF ERIE, PENNSYLVANIA
Comprehensive Annual Financial Report
Year Ended December 31, 1996

Table of Contents, Continued

FINANCIAL SECTION, Continued

Combining and Individual Fund Statements and Schedules, Continued

| | |
|---|-----|
| Fiduciary Funds | |
| Combining Balance Sheet | 118 |
| Pension Trust Funds | 119 |
| Combining Statement of Changes in Assets and Liabilities | |
| Agency Funds | 120 |
| Combining Statement of Revenues, Expenses and Changes in Fund Balance | |
| Pension Trust Funds | 122 |
| Combining Statement of Cash Flows | |
| Pension Trust Funds | 123 |
| General Fixed Assets Account Group | |
| Schedule by Function and Activity | 125 |
| Schedule of Changes by Function and Activity | 126 |
| Schedule by Source | 127 |
| Component Units | |
| Combining Balance Sheet | 130 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 132 |
| Combining Statement of Revenues, Expenses and Changes in Fund Equity | 133 |
| Combining Statement of Cash Flows | 134 |
| Schedules | |
| Officers and Employees Retirement Association Required Supplemental Schedule - Analysis of Funding Progress | 135 |
| Police Relief and Pension Association Required Supplemental Schedule - Analysis of Funding Progress | 136 |
| Firemens Pension Fund Required Supplemental Schedule - Analysis of Funding Progress | 137 |

STATISTICAL SECTION

| | |
|--|-----|
| General Fund | |
| Expenditures by Function | 140 |
| Revenues by Source | 142 |
| Property Tax Levies and Collections | 144 |
| Assessed and Estimated Actual Value of Taxable Property | 145 |
| Property Tax Rates - All Overlapping Governments | 146 |
| Annual Requirements to Amortize Long-Term Debt | 147 |
| Computation of Legal Debt Margin | 148 |
| Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita | 149 |
| Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures | 150 |
| Computation of Direct and Overlapping Debt | 151 |
| Demographic Statistics | 152 |
| Property Values and Construction | 153 |
| Financial Institution Deposits | 154 |
| Principal Taxpayers | 155 |
| Miscellaneous Statistical Data | 156 |
| Labor Force | 157 |
| General Fund Schedule of Insurance In Force | 158 |

City of Erie

Joyce A. Savocchio, Mayor

May 6, 1997

Honorable Members of City Council and Citizens
City of Erie

The City of Erie, located in the northwestern corner of Pennsylvania and on the southern shore of Lake Erie, proudly serves as the state's only lake and world port and is distinguished by a fine natural harbor hosting Great Lakes and international vessels evidencing a growth in trade and ship repair industries.

Erie, with a population of 109,000 residents, the third largest city in the Commonwealth and the largest city in Northwestern Pennsylvania, houses a wide range of legal services, including the County and Federal Courthouses and several federal and state government offices. The downtown district, serving as a regional center, hosts a wide range of financial and commercial ventures which are enhanced by the cultural and sports facilities located there: the Civic Center Complex housing a restored Warner Theater; newly built Jerry Uht Ballpark and the Tullio Convention Center; the Erie Playhouse (one of the top ten community theaters in the country); the Erie Philharmonic Orchestra; the Erie Civic Ballet; and Discovery Square (a complex housing the Erie Art Museum, the Erie History Center and Experience Erie Children's Museum). Blasco Memorial Library, a newly constructed state-of-the-art public library and a new Maritime Museum, now under construction; the U.S. Brig Niagara; new condominium and restaurant development; along with the Bicentennial Tower and proposed Pennsylvania Aquarium speak to the excitement of Erie's new waterfront. Perry Square Park at the downtown's center, one of 55 city parks, offers a wide variety of community activities, among them the premier winter event on New Year's Eve known as First Night Erie and Erie's main summer festival - We Love Erie Days - attract thousands of residents and visitors alike annually.

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.

The Erie area has experienced business growth and significant industrial retention and expansion resulting in ongoing job growth. The diversification of our economy, the affordable living standard and skilled labor force have made Erie a livable metropolitan area. Economic development is a top priority for the City. The Michael Veshecco Industrial Park, recently completed on the city's west side, houses four new industries and a new industrial park to be located on the city's east side is now in the planning stage. The Erie Enterprise Zone has been expanded to over one-third of our city and has allowed for over \$200 million of reinvestment. Downtown revitalization has allowed for major reinvestment and new construction by banking houses and new living space by the development of Boston Store (a vacant department store) and Lovell Place (a vacant manufacturing site). Tourists, visitors, residents and businesses alike are serviced by the Bayfront Parkway now connected to I-79 and to be connected to I-90 into the next century as well as by the Erie International Airport, a regional 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.

Health care services are offered to both the City and surrounding areas by major health care providers such as Hamot, St. Vincent and Metro Health Centers, 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, also located in the area, offer research opportunities that stimulate the area's industrial base.

We are a city that takes pride in our past and even greater pride in our present and future. We take pride in being named one of our country's "Family Friendly" cities. But most of all, we are a city that takes pride in what we have done together to bring the progress of this decade and for the progress which awaits us in the future, giving community voice to the boast of the Erie Chamber of Commerce ...**Erie is Eriesistible...The Best Things In Life Are Here!**


Joyce A. Savocchio
Mayor

May 6, 1997

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, 1996 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 and pension organizations 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.

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

The availability of a highly skilled labor force centered around Erie's historically strong tool and die industry continues to be a major factor in our local tradition of growing new jobs from within. The local workforce employed in the manufacturing sector remains above the 30% mark which is well above state and national trends. As often larger companies right size, downsize or even change direction in manufacturing operations, the trend locally is for elements of prior production work being transformed into new manufacturing operations by former senior employees. These new enterprises pick up additional market share, develop proprietary interests in new components and grow employment locally.

The ability to retain a skilled workforce is housed in planning that culminated in the formation of the Northwest Pennsylvania Technical Institute, Pennsylvania's first and only technical training college established in 1990. Since its inception, thousands of individuals have received training and in particular, retraining to meet ever changing manufacturing demands. Bringing limited resources together with employer needs, we have been able to keep pace and remain competitive as a community in the manufacturing marketplace.

Erie's industrial base is secure, with numerous large industrial firms within the City's limits. The Lord Corporation, R. M. Kerner Company, International Paper, Kaiser Aluminum, Cabletron, Reed Manufacturing, and a mixture of well established smaller and new firms in diversified fields from plastics to steel forging utilizes Erie's skilled labor force. General Electric and Eriez Magnetics are among the major corporations with both functioning plants and headquarters situated in the area. In addition, Erie has become the business and financial service center of Northwestern Pennsylvania. It provides services from several major investment firms and banks and is the home of the \$40 million corporate headquarters of the Erie 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 seventeen public areas by Erie neighborhoods. There are now a total of 35 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 facade revitalization program has also resulted in reinvestment in several long vacant store fronts is expanding into new neighborhoods.

Economic development continues to be a top priority for Erie in 1996. 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. The connection to Interstate Route 90 (I-90) with the first section to East 6th Street has received funding to begin phase 1 in late 1997. 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 and virtually sold out all lots by the end of 1996. In addition, Owens Illinois Closure, Tops Markets, and several smaller business and industries located in Erie's Enterprise Zone completed expansion plans resulting in hundreds of new permanent jobs. 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 remains the highest in recent history, further pointing to a renewed confidence in investing in the City of Erie.

MAJOR INITIATIVES

For The Year 1996

In preparing the budget, the City's priorities were identified as economic and community development, and maintaining all basic services at levels provided in 1995. 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 1996 included the following: Construction of sewer, water and highway improvements necessary to service under-utilized industrial land for new or growing manufacturing enterprises. Major new affordable and market rate housing redevelopment projects were closed for financing and are anticipated to be completed in late 1997 or early 1998. Over 400 new units will be on line with these projects as well as 125,000 square feet of new office/retail space will be available in the same complexes.

The City's brownfield reuse program will continue the rehabilitation of two major sites; one into a 17 acre industrial park and the other, conversion of 250,000 square feet of abandoned industrial space into productive space for new manufacturing entities.

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. Certification of firefighters in water safety, cold water rescue and SCUBA occurred in 1996. Increased ability to provide continuing education with the donation of new televisions for each station to enable viewing of the Fire Emergency Television Network. Provided continuing education, compliant to the regulations of the PA Department of Health for all fire service emergency medical providers. Also, established a training program with Dupont Chemical Corporation to provide hazardous training for non-certified firefighters and to provide technician level training for the Erie County Haz-Mat Team. And, continued work on the State Fire Commissioner's task force on statewide incident reporting.

The Bureau of Police is continuing to develop a community policing philosophy throughout the Bureau of Police. Several techniques have been added during FY 1996 to include extensive foot patrols, a bicycle patrol, and a Citizens Police Academy. Gang activity throughout the City has been a primary target of suppression through the use of Community Development Block Grant funds to maintain eleven K-9 officers in specific areas of the city. The Bureau, also, continued to expend 8,000 man hours in providing skill development training for all officers.

Public Works activities included significant maintenance and capital improvement projects. Construction of the new Central Fire Station and the Public Works Consolidation Project were completed. The revitalization of parks and playgrounds continued. A major project was undertaken at Hillside Park to construct a new ballfield that will meet the needs of senior league, American Legion, high school and local teams, along with a new play structure and other improvements. The golf program continued to be a highly successful enterprise with all major capital improvements planned for 1996 being accomplished. Among the most significant were the automated irrigation system at Downing Golf Course and the paving of the parking lot and cart paths at Erie Golf Course.

Unlimited collection of household refuse, recycling of glass, cans, plastics, newspapers and the award winning composting program for leaves and grass continued in 1996, reducing the tonnage disposed of and the associated landfill fees.

The Streets Bureau continues to effectively maintain 322 miles of streets. The highly successful reclaiming of unpaved streets continued in 1996. Approximately 24 miles of roadway were reclaimed or milled and resurfaced. Also, the Streets Bureau continued utilizing liquid calcium chloride for more effective and efficient deicing of streets in winter. In addition, Streets Bureau personnel completed the site work for the Public Works Consolidation Project saving approximately \$400,000.

The Director's Office, working with the Bureau of Sewers and the Engineering Bureau, monitored and assured compliance with the milestones of the Consent Decree between the City and the Pennsylvania Department of Environmental Protection (DEP). The intent of the Decree is to identify and reduce sources of pollution to Presque Isle Bay and Lake Erie.

The Bureau of Engineering completed numerous storm and sanitary sewer improvements in 1996 and began the construction of the \$4 million Canal Sewer Project.

COMING YEAR INITIATIVES

Priorities for 1997 include:

Economic and Community Development

Neighborhood housing redevelopment activities will continue to grow and take new form through the expanded involvement of neighborhood and community base non-profit organizations involved in housing issues.

Using funding from the City, the Martin Luther King Center, the Booker T. Washington Center, HANDS and LIRE will be developing new affordable housing opportunities throughout Erie neighborhoods. The conversion of two former brownfield industrial sites will be completed with the opening of a new industrial park on E. 12th St. and conversion of the former Zurn industrial complex at 12th & East Avenue into new manufacturing space will be completed. Additional brownfield conversions are in the planning stages. Public access improvements on Erie's waterfront will continue with the City to start construction of the promenade this summer and the Port Authority to undertake numerous waterfront activities.

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 - installation and implementation of the AEGIS police software system which will improve the records system, as well as, provide for a computer assisted dispatch (CAD) capability is being purchased through a COPS MORE Grant. Purchase of a van to be used as a mobile precinct in support of the Bureau community policing program with a COPS Block Grant. In addition, approximately \$100,000 in overtime funds for staffing the mobile precinct is being provided by the Block Grant. Completion of Phase II COPS training for the entire Bureau of Police, provision of an implementation team within the Bureau, and the establishment of a Citizen Leadership Council to support community policing in the City. These actions will consolidate and implement a thorough community policing strategy for the entire agency. Purchase of two (2) police cruisers through a grant received from the Pennsylvania Department of Community Development. These will be the only vehicles purchased for the Bureau in FY 1997.

Fire - completion of fire station ventilation systems to provide a clean, non toxic environment for firefighters. Compiling specifications for a new fire/rescue pumper and aerial ladder unit to be purchased through the 1997 bond issue. Complete the necessary bidding processes to enable the department to purchase fire turnout gear (firefighter protective clothing for fire ground operations). Removal of existing underground storage tanks at four fire department locations. Community education and implementation of the 1996 BOCA fire codes. Revision of the current department SOP's to a new set of Standard Operating Guidelines. Update the state mandated Emergency Operations Plan for the City.

Implement, as a pilot site, electronic fire/EMS incident reporting. Start date July 1, 1997 to continue through December 31, 1997. This requires the updating of the current computers at Fire Communications to enable the software system to operate properly. The statistics of this pilot are based on the National Fire Incident Reporting system of the U.S. Fire Administration and upon completion of the pilot will enable all fire departments throughout the Commonwealth to report directly to the state Office of the Fire Commissioner and ultimately receive any information from the system that is beneficial to the municipality.

Utilized the State Correctional Facility at Albion to refurbish two department vehicles to maintain the needed fleet without having to purchase new vehicles. Continued community education via department fire prevention division including fire safety talks at schools, elderly housing, hospitals, and other places of assembly. Fire inspection division training that included two classes at the National Fire Academy for fire investigation and one class at the Bureau of Alcohol, Tobacco, and Firearms Training Academy in Glecoe, GA on arson investigation.

Public Works

Improve City services through continued training and education, as well as improved effectiveness of supervision in all Bureaus; enhance computerization in the Bureaus of Engineering, Municipal Garage, Streets, and Sewers; continue with completion of the 1993 bond issue projects, such as the \$4 million Canal Sewer Project; proceed expeditiously with the 1997 bond issue capital improvement projects: Streets Garage Improvements, Marsh Street Facility Renovations, Fire Station upgrades, City Hall Cooling Towers, Storm Sewer Projects, Bird Drive Paving; maintain and rehabilitate streets through milling and resurfacing, reclaiming, asphalt patching and pothole repairing programs; continue to provide expanded services in refuse collection, composting and recycling (Spring Clean-up); improve wastewater treatment operations and work to remain in compliance with all state and federal regulations; continue to meet the milestones and mandates of the Consent Decree with progression of the Act 537 Study and associated multi-million dollar construction projects 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, 1996 follow. The General Fund encompasses the general governmental functions of the City (and all other functions not accounted for in other separate funds).

General Fund revenues totaled \$39,540,729 in 1996, a decrease of 1.7% from 1995. Total taxes account for 70.5% of general revenues compared to 69.9% last year. The amount of revenues from various sources and a comparison with the prior year are shown in the following tabulation:

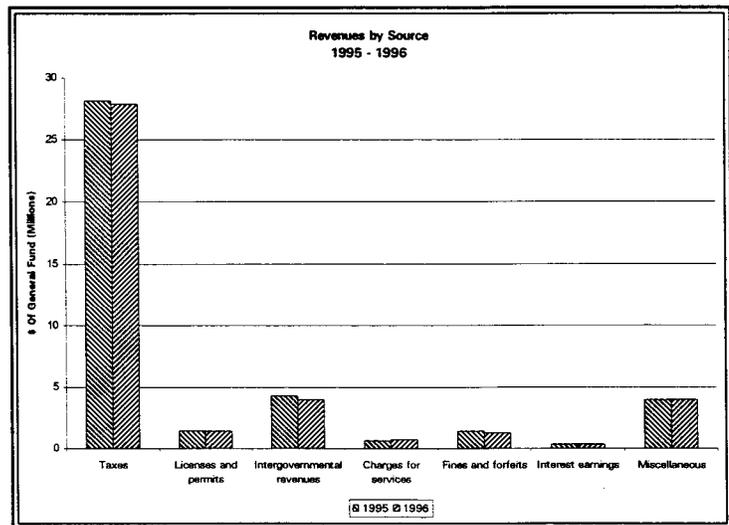
| Source | Amount | Percent of Total | Increase (Decrease) From 1995 | |
|----------------------------|----------------------|------------------|-------------------------------|--------------|
| | | | Amount | Percent |
| Taxes | \$ 27,864,286 | 70.5 | \$ (260,306) | (0.9) |
| Licenses and permits | 1,403,364 | 3.5 | (47,118) | (3.4) |
| Intergovernmental revenues | 3,985,300 | 10.1 | (311,730) | (7.8) |
| Charges for services | 708,353 | 1.8 | 54,474 | 8.3 |
| Fines and forfeits | 1,272,147 | 3.2 | (130,793) | (9.3) |
| Interest earnings | 340,269 | 0.9 | 572 | 0.2 |
| Miscellaneous sources | 3,967,010 | 10.0 | 10,427 | 0.3 |
| Total | \$ 39,540,729 | 100.0 | \$ (684,474) | (1.7) |

Taxes decreased \$260,306 which represents a shortfall in Income Tax reimbursements.

Licenses and permits small decrease of \$47,118 resulted in a slight decline in construction.

Intergovernmental revenue decrease \$311,370 in reimbursements from the state environmental resources grant.

Fines and forfeits decreased \$130,793, a result of a court mandate to transfer traffic violations operation to the state court system.



General Fund expenditures totaled \$43,287,731 an increase of 4.5% over 1995. Variances in levels of expenditures for major functions and a comparison with the prior year are shown in the following tabulation:

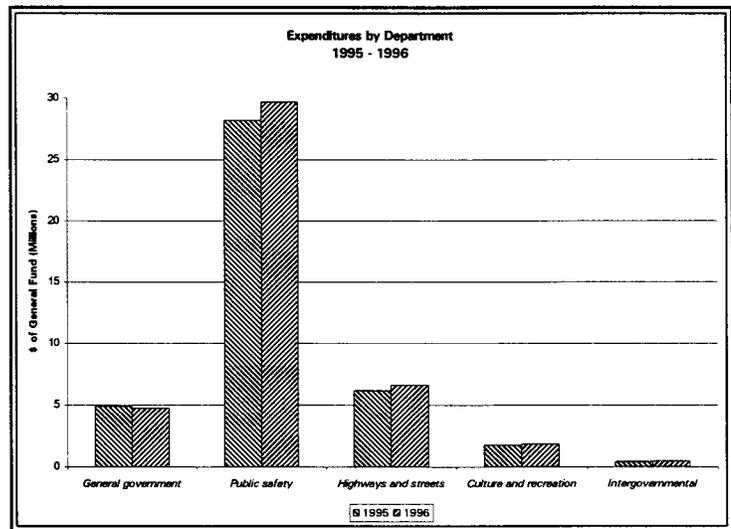
| Function | Amount | Percent of Total | Increase (Decrease) From 1995 | |
|------------------------|----------------------|------------------|-------------------------------|------------|
| | | | Amount | Percent |
| General government | \$ 4,730,652 | 10.9 | \$ (169,898) | (3.6) |
| Public safety | 29,669,217 | 68.5 | 1,487,717 | 5.3 |
| Highways and streets | 6,609,021 | 15.3 | 447,490 | 7.3 |
| Culture and recreation | 1,824,672 | 4.2 | 54,529 | 3.1 |
| Debt service | 1,169 | | 1,169 | 100.0 |
| Intergovernmental | 453,000 | 1.1 | 35,000 | 8.4 |
| Total | \$ 43,287,731 | 100.0 | \$ 1,856,007 | 4.5 |

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, 1996 was \$2,935,083 compared with a fund balance of \$3,717,498 at December 31, 1995, a decrease of 21.1%. A decrease of \$782,415 in undesignated fund balance brings this figure to 6.8% of annual expenses. In the 1997 budget, City Council appropriated \$580,000 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, 1996 totaled \$9,907,093; expenditures for the period were \$7,741,001. The combined ending fund balance of the Special Revenue Funds at December 31, 1996 was \$5,498,657 compared to \$3,704,425 at the end of 1995.

Capital Projects Funds

The Capital Projects Funds accounts for major capital outlays. Combined revenues for 1996 were \$602,067, a decrease of \$210,998 (25.6%), primarily for interest earned on idle funds. Expenditures totaled \$3,471,516, an increase of \$1,051,792 (43.5%), consisting of fire equipment, consolidation of street and municipal garage operations, new firehouse and renovations to other firehouses, storm and sanitary sewers. The fund balance at December 31, 1996 totaled \$7,635,483, a decrease of \$2,869,449 (27.3%).

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 \$19,882,690 in 1996, while expenses were \$18,572,256. The net income, before transfers, for the year amounted to \$1,942,964. The Sewer Revenue Fund showed an operating revenue increase of \$626,497 (4.9%). Expenses were up \$849,287 (7.0%) due to overall operating cost increases. The Refuse and Recycling Fund showed an operating revenue decrease of \$48,898 (1.4%) and expenses were up \$199,693 (5.6%). The Golf Fund decreased revenue \$75,612 (7.8%), a result of attendance decreases. Expenses were \$12,649 (1.4%) over the 1995 level because of operating cost increases.

Internal Service Funds

Internal Service Funds account for the financing of self-insurance costs to other funds. Such costs are billed to these funds on a cost reimbursement basis. Operating revenues for the year ended December 31, 1996 were \$6,584,544 and operating expenses totaled \$7,492,076. The net loss for 1996, after nonoperating revenues (investment income), was \$828,459, as a result of increased workers compensation claims.

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 \$73,456,978, representing 45% of the total actuarial accrued liability (as of the latest actuarial report dated January 1, 1996).

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 1994-1996, City and Commonwealth of Pennsylvania contributions to its three pension funds were as follows:

| | 1994 | 1995 | 1996 |
|---|---------------------|---------------------|---------------------|
| Officers and Employees Retirement Association | \$ 2,539,313 | \$ 1,850,284 | \$ 2,003,108 |
| Police Pension Fund | 5,226,473 | 5,068,914 | 4,959,135 |
| Firemens Pension Fund | 1,996,084 | 1,945,353 | 1,996,017 |
| | <u>\$ 9,761,870</u> | <u>\$ 8,864,551</u> | <u>\$ 8,958,260</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, 1996, the General Fixed Assets of the City amounted to \$29,093,690. 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 1996 were as follows:

| | <u>Amount</u> | <u>Ratio of Debt to Assessed Value (40% of Appraised Value)</u> | <u>Debt per Capita¹</u> |
|-------------------------|---------------|---|--|
| Net general bonded debt | \$ 11,535,000 | 2.2% | \$ 106.10 |

1 Based upon 1990 census population of 108,718.

Outstanding general obligation bonds at December 31, 1996 totaled \$30,376,718, of which \$17,990,000 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, 1996, the City's net general bonded debt of \$29,525,000 was far below the legal limit of \$130,080,830.

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 5.4%. General Fund interest earned was \$340,269. 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, 1996, 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 1996. Evaluation of investment performance in 1996 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 1996, the medical stop-loss amount was \$90,000 in the first year; \$55,000 in the second year; \$45,000 in the third year; and each year thereafter, \$45,000 plus Consumer Price Index (CPI) of a large-loss payment while the indemnity stop-loss was \$22,500.

The liability for estimated claims in the Workers Compensation Claims Fund increased from \$3,234,896 in 1995 to \$4,224,072 in 1996, representing a change of \$989,176. 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

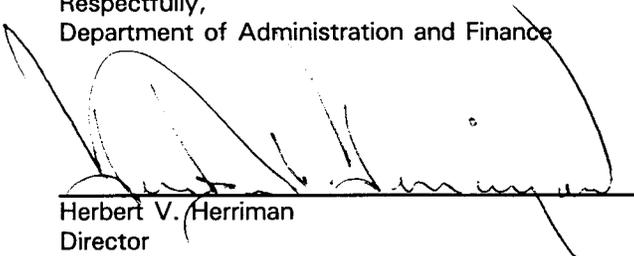
City code, grants and the Single Audit Act of 1984 requires that local governments receiving \$100,000 or more of Federal assistance in any fiscal year conduct a single audit encompassing the entirety of the financial operations of the City. In compliance with this act, an audit of the accounts and financial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

Acknowledgments

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, 1996

Principal City Officials

Mayor

Joyce A. Savocchio

City Council

Robert C. Brabender, President

Mario S. Bagnoni

Joseph J. Borgia

James T. Casey

James N. Thompson

Melvin Witherspoon

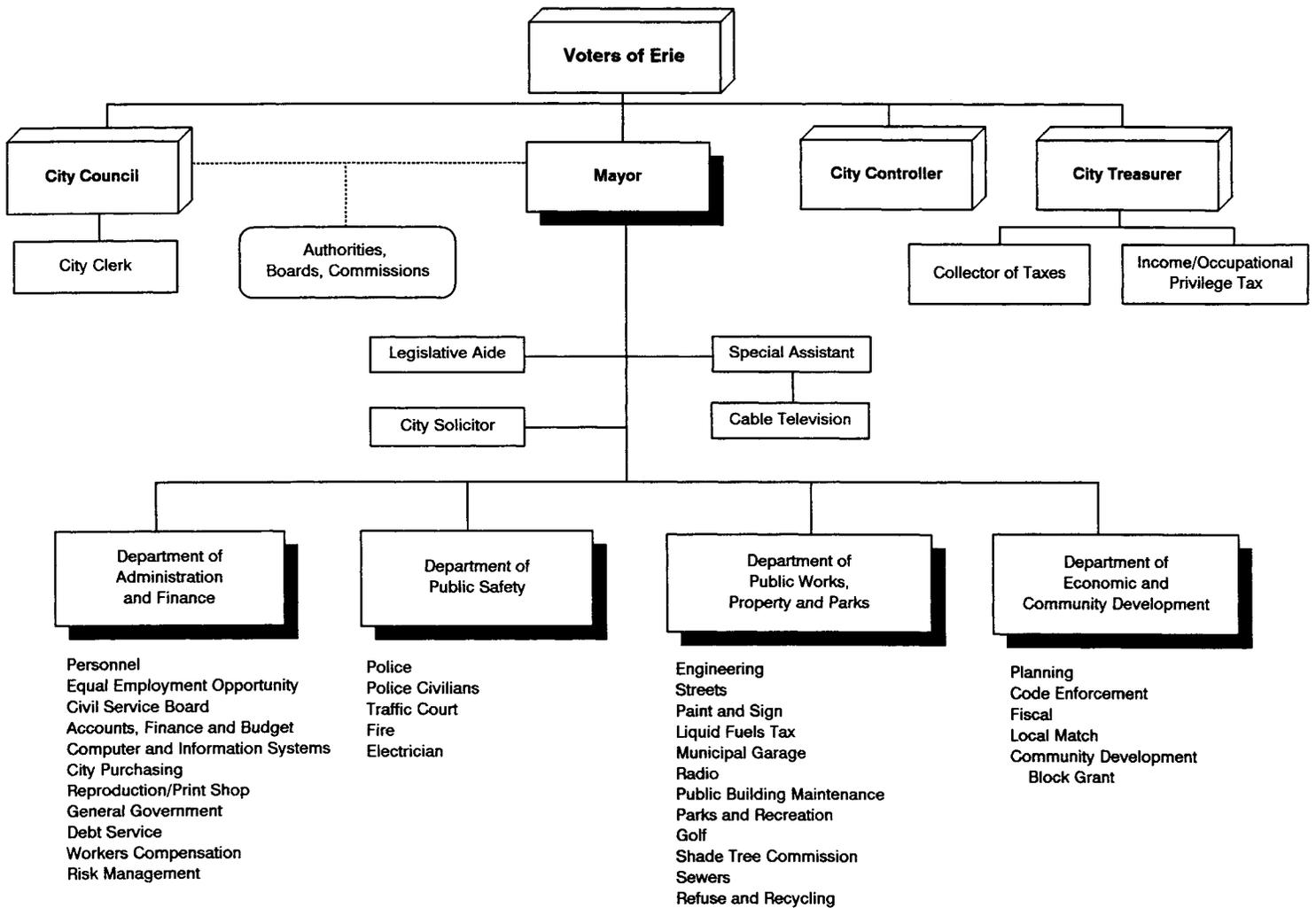
Gayle M. Wright

City Officials

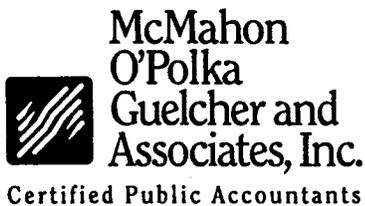
| | |
|---------------------------|--|
| Ortenzia M. Keller | City Treasurer |
| Brenda A. Pundt | City Controller |
| Gregory A. Karle | City Solicitor |
| James E. Klemm | City Clerk |
| Joyce A. Savocchio, Mayor | Director, Department of Public Safety |
| Herbert V. Herriman | Director, Department 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, 1996

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, 1996, 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, 1996, 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 & Associates

McMAHON, O'POLKA, GUELCHER
AND ASSOCIATES, INC.

Erie, Pennsylvania
May 2, 1997

BLANK

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF ERIE, PENNSYLVANIA
 Combined Balance Sheet
 All Fund Types and Account Groups, and Discretely Presented Component Units
 December 31, 1996

| | Governmental Fund Types | | | |
|--|-------------------------|---------------------|--------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| ASSETS | | | | |
| Cash | \$ 242,035 | \$ 922,508 | \$ 0 | \$ 23,067 |
| Investments | 1,800,000 | 1,358,884 | 0 | 7,595,000 |
| Restricted cash and investments | 0 | 0 | 0 | 0 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts | 0 | 0 | 0 | 0 |
| Property tax | 2,641,866 | 0 | 0 | 0 |
| Earned income and occupational privilege tax | 1,620,523 | 0 | 0 | 0 |
| Liens | 205,138 | 153,525 | 0 | 92,015 |
| Intergovernmental | 140,325 | 587,961 | 0 | 0 |
| Interfund | 0 | 0 | 0 | 105,000 |
| Notes | 10,921 | 481,663 | 0 | 0 |
| Other | 145,117 | 78,220 | 0 | 7,227 |
| Inventory | 0 | 0 | 0 | 0 |
| Prepaid insurance | 3,932 | 0 | 0 | 0 |
| Due from other funds | 0 | 0 | 0 | 19,893 |
| 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 |
| Construction in progress | 0 | 0 | 0 | 0 |
| Less: accumulated depreciation | 0 | 0 | 0 | 0 |
| Notes receivable, net of current maturities | 0 | 5,094,468 | 0 | 0 |
| Bond issue costs | 0 | 0 | 0 | 0 |
| Amount to be provided for long-term debt | 0 | 0 | 0 | 0 |
| Total assets | \$ 6,809,857 | \$ 8,677,229 | \$ 0 | \$ 7,842,202 |
| LIABILITIES | | | | |
| Accounts payable | \$ 223,151 | \$ 603,871 | \$ 0 | \$ 115,210 |
| Accrued payroll | 772,475 | 14,161 | 0 | 0 |
| Interfund payable | 0 | 105,000 | 0 | 0 |
| Compensated absences payable | 228,239 | 17,464 | 0 | 0 |
| Claims and judgments payable | 0 | 0 | 0 | 0 |
| Current portion of long-term liabilities | 0 | 0 | 0 | 0 |
| Deferred revenue | 2,650,909 | 508,076 | 0 | 91,509 |
| Capital lease obligation | 0 | 0 | 0 | 0 |
| Other liabilities | 0 | 0 | 0 | 0 |
| Due to other funds | 0 | 0 | 0 | 0 |
| Due to other governments | 0 | 1,930,000 | 0 | 0 |
| Notes payable | 0 | 0 | 0 | 0 |
| General obligation bonds payable | 0 | 0 | 0 | 0 |
| Deferred compensation benefits payable | 0 | 0 | 0 | 0 |
| Total liabilities | 3,874,774 | 3,178,572 | 0 | 206,719 |
| 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: | | | | |
| Encumbrances | 308,895 | 5,597,993 | 0 | 270,431 |
| Noncurrent notes receivable | 0 | 5,094,468 | 0 | 0 |
| Equity in authority rentals | 0 | 0 | 0 | 0 |
| Assets held for resale | 0 | 0 | 0 | 0 |
| Unreserved: | | | | |
| Designated for endowment principal | 0 | 0 | 0 | 6,000,000 |
| Undesignated (deficit) | 2,626,188 | (5,193,804) | 0 | 1,365,052 |
| Total fund equity (deficit) and other credits | 2,935,083 | 5,498,657 | 0 | 7,635,483 |
| Total liabilities and fund equity and other credits | \$ 6,809,857 | \$ 8,677,229 | \$ 0 | \$ 7,842,202 |

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 | | | |
| \$ 1,171,400 | \$ 0 | \$ 861,806 | \$ 0 | \$ 0 | \$ 3,220,816 | \$ 2,245,855 | \$ 5,466,671 |
| 6,925,000 | 0 | 115,210,453 | 0 | 0 | 132,889,337 | 20,338,954 | 153,228,291 |
| 0 | 1,446,309 | 0 | 0 | 0 | 1,446,309 | 4,948,248 | 6,394,557 |
| 1,475,185 | 0 | 0 | 0 | 0 | 1,475,185 | 579,088 | 2,054,273 |
| 0 | 0 | 0 | 0 | 0 | 2,641,866 | 0 | 2,641,866 |
| 0 | 0 | 0 | 0 | 0 | 1,620,523 | 0 | 1,620,523 |
| 0 | 0 | 0 | 0 | 0 | 450,678 | 0 | 450,678 |
| 0 | 0 | 0 | 0 | 0 | 728,286 | 361,115 | 1,089,401 |
| 60,000 | 0 | 0 | 0 | 0 | 165,000 | 0 | 165,000 |
| 170,000 | 0 | 0 | 0 | 0 | 662,584 | 0 | 662,584 |
| 571,705 | 6,828 | 1,281,040 | 0 | 0 | 2,090,137 | 442,620 | 2,532,757 |
| 0 | 0 | 0 | 0 | 0 | 0 | 236,636 | 236,636 |
| 0 | 787 | 0 | 0 | 0 | 4,719 | 269,532 | 274,251 |
| 0 | 0 | 0 | 0 | 0 | 19,893 | 0 | 19,893 |
| 730,999 | 0 | 0 | 977,167 | 0 | 1,708,166 | 4,091,039 | 5,799,205 |
| 9,248,982 | 0 | 0 | 14,552,815 | 0 | 23,801,797 | 86,207,789 | 110,009,586 |
| 45,938,234 | 0 | 0 | 0 | 0 | 45,938,234 | 824,191 | 46,762,425 |
| 9,876,544 | 0 | 0 | 13,563,708 | 0 | 23,440,252 | 30,679,681 | 54,119,933 |
| 0 | 0 | 0 | 0 | 0 | 0 | 195,533 | 195,533 |
| (32,080,462) | 0 | 0 | 0 | 0 | (32,080,462) | (51,385,296) | (83,465,758) |
| 5,640,000 | 0 | 0 | 0 | 0 | 10,734,468 | 0 | 10,734,468 |
| 435,735 | 0 | 0 | 0 | 0 | 435,735 | 564,091 | 999,826 |
| 0 | 0 | 0 | 0 | 12,386,718 | 12,386,718 | 485,887 | 12,872,605 |
| <u>\$ 50,163,322</u> | <u>\$ 1,453,924</u> | <u>\$ 117,353,299</u> | <u>\$ 29,093,690</u> | <u>\$ 12,386,718</u> | <u>\$ 233,780,241</u> | <u>\$ 101,084,963</u> | <u>\$ 334,865,204</u> |
| \$ 1,053,158 | \$ 16,269 | \$ 42,020 | \$ 0 | \$ 0 | \$ 2,053,679 | \$ 1,205,743 | \$ 3,259,422 |
| 132,288 | 0 | 0 | 0 | 0 | 918,924 | 683,211 | 1,602,135 |
| 60,000 | 0 | 0 | 0 | 0 | 165,000 | 0 | 165,000 |
| 43,451 | 0 | 0 | 0 | 0 | 289,154 | 0 | 289,154 |
| 100,000 | 4,224,072 | 0 | 0 | 0 | 4,324,072 | 0 | 4,324,072 |
| 530,000 | 0 | 0 | 0 | 0 | 530,000 | 1,440,921 | 1,970,921 |
| 8,237,915 | 0 | 0 | 0 | 0 | 11,488,409 | 286,619 | 11,775,028 |
| 0 | 0 | 0 | 0 | 851,718 | 851,718 | 0 | 851,718 |
| 0 | 0 | 38,768 | 0 | 0 | 38,768 | 740,859 | 779,627 |
| 19,893 | 0 | 0 | 0 | 0 | 19,893 | 0 | 19,893 |
| 0 | 0 | 472,951 | 0 | 0 | 2,402,951 | 8,999,490 | 11,402,441 |
| 0 | 0 | 0 | 0 | 0 | 0 | 140,887 | 140,887 |
| 17,460,000 | 0 | 0 | 0 | 11,535,000 | 28,995,000 | 39,517,293 | 68,512,293 |
| 0 | 0 | 5,905,654 | 0 | 0 | 5,905,654 | 0 | 5,905,654 |
| <u>27,636,705</u> | <u>4,240,341</u> | <u>6,459,393</u> | <u>0</u> | <u>12,386,718</u> | <u>57,983,222</u> | <u>53,015,023</u> | <u>110,998,245</u> |
| 0 | 0 | 0 | 29,093,690 | 0 | 29,093,690 | 15,044 | 29,108,734 |
| 1,055,671 | 0 | 0 | 0 | 0 | 1,055,671 | 18,579,129 | 19,634,800 |
| 21,470,946 | (2,786,417) | 0 | 0 | 0 | 18,684,529 | 28,863,949 | 47,548,478 |
| 0 | 0 | 0 | 0 | 0 | 6,177,319 | 0 | 6,177,319 |
| 0 | 0 | 0 | 0 | 0 | 5,105,326 | 0 | 5,105,326 |
| 0 | 0 | 0 | 0 | 0 | 0 | 345,000 | 345,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 67,214 | 67,214 |
| 0 | 0 | 0 | 0 | 0 | 6,000,000 | 0 | 6,000,000 |
| 0 | 0 | 110,893,906 | 0 | 0 | 109,680,484 | 199,604 | 109,880,088 |
| <u>22,526,617</u> | <u>(2,786,417)</u> | <u>110,893,906</u> | <u>29,093,690</u> | <u>0</u> | <u>175,797,019</u> | <u>48,069,940</u> | <u>223,866,959</u> |
| <u>\$ 50,163,322</u> | <u>\$ 1,453,924</u> | <u>\$ 117,353,299</u> | <u>\$ 29,093,690</u> | <u>\$ 12,386,718</u> | <u>\$ 233,780,241</u> | <u>\$ 101,084,963</u> | <u>\$ 334,865,204</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, 1996

| | Governmental Fund Types | | | |
|---|-------------------------|---------------------|------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| REVENUES | | | | |
| Taxes | \$ 27,864,286 | \$ 0 | \$ 1,054,760 | \$ 0 |
| Licenses and permits | 1,403,364 | 0 | 0 | 0 |
| Intergovernmental | 3,985,300 | 9,531,652 | 0 | 14,103 |
| Charges for services | 708,353 | 0 | 0 | 0 |
| Fines and forfeits | 1,272,147 | 0 | 0 | 0 |
| Interest earnings | 340,269 | 181,809 | 0 | 492,868 |
| Miscellaneous | 3,967,010 | 193,632 | 0 | 95,096 |
| Total revenues | <u>39,540,729</u> | <u>9,907,093</u> | <u>1,054,760</u> | <u>602,067</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 4,730,652 | 32,595 | 0 | 0 |
| Public safety | 29,669,217 | 2,019,336 | 0 | 0 |
| Highways and streets | 6,609,021 | 1,183,515 | 0 | 0 |
| Sanitation | 0 | 64,030 | 0 | 0 |
| Culture and recreation | 1,824,672 | 1,248,600 | 0 | 0 |
| Economic and community development | 0 | 3,167,520 | 0 | 0 |
| Capital outlay | 0 | 0 | 0 | 3,471,516 |
| Debt service: | | | | |
| Principal | 0 | 0 | 480,000 | 0 |
| Interest | 1,169 | 25,405 | 574,760 | 0 |
| Intergovernmental | 453,000 | 0 | 0 | 0 |
| Total expenditures | <u>43,287,731</u> | <u>7,741,001</u> | <u>1,054,760</u> | <u>3,471,516</u> |
| Excess of revenues over (under) expenditures | (3,747,002) | 2,166,092 | 0 | (2,869,449) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 3,034,197 | 85,502 | 0 | 0 |
| Operating transfers (out) | (69,610) | (457,362) | 0 | 0 |
| Total other financing sources (uses) | <u>2,964,587</u> | <u>(371,860)</u> | <u>0</u> | <u>0</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | (782,415) | 1,794,232 | 0 | (2,869,449) |
| Fund balance (deficit) January 1, 1996 | 3,717,498 | 3,704,425 | 0 | 10,504,932 |
| Fund balance (deficit) December 31, 1996 | <u>\$ 2,935,083</u> | <u>\$ 5,498,657</u> | <u>\$ 0</u> | <u>\$ 7,635,483</u> |

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

| Total Primary Government (Memorandum Only) | Component Units | Total Reporting Entity (Memorandum Only) |
|---|--------------------|---|
| \$ 28,919,046 | \$ 0 | \$ 28,919,046 |
| 1,403,364 | 0 | 1,403,364 |
| 13,531,055 | 981,590 | 14,512,645 |
| 708,353 | 0 | 708,353 |
| 1,272,147 | 0 | 1,272,147 |
| 1,014,946 | 9,748 | 1,024,694 |
| 4,255,738 | 33,322 | 4,289,060 |
| <u>51,104,649</u> | <u>1,024,660</u> | <u>52,129,309</u> |
| 4,763,247 | 1,867 | 4,765,114 |
| 31,688,553 | 0 | 31,688,553 |
| 7,792,536 | 0 | 7,792,536 |
| 64,030 | 0 | 64,030 |
| 3,073,272 | 0 | 3,073,272 |
| 3,167,520 | 1,105,005 | 4,272,525 |
| 3,471,516 | 0 | 3,471,516 |
| 480,000 | 35,000 | 515,000 |
| 601,334 | 12,688 | 614,022 |
| 453,000 | 0 | 453,000 |
| <u>55,555,008</u> | <u>1,154,560</u> | <u>56,709,568</u> |
| (4,450,359) | (129,900) | (4,580,259) |
| 3,119,699 | 0 | 3,119,699 |
| (526,972) | 0 | (526,972) |
| <u>2,592,727</u> | <u>0</u> | <u>2,592,727</u> |
| (1,857,632) | (129,900) | (1,987,532) |
| 17,926,855 | 756,762 | 18,683,617 |
| <u>\$ 16,069,223</u> | <u>\$ 626,862</u> | <u>\$ 16,696,085</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, 1996

| | General Fund | | |
|--|-------------------|---------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | |
| Taxes | \$ 28,809,451 | \$ 27,753,870 | \$ (1,055,581) |
| Licenses and permits | 1,538,000 | 1,511,309 | (26,691) |
| Intergovernmental | 3,644,683 | 3,979,285 | 334,602 |
| Charges for services | 651,000 | 721,758 | 70,758 |
| Fines and forfeits | 1,398,000 | 1,269,525 | (128,475) |
| Interest earnings | 281,539 | 336,434 | 54,895 |
| Miscellaneous | 3,377,461 | 3,892,906 | 515,445 |
| Total revenues | <u>39,700,134</u> | <u>39,465,087</u> | <u>(235,047)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 4,836,405 | 4,773,981 | 62,424 |
| Public safety | 29,812,221 | 29,691,108 | 121,113 |
| Highways and streets | 6,978,813 | 6,943,994 | 34,819 |
| Culture and recreation | 1,873,008 | 1,847,441 | 25,567 |
| Intergovernmental | 453,000 | 453,000 | 0 |
| Total expenditures | <u>43,953,447</u> | <u>43,709,524</u> | <u>243,923</u> |
| Excess of revenues over (under) expenditures | (4,253,313) | (4,244,437) | 8,876 |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | 2,992,727 | 3,034,197 | 41,470 |
| Operating transfers (out) | (69,610) | (69,610) | 0 |
| Total other financing sources (uses) | <u>2,923,117</u> | <u>2,964,587</u> | <u>41,470</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | (1,330,196) | (1,279,850) | 50,346 |
| Fund balance (deficit) January 1, 1996 (Note VI.B.) | 1,330,196 | 3,048,388 | 1,718,192 |
| Prior year encumbrances paid in current year | 0 | 454,326 | 454,326 |
| Expenditures rebudgeted in the subsequent year (Note VI.C.) | 0 | 0 | 0 |
| Fund balance (deficit) December 31, 1996 | <u>\$ 0</u> | <u>2,222,864</u> | <u>\$ 2,222,864</u> |
| RECONCILIATION TO GAAP BASIS FUND BALANCE | | | |
| Encumbrances recognized as current year expenditures | | 413,682 | |
| Recognition of accrual basis adjustments | | 298,537 | |
| Individual funds not budgeted | | 0 | |
| Fund balance (deficit) December 31, 1996 | | <u>\$ 2,935,083</u> | |

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

| Liquid Fuels Tax Fund (a Special Revenue Fund) | | | Total (Memorandum Only) | | |
|--|---------------------|----------------------------------|-------------------------|---------------------|----------------------------------|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 0 | \$ 0 | \$ 0 | \$ 28,809,451 | \$ 27,753,870 | \$ (1,055,581) |
| 0 | 0 | 0 | 1,538,000 | 1,511,309 | (26,691) |
| 1,465,612 | 1,477,358 | 11,746 | 5,110,295 | 5,456,643 | 346,348 |
| 0 | 0 | 0 | 651,000 | 721,758 | 70,758 |
| 0 | 0 | 0 | 1,398,000 | 1,269,525 | (128,475) |
| 0 | 60,282 | 60,282 | 281,539 | 396,716 | 115,177 |
| 8,375 | 65,051 | 56,676 | 3,385,836 | 3,957,957 | 572,121 |
| <u>1,473,987</u> | <u>1,602,691</u> | <u>128,704</u> | <u>41,174,121</u> | <u>41,067,778</u> | <u>(106,343)</u> |
| 0 | 0 | 0 | 4,836,405 | 4,773,981 | 62,424 |
| 1,753,957 | 1,746,633 | 7,324 | 31,566,178 | 31,437,741 | 128,437 |
| 0 | 0 | 0 | 6,978,813 | 6,943,994 | 34,819 |
| 0 | 0 | 0 | 1,873,008 | 1,847,441 | 25,567 |
| 0 | 0 | 0 | 453,000 | 453,000 | 0 |
| <u>1,753,957</u> | <u>1,746,633</u> | <u>7,324</u> | <u>45,707,404</u> | <u>45,456,157</u> | <u>251,247</u> |
| (279,970) | (143,942) | 136,028 | (4,533,283) | (4,388,379) | 144,904 |
| 0 | 0 | 0 | 2,992,727 | 3,034,197 | 41,470 |
| 0 | 0 | 0 | (69,610) | (69,610) | 0 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>2,923,117</u> | <u>2,964,587</u> | <u>41,470</u> |
| (279,970) | (143,942) | 136,028 | (1,610,166) | (1,423,792) | 186,374 |
| 0 | 408,480 | 408,480 | 1,330,196 | 3,456,868 | 2,126,672 |
| 0 | 179,128 | 179,128 | 0 | 633,454 | 633,454 |
| 279,970 | 0 | (279,970) | 0 | 0 | (279,970) |
| <u>\$ 0</u> | <u>443,666</u> | <u>\$ 443,666</u> | <u>\$ 0</u> | <u>2,666,530</u> | <u>\$ 2,666,530</u> |
| | 140,565 | | | 554,247 | |
| | (56,916) | | | 241,621 | |
| | 4,971,342 | | | 4,971,342 | |
| | <u>\$ 5,498,657</u> | | | <u>\$ 8,433,740</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, 1996

| | Enterprise | Internal Service | Pension Trust |
|--|----------------------|-----------------------|-----------------------|
| OPERATING REVENUES | | | |
| Intergovernmental | \$ 0 | \$ 6,363,000 | \$ 0 |
| Charges for services | 17,564,609 | 0 | 0 |
| Lease rental | 1,970,925 | 0 | 0 |
| Rental income | 184,394 | 0 | 0 |
| Pension contributions | 0 | 0 | 11,069,190 |
| Investment income | 0 | 0 | 12,377,318 |
| Miscellaneous | 162,762 | 221,544 | 0 |
| Total operating revenues | <u>19,882,690</u> | <u>6,584,544</u> | <u>23,446,508</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 4,307,126 | 0 | 0 |
| Other personnel costs | 1,999,121 | 0 | 0 |
| Services and fees | 3,459,053 | 90,191 | 0 |
| Utilities | 1,914,015 | 0 | 0 |
| Rent | 61,109 | 0 | 0 |
| Insurance | 120,847 | 5,281,528 | 0 |
| Materials, supplies and maintenance | 2,743,034 | 0 | 0 |
| Workers compensation claims | 0 | 2,071,669 | 0 |
| Pension benefits | 0 | 0 | 8,626,283 |
| Depreciation | 1,727,647 | 0 | 0 |
| Other | 2,240,304 | 48,688 | 233,280 |
| Total operating expenses | <u>18,572,256</u> | <u>7,492,076</u> | <u>8,859,563</u> |
| Operating income (loss) | <u>1,310,434</u> | <u>(907,532)</u> | <u>14,586,945</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Intergovernmental revenue | 850,197 | 0 | 0 |
| Investment income | 785,907 | 79,073 | 0 |
| Interest expense | (903,574) | 0 | 0 |
| Other expense | (100,000) | 0 | 0 |
| Net nonoperating revenues (expenses) | <u>632,530</u> | <u>79,073</u> | <u>0</u> |
| Net income (loss) before operating transfers | <u>1,942,964</u> | <u>(828,459)</u> | <u>14,586,945</u> |
| Operating transfers in | 908,630 | 1,319,545 | 0 |
| Operating transfers (out) | (3,501,357) | (1,319,545) | 0 |
| Net operating transfers | <u>(2,592,727)</u> | <u>0</u> | <u>0</u> |
| Net income (loss) | <u>(649,763)</u> | <u>(828,459)</u> | <u>14,586,945</u> |
| Fund equity (deficit) January 1, 1996 | 23,176,380 | (1,957,958) | 96,306,961 |
| Other increases (decreases) (Note VI.D.) | (1,055,671) | 0 | 0 |
| Current contributions of capital | 0 | 0 | 0 |
| Fund equity (deficit) December 31, 1996 | <u>\$ 21,470,946</u> | <u>\$ (2,786,417)</u> | <u>\$ 110,893,906</u> |

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

| Total Primary Government (Memorandum Only) | Component Units | Total Reporting Entity (Memorandum Only) |
|---|----------------------|---|
| \$ 6,363,000 | \$ 1,918,047 | \$ 8,281,047 |
| 17,564,609 | 7,842,002 | 25,406,611 |
| 1,970,925 | 0 | 1,970,925 |
| 184,394 | 447,970 | 632,364 |
| 11,069,190 | 0 | 11,069,190 |
| 12,377,318 | 0 | 12,377,318 |
| 384,306 | 96,450 | 480,756 |
| <u>49,913,742</u> | <u>10,304,469</u> | <u>60,218,211</u> |
| 4,307,126 | 4,759,160 | 9,066,286 |
| 1,999,121 | 1,373,209 | 3,372,330 |
| 3,549,244 | 869,541 | 4,418,785 |
| 1,914,015 | 569,044 | 2,483,059 |
| 61,109 | 67,954 | 129,063 |
| 5,402,375 | 159,717 | 5,562,092 |
| 2,743,034 | 1,217,170 | 3,960,204 |
| 2,071,669 | 0 | 2,071,669 |
| 8,626,283 | 0 | 8,626,283 |
| 1,727,647 | 3,848,431 | 5,576,078 |
| 2,522,272 | 1,705,455 | 4,227,727 |
| <u>34,923,895</u> | <u>14,569,681</u> | <u>49,493,576</u> |
| <u>14,989,847</u> | <u>(4,265,212)</u> | <u>10,724,635</u> |
| 850,197 | 3,495,885 | 4,346,082 |
| 864,980 | 1,236,802 | 2,101,782 |
| (903,574) | (2,346,643) | (3,250,217) |
| (100,000) | (4,661) | (104,661) |
| <u>711,603</u> | <u>2,381,383</u> | <u>3,092,986</u> |
| 15,701,450 | (1,883,829) | 13,817,621 |
| 2,228,175 | 0 | 2,228,175 |
| (4,820,902) | 0 | (4,820,902) |
| <u>(2,592,727)</u> | <u>0</u> | <u>(2,592,727)</u> |
| 13,108,723 | (1,883,829) | 11,224,894 |
| 117,525,383 | 49,304,798 | 166,830,181 |
| (1,055,671) | 0 | (1,055,671) |
| 0 | 22,109 | 22,109 |
| <u>\$ 129,578,435</u> | <u>\$ 47,443,078</u> | <u>\$ 177,021,513</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, Refuse and Recycling
and Golf) and Internal Service Funds (Workers Compensation Claims and Risk Management)
Year Ended December 31, 1996

| | Sewer Revenue, Refuse and Recycling and Golf (Enterprise Funds) | | |
|---|--|----------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| OPERATING REVENUES | | | |
| Intergovernmental | \$ 3,572,155 | \$ 3,535,508 | \$ (36,647) |
| Charges for services | 13,958,000 | 14,037,607 | 79,607 |
| Rental income | 200,000 | 184,394 | (15,606) |
| Miscellaneous | 190,000 | 162,762 | (27,238) |
| Total operating revenues | <u>17,920,155</u> | <u>17,920,271</u> | <u>116</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 4,310,702 | 4,303,855 | 6,847 |
| Other personnel costs | 2,032,796 | 2,000,371 | 32,425 |
| Services and fees | 3,633,071 | 3,604,992 | 28,079 |
| Utilities | 2,168,478 | 2,099,709 | 68,769 |
| Rent | 78,335 | 62,940 | 15,395 |
| Insurance | 5,765 | 5,227 | 538 |
| Materials, supplies and maintenance | 3,083,531 | 2,917,605 | 165,926 |
| Workers compensation claims | 0 | 0 | 0 |
| Capital outlay | 8,441,002 | 8,153,132 | 287,870 |
| Other | 2,565,518 | 2,405,519 | 159,999 |
| Total operating expenses | <u>26,319,198</u> | <u>25,553,350</u> | <u>765,848</u> |
| Operating income (loss) | <u>(8,399,043)</u> | <u>(7,633,079)</u> | <u>765,964</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Bond and loan principal | (532,441) | (532,431) | 10 |
| Intergovernmental revenue | 770,000 | 850,197 | 80,197 |
| Investment income | 37,500 | 722,433 | 684,933 |
| Interest expense | (888,978) | (903,574) | (14,596) |
| Other expense | 0 | (100,000) | (100,000) |
| Net nonoperating revenues (expenses) | <u>(613,919)</u> | <u>36,625</u> | <u>650,544</u> |
| Net income (loss) before operating transfers | <u>(9,012,962)</u> | <u>(7,596,454)</u> | <u>1,416,508</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | 1,188,014 | 736,014 | (452,000) |
| Operating transfers (out) | (1,035,000) | (1,207,616) | (172,616) |
| Total other financing sources (uses) | <u>153,014</u> | <u>(471,602)</u> | <u>(624,616)</u> |
| Net income (loss) | <u>(8,859,948)</u> | <u>(8,068,056)</u> | <u>791,892</u> |
| Retained earnings (deficit) January 1, 1996 | 8,859,948 | 6,018,165 | (2,841,783) |
| Prior year encumbrances paid in the current year | 0 | 1,346,384 | 1,346,384 |
| Retained earnings (deficit) December 31, 1996 | <u>\$ 0</u> | <u>(703,507)</u> | <u>\$ (703,507)</u> |
| RECONCILIATION TO GAAP BASIS RETAINED EARNINGS | | | |
| Encumbrances recognized as current year expense | | 1,329,813 | |
| Recognition of accrual basis adjustments | | 7,686,222 | |
| Other GAAP basis increase | | (1,055,671) | |
| Individual funds not budgeted | | 14,214,089 | |
| Retained earnings (deficit) December 31, 1996 | | <u>\$ 21,470,946</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) |
| \$ 2,312,412 | \$ 1,716,311 | \$ (596,101) | \$ 5,884,567 | \$ 5,251,819 | \$ (632,748) |
| 0 | 0 | 0 | 13,958,000 | 14,037,607 | 79,607 |
| 0 | 0 | 0 | 200,000 | 184,394 | (15,606) |
| 9,000 | 11,792 | 2,792 | 199,000 | 174,554 | (24,446) |
| <u>2,321,412</u> | <u>1,728,103</u> | <u>(593,309)</u> | <u>20,241,567</u> | <u>19,648,374</u> | <u>(593,193)</u> |
| 0 | 0 | 0 | 4,310,702 | 4,303,855 | 6,847 |
| 0 | 0 | 0 | 2,032,796 | 2,000,371 | 32,425 |
| 59,672 | 26,852 | 32,820 | 3,692,743 | 3,631,844 | 60,899 |
| 0 | 0 | 0 | 2,168,478 | 2,099,709 | 68,769 |
| 0 | 0 | 0 | 78,335 | 62,940 | 15,395 |
| 81,314 | 81,314 | 0 | 87,079 | 86,541 | 538 |
| 622,634 | 391,412 | 231,222 | 3,706,165 | 3,309,017 | 397,148 |
| 1,126,000 | 1,133,438 | (7,438) | 1,126,000 | 1,133,438 | (7,438) |
| 0 | 0 | 0 | 8,441,002 | 8,153,132 | 287,870 |
| 89,792 | 89,783 | 9 | 2,655,310 | 2,495,302 | 160,008 |
| <u>1,979,412</u> | <u>1,722,799</u> | <u>256,613</u> | <u>28,298,610</u> | <u>27,276,149</u> | <u>1,022,461</u> |
| <u>342,000</u> | <u>5,304</u> | <u>(336,696)</u> | <u>(8,057,043)</u> | <u>(7,627,775)</u> | <u>429,268</u> |
| 0 | 0 | 0 | (532,441) | (532,431) | 10 |
| 0 | 0 | 0 | 770,000 | 850,197 | 80,197 |
| 16,000 | 23,151 | 7,151 | 53,500 | 745,584 | 692,084 |
| 0 | 0 | 0 | (888,978) | (903,574) | (14,596) |
| 0 | 0 | 0 | 0 | (100,000) | (100,000) |
| <u>16,000</u> | <u>23,151</u> | <u>7,151</u> | <u>(597,919)</u> | <u>59,776</u> | <u>657,695</u> |
| <u>358,000</u> | <u>28,455</u> | <u>(329,545)</u> | <u>(8,654,962)</u> | <u>(7,567,999)</u> | <u>1,086,963</u> |
| 0 | 656,496 | 656,496 | 1,188,014 | 1,392,510 | 204,496 |
| (663,000) | (663,000) | 0 | (1,698,000) | (1,870,616) | (172,616) |
| <u>(663,000)</u> | <u>(6,504)</u> | <u>656,496</u> | <u>(509,986)</u> | <u>(478,106)</u> | <u>31,880</u> |
| (305,000) | 21,951 | 326,951 | (9,164,948) | (8,046,105) | 1,118,843 |
| 305,000 | 475,785 | 170,785 | 9,164,948 | 6,493,950 | (2,670,998) |
| 0 | 0 | 0 | 0 | 1,346,384 | 1,346,384 |
| <u>\$ 0</u> | <u>497,736</u> | <u>\$ 497,736</u> | <u>\$ 0</u> | <u>(205,771)</u> | <u>\$ (205,771)</u> |
| 0 | 0 | 0 | 1,329,813 | 0 | 0 |
| (4,155,607) | 0 | 0 | 3,530,615 | (1,055,671) | 0 |
| 0 | 0 | 0 | 15,085,543 | 0 | 0 |
| <u>871,454</u> | <u>0</u> | <u>0</u> | <u>\$ 18,684,529</u> | <u>0</u> | <u>0</u> |
| <u>\$ (2,786,417)</u> | <u>0</u> | <u>0</u> | | | |

CITY OF ERIE, PENNSYLVANIA
 Combined Statement of Cash Flows
 All Proprietary and Pension Trust Funds and Discretely Presented Component Units
 Year Ended December 31, 1996

| | Enterprise | Internal Service | Pension Trust |
|--|---------------------|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 1,310,434 | \$ (907,532) | \$ 14,586,945 |
| 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 | 1,727,647 | 0 | 0 |
| Amortization | 24,677 | 0 | 0 |
| Unrealized appreciation on investments | 0 | 0 | (7,872,007) |
| (Increase) decrease in current assets: | | | |
| Accounts receivable | 92,113 | 0 | 83,395 |
| Intergovernmental receivable | 0 | 0 | 0 |
| Other receivables | (537,313) | (336) | (411,694) |
| Inventory | 0 | 0 | 0 |
| Prepaid insurance | 0 | 0 | 0 |
| Due from other funds | 219,193 | 0 | 0 |
| Increase (decrease) in current liabilities: | | | |
| Accounts payable | 290,717 | (35,436) | (22,199) |
| Accrued payroll | 7,218 | 0 | 0 |
| Interfund payable | 62,220 | 0 | 0 |
| Compensated absences payable | 5,739 | 0 | 0 |
| Claims and judgments payable | 0 | 989,176 | 0 |
| Due to other governments | 0 | 0 | 0 |
| Due to other funds | (37,324) | 0 | 0 |
| Deferred revenue | (751,468) | 0 | 0 |
| Other liabilities | 0 | 0 | 0 |
| Net cash provided (used) by operating activities | <u>2,413,853</u> | <u>45,872</u> | <u>6,364,440</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Intergovernmental revenue | 850,197 | 0 | 0 |
| Note to Sewer Authority | 165,000 | 0 | 0 |
| Operating transfers in | 908,630 | 1,319,545 | 0 |
| Operating transfers (out) | (3,501,357) | (1,319,545) | 0 |
| Net cash provided (used) by noncapital financing activities | <u>(1,577,530)</u> | <u>0</u> | <u>0</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Net proceeds from refunding revenue bonds | 0 | 0 | 0 |
| Purchase of fixed assets | (2,850,652) | 0 | 0 |
| Contributions | 0 | 0 | 0 |
| Principal payments | (515,000) | 0 | 0 |
| Interest payments | (903,574) | 0 | 0 |
| Net cash provided (used) by capital and related financing activities | <u>(4,269,226)</u> | <u>0</u> | <u>0</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale and redemption of investments | 53,317,992 | 0 | 129,986,821 |
| Net interest earnings* | 785,907 | 79,073 | 0 |
| Purchase of investments | (50,170,992) | 0 | (136,440,690) |
| Net cash provided (used) by investing activities | <u>3,932,907</u> | <u>79,073</u> | <u>(6,453,869)</u> |
| Net increase (decrease) in cash | 500,004 | 124,945 | (89,429) |
| Cash January 1, 1996 | 671,396 | 1,321,364 | 439,516 |
| Cash December 31, 1996 | <u>\$ 1,171,400</u> | <u>\$ 1,446,309</u> | <u>\$ 350,087</u> |

*Investment income for pension trust reported as operating income.

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

| Total Primary Government (Memorandum Only) | Component Units | Total Reporting Entity (Memorandum Only) |
|---|---------------------|---|
| \$ 14,989,847 | \$ (4,265,212) | \$ 10,724,635 |
| 0 | (4,661) | (4,661) |
| 1,727,647 | 3,848,431 | 5,576,078 |
| 24,677 | 17,327 | 42,004 |
| (7,872,007) | 0 | (7,872,007) |
| 175,508 | 14,582 | 190,090 |
| 0 | (164,321) | (164,321) |
| (949,343) | (122,279) | (1,071,622) |
| 0 | (7,064) | (7,064) |
| 0 | (56,250) | (56,250) |
| 219,193 | 0 | 219,193 |
| 233,082 | 150,558 | 383,640 |
| 7,218 | 25,069 | 32,287 |
| 62,220 | 0 | 62,220 |
| 5,739 | 0 | 5,739 |
| 989,176 | 0 | 989,176 |
| 0 | 1,205,332 | 1,205,332 |
| (37,324) | 0 | (37,324) |
| (751,468) | (32,151) | (783,619) |
| 0 | 76,145 | 76,145 |
| <u>8,824,165</u> | <u>685,506</u> | <u>9,509,671</u> |
| 850,197 | 3,495,885 | 4,346,082 |
| 165,000 | 0 | 165,000 |
| 2,228,175 | 0 | 2,228,175 |
| (4,820,902) | 0 | (4,820,902) |
| <u>(1,577,530)</u> | <u>3,495,885</u> | <u>1,918,355</u> |
| 0 | 10,000,000 | 10,000,000 |
| (2,850,652) | (4,049,427) | (6,900,079) |
| 0 | 12,944 | 12,944 |
| (515,000) | (1,075,926) | (1,590,926) |
| (903,574) | (2,300,416) | (3,203,990) |
| <u>(4,269,226)</u> | <u>2,587,175</u> | <u>(1,682,051)</u> |
| 183,304,813 | 3,754,561 | 187,059,374 |
| 864,980 | 1,255,059 | 2,120,039 |
| (186,611,682) | (9,121,733) | (195,733,415) |
| <u>(2,441,889)</u> | <u>(4,112,113)</u> | <u>(6,554,002)</u> |
| 535,520 | 2,656,453 | 3,191,973 |
| 2,432,276 | 6,236,811 | 8,669,087 |
| <u>\$ 2,967,796</u> | <u>\$ 8,893,264</u> | <u>\$ 11,861,060</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, 1996

| | <u>Enterprise</u> | <u>Internal Service</u> | <u>Pension Trust</u> |
|--|---------------------|-----------------------------|--------------------------|
| Reconciliation to the balance sheet: | | | |
| At January 1, 1996: | | | |
| Cash: | | | |
| Cash | \$ 671,396 | \$ 0 | \$ 439,516 |
| Agency fund cash not included on combined statement of cash flows | <u>0</u> | <u>0</u> | <u>809,054</u> |
| Total cash | <u>671,396</u> | <u>0</u> | <u>1,248,570</u> |
| Restricted cash and investments: | | | |
| Restricted cash and investments | <u>0</u> | <u>1,321,364</u> | <u>0</u> |
| Total restricted cash and investments | <u>0</u> | <u>1,321,364</u> | <u>0</u> |
| | <u>\$ 671,396</u> | <u>\$ 1,321,364</u> | <u>\$ 1,248,570</u> |
| At December 31, 1996: | | | |
| Cash: | | | |
| Cash | \$ 1,171,400 | \$ 0 | \$ 350,087 |
| Agency fund cash not included on combined statement of cash flows | <u>0</u> | <u>0</u> | <u>511,720</u> |
| Total cash | <u>1,171,400</u> | <u>0</u> | <u>861,807</u> |
| Restricted cash and investments: | | | |
| Restricted cash and investments | <u>0</u> | <u>1,446,309</u> | <u>0</u> |
| Total restricted cash and investments | <u>0</u> | <u>1,446,309</u> | <u>0</u> |
| | <u>\$ 1,171,400</u> | <u>\$ 1,446,309</u> | <u>\$ 861,807</u> |

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

| Total Primary Government (Memorandum Only) | Component Units | Total Reporting Entity (Memorandum Only) |
|---|--------------------|---|
| \$ 1,110,912 | \$ 2,295,727 | \$ 3,406,639 |
| 809,054 | 0 | 809,054 |
| 1,919,966 | 2,295,727 | 4,215,693 |
| 1,321,364 | 3,941,084 | 5,262,448 |
| 1,321,364 | 3,941,084 | 5,262,448 |
| \$ 3,241,330 | \$ 6,236,811 | \$ 9,475,141 |
| | | |
| \$ 1,521,487 | \$ 2,053,086 | \$ 3,574,573 |
| 511,720 | 0 | 511,720 |
| 2,033,207 | 2,053,086 | 4,086,293 |
| 1,446,309 | 6,840,178 | 8,286,487 |
| 1,446,309 | 6,840,178 | 8,286,487 |
| \$ 3,479,516 | \$ 8,893,264 | \$ 12,372,780 |

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements
December 31, 1996

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.

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, 1996

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 1995, 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 the Exhibit Hall, and Jerry Uht Ballpark, which is home to the Erie SeaWolves, a Class A minor league baseball team affiliated with the Pittsburgh Pirates. 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, 1996

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, 1996
Unqualified opinion dated March 11, 1997

Erie Municipal Park Authority
National City Bank
300 Fourth Avenue
Pittsburgh, Pennsylvania 15278-2331
December 31, 1996
Unqualified opinion dated March 24, 1997

Erie Metropolitan Transit Authority
127 East 14th Street
Erie, Pennsylvania 16503
June 30, 1996
Unqualified opinion dated October 9, 1996

Erie Parking Authority
25 East 10th Street
Erie, Pennsylvania 16501
December 31, 1996
Unqualified opinion dated January 22, 1997

Erie Civic Center Authority
809 French Street
Erie, Pennsylvania 16501

December 31, 1996
Unqualified opinion dated February 8, 1997

Erie Sewer Authority
% PNC Bank
P.O. Box 8480
Erie, Pennsylvania 16501
December 31, 1996
Unqualified opinion dated January 24, 1997

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, 1996

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.

The City applies all GASB pronouncements as well as the Financial Accounting Standard pronouncements issued after November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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, 1996

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). 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 project budgets for certain special revenue funds (other than liquid fuels) and capital projects as the grant applications are accepted or capital projects are authorized, respectively, by the City. These amounts are not included in any budgetary statements as the appropriations do not specify a time frame and therefore are not legally adopted annual budgets. 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.

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 pages 76 - 87 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 and/or the City's adopted ordinances for certain special revenue funds and the capital project funds.
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, 1996

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 5.18% to 6.01% and are due at various dates through June 27, 1997. 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, 1996 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 \$29,093,690 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, 1996

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) less accumulated depreciation.

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.

10. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes.

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Revenues, Expenditures and Expenses, Continued

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.

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 and Section 108 Loan Program, which have deficits of (\$4,660,139), (\$184,798), and (\$1,849,326), respectively.

Workers Compensation Claims Fund (an Internal Service Fund) has a deficit in retained earnings of (\$4,174,481) 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.

Refuse and Recycling Fund (an Enterprise Fund) has a deficit of (\$57,037) which is a result of the segregation of contributed capital.

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

A. Assets, Continued

1. Cash and Investments, Continued

| <u>Category</u> | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|---|----------------------------|-------------------------|
| (1) Insured and collateralized with securities held by the City or by its agent in the City's name | \$ 230,316 | \$ 230,316 |
| (2) Collateralized with securities held by the pledging financial institutions' trust department or agent in the City's name . . . | 712,000 | 712,000 |
| (3a) Collateralized with designated securities held by the pledging financial institutions' trust department or agency | 20,503,858 | 19,705,329 |
| (3b) Uncollateralized (includes funds held in common trust funds) . . | 30,400 | 472,006 |
| Total | <u>\$ 21,476,574</u> | <u>\$ 21,119,651</u> |

Investments - The City's investments are categorized below to give an indication of the level of credit risk assumed at year end. Category 1 includes investments held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the 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.

| | <u>Category 1</u> | <u>Category 2</u> | <u>Category 3</u> | <u>Carrying Amount</u> | <u>Market Value</u> |
|---|-------------------|-------------------|----------------------|----------------------------|-------------------------|
| Government bonds | \$ 0 | \$ 0 | \$ 36,768,807 | \$ 36,768,807 | \$ 37,359,744 |
| Corporate bonds | 0 | 0 | 10,166,913 | 10,166,913 | 10,279,513 |
| Common stocks | 0 | 0 | 40,116,517 | 40,116,517 | 51,093,190 |
| Fixed income obligations | 0 | 0 | 0 | 0 | 0 |
| International investments | 0 | 0 | 5,617,105 | 5,617,105 | 6,510,956 |
| Miscellaneous | 0 | 0 | 0 | 0 | 0 |
| | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 92,669,342</u> | <u>92,669,342</u> | <u>105,243,403</u> |
|  Mutual funds (see also Note III.B.2.) | | | | 5,924,601 | 5,924,601 |
| Money market funds | | | | 4,096,808 | 4,911,885 |
| Total investments | | | | <u>\$ 102,690,751</u> | <u>\$ 116,079,889</u> |

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

| | |
|-----------------------|-----------------------|
| Cash | \$ 21,476,574 |
| Investments | 116,079,889 |
| Total | <u>\$ 137,556,463</u> |

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

| | |
|---|-----------------------|
| Cash | \$ 3,220,817 |
| Investments | 132,889,337 |
| Restricted cash and Investments | 1,446,309 |
| Total | <u>\$ 137,556,463</u> |

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

A. Assets, Continued

2. Accounts Receivable - Accounts receivable represents the balance due to the Enterprise Fund as of December 31, 1996 for services provided through December 31, 1996, net of an allowance for uncollectible accounts as follows:

| | Sewer Revenue Fund | Refuse and Recycling Fund | Total |
|---|--------------------------|---------------------------------|--------------|
| Gross accounts receivable | \$ 1,175,376 | \$ 382,667 | \$ 1,558,043 |
| Less: allowance for uncollectible receivables | 49,884 | 32,974 | 82,858 |
| Account receivable, net | \$ 1,125,492 | \$ 349,693 | \$ 1,475,185 |

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

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

The City levied real estate taxes of \$22,601,561 on January 1, 1996 based on a gross assessed valuation of \$522,821,203 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, 1996.

Current real estate taxes receivable at December 31, 1996 consists of the face value of the tax levy uncollected at December 31, 1996.

The receivable for outstanding delinquent tax levies at December 31, 1996 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, 1996. In accordance with generally accepted accounting principles, revenue from these receivables are recognized only to the extent received within 60 days of December 31, 1996. 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 1995 and prior | \$ 1,476,504 |
| Balance held by City Treasurer for 1996 | 1,224,867 |
| Less: provision for uncollectible receivables | 59,505 |
| Total receivable | 2,641,866 |
| Less: cash received in January and February of 1997 and recognized as revenue | 195,898 |
| Deferred property tax revenue | 2,445,968 |
| Deferred lien revenue | 204,941 |
| Total deferred revenue | \$ 2,650,909 |

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, 1996, as well as the City's share of the fourth quarter, 1996 taxes collected by the tax collector in January and February, 1997 as follows:

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

A. Assets, Continued

4. Earned Income Tax and Occupational Privilege Tax Receivable , Continued

| | |
|---|--------------|
| Estimated share of December 31, 1996 cash balance | \$ 71,222 |
| Estimated share of January and February, 1997 cash receipts | 1,549,301 |
| Total receivable | \$ 1,620,523 |

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, 1996 is \$10,921.

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 1996, payments made to the City totalled \$456,821, representing \$378,221 of principal and \$78,600 of interest. The detailed activity is as follows:

| | |
|--|--------------|
| Balance outstanding at December 31, 1995 | \$ 4,841,288 |
| 1996 loans | 1,362,265 |
| Principal repayments | 378,422 |
| Reclassification of note receivable to grant | 249,000 |
| Balance outstanding at December 31, 1996 | \$ 5,576,131 |

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 | \$ 464,862 | \$ 1,005,385 | \$ 164,967 |
| Less: provision for uncollectible receivables | 259,724 | 851,860 | 72,952 |
| Net lien receivable | \$ 205,138 | \$ 153,525 | \$ 92,015 |

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

A. Assets, Continued

8. Other Receivables - Other receivables represent amounts due to the City as of December 31, 1996 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.

| | |
|------------------------------|----------------------|
| 1997 | \$ 1,627,825 |
| 1998 | 1,701,077 |
| 1999 | 1,777,626 |
| 2000 | 1,857,619 |
| 2001 | 1,941,211 |
| 2002 and thereafter | 38,405,041 |
| Total lease receivable | <u>\$ 47,310,399</u> |

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

11. Fixed Assets

A summary of general fixed assets at December 31, 1996 is as follows:

| | Balance January 1, 1996 | Additions | Dispositions | Balance December 31, 1996 |
|---------------------------------|-------------------------------|---------------------|-------------------|---------------------------------|
| Land | \$ 977,167 | \$ 0 | \$ 0 | \$ 977,167 |
| Building and improvements | 13,136,220 | 2,107,253 | 690,658 | 14,552,815 |
| Vehicles and equipment | 13,056,365 | 534,526 | 27,183 | 13,563,708 |
| Total | <u>\$ 27,169,752</u> | <u>\$ 2,641,779</u> | <u>\$ 717,841</u> | <u>\$ 29,093,690</u> |

A summary of Proprietary Fund type fixed assets at December 31, 1996 is as follows:

| | Balance January 1, 1996 | Additions | Dispositions | Balance December 31, 1996 |
|-----------------------------------|-------------------------------|---------------------|--------------|---------------------------------|
| Land | \$ 730,999 | \$ 0 | \$ 0 | \$ 730,999 |
| Building and improvements | 8,732,478 | 516,504 | 0 | 9,248,982 |
| Improvements other than buildings | 43,512,147 | 2,426,087 | 0 | 45,938,234 |
| Vehicles and equipment | 9,729,275 | 147,269 | 0 | 9,876,544 |
| Total | 62,704,899 | 3,089,860 | 0 | 65,794,759 |
| Less: accumulated depreciation .. | 30,113,607 | 1,966,855 | 0 | 32,080,462 |
| Net fixed assets | <u>\$ 32,591,292</u> | <u>\$ 1,123,005</u> | <u>\$ 0</u> | <u>\$ 33,714,297</u> |

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

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

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:

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, 1996 reported the City's covered and total annual payroll pertaining to all the employee groups listed above as \$12,028,749. 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, 1996, 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

B. Liabilities, Continued

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

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

The unfunded pension benefit obligation as of January 1, 1996 (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 1996.

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 1996 was \$2,003,108.

Total contribution to the Officers and Employees Retirement Association in 1996 amounted to \$2,893,094. 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 15.6% and 6.1% of covered payroll, respectively.

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

| | 1995 | 1994 | 1993 |
|--|-------|-------|-------|
| Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees | 62.5% | 53.5% | 55.5% |
| Unfunded pension benefit obligation as a percentage of the City's annual covered payroll ¹ | 193% | 249% | 235% |
| City and State contributions to the pension plan as a percentage of annual covered payroll | 16.2% | 22.4% | 19.1% |

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

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

Police 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, 1996, reported the City's covered and total annual payroll for police officers as \$7,224,530. Covered payroll refers to all compensation paid by the City to active employees covered by the Police Pension Fund.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

B. Liabilities, Continued

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

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

The monthly pension payable herein shall be in an amount equal to 50% of the monthly pay, including annual salary, longevity increments and holiday pay but excluding compensation for overtime, shift differential, clothing allowance and cleaning allowance, received by the member at the time of this retirement, payable until death. 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, 1996, 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, 1996 (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 1996.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

B. Liabilities, Continued

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

Contributions Required and Contributions Made - Annual employer contributions to the pension plan are not actuarially determined but rather determined by the City. The employer contribution is based on a formula required by Act 205 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 1996 was \$4,697,430.

Total contribution to the Police Pension Fund in 1996 amounted to \$5,322,755. 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 68.6% and 5.0% of covered payroll, respectively.

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

| | 1996 | 1995 | 1994 |
|--|-------|-------|-------|
| Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees | 43.2% | 35.9% | 38.7% |
| Unfunded pension benefit obligation as a percentage of the City's annual covered payroll ¹ | 723% | 707% | 616% |
| City and State contributions to the pension plan as a percentage of annual covered payroll | 72.9% | 72.6% | 77.0% |

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, 1996, reported the City's covered and total annual payroll for the firemen as \$7,439,359. 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

B. Liabilities, Continued

1. Pension Plans, Continued (Firemens Pension Fund)

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

Related Party Investments - The Firemens Pension Fund does not have any investments issued by a related party as of December 31, 1996, 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, 1996 (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 1996.

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 1996 was \$2,339,423.

Total contribution to the Firemens Pension Fund in 1996 amounted to \$2,372,961. 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 26.8% and 5.1% of covered payroll, respectively.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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:

| | 1996 | 1995 | 1994 |
|--|-------|-------|-------|
| Net assets available for benefits as a percentage of the pension benefit obligation applicable to City employees | 46.9% | 38.9% | 39.8% |
| Unfunded pension benefit obligation as a percentage of the City's annual covered payroll ¹ | 351% | 399% | 391% |
| City and State contributions to the pension plan as a percentage of annual covered payroll | 27.8% | 29.8% | 35.4% |

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, 1996 (latest actuarial report) is as follows:

| | Officers and Employees | Police | Firemens | Total |
|--|---------------------------|----------------------|----------------------|----------------------|
| <u>Non-Current Employees</u> | | | | |
| Retirees, beneficiaries | \$ 23,086,213 | \$ 43,831,417 | \$ 15,552,509 | \$ 82,470,139 |
| Terminated vested employees . . . | 529,258 | 1,824,105 | 66,961 | 2,420,324 |
| Terminated non-vested employees . . . | 25,592 | 0 | 0 | 25,592 |
| Total non-current employees | <u>23,641,063</u> | <u>45,655,522</u> | <u>15,619,470</u> | <u>84,916,055</u> |
| <u>Current Employees</u> | | | | |
| Accumulated employee contributions | 6,368,213 | 3,468,059 | 3,989,211 | 13,825,483 |
| Employer financed | 17,069,194 | 38,650,885 | 26,722,916 | 82,442,995 |
| Total current employees | <u>23,437,407</u> | <u>42,118,944</u> | <u>30,712,127</u> | <u>96,268,478</u> |
| Total pension benefit obligation . . . | 47,078,470 | 87,774,476 | 46,331,597 | 181,184,533 |
| Net assets available for benefits (market value) | 29,000,785 | 37,875,470 | 21,721,636 | 88,597,891 |
| Unfunded pension benefit obligation | <u>\$ 18,077,685</u> | <u>\$ 49,899,006</u> | <u>\$ 24,609,961</u> | <u>\$ 92,586,652</u> |

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

| | Officers and Employees | Police | Firemens | Total |
|------------------------------------|---------------------------|---------------------|---------------------|----------------------|
| City of Erie | \$ 2,003,108 | \$ 4,959,135 | \$ 1,996,017 | \$ 8,958,260 |
| Employees | 783,696 | 363,373 | 376,944 | 1,524,013 |
| County of Erie and other | | | | |
| City agencies | 106,290 | 247 | 0 | 106,537 |
| Commonwealth of Pennsylvania . . . | 0 | 0 | 0 | 0 |
| Total | <u>\$ 2,893,094</u> | <u>\$ 5,322,755</u> | <u>\$ 2,372,961</u> | <u>\$ 10,588,810</u> |

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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 | 352 | 201 | 167 | 720 |
| Terminated | 19 | 7 | 1 | 27 |
| Active | 414 | 192 | 182 | 788 |
| Total | <u>785</u> | <u>400</u> | <u>350</u> | <u>1,535</u> |

Other than direct U.S. government obligations, the plan held no investments at year end that represent 5% or more of net assets.

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 1996, 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, 1996

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

B. Liabilities, Continued

3. Risk Management, Continued

Unpaid Claims Liabilities - Workers' Compensation - The following represents the changes in approximate aggregate liabilities for the City from January 1, 1995 to December 31, 1996.

| | |
|---|---------------------|
| Balance, January 1, 1995 | \$ 3,512,791 |
| Incurring 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 | <u>1,493,630</u> |
| 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 | <u>1,771,525</u> |
| Balance, December 31, 1995 | <u>3,234,896</u> |
| Incurring claims and claims adjustment expenses: | |
| Provision for insured events of the current year | 572,691 |
| Increases in provision for insured events of prior year | 2,009,888 |
| Total incurred claims and claims adjustment expenses | <u>2,582,579</u> |
| Payments: | |
| Claims and claim adjustment expenses attributable to insured events of the current year | 326,025 |
| Claims and Claim adjustment expenses attributable to insured events of prior year | 1,267,378 |
| Total Payments | <u>1,593,403</u> |
| Balance, December 31, 1996 | <u>\$ 4,224,072</u> |

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, 1996 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, 1996 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. At December 31, 1996, this fund balance designation in the General Fund was eliminated due to the significance of the \$513,610 retained earnings in the Risk Management Fund.

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

B. Liabilities, Continued

4. Claims and Judgments Payable, Continued

The U.S. Department of Justice has taken action against the City of Erie and the Erie Sewer Authority seeking civil penalties and injunctive relief for alleged violations of the Clean Water Act. A fine in the amount of \$100,000 was levied against the City of Erie in April 1997 and, therefore, has been included in payables at December 31, 1996.

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 \$782,500 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.

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, 1996 are \$350,000. 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, 1996 are as follows:

| | |
|--------------------------------|-------------------|
| 1997 | \$ 53,000 |
| 1998 | 53,000 |
| 1999 | 53,000 |
| 2000 | 53,000 |
| 2001 | 53,000 |
| 2002 and thereafter | 169,000 |
| Total lease payments | <u>434,000</u> |
| Less: interest portion | 129,428 |
| Minimum lease obligation | <u>\$ 304,572</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, 1996 are as follows:

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

B. Liabilities, Continued

5. Lease Agreements, Continued

| | Debt | Note | Total |
|--------------------------------------|---------------------|---------------------|----------------------|
| 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 | 901,620 | 452,685 | 1,354,305 |
| 2002 and thereafter | 8,884,176 | 7,237,539 | 16,121,715 |
| Total lease payments | 13,384,938 | 9,494,254 | 22,879,192 |
| Less: interest portion | 4,014,938 | 3,684,254 | 7,699,192 |
| Total minimum lease obligation | <u>\$ 9,370,000</u> | <u>\$ 5,810,000</u> | <u>\$ 15,180,000</u> |

The lease rental payment for 1996 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 1996 were \$294,069.

The remaining lease payments as of December 31, 1996 are as follows:

| | |
|--------------------------------------|-------------------|
| 1997 | \$ 261,351 |
| 1998 | 182,720 |
| 1999 | 167,136 |
| Total lease payments | 611,207 |
| Less: Interest portion | 64,061 |
| Total minimum lease obligation | <u>\$ 547,146</u> |

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

| | |
|-------------------------------------|-------------------|
| Erie Municipal Park Authority | \$ 304,572 |
| Other lease agreements | 547,146 |
| Total capital leases | <u>\$ 851,718</u> |

Assets capitalized under capital lease agreements total approximately \$3,056,269.

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 \$129,015,832 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 matured 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, 1996 is \$0.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

B. Liabilities, Continued

6. Long-Term Debt, Continued

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, 1996 is \$810,000.

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, 1996 is \$10,000.

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, 1996 is \$28,705,000 of which \$17,990,000 (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, 1996, for outstanding indebtedness of the Proprietary Fund:

| | General Obligation Bonds | | |
|---------------------------|--------------------------|---------------|---------------|
| | Principal | Interest | Total |
| 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 | 620,000 | 781,331 | 1,401,331 |
| 2002 and thereafter | 15,125,000 | 7,265,603 | 22,390,603 |
| Total | \$ 17,990,000 | \$ 11,402,068 | \$ 29,392,068 |

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

B. Liabilities, Continued

6. Long-Term Debt, Continued

Changes in long-term debt payable during 1996 are summarized as follows:

| | Balance January 1, 1996 | Incurred | Retired | Balance December 31, 1996 |
|---------------------------------------|-------------------------------|-----------|--------------|---------------------------------|
| <u>General Long-Term Debt</u> | | | | |
| Capital lease obligation | \$ 1,048,618 | \$ 75,754 | \$ 272,654 | \$ 851,718 |
| General obligation note | 1,000,000 | 0 | 1,000,000 | 0 |
| General obligation bonds | 12,015,000 | 0 | 480,000 | 11,535,000 |
| Total General Long-Term Debt | 14,063,618 | 75,754 | 1,752,654 | 12,386,718 |
| <u>Proprietary Fund Debt</u> | | | | |
| Sewer Revenue Fund: | | | | |
| General obligation bonds | 18,505,000 | 0 | 515,000 | 17,990,000 |
| Total Proprietary Fund Debt | 18,505,000 | 0 | 515,000 | 17,990,000 |
| Total Debt | \$ 32,568,618 | \$ 75,754 | \$ 2,267,654 | \$ 30,376,718 |

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, 1996, \$2,820,000 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 \$289,154, which represents an increase of \$24,431 from the prior year, and is recorded in the appropriate funds as a current liability.
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 \$124,267 for the 34 eligible Police retirees and \$69,786 for the 20 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."

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

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

D. Due From/To Other Funds

During 1993, the Capital Improvement Fund loaned the Golf Fund \$76,000; at December 31, 1996 the principal balance due was \$19,893. 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.

The reserve for equity in Authority rentals represents the amount of fund equity for the purpose of recording Authority rentals receivable in the component units.

The reserve for assets held for resale represents the amount of fund equity for the purpose of recording the expenditures incurred by the Authority for the houses built for resale in the component units.

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, 1996

IV. SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintained, during 1996, 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 | \$ 13,481,366 | \$ 0 | \$ 1,970,925 | \$ 3,532,946 | \$ 897,453 | \$ 19,882,690 |
| Operating expenses before depreciation . . . | 12,303,740 | 0 | 0 | 3,714,779 | 826,090 | 16,844,609 |
| Depreciation | 680,089 | 0 | 946,091 | 30,646 | 70,821 | 1,727,647 |
| Operating income | 497,537 | 0 | 1,024,834 | (212,479) | 542 | 1,310,434 |
| Nonoperating revenue (expense) | 589,699 | 63,982 | 0 | 56,418 | 22,431 | 732,530 |
| Operating transfers in . . . | 736,014 | 172,616 | 0 | 0 | 0 | 908,630 |
| Operating transfers (out) . . | (1,172,616) | (736,014) | (1,557,727) | 0 | (35,000) | (3,501,357) |
| Net income | \$ 650,634 | \$ (499,416) | \$ (532,893) | \$ (156,061) | \$ (12,027) | \$ (549,763) |
| Current assets | \$ 8,911,083 | \$ 946,817 | \$ 0 | \$ 426,388 | \$ 89,002 | \$ 10,373,290 |
| Fixed asset additions | 2,942,622 | 0 | 0 | 0 | 147,238 | 3,089,860 |
| Other assets | 13,790,377 | 0 | 21,505,187 | 709,447 | 695,161 | 36,700,172 |
| Total assets | \$ 25,644,082 | \$ 946,817 | \$ 21,505,187 | \$ 1,135,835 | \$ 931,401 | \$ 50,163,322 |
| Current liabilities | \$ 1,666,198 | \$ 0 | \$ 0 | \$ 137,201 | \$ 35,391 | \$ 1,838,790 |
| Bonds and other liabilities . . | 17,460,000 | 0 | 8,237,915 | 0 | 0 | 25,697,915 |
| Current capital contributions . | 0 | 0 | 0 | 1,055,671 | 0 | 1,055,671 |
| Other equity | 6,517,884 | 946,817 | 13,267,272 | (57,037) | 896,010 | 21,570,946 |
| Total liabilities and equity | \$ 25,644,082 | \$ 946,817 | \$ 21,505,187 | \$ 1,135,835 | \$ 931,401 | \$ 50,163,332 |
| Net working capital | \$ 7,244,885 | \$ 946,817 | \$ 0 | \$ 289,187 | \$ 53,611 | \$ 8,534,500 |

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 guaranty 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, 1996 are \$8,955,000. (See Note VII.D.7.)

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 guaranty 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, 1996 are \$12,010,000. (See Note VII.D.7.)

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 guaranty 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, 1996 are \$1,375,000. (See Note VII.D.7.)

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

V. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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 \$8,994,336 and \$2,375,709, respectively, at December 31, 1996.

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 two contractual agreements with construction firms related to sewer relining and a specific new sewer construction project. The contractual cost for the sewer relining project is \$1,046,000, of which \$518,684 has been paid or accrued at December 31, 1996. The specific new sewer construction project has a contractual cost of \$3,997,000, of which \$218,029 has been paid or accrued at year end.

D. Other Contingencies

In connection with certain self-insurance agreements the City has a letter of credit at December 31, 1996 of \$4,678,000. The letter of credit is collateralized with a Tax Anticipation Note.

E. 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VI. OTHER DISCLOSURES, Continued

A. Revolving Fund Programs, Continued

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 \$399,580.

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, 1996."

C. Special Revenue - Liquid Fuels Tax Grant

The initial budget for the Liquid Fuels Tax Grant - Special Revenue Fund - 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.

D. Contributed Capital - Enterprise Fund

In 1995, the City created the Refuse and Recycling Fund to account for refuse and recycling activities which were previously included in the General Fund. In conjunction with the establishment of this fund, a residual equity transfer of \$1,055,671 was reported in 1995 as an increase to Enterprise Fund retained earnings. In 1996, this amount was reduced from retained earnings and was reflected as contributed capital in the same fund.

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.
2. Basis of Accounting - The modified accrual basis of accounting is followed by the Authority. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES

A. Redevelopment Authority of the City of Erie

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:

| Category | Carrying Amount | Bank Balance |
|---|-----------------|--------------|
| (1) Insured by federal depository insurance | \$ 208,499 | \$ 208,499 |
| (2) Collateralized by federal security pools held by the pledging financial institutions trust department or agent in the name of the financial institution | 130,053 | 183,744 |
| Total deposits | \$ 338,552 | \$ 392,243 |

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 \$251,321. Total payroll for the year was \$255,254. Both the Authority and the covered employees made the required contributions, amounting to \$18,849 from the Authority and \$13,823 from the covered employees, or \$32,672 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, 1996, \$36,887 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. Restatement of Beginning Fund Balance - Accounts receivable, grant revenue, accounts payable and grant expenditures at December 31, 1995 have been corrected by restating the January 1, 1996 fund balance. Beginning fund balance has been restated to \$390,047, a decrease of \$121,395.
7. 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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

A. Redevelopment Authority of the City of Erie, Continued

7. Summary Disclosure of Significant Contingencies, Continued

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, 1996 amounted to \$12,000. Future minimum lease payments for the lease are as follows:

| | | |
|-------------|-------|------------------|
| Year ending | | |
| 1997 | | \$ 12,000 |
| Total | | <u>\$ 12,000</u> |

8. Transactions with the Primary Government - During 1996, the Redevelopment Authority received \$510,111 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.

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, 1996 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, 1996 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% | <u>\$ 345,000</u> |

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

B. Erie Municipal Park Authority, Continued

5. Long-Term Debt, Continued

As of December 31, 1996, the Authority has redeemed principal amount of bonds prior to normal redemption, which would have matured in 2004, in the amount of \$235,000. For the year ended December 31, 1996, the Authority redeemed bonds at a discount as follows:

| | | |
|--------------------------------------|----|---------------|
| Face amount of bonds redeemed | \$ | 35,000 |
| Less: discount upon redemption | | 0 |
| Redemption amount | \$ | <u>35,000</u> |

6. Restatement of Beginning Fund Balance - The fund balance has been restated to include the equity in authority rentals receivable resulting in an increase of \$345,000.
7. Transactions with the Primary Government - The offsetting asset and liability represents the aggregate remaining bond principal outstanding as of December 31, 1996 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 \$292,000 at December 31, 1996. On December 31, 1996, the City prepaid the rental due January 1, 1997 to the Authority. Accordingly, this amount is reflected as cash on the accompanying balance sheet, and the Authority's rental receivable has been reduced by this prepayment. 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. Basis of Accounting - The records covering transit operations are maintained on the accrual basis. The records supporting the capital grant projects in which there is federal government participation are maintained in accordance with the requirements of the U.S. Department of Transportation and are maintained on the accrual basis.
3. 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.
4. 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 | \$ | 1,661,471 |
| Pennsylvania Department of Transportation, Department of Energy Grant | | 1,040,976 |
| | \$ | <u>2,702,447</u> |

Board restricted cash has been internally designated for the following:

| | | |
|--|----|----------------|
| Pennsylvania Department of Transportation grant advances and local matching funds | \$ | <u>112,890</u> |
|--|----|----------------|

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

C. Erie Metropolitan Transit Authority, Continued

4. Cash and Investments, Continued

Cash and cash equivalents consist of the following:

| Category | Carrying Amount | Bank Balance |
|---|---------------------|---------------------|
| (1) Insured or collateralized with securities held by the Authority or by its agent in the Authority's name | \$ 100,000 | \$ 100,000 |
| (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 by not in the name of the Authority) | 1,936,889 | 2,068,341 |
| Total | <u>\$ 2,036,889</u> | <u>\$ 2,168,341</u> |

Investments consist of the following:

| | Cost | Market |
|---|---------------------|---------------------|
| Government Income Securities, Inc. mutual fund investing in securities guaranteed by the U.S. Government of its instrumentalities | \$ 532,197 | \$ 532,197 |
| \$163,000 U.S. Treasury Notes, due April 30, 1997, 6.50% yield to maturity | 164,018 | 164,018 |
| \$95,000 FHLMC Pool, 6.000% yield to maturity due December 15, 2023 | 82,782 | 82,782 |
| Pennsylvania Local Government Investment Trust/Term Fund, average yield of 4.960% at June 30, 1996 | 272,605 | 272,605 |
| PIF Dollar Series Federal Fund mutual fund | 282,944 | 282,944 |
| \$565,000 U.S. Treasury Strips, due May 15, 1998, 5.600% yield to maturity | 533,164 | 533,164 |
| \$595,000 U.S. Treasury Strips, due May 15, 1997, 5.210% yield to maturity | 531,739 | 531,739 |
| | <u>\$ 2,399,449</u> | <u>\$ 2,399,449</u> |

The total cash and cash equivalents and investments consist of the following:

| | |
|---|---------------------|
| Cash and cash equivalents (carrying amount) | \$ 2,036,889 |
| Investments at cost | 2,399,449 |
| | <u>\$ 4,436,338</u> |

5. Inventories - Inventories, which consist primarily of replacement parts, fuel and oil, and tokens and tickets, are generally valued at the lower cost or market on an average cost basis. Garage and office supplies are not inventoried.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

C. Erie Metropolitan Transit Authority, Continued

6. 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 | | 247,426 |
| Building and building improvements | 12 - 33 | | 1,827,698 |
| Buses | 7 - 12 | | 10,742,178 |
| Fare boxes | 12 | | 336,460 |
| Service vehicles and equipment | 4 - 7 | | 292,103 |
| Shop and garage equipment | 5 - 12 | | 766,939 |
| Office furniture and equipment | 7 - 10 | | 239,246 |
| Radio Equipment | 12 | | 402,468 |
| Bus Shelters | 12 - 15 | | 182,458 |
| Suburban mobility study in progress | N/A | | 96,289 |
| Building construction in progress | N/A | | 195,533 |
| | | | 15,414,319 |
| Less: accumulated depreciation | | | 10,310,391 |
| Net investment in transit system | | \$ | 5,103,928 |

The 1996 additions to the transit system consist mainly of four lift vans, beginning construction on the hybrid storage facility, facility improvements, twenty-five shelters, eleven lift van radios, shop equipment, and office equipment.

7. 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> | | | |
|---|--|----|-----------|
| <u>Vested benefits:</u> | | | |
| Active participants | | \$ | 1,893,833 |
| Vested terminated participants | | | 121,210 |
| Retired participants and beneficiaries | | | 1,920,029 |
| Total vested benefits | | | 3,935,072 |
| Nonvested benefits | | | 27,959 |
| Total accumulated benefits | | | 3,963,031 |
| Net assets available for plan benefits, at cost (market value is \$3,333,357) | | | 3,199,627 |
| Unfunded pension benefit obligation | | \$ | 763,404 |

8. Line of Credit - The Authority has available a revolving credit agreement for a maximum of \$500,000 with a local bank which has been extended through November 30, 1996. The line is unsecured and bears interest at the prime rate minus 1-½ percent. The agreement is required to be repaid at the end of each month beginning with August 31, 1995, and at the end of its term.

9. Transactions with the Primary Government - During 1996, the City of Erie provided the Erie Metropolitan Transit Authority with \$225,000, which is included in the Authority's statement of revenues, expenses and changes in retained earnings for the year ended June 30, 1996.

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, 1996

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 indenture, 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 | \$ 178,680 | \$ 193,292 |
| (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) | 66,176 | 66,176 |
| Total | <u>\$ 244,856</u> | <u>\$ 259,468</u> |

Investments - The Authority's investments are summarized below and are categorized by credit risk and all are insured, registered or held by the Authority or its agent in the Authority's name. Investments in pooled money market funds are not categorized.

| | <u>Cost</u> | <u>Market</u> |
|---------------------------------------|---------------------|---------------------|
| Repurchase agreements | \$ 3,054,000 | \$ 3,054,000 |
| Liquid treasury investments | 577,698 | 577,698 |
| Term treasury investments | 1,075,979 | 1,088,899 |
| Pooled money market funds | 92,924 | 92,924 |
| | <u>\$ 4,800,601</u> | <u>\$ 4,813,521</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 | 5 to 10 years |

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

D. Erie Parking Authority, Continued

4. Capitalization and Depreciation, Continued

A summary of property activity for 1996 is as follows:

| | Balance January 1, 1996 | Additions | Dispositions | Balance December 31, 1996 |
|---------------------------------------|-------------------------------|---------------------|--------------|---------------------------------|
| Land | \$ 2,285,377 | \$ 0 | \$ 0 | \$ 2,285,377 |
| Parking facilities | 19,973,405 | 0 | 6,290,919 | 26,264,324 |
| Parking facilities under construction | 4,287,133 | 2,003,786 | (6,290,919) | 0 |
| Metered collection equipment | 332,362 | 14,818 | 0 | 347,180 |
| Other equipment and vehicles | 242,275 | 14,608 | 0 | 256,883 |
| Total | <u>27,120,552</u> | <u>2,033,212</u> | <u>0</u> | <u>29,153,764</u> |
| Less: accumulated depreciation | 7,145,593 | 661,225 | 0 | 7,806,818 |
| Undepreciated cost | <u>\$ 19,974,959</u> | <u>\$ 1,371,987</u> | <u>\$ 0</u> | <u>\$ 21,346,946</u> |

5. Compensated Absences - Earned vacation is generally required to be used in the year of accrual. The Authority's employees are allowed to accumulate a maximum of 120 days of sick pay. If not used, 25% of the accumulated sick pay will be paid upon retirement. Accumulated sick pay is lost in the events of termination of death. The accrued sick pay liability at December 31, 1996 amounted to \$33,529.
6. Pension - The Authority maintains a single-employer defined benefit pension plan which covers substantially all of its employees. The pension benefit obligation status applicable to the Authority's employees was as follows at December 31, 1996:

| <u>Pension Benefit Obligation</u> | |
|---|--------------------|
| Retiree and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | \$ 221,520 |
| Current Employees | |
| Vested | 193,154 |
| Nonvested | 45,944 |
| Total pension benefit obligation | <u>460,618</u> |
| Net assets available for plan benefits, market value | 492,306 |
| Assets in excess of pension benefit obligation | <u>\$ (31,688)</u> |

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 the maximum percentage allowed by law of their compensation to the plan of which up to six percent is matched by the Authority. The Authority's contribution to the plan amounted to \$31,202 in 1996. At December 31, 1996, the plan has \$9,126 in forfeitures available to reduce future contributions by the Authority.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

D. Erie Parking Authority, Continued

7. 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 6.0% to 6.875% with various maturities through September, 2011 | \$ 1,375,000 |
| Series of 1994 Refunding Bond secured by the Authority's revenue bearing interest from 3.6% to 5.125% with various maturities through September, 2015 | 12,010,000 |
| Series of 1995 Guaranteed Parking Revenue Bonds secured by the Authority's revenue bearing interest at 4.5% to 5.8% with various maturities through September 1, 2020 | 8,955,000 |
| Less: unamortized original issue discount and deferred amount on refunding | 0 |
| Outstanding principal at December 31, 1996 | <u>22,340,000</u> |
| Less: current maturities | 292,221 |
| Less: Unamortized deferred amount on refunding - 1995 Series | 985,486 |
| Total long-term portion | <u>\$ 21,062,293</u> |

The following summarizes the maturities due subsequent to December 31, 1996 for outstanding indebtedness of the Authority:

| | |
|---------------------|----------------------|
| 1997 | \$ 500,000 |
| 1998 | 525,000 |
| 1999 | 550,000 |
| 2000 | 580,000 |
| 2001 | 610,000 |
| 2002 and thereafter | 18,297,293 |
| Total | <u>\$ 21,062,293</u> |

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.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

E. Erie Civic Center Authority, Continued

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 | \$ 302,391 | \$ 302,391 |
| (2) Collateralized with securities held by the pledging financial institutions trust department or agent in the Authority's name | 181,244 | 181,244 |
| (3) Uncollateralized | 0 | 0 |
| Total | <u>\$ 483,635</u> | <u>\$ 483,635</u> |

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

| | |
|--|-------------------|
| <u>Unrestricted Cash</u> | |
| Deposits and cash on hand | \$ 355,350 |
| <u>Restricted Cash</u> | |
| Restricted cash deposits | 123,855 |
| Carrying amount of cash deposits | <u>\$ 479,205</u> |

4. Property and Equipment

Contributed Capital Assets - A summary of the Authority's capital assets acquired by contributed capital transactions through December 31, 1996 is as follows:

| | Balance January 1, 1996 | Additions | Dispositions | Balance December 31, 1996 |
|--|-------------------------------|---------------------|--------------|---------------------------------|
| Land and improvements | \$ 1,705,097 | \$ 0 | \$ 0 | \$ 1,705,097 |
| Leasehold buildings and improvements | 21,300,467 | 8,520 | 0 | 21,308,987 |
| Machinery and equipment | 420,347 | 645 | 0 | 420,992 |
| Total | 23,425,911 | 9,165 | 0 | 23,435,076 |
| Less: accumulated depreciation | 4,317,778 | 591,485 | 0 | 4,909,263 |
| Net contributed capital assets | <u>\$ 19,108,133</u> | <u>\$ (582,320)</u> | <u>\$ 0</u> | <u>\$ 18,525,813</u> |

Purchased Capital Assets - A summary of capital assets purchased by the Authority with operating funds through December 31, 1996 is as follows:

| | Balance January 1, 1996 | Additions | Dispositions | Balance December 31, 1996 |
|--|-------------------------------|------------------|--------------|---------------------------------|
| Land improvements | \$ 3,848 | \$ 850 | \$ 0 | \$ 4,698 |
| Leasehold improvements | 251,528 | 41,792 | 0 | 293,320 |
| Machinery and equipment | 457,655 | 37,929 | 0 | 495,584 |
| Total | 713,031 | 80,571 | 0 | 793,602 |
| Less: accumulated depreciation | 305,722 | 64,526 | 0 | 370,248 |
| Net purchased capital assets | <u>\$ 407,309</u> | <u>\$ 16,045</u> | <u>\$ 0</u> | <u>\$ 423,354</u> |

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

E. Erie Civic Center Authority, Continued

5. Deferred Compensation Plan - The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue code Section 457. The plan, available to all permanent Authority employees, permits them to defer a portion of their salaries and wages until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Annual compensation deferrals are limited to the lesser of (a) \$7,500 or (b) 33 1/3% of a participant's taxable compensation. The Authority will match fifty percent of a participant's deferred amount up to a maximum of two percent of compensation and, in addition, may make up to additional annual base contributions to the Plan. Participants are one hundred percent vested in the Authority's base and matching contributions after five years of service. Under the provisions of IRC Section 457, all deferred compensation and income held by third parties, until paid or made available to a participant or beneficiaries, is the property of the Authority subject to the claims of the Authority's general creditors. In addition, plan participants have rights equal to those of the general creditors of the Authority. Each participant's rights are equal to their share of the fair market value of the plan assets.
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 6 1/2% maturing in 1997 | \$ 10,921 |
| Outstanding principal at December 31, 1996 | 10,921 |
| Less: Current maturities | 10,921 |
| Total long-term portion | \$ 0 |

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, 1996.
8. Transactions with the Primary Government - During 1996, the Erie Civic Center Authority received a \$150,000 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. Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting.
3. 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 | \$ 15,218 | \$ 15,218 |
| U.S. Treasury notes | 14,894,037 | 14,876,706 |
| Money market funds, invested in U.S. Treasuries | 2,228,788 | 2,228,788 |
| | \$ 17,138,043 | \$ 17,120,712 |

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

F. Erie Sewer Authority, Continued

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

| | |
|--|----------------------|
| Sewer Revenue Bonds, Series 1996, secured by the amended lease between the Authority and the City of Erie, bearing interest ranging from 3.8% to 5.6% with various maturities through June, 2017 | \$ 10,000,000 |
| Sewer Revenue Bonds, Series 1995, secured by the amended lease between the Authority and the City of Erie, bearing an average interest of 5.1% with various maturities through June, 2011 | \$ 9,370,000 |
| Sewer Revenue Note, Series of 1994 (See Note III.B.5) | 5,810,000 |
| Outstanding principal at December 31, 1996 | 25,180,000 |
| Less: current maturities | 930,000 |
| Total long-term portion | <u>\$ 24,250,000</u> |

The following summarizes the maturities due subsequent to December 31, 1996 for outstanding indebtedness of the Authority:

| | |
|---------------------------|----------------------|
| 1997 | \$ 930,000 |
| 1998 | 960,000 |
| 1999 | 1,010,000 |
| 2000 | 1,050,000 |
| 2001 | 1,100,000 |
| 2002 and thereafter | 20,130,000 |
| Total | <u>\$ 25,180,000</u> |

6. 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. At the time of issuance of the Erie Sewer Authority's financial statements it was too soon to predict with certainty the ultimate outcome of this matter, management and legal counsel believe the impact, if any, of an unfavorable settlement, would not be material to the financial condition of the Erie Sewer Authority. Subsequent to the issuance of the Component Unit financial statement, a fine in the amount of \$100,000 was assessed against the Erie Sewer Authority.

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

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 | \$ 375,090 | \$ 371,562 | \$ 5,314,604 | \$ 5,202,315 | \$ 604,357 | \$ 17,554,120 | \$ 29,422,048 |
| Due from primary government | 0 | 0 | 0 | 0 | 18,949,167 | 0 | 18,949,167 |
| Fixed assets | 82,258 | 0 | 5,103,928 | 21,346,946 | 0 | 25,130,638 | 51,663,770 |
| Amounts to be provided for long-term debt | 140,887 | 345,000 | 0 | 0 | 0 | 0 | 485,887 |
| Other assets | 0 | 0 | 0 | 564,091 | 0 | 0 | 564,091 |
| Total assets | \$ 598,235 | \$ 716,562 | \$ 10,418,532 | \$ 27,113,352 | \$ 19,553,524 | \$ 42,684,758 | \$ 101,084,963 |
| Current liabilities | \$ 202,048 | \$ 0 | \$ 4,751,284 | \$ 1,002,457 | \$ 573,667 | \$ 1,176,466 | \$ 7,705,922 |
| Due to primary government | 0 | 0 | 0 | 0 | 10,921 | 5,640,000 | 5,650,921 |
| Bonds and other liabilities | 140,887 | 345,000 | 0 | 20,562,293 | 0 | 18,610,000 | 39,658,180 |
| Total equity | 255,300 | 371,562 | 5,667,248 | 5,548,602 | 18,968,936 | 17,258,292 | 48,069,940 |
| Total liabilities and equity | \$ 598,235 | \$ 716,562 | \$ 10,418,532 | \$ 27,113,352 | \$ 19,553,524 | \$ 42,684,758 | \$ 101,084,963 |

| | Governmental Funds | | |
|---------------------------------------|---|-------------------------------|---------------------|
| | Redevelopment Authority of the City of Erie | Erie Municipal Park Authority | Total |
| Revenue | \$ 970,258 | \$ 1,402 | \$ 971,660 |
| Transfer from the primary government | 0 | 53,000 | 53,000 |
| Current expenditures | 1,105,005 | 1,867 | 1,106,872 |
| Capital outlay expenditures | 0 | 0 | 0 |
| Debt service expenditures | 0 | 47,688 | 47,688 |
| Excess (deficiency) of revenue | \$ (134,747) | \$ 4,847 | \$ (129,900) |

| | Proprietary Funds | | | | Total |
|-----------------------------------|-------------------------------------|------------------------|-----------------------------|----------------------|-----------------------|
| | Erie Metropolitan Transit Authority | Erie Parking Authority | Erie Civic Center Authority | Erie Sewer Authority | |
| Operating revenue | \$ 4,019,579 | \$ 3,376,768 | \$ 1,359,455 | \$ 0 | \$ 8,755,802 |
| Operating expense | 7,665,101 | 1,602,191 | 1,453,958 | 0 | 10,721,250 |
| Depreciation | 971,230 | 661,225 | 656,011 | 1,559,965 | 3,848,431 |
| Operating income | (4,616,752) | 1,113,352 | (750,514) | (1,559,965) | (5,813,879) |
| Operating grants, etc. | 3,345,885 | 0 | 0 | 0 | 3,345,885 |
| Other nonoperating income | 212,660 | (960,221) | 14,105 | (381,046) | (1,114,502) |
| Transfers from primary government | 0 | 0 | 150,000 | 1,548,667 | 1,698,667 |
| Net income (loss) | \$ (1,058,207) | \$ 153,131 | \$ (586,409) | \$ (392,344) | \$ (1,883,829) |
| Current capital contributions | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

CITY OF ERIE, PENNSYLVANIA
Notes to Financial Statements, Continued
December 31, 1996

VII. COMPONENT UNIT DISCLOSURES, Continued

G. Other Component Unit Disclosures

| | Amount from Statement of Cash Flows | Effects of Proprietary Funds | Effects of Governmental Funds | Total |
|---------------------------------------|---|------------------------------------|-------------------------------------|----------------------|
| Cash | \$ 2,053,086 | \$ 0 | \$ 192,769 | \$ 2,245,855 |
| Investments | 1,978,021 | 18,221,856 | 139,077 | 20,338,954 |
| Restricted cash and investments | 4,862,157 | 0 | 86,091 | 4,948,248 |
| | <u>\$ 8,893,264</u> | <u>\$ 18,221,856</u> | <u>\$ 417,937</u> | <u>\$ 27,533,057</u> |

Reconciliation of the Combined Component Units Statement of Cash Flows, comprising only of Proprietary Funds, to the Combined Component Units Balance Sheet, which includes both the Proprietary Funds and the Governmental Funds.

BLANK

CITY OF ERIE, PENNSYLVANIA
General Fund
Individual Financial Statements

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

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
 Budget and Actual (Including Encumbrances) - General Fund
 Year Ended December 31, 1996

| | General Fund | | |
|--|---------------|---------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | |
| Real estate taxes - current | \$ 21,019,451 | \$ 20,282,549 | \$ (736,902) |
| Real estate taxes - prior | 1,490,000 | 1,361,591 | (128,409) |
| Income taxes | 5,250,000 | 4,950,000 | (300,000) |
| Realty transfer taxes | 490,000 | 602,462 | 112,462 |
| Occupational privilege taxes | 300,000 | 300,000 | 0 |
| Real estate penalty, interest | 260,000 | 257,267 | (2,733) |
| Towing licenses | 4,000 | 3,186 | (814) |
| Amusement licenses | 40,000 | 33,900 | (6,100) |
| Engineer, electrician, plumber licenses | 175,000 | 131,007 | (43,993) |
| Direct access licenses | 45,000 | 42,246 | (2,754) |
| Building, demolition, moving permits | 200,000 | 244,953 | 44,953 |
| Curb, driveway, sewer, sidewalk, street permits | 500,000 | 407,217 | (92,783) |
| Electric permits | 100,000 | 129,812 | 29,812 |
| Plumbing inspection permits | 41,000 | 42,145 | 1,145 |
| Cable TV franchise | 405,000 | 429,318 | 24,318 |
| Miscellaneous licenses, permits | 28,000 | 47,530 | 19,530 |
| State operating grant - Penn Dot | 13,600 | 6,835 | (6,765) |
| State operating grant - Department of Environmental Resources | 266,400 | 266,409 | 9 |
| State shared revenue - public utility realty tax | 400,000 | 391,512 | (8,488) |
| State shared revenue - alcoholic beverage | 86,000 | 87,900 | 1,900 |
| State aid - pension system | 1,986,000 | 2,310,984 | 324,984 |
| Local operating unit - Emergycare | 20,000 | 20,000 | 0 |
| Local shared revenue - county liquid fuel | 152,683 | 152,726 | 43 |
| Payment in lieu of taxes | 720,000 | 742,920 | 22,920 |
| Zoning fees | 17,000 | 18,760 | 1,760 |
| Administrative real estate service fees | 78,000 | 90,228 | 12,228 |
| Towing fees | 10,000 | 8,195 | (1,805) |
| Gas sales | 455,000 | 516,792 | 61,792 |
| Newspaper recycling sales | 180,750 | 206,981 | 26,231 |
| Miscellaneous costs, fees, sales | 19,000 | 22,755 | 3,755 |
| Safety reports, fingerprinting | 65,000 | 60,159 | (4,841) |
| Miscellaneous safety fees | 7,000 | 4,868 | (2,132) |
| False alarm fines | 0 | 13,413 | 13,413 |
| Parking fines | 982,000 | 915,840 | (66,160) |
| State police fines | 85,000 | 73,339 | (11,661) |
| Traffic court fines | 111,000 | 126,730 | 15,730 |
| Parking/traffic court costs | 124,000 | 28,019 | (95,981) |
| District justice fines | 70,000 | 86,960 | 16,960 |
| Miscellaneous fines | 26,000 | 25,224 | (776) |
| Investment income | 250,000 | 308,917 | 58,917 |
| Checking account interest | 30,000 | 25,977 | (4,023) |
| Interest income - loans/mortgage | 1,539 | 1,539 | 0 |
| Rents, royalties | 50,000 | 47,195 | (2,805) |
| Water Authority lease payment | 0 | 406,956 | 406,956 |
| Special assessments | 5,000 | 5,413 | 413 |
| Contributions | 40,000 | 11,464 | (28,536) |
| Crossing guard expense reimbursement - school | 71,000 | 69,813 | (1,187) |
| Pension salary reimbursement - Officer and Employee Retirement Association | 41,000 | 41,249 | 249 |
| Police reimbursement - Housing Authority | 49,000 | 49,185 | 185 |
| Police officers training reimbursement - state | 40,000 | 26,882 | (13,118) |
| Central service expense reimbursement - interfund | 1,490,711 | 1,541,578 | 50,867 |
| Municipal garage expense reimbursement - interfund | 250,000 | 342,742 | 92,742 |
| Postretirement reimbursement - state | 53,000 | 73,175 | 20,175 |
| Collector of taxes expense reimbursement - school | 245,000 | 209,322 | (35,678) |
| Income tax office expense reimbursement - school | 227,000 | 203,498 | (23,502) |
| Erie County Solid Waste Authority reimbursement - county | 10,000 | 51,287 | 41,287 |
| Miscellaneous sources | 35,000 | 20,708 | (14,292) |
| Sale of general fixed assets | 590,000 | 585,455 | (4,545) |
| Total revenues | 39,700,134 | 39,465,087 | (235,047) |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances) - General Fund, Continued
Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|--|----------------|----------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Office of City Council | | | |
| Salaries | \$ 43,505 | \$ 43,500 | \$ 5 |
| Fica - Medicare tax | 3,328 | 3,327 | 1 |
| Pension contribution | 15,435 | 15,435 | 0 |
| Group insurance | 37,766 | 36,445 | 1,321 |
| Workers compensation insurance | 595 | 595 | 0 |
| Professional services | 15,312 | 15,312 | 0 |
| Transportation and seminars | 4,535 | 4,502 | 33 |
| Professional services | 173 | 173 | 0 |
| | <u>120,649</u> | <u>119,289</u> | <u>1,360</u> |
| Office of City Clerk | | | |
| Salaries | 101,015 | 100,484 | 531 |
| Salary/wage savings | (1,491) | 0 | (1,491) |
| FICA - Medicare tax | 7,706 | 7,687 | 19 |
| Pension contribution | 15,435 | 15,435 | 0 |
| Group insurance | 16,305 | 15,789 | 516 |
| Workers compensation insurance | 255 | 255 | 0 |
| Office supplies | 1,745 | 1,744 | 1 |
| Small tools and minor equipment | 1,050 | 684 | 366 |
| Postage | 667 | 667 | 0 |
| Advertising | 5,269 | 5,167 | 102 |
| Repair and maintenance services | 672 | 672 | 0 |
| Other services and charges | 4,000 | 3,990 | 10 |
| Office supplies | 221 | 210 | 11 |
| Small tools and minor equipment | 530 | 528 | 2 |
| Postage | 87 | 86 | 1 |
| Other services and charges | 3,500 | 3,492 | 8 |
| Office equipment and furnishings | 5,165 | 5,128 | 37 |
| | <u>162,131</u> | <u>162,018</u> | <u>113</u> |
| Office of Mayor | | | |
| Salaries | 186,873 | 186,683 | 190 |
| Salary/wage savings | (2,008) | 0 | (2,008) |
| FICA - Medicare tax | 14,332 | 14,332 | 0 |
| Pension contribution | 24,953 | 24,953 | 0 |
| Group insurance | 26,362 | 25,553 | 809 |
| Workers compensation insurance | 500 | 500 | 0 |
| Office supplies | 1,000 | 989 | 11 |
| Small tools and minor equipment | 500 | 500 | 0 |
| Transportation and seminars | 4,203 | 4,202 | 1 |
| Postage | 948 | 928 | 20 |
| Repair and maintenance services | 628 | 628 | 0 |
| Other services and charges | 43,351 | 43,350 | 1 |
| Conferences, seminars, membership and transportation | 1,106 | 400 | 706 |
| | <u>302,748</u> | <u>303,018</u> | <u>(270)</u> |
| Office of Cable Television | | | |
| Salaries | 38,742 | 37,021 | 1,721 |
| Salary/wage savings | (656) | 0 | (656) |
| FICA - Medicare tax | 3,346 | 2,832 | 514 |
| Pension contribution | 5,916 | 5,916 | 0 |
| Group insurance | 6,323 | 6,083 | 240 |
| Workers compensation insurance | 91 | 91 | 0 |
| Office supplies | 851 | 687 | 164 |
| Operating supplies | 250 | 102 | 148 |
| Repair and maintenance supplies | 350 | 127 | 223 |
| Small tools and minor equipment | 873 | 873 | 0 |
| Professional services | 3,000 | 3,000 | 0 |
| Transportation and seminars | 224 | 224 | 0 |
| Communication | 500 | 500 | 0 |
| Postage | 36 | 36 | 0 |
| Advertising | 127 | 0 | 127 |
| Repair and maintenance services | 1,000 | 50 | 950 |
| Other services and charges | 464 | 207 | 257 |
| Machinery and equipment | 2,122 | 2,122 | 0 |
| | <u>63,559</u> | <u>59,871</u> | <u>3,688</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances) - General Fund, Continued
Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|-------------------------------------|----------------|----------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Office of City Solicitor | | | |
| Salaries | \$ 176,345 | \$ 176,345 | \$ 0 |
| Salary/wage savings | (2,822) | 0 | (2,822) |
| FICA - Medicare tax | 15,308 | 13,516 | 1,792 |
| Pension contribution | 28,297 | 28,297 | 0 |
| Group insurance | 26,595 | 26,297 | 298 |
| Workers compensation insurance | 383 | 383 | 0 |
| Office supplies | 12,500 | 12,371 | 129 |
| Small tools and minor equipment | 1,000 | 1,000 | 0 |
| Professional services | 30,000 | 30,000 | 0 |
| Transportation and seminars | 3,000 | 3,000 | 0 |
| Communication | 175 | 174 | 1 |
| Postage | 700 | 700 | 0 |
| Repair and maintenance services | 1,266 | 1,266 | 0 |
| Other services and charges | 59,000 | 58,953 | 47 |
| Office supplies | 2,259 | 823 | 1,436 |
| Small tools and minor equipment | 563 | 563 | 0 |
| Professional services | 174 | 174 | 0 |
| Communication | 25 | 25 | 0 |
| Other services and charges | 25,436 | 25,436 | 0 |
| Office equipment and furnishings | 1,792 | 1,782 | 10 |
| | <u>381,996</u> | <u>381,105</u> | <u>891</u> |
| Office of City Treasurer | | | |
| Salaries | 8,501 | 8,501 | 0 |
| FICA - Medicare tax | 650 | 650 | 0 |
| Transportation and seminars | 499 | 448 | 51 |
| | <u>9,650</u> | <u>9,599</u> | <u>51</u> |
| Office of Collector of Taxes - City | | | |
| Salaries | 61,312 | 59,880 | 1,432 |
| Salary/wage savings | (791) | 0 | (791) |
| FICA - Medicare tax | 4,691 | 4,581 | 110 |
| Pension contribution | 11,976 | 11,976 | 0 |
| Group insurance | 12,283 | 12,283 | 0 |
| Workers compensation insurance | 197 | 197 | 0 |
| Office supplies | 1,950 | 1,869 | 81 |
| Small tools and minor equipment | 268 | 266 | 2 |
| Professional services | 4,065 | 4,023 | 42 |
| Communication | 1,100 | 1,031 | 69 |
| Postage | 5,600 | 5,564 | 36 |
| Repair and maintenance services | 810 | 808 | 2 |
| Other services and charges | 2,286 | 2,261 | 25 |
| Bonds and miscellaneous insurance | 1,750 | 1,748 | 2 |
| Office equipment | 2,227 | 2,227 | 0 |
| Office supplies | 375 | 375 | 0 |
| Small tools and minor equipment | 242 | 242 | 0 |
| Communication | 28 | 12 | 16 |
| Repair and maintenance services | 24 | 23 | 1 |
| Other services and charges | 347 | 347 | 0 |
| | <u>110,740</u> | <u>109,713</u> | <u>1,027</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances) - General Fund, Continued
Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|--|----------------|----------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Office of Collector of Taxes - School | | | |
| Salaries | \$ 61,883 | \$ 61,872 | \$ 11 |
| Salary/wage savings | (790) | 0 | (790) |
| FICA - Medicare tax | 4,741 | 4,733 | 8 |
| Pension contribution | 11,966 | 11,966 | 0 |
| Group insurance | 12,246 | 12,246 | 0 |
| Workers compensation insurance | 197 | 197 | 0 |
| Office supplies | 1,950 | 1,867 | 83 |
| Small tools and minor equipment | 295 | 284 | 11 |
| Professional services | 2,680 | 2,638 | 42 |
| Transportation and seminars | 500 | 455 | 45 |
| Communication | 1,100 | 1,031 | 69 |
| Postage | 5,600 | 5,564 | 36 |
| Repair and maintenance services | 810 | 808 | 2 |
| Other services and charges | 15,883 | 15,877 | 6 |
| Bonds and miscellaneous insurance | 1,748 | 1,748 | 0 |
| Office equipment | 2,227 | 2,227 | 0 |
| Office supplies | 200 | 189 | 11 |
| Small tools and minor equipment | 242 | 242 | 0 |
| Communication | 28 | 12 | 16 |
| Repair and maintenance services | 24 | 23 | 1 |
| Other services and charges | 347 | 347 | 0 |
| | <u>123,877</u> | <u>124,326</u> | <u>(449)</u> |
| Office of Collector of Taxes - County | | | |
| Salaries | 60,732 | 59,877 | 855 |
| Salary/wage savings | (791) | 0 | (791) |
| FICA - Medicare tax | 4,683 | 4,580 | 103 |
| Pension contribution | 11,966 | 11,966 | 0 |
| Group insurance | 12,251 | 12,251 | 0 |
| Workers compensation insurance | 197 | 197 | 0 |
| Office supplies | 1,946 | 1,867 | 79 |
| Small tools and minor equipment | 295 | 284 | 11 |
| Professional services | 2,680 | 2,638 | 42 |
| Transportation and seminars | 500 | 455 | 45 |
| Communication | 1,100 | 1,031 | 69 |
| Postage | 5,600 | 5,564 | 36 |
| Repair and maintenance services | 810 | 808 | 2 |
| Other services and charges | 15,881 | 15,875 | 6 |
| Bonds and miscellaneous insurance | 1,748 | 1,748 | 0 |
| Office equipment | 2,226 | 2,226 | 0 |
| Office supplies | 200 | 189 | 11 |
| Small tools and minor equipment | 242 | 242 | 0 |
| Communication | 28 | 12 | 16 |
| Repair and maintenance services | 24 | 23 | 1 |
| Other services and charges | 347 | 347 | 0 |
| | <u>122,665</u> | <u>122,180</u> | <u>485</u> |
| Office of Collector of Income and Occupational Privilege Tax | | | |
| Salaries | 234,835 | 234,835 | 0 |
| Salary/wage savings | (3,440) | 0 | (3,440) |
| FICA - Medicare tax | 15,185 | 14,768 | 417 |
| Pension contribution | 46,305 | 46,305 | 0 |
| Group insurance | 47,349 | 47,183 | 166 |
| Workers compensation insurance | 765 | 765 | 0 |
| Office supplies | 10,505 | 10,150 | 355 |
| Small tools and minor equipment | 1,292 | 1,259 | 33 |
| Professional services | 16,597 | 16,596 | 1 |
| Communication | 2,896 | 2,852 | 44 |
| Postage | 18,500 | 18,500 | 0 |
| Rentals | 16,290 | 16,290 | 0 |
| Repair and maintenance services | 1,402 | 1,328 | 74 |
| Other services and charges | 47,018 | 47,018 | 0 |
| | <u>455,499</u> | <u>457,849</u> | <u>(2,350)</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances) - General Fund, Continued
Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|--|----------------|----------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Office of City Controller | | | |
| Salaries | \$ 100,590 | \$ 100,587 | \$ 3 |
| Salary/wage savings | (985) | 0 | (985) |
| FICA - Medicare tax | 7,695 | 7,695 | 0 |
| Pension contribution | 15,435 | 15,435 | 0 |
| Group insurance | 15,671 | 15,671 | 0 |
| Workers compensation insurance | 336 | 336 | 0 |
| Office supplies | 1,054 | 1,053 | 1 |
| Operating supplies | 5 | 5 | 0 |
| Small tools and minor equipment | 794 | 793 | 1 |
| Professional services | 1,500 | 1,500 | 0 |
| Transportation and seminars | 1,213 | 1,212 | 1 |
| Postage | 192 | 192 | 0 |
| Repair and maintenance services | 482 | 482 | 0 |
| Other services and charges | 539 | 539 | 0 |
| Office equipment | 4,188 | 4,188 | 0 |
| Office supplies | 38 | 37 | 1 |
| Other services and charges | 65 | 0 | 65 |
| | <u>148,812</u> | <u>149,725</u> | <u>(913)</u> |
| Office of Director of Administration and Finance | | | |
| Salaries | 63,715 | 63,659 | 56 |
| Salary/wage savings | (955) | 0 | (955) |
| FICA - Medicare tax | 4,874 | 4,870 | 4 |
| Pension contribution | 7,717 | 7,717 | 0 |
| Group insurance | 8,207 | 7,724 | 483 |
| Workers compensation insurance | 85 | 85 | 0 |
| Office supplies | 306 | 303 | 3 |
| Small tools and minor equipment | 295 | 240 | 55 |
| Professional services | 200 | 145 | 55 |
| Transportation and seminars | 1,100 | 791 | 309 |
| Communication | 350 | 229 | 121 |
| Postage | 51 | 0 | 51 |
| Other services and charges | 546 | 470 | 76 |
| Office equipment | 1,335 | 1,335 | 0 |
| Office supplies | 106 | 106 | 0 |
| Office equipment and furnishings | 4,289 | 3,918 | 371 |
| | <u>92,221</u> | <u>91,592</u> | <u>629</u> |
| Office of Personnel | | | |
| Salaries | 148,282 | 148,278 | 4 |
| Salary/wage savings | (2,221) | 0 | (2,221) |
| FICA - Medicare tax | 11,346 | 11,343 | 3 |
| Pension contribution | 23,152 | 23,152 | 0 |
| Group insurance | 24,118 | 23,949 | 169 |
| Workers compensation insurance | 425 | 425 | 0 |
| Office supplies | 1,300 | 1,143 | 157 |
| Operating supplies | 245 | 245 | 0 |
| Professional services | 22,085 | 18,331 | 3,754 |
| Transportation and seminars | 600 | 0 | 600 |
| Postage | 1,514 | 1,514 | 0 |
| Rentals | 300 | 0 | 300 |
| Repair and maintenance services | 475 | 473 | 2 |
| Other services and charges | 1,025 | 360 | 665 |
| | <u>232,646</u> | <u>229,213</u> | <u>3,433</u> |
| Division of Civil Service Board | | | |
| Office supplies | 4,394 | 4,394 | 0 |
| Professional services | 5,196 | 5,196 | 0 |
| Transportation and seminars | 30 | 30 | 0 |
| Postage | 78 | 78 | 0 |
| Advertising | 573 | 573 | 0 |
| Rentals | 173 | 173 | 0 |
| Other services and charges | 1,828 | 1,828 | 0 |
| | <u>12,272</u> | <u>12,272</u> | <u>0</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances) - General Fund, Continued
Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|--|----------------|----------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Office of Accounts Finance and Budget | | | |
| Salaries | \$ 226,571 | \$ 223,420 | \$ 3,151 |
| Salary/wage savings | (3,328) | 0 | (3,328) |
| FICA - Medicare tax | 17,491 | 17,092 | 399 |
| Pension contribution | 38,587 | 38,587 | 0 |
| Group insurance | 41,165 | 41,162 | 3 |
| Workers compensation insurance | 723 | 723 | 0 |
| Office supplies | 8,605 | 8,604 | 1 |
| Small tools and minor equipment | 1,227 | 1,227 | 0 |
| Professional services | 12,500 | 12,500 | 0 |
| Transportation and seminars | 393 | 393 | 0 |
| Postage | 3,400 | 3,400 | 0 |
| Repair and maintenance services | 1,928 | 1,927 | 1 |
| Other services and charges | 7,631 | 7,630 | 1 |
| Office equipment | 2,217 | 2,217 | 0 |
| Office supplies | 1,065 | 992 | 73 |
| Small tools and minor equipment | 81 | 81 | 0 |
| Office equipment and furnishings | 1,349 | 1,349 | 0 |
| | <u>361,605</u> | <u>361,304</u> | <u>301</u> |
| Office of Computer and Information Systems | | | |
| Salaries | 115,387 | 109,590 | 5,797 |
| Salary/wage savings | (1,820) | 0 | (1,820) |
| FICA - Medicare tax | 9,287 | 8,384 | 903 |
| Pension contribution | 15,435 | 15,435 | 0 |
| Group insurance | 16,509 | 15,974 | 535 |
| Workers compensation insurance | 255 | 255 | 0 |
| Office supplies | 5,897 | 5,898 | (1) |
| Operating supplies | 200 | 112 | 88 |
| Repair and maintenance supplies | 200 | 160 | 40 |
| Small tools and minor equipment | 3,800 | 3,754 | 46 |
| Transportation and seminars | 550 | 550 | 0 |
| Postage | 50 | 12 | 38 |
| Repair and maintenance services | 11,000 | 9,641 | 1,359 |
| Office equipment | 34,514 | 34,513 | 1 |
| Office supplies | 436 | 434 | 2 |
| Small tools and minor equipment | 705 | 704 | 1 |
| Repair and maintenance services | 1,194 | 1,194 | 0 |
| | <u>213,599</u> | <u>206,610</u> | <u>6,989</u> |
| Office of City Purchasing | | | |
| Salaries | 118,935 | 118,439 | 496 |
| Salary/wage savings | (1,784) | 0 | (1,784) |
| FICA - Medicare tax | 9,097 | 9,061 | 36 |
| Pension contribution | 20,580 | 20,580 | 0 |
| Group insurance | 20,720 | 20,680 | 40 |
| Workers compensation insurance | 340 | 340 | 0 |
| Office supplies | 1,354 | 1,354 | 0 |
| Postage | 954 | 954 | 0 |
| Advertising | 5,084 | 4,683 | 401 |
| Repair and maintenance services | 844 | 844 | 0 |
| Other services and charges | 259 | 259 | 0 |
| Small tools and minor equipment | 144 | 144 | 0 |
| Advertising and promotion | 142 | 142 | 0 |
| | <u>176,669</u> | <u>177,480</u> | <u>(811)</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
 Budget and Actual (Including Encumbrances) - General Fund, Continued
 Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|------------------------------------|-------------------|-------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Office of Reproduction/Print Shop | | | |
| Salaries | \$ 36,561 | \$ 36,561 | \$ 0 |
| Salary/wage savings | (560) | 0 | (560) |
| FICA - Medicare tax | 2,834 | 2,797 | 37 |
| Pension contribution | 7,717 | 7,717 | 0 |
| Group insurance | 7,415 | 7,415 | 0 |
| Workers compensation insurance | 128 | 128 | 0 |
| Office supplies | 240 | 238 | 2 |
| Operating supplies | 16,878 | 16,878 | 0 |
| Repair and maintenance supplies | 237 | 235 | 2 |
| Small tools and minor equipment | 1,529 | 1,511 | 18 |
| Transportation and seminars | 160 | 160 | 0 |
| Rentals | 858 | 858 | 0 |
| Repair and maintenance services | 11,444 | 11,444 | 0 |
| Other services and charges | 1,269 | 1,269 | 0 |
| Office equipment | 5,395 | 5,395 | 0 |
| Repair and maintenance supplies | 175 | 175 | 0 |
| Small tools and minor equipment | 95 | 95 | 0 |
| Repair and maintenance services | 143 | 143 | 0 |
| Office equipment and furnishings | 3,670 | 3,668 | 2 |
| | <u>96,188</u> | <u>96,687</u> | <u>(499)</u> |
| Office of Police Civilians | | | |
| Salaries | 893,062 | 880,155 | 12,907 |
| Wages | 119,000 | 118,200 | 800 |
| Salary/wage savings | (14,695) | 0 | (14,695) |
| FICA - Medicare tax | 77,944 | 76,480 | 1,464 |
| Pension contribution | 174,930 | 174,930 | 0 |
| Group insurance | 177,732 | 175,325 | 2,407 |
| Workers compensation insurance | 2,806 | 2,806 | 0 |
| | <u>1,430,779</u> | <u>1,427,896</u> | <u>2,883</u> |
| Bureau of Police | | | |
| Salaries | 7,937,644 | 7,887,307 | 50,337 |
| Salary/wage savings | (120,165) | 0 | (120,165) |
| FICA - Medicare tax | 43,118 | 41,590 | 1,528 |
| Pension contribution | 4,959,135 | 4,959,135 | 0 |
| Group insurance | 1,312,124 | 1,268,134 | 43,990 |
| Workers compensation insurance | 328,258 | 328,258 | 0 |
| Tool allowance and uniform benefit | 254,944 | 249,030 | 5,914 |
| Office supplies | 21,050 | 18,089 | 2,961 |
| Operating supplies | 114,200 | 106,304 | 7,896 |
| Repair and maintenance supplies | 106,600 | 95,884 | 10,716 |
| Small tools and minor equipment | 25,741 | 16,274 | 9,467 |
| Professional services | 7,000 | 884 | 6,116 |
| Transportation and seminars | 29,550 | 27,546 | 2,004 |
| Communication | 16,200 | 16,200 | 0 |
| Postage | 3,100 | 2,938 | 162 |
| Repair and maintenance services | 44,000 | 38,056 | 5,944 |
| Other services and charges | 23,000 | 21,440 | 1,560 |
| Machinery and equipment | 110,130 | 109,937 | 193 |
| Office equipment | 10,478 | 10,457 | 21 |
| Tool allowance and uniform benefit | 33,125 | 33,125 | 0 |
| Operating supplies | 9,608 | 9,317 | 291 |
| Small tools and minor equipment | 2,313 | 2,308 | 5 |
| Professional services | 3,525 | 1,620 | 1,905 |
| Office equipment and furnishings | 5,263 | 5,263 | 0 |
| | <u>15,279,941</u> | <u>15,249,096</u> | <u>30,845</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
 Budget and Actual (Including Encumbrances) - General Fund, Continued
 Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|-------------------------------------|-------------------|-------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Office of Traffic Court | | | |
| Salaries | \$ 156,669 | \$ 152,533 | \$ 4,136 |
| Salary/wage savings | (2,350) | 0 | (2,350) |
| FICA - Medicare tax | 11,986 | 11,669 | 317 |
| Pension contribution | 36,015 | 36,015 | 0 |
| Group insurance | 37,849 | 34,465 | 3,384 |
| Workers compensation insurance | 595 | 595 | 0 |
| Office supplies | 20,700 | 17,572 | 3,128 |
| Repair and maintenance supplies | 100 | 21 | 79 |
| Small tools and minor equipment | 250 | 188 | 62 |
| Postage | 39,890 | 22,500 | 17,390 |
| Repair and maintenance services | 3,500 | 1,586 | 1,914 |
| Other services and charges | 172,000 | 172,000 | 0 |
| Office supplies | 228 | 168 | 60 |
| | <u>477,432</u> | <u>449,312</u> | <u>28,120</u> |
| Bureau of Fire | | | |
| Salaries | 7,963,273 | 7,889,124 | 74,149 |
| Salary/wage savings | (120,613) | 0 | (120,613) |
| FICA - Medicare tax | 61,409 | 59,244 | 2,165 |
| Pension contribution | 2,063,436 | 2,063,436 | 0 |
| Group insurance | 1,283,838 | 1,236,248 | 47,590 |
| Workers compensation insurance | 323,783 | 323,783 | 0 |
| Tool allowance and uniform benefits | 199,633 | 199,633 | 0 |
| Office supplies | 3,550 | 3,516 | 34 |
| Operating supplies | 36,600 | 35,219 | 1,381 |
| Repair and maintenance supplies | 76,250 | 74,103 | 2,147 |
| Small tools and minor equipment | 61,010 | 58,523 | 2,487 |
| Professional services | 11,180 | 3,723 | 7,457 |
| Transportation and seminars | 9,323 | 8,306 | 1,017 |
| Communication | 10,408 | 10,408 | 0 |
| Postage | 750 | 717 | 33 |
| Heat, light, power and water | 75,000 | 74,927 | 73 |
| Rentals | 1,500 | 1,272 | 228 |
| Repair and maintenance services | 33,000 | 33,000 | 0 |
| Other services and charges | 19,756 | 19,728 | 28 |
| Land and buildings | 36,999 | 36,939 | 60 |
| Office equipment | 3,000 | 2,548 | 452 |
| Tool allowance and uniform benefits | 48,714 | 48,714 | 0 |
| Operating supplies | 352 | 338 | 14 |
| Repair and maintenance supplies | 1,221 | 1,221 | 0 |
| Small tools and minor equipment | 7,685 | 7,685 | 0 |
| Repair and maintenance services | 875 | 875 | 0 |
| Other services and charges | 4,731 | 27 | 4,704 |
| Machinery and equipment | 1,332 | 1,332 | 0 |
| | <u>12,217,995</u> | <u>12,194,589</u> | <u>23,406</u> |
| Division of Radio | | | |
| Tool allowance and uniform benefits | 166 | 166 | 0 |
| | <u>166</u> | <u>166</u> | <u>0</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances) - General Fund, Continued
Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|--|----------------|----------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Division of Electrician | | | |
| Salaries | \$ 43,374 | \$ 8,629 | \$ 34,745 |
| Wages | 221,955 | 221,488 | 467 |
| Salary/wage savings | (3,946) | 0 | (3,946) |
| FICA - Medicare tax | 20,124 | 17,260 | 2,864 |
| Pension contribution | 30,870 | 30,870 | 0 |
| Group insurance | 36,774 | 35,440 | 1,334 |
| Workers compensation insurance | 9,960 | 9,960 | 0 |
| Tool allowance and uniform benefit | 2,510 | 2,492 | 18 |
| Office supplies | 500 | 500 | 0 |
| Operating supplies | 4,950 | 4,912 | 38 |
| Repair and maintenance supplies | 14,000 | 14,000 | 0 |
| Small tools and minor equipment | 3,900 | 3,734 | 166 |
| Transportation and seminars | 400 | 400 | 0 |
| Communication | 350 | 350 | 0 |
| Repair and maintenance services | 200 | 33 | 167 |
| Tool allowance and uniform benefit | 18 | 18 | 0 |
| Small tools and minor equipment | 518 | 513 | 5 |
| | <u>386,457</u> | <u>350,599</u> | <u>35,858</u> |
| Office of Director of Public Works, Property and Parks | | | |
| Salaries | 103,088 | 103,068 | 20 |
| Salary/wage savings | (1,546) | 0 | (1,546) |
| FICA - Medicare tax | 7,932 | 7,932 | 0 |
| Pension contribution | 11,576 | 11,576 | 0 |
| Group insurance | 11,968 | 11,958 | 10 |
| Workers compensation insurance | 191 | 191 | 0 |
| Office supplies | 700 | 700 | 0 |
| Small tools and minor equipment | 1,400 | 1,400 | 0 |
| Postage | 144 | 144 | 0 |
| Repair and maintenance services | 400 | 399 | 1 |
| Other services and charges | 3,185 | 2,496 | 689 |
| | <u>139,038</u> | <u>139,864</u> | <u>(826)</u> |
| Bureau of Engineering | | | |
| Salaries | 355,254 | 349,575 | 5,679 |
| Salary/wage savings | (5,478) | 0 | (5,478) |
| FICA - Medicare tax | 27,942 | 26,787 | 1,155 |
| Pension contribution | 61,740 | 61,740 | 0 |
| Group insurance | 59,460 | 58,553 | 907 |
| Workers compensation insurance | 1,020 | 1,020 | 0 |
| Tool allowance and uniform benefit | 75 | 70 | 5 |
| Office supplies | 2,040 | 1,856 | 184 |
| Operating supplies | 7,456 | 7,408 | 48 |
| Repair and maintenance supplies | 19,990 | 19,818 | 172 |
| Small tools and minor equipment | 1,440 | 1,432 | 8 |
| Transportation and seminars | 1,350 | 1,244 | 106 |
| Postage | 520 | 400 | 120 |
| Repair and maintenance services | 5,940 | 4,105 | 1,835 |
| Other services and charges | 260 | 75 | 185 |
| Operating supplies | 40 | 28 | 12 |
| Repair and maintenance supplies | 4,950 | 4,950 | 0 |
| Professional services | 14,196 | 14,196 | 0 |
| | <u>558,195</u> | <u>553,257</u> | <u>4,938</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances) - General Fund, Continued
Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|-------------------------------------|------------------|------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Bureau of Streets | | | |
| Salaries | \$ 189,864 | \$ 188,682 | \$ 1,182 |
| Wages | 1,446,137 | 1,444,452 | 1,685 |
| Salary/wage savings | (24,495) | 0 | (24,495) |
| FICA - Medicare tax | 125,433 | 125,109 | 324 |
| Pension contribution | 282,975 | 282,975 | 0 |
| Group insurance | 314,407 | 314,308 | 99 |
| Workers compensation insurance | 104,273 | 104,273 | 0 |
| Tool allowance and uniform benefits | 4,425 | 4,425 | 0 |
| Office supplies | 1,600 | 1,482 | 118 |
| Operating supplies | 27,189 | 27,034 | 155 |
| Repair and maintenance supplies | 68,373 | 67,878 | 495 |
| Small tools and minor equipment | 6,455 | 6,423 | 32 |
| Professional services | 1,970 | 1,970 | 0 |
| Transportation and seminars | 2,420 | 2,159 | 261 |
| Communication | 2,500 | 2,423 | 77 |
| Postage | 50 | 50 | 0 |
| Heat, light, power and water | 27,460 | 27,460 | 0 |
| Street lighting and traffic signals | 942,608 | 942,608 | 0 |
| Rentals | 3,240 | 1,272 | 1,968 |
| Repair and maintenance services | 30,500 | 30,305 | 195 |
| Refuse tipping and recycling fees | 9,737 | 9,737 | 0 |
| Other services and charges | 3,988 | 3,284 | 704 |
| Bridges and streets | 152,726 | 152,726 | 0 |
| Machinery and equipment | 1,411 | 1,411 | 0 |
| Operating supplies | 490 | 221 | 269 |
| Repair and maintenance supplies | 685 | 497 | 188 |
| Professional services | 370 | 338 | 32 |
| Communication | 325 | 164 | 161 |
| Heat, light, power and water | 1,200 | 1,200 | 0 |
| Street lighting and traffic signals | 1,522 | 1,522 | 0 |
| Rentals | 340 | 47 | 293 |
| Repair and maintenance services | 475 | 75 | 400 |
| Machinery and equipment | 2,545 | 2,535 | 10 |
| | <u>3,733,198</u> | <u>3,749,045</u> | <u>(15,847)</u> |
| Division of Paint and Sign | | | |
| Wages | 124,768 | 118,292 | 6,476 |
| Salary/wage savings | (1,871) | 0 | (1,871) |
| FICA - Medicare tax | 9,545 | 9,050 | 495 |
| Pension contribution | 20,580 | 20,580 | 0 |
| Group insurance | 25,565 | 25,564 | 1 |
| Workers compensation insurance | 10,785 | 10,785 | 0 |
| Tool allowance and uniform benefits | 300 | 300 | 0 |
| Operating supplies | 26,215 | 26,215 | 0 |
| Repair and maintenance supplies | 2,550 | 2,500 | 50 |
| Small tools and minor equipment | 1,000 | 1,000 | 0 |
| Rentals | 120 | 89 | 31 |
| Repair and maintenance services | 150 | 150 | 0 |
| Other services and charges | 2,000 | 1,959 | 41 |
| Operating supplies | 241 | 120 | 121 |
| Repair and maintenance services | 650 | 0 | 650 |
| Other services and charges | 907 | 907 | 0 |
| | <u>223,505</u> | <u>217,511</u> | <u>5,994</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
 Budget and Actual (Including Encumbrances) - General Fund, Continued
 Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|-------------------------------------|------------------|------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Bureau of Municipal Garage | | | |
| Salaries | \$ 76,559 | \$ 76,557 | \$ 2 |
| Wages | 532,196 | 523,111 | 9,085 |
| Salary/wage savings | (9,195) | 0 | (9,195) |
| FICA - Medicare tax | 47,356 | 45,920 | 1,436 |
| Pension contribution | 102,900 | 102,900 | 0 |
| Group insurance | 114,827 | 114,767 | 60 |
| Workers compensation insurance | 36,936 | 36,936 | 0 |
| Tool allowance and uniform benefits | 8,840 | 8,840 | 0 |
| Office supplies | 1,000 | 1,000 | 0 |
| Operating supplies | 83,479 | 83,479 | 0 |
| Repair and maintenance supplies | 173,500 | 173,500 | 0 |
| Small tools and minor equipment | 9,950 | 9,756 | 194 |
| Professional services | 1,000 | 684 | 316 |
| Transportation and seminars | 1,000 | 45 | 955 |
| Communication | 750 | 664 | 86 |
| Postage | 96 | 96 | 0 |
| Heat, light, power and water | 29,000 | 29,000 | 0 |
| Rentals | 5,600 | 5,572 | 28 |
| Repair and maintenance services | 16,900 | 14,863 | 2,037 |
| Other services and charges | 13,400 | 12,603 | 797 |
| Office supplies | 345 | 76 | 269 |
| Operating supplies | 4,106 | 3,806 | 300 |
| Repair and maintenance supplies | 22,458 | 20,952 | 1,506 |
| Small tools and minor equipment | 800 | 800 | 0 |
| Professional services | 500 | 0 | 500 |
| Heat, light, power and water | 5,465 | 5,465 | 0 |
| Rentals | 1,607 | 603 | 1,004 |
| Repair and maintenance services | 6,013 | 1,446 | 4,567 |
| Other services and charges | 4,324 | 2,294 | 2,030 |
| Machinery and equipment | 0 | (2,195) | 2,195 |
| | <u>1,291,712</u> | <u>1,273,540</u> | <u>18,172</u> |
| Division of Radio | | | |
| Wages | 83,448 | 81,763 | 1,685 |
| Salary/wage savings | (1,251) | 0 | (1,251) |
| FICA - Medicare tax | 6,383 | 6,255 | 128 |
| Pension contribution | 15,435 | 15,435 | 0 |
| Group insurance | 17,296 | 17,296 | 0 |
| Workers compensation insurance | 6,128 | 6,128 | 0 |
| Tool allowance and uniform benefits | 1,000 | 999 | 1 |
| Small tools and minor equipment | 5,500 | 5,103 | 397 |
| Transportation and seminars | 2,100 | 900 | 1,200 |
| Communication | 799 | 799 | 0 |
| | <u>136,838</u> | <u>134,678</u> | <u>2,160</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
 Budget and Actual (Including Encumbrances) - General Fund, Continued
 Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|---------------------------------------|------------------|------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Bureau of Public Building Maintenance | | | |
| Salaries | \$ 38,241 | \$ 37,095 | \$ 1,146 |
| Wages | 194,003 | 188,732 | 5,271 |
| Salary/wage savings | (3,483) | 0 | (3,483) |
| FICA - Medicare tax | 17,765 | 17,277 | 488 |
| Pension contributions | 48,105 | 48,105 | 0 |
| Group insurance | 46,783 | 46,783 | 0 |
| Workers compensation insurance | 829 | 829 | 0 |
| Tool allowance and uniform benefits | 1,178 | 1,178 | 0 |
| Office supplies | 325 | 325 | 0 |
| Operating supplies | 12,055 | 12,055 | 0 |
| Repair and maintenance supplies | 20,000 | 20,000 | 0 |
| Small tools and minor equipment | 2,405 | 2,405 | 0 |
| Professional services | 132 | 132 | 0 |
| Transportation and seminars | 368 | 0 | 368 |
| Communication | 26,110 | 26,110 | 0 |
| Postage | 160 | 160 | 0 |
| Heat, light, power and water | 179,500 | 179,500 | 0 |
| Rentals | 600 | 480 | 120 |
| Repair and maintenance services | 53,400 | 53,379 | 21 |
| Other services and charges | 4,200 | 3,795 | 405 |
| Land and buildings | 48,537 | 42,151 | 6,386 |
| Machinery and equipment | 3,295 | 3,295 | 0 |
| Office equipment | 42,740 | 42,736 | 4 |
| Operating supplies | 191 | 189 | 2 |
| Repair and maintenance supplies | 2,714 | 2,714 | 0 |
| Small tools and minor equipment | 471 | 456 | 15 |
| Communication | 131 | 64 | 67 |
| Heat, light, power and water | 2,967 | 2,967 | 0 |
| Repair and maintenance services | 7,178 | 2,825 | 4,353 |
| Other services and charges | 16 | 0 | 16 |
| | <u>750,916</u> | <u>735,737</u> | <u>15,179</u> |
| Bureau of Parks and Recreation | | | |
| Salaries | 203,926 | 203,380 | 546 |
| Wages | 538,588 | 520,037 | 18,551 |
| Salary/wage savings | (11,066) | 0 | (11,066) |
| FICA - Medicare tax | 56,441 | 55,342 | 1,099 |
| Pension contribution | 126,051 | 126,051 | 0 |
| Group insurance | 139,396 | 137,556 | 1,840 |
| Workers compensation insurance | 51,706 | 51,706 | 0 |
| Tool allowance and uniform benefits | 2,785 | 2,784 | 1 |
| Office supplies | 2,700 | 2,696 | 4 |
| Operating supplies | 23,804 | 23,804 | 0 |
| Repair and maintenance supplies | 48,700 | 48,069 | 631 |
| Small tools and minor equipment | 9,400 | 9,394 | 6 |
| Professional services | 400 | 246 | 154 |
| Transportation and seminars | 3,000 | 2,828 | 172 |
| Postage | 850 | 850 | 0 |
| Heat, light, power and water | 12,000 | 11,197 | 803 |
| Advertising | 800 | 393 | 407 |
| Rentals | 7,525 | 6,908 | 617 |
| Repair and maintenance services | 77,000 | 76,997 | 3 |
| Other services and charges | 250,925 | 250,925 | 0 |
| Machinery and equipment | 10,000 | 9,921 | 79 |
| JFK human resources | 5,500 | 4,549 | 951 |
| YWCA summer recreation | 10,000 | 10,000 | 0 |
| Red Cross service program | 24,500 | 21,928 | 2,572 |
| Office supplies | 1,100 | 1,100 | 0 |
| Operating supplies | 3,513 | 2,492 | 1,021 |
| Repair and maintenance supplies | 1,467 | 988 | 479 |
| Small tools and minor equipment | 1,350 | 1,350 | 0 |
| Professional services | 265 | 0 | 265 |
| Heat, light, power and water | 5,955 | 5,664 | 291 |
| Advertising and promotion | 80 | 80 | 0 |
| Repair and maintenance services | 3,556 | 1,835 | 1,721 |
| Refuse tipping and recycling fees | 200 | 0 | 200 |
| Red Cross service program | 4,093 | 0 | 4,093 |
| | <u>1,616,510</u> | <u>1,591,070</u> | <u>25,440</u> |

CITY OF ERIE, PENNSYLVANIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
Budget and Actual (Including Encumbrances) - General Fund, Continued
Year Ended December 31, 1996

| EXPENDITURES | General Fund | | |
|--|-------------------|-------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Division of Shade Tree Commission | | | |
| Office supplies | \$ 50 | \$ 50 | \$ 0 |
| Repair and maintenance supplies | 300 | 250 | 50 |
| Small tools and minor equipment | 500 | 427 | 73 |
| Repair and maintenance services | 20,000 | 20,000 | 0 |
| Other services and charges | 337 | 337 | 0 |
| Office supplies | 50 | 49 | 1 |
| | <u>21,237</u> | <u>21,113</u> | <u>124</u> |
| Office of Local Match | | | |
| Salaries | 320,403 | 291,822 | 28,581 |
| Salary/wage savings | (4,806) | 0 | (4,806) |
| FICA - Medicare tax | 24,512 | 22,388 | 2,124 |
| Pension contribution | 54,791 | 54,791 | 0 |
| Group insurance | 58,171 | 49,823 | 8,348 |
| Workers compensation insurance | 854 | 854 | 0 |
| Tool allowance and uniform benefits | 212 | 212 | 0 |
| Office supplies | 4,897 | 3,132 | 1,765 |
| Operating supplies | 1,358 | 728 | 630 |
| Repair and maintenance supplies | 670 | 354 | 316 |
| Small tools and minor equipment | 2,775 | 2,753 | 22 |
| Transportation and seminars | 2,000 | 1,818 | 182 |
| Communication | 900 | 822 | 78 |
| Postage | 3,600 | 3,537 | 63 |
| Advertising | 2,500 | 2,500 | 0 |
| Repair and maintenance services | 486 | 231 | 255 |
| Other services and charges | 18,240 | 18,240 | 0 |
| Land and buildings | 100,000 | 100,000 | 0 |
| Office supplies | 619 | 486 | 133 |
| Operating supplies | 95 | 73 | 22 |
| Small tools and minor equipment | 769 | 699 | 70 |
| Advertising and promotion | 200 | 200 | 0 |
| Other services and charges | 835 | 234 | 601 |
| | <u>594,081</u> | <u>555,697</u> | <u>38,384</u> |
| Office of General Government | | | |
| Unemployment compensation | 18,700 | 18,117 | 583 |
| Professional services | 40,172 | 37,172 | 3,000 |
| Heat, light, power and water | 610,800 | 610,312 | 488 |
| General liability insurance | 34,764 | 34,764 | 0 |
| Property insurance | 19,402 | 19,402 | 0 |
| Fleet insurance | 158,611 | 158,611 | 0 |
| Professional liability insurance | 112,334 | 112,334 | 0 |
| Bonds and miscellaneous insurance | 7,000 | 7,000 | 0 |
| Claims | 46,718 | 46,718 | 0 |
| Contingency account | 6,302 | 0 | 6,302 |
| Council of government | 5,261 | 5,261 | 0 |
| Erie Civic Center Authority | 150,000 | 150,000 | 0 |
| Erie Metro Transit Authority | 250,000 | 250,000 | 0 |
| Erie Municipal Park Authority | 53,000 | 53,000 | 0 |
| Erie Zoological Society | 125,000 | 125,000 | 0 |
| Animal Control | 80,000 | 80,000 | 0 |
| Arts Council of Erie | 25,000 | 25,000 | 0 |
| Professional services | 19,450 | 19,450 | 0 |
| Heat, light, power and water | 145,407 | 140,362 | 5,045 |
| | <u>1,907,921</u> | <u>1,892,503</u> | <u>15,418</u> |
| Total Expenditures | <u>43,953,447</u> | <u>43,709,524</u> | <u>243,923</u> |
| Excess of revenues over (under) expenditures | (4,253,313) | (4,244,437) | 8,876 |

CITY OF ERIE, PENNSYLVANIA
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Cash Basis)
 Budget and Actual (Including Encumbrances) - General Fund, Continued
 Year Ended December 31, 1996

| | General Fund | | Variance Favorable (Unfavorable) |
|--|--------------|--------------|--|
| | Budget | Actual | |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | 2,992,727 | 3,034,197 | 41,470 |
| Operating transfers (out) | (69,610) | (69,610) | 0 |
| Total other financing sources (uses) | 2,923,117 | 2,964,587 | 41,470 |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | (1,330,196) | (1,279,850) | 50,346 |
| Fund balance (deficit) January 1, 1996 (Note VI.A.) | (1,330,196) | 3,048,388 | 1,718,192 |
| Prior year encumbrances paid in current year | 0 | 454,326 | 454,326 |
| Expenditures rebudgeted in the subsequent year (Note VI.B.) | 0 | 0 | 0 |
| Fund balance (deficit) December 31, 1996 | \$ 0 | 2,222,864 | \$ 2,222,864 |
| RECONCILIATION TO GAAP BASIS FUND BALANCE | | | |
| Encumbrances recognized as current year expenditures | | 413,682 | |
| Recognition of accrual basis adjustments | | 298,537 | |
| Fund balance (deficit) December 31, 1996 | | \$ 2,935,083 | |

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.

During 1996, the operations of the Cable TV Access Program were incorporated and all funds were remitted to the newly formed Corporation.

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, 1996

| | Community Development Block Grant | Liquid Fuels Tax Grant | Cable TV Access Program | BUDAG Revolving Account |
|--|---|---------------------------|-------------------------------|-------------------------------|
| ASSETS | | | | |
| Cash | \$ 30,316 | \$ 55,203 | \$ 0 | \$ 8,702 |
| Investments | 0 | 615,000 | 0 | 743,884 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Liens | 153,525 | 0 | 0 | 0 |
| Intergovernmental | 437,049 | 0 | 0 | 0 |
| Interfund | 0 | 0 | 0 | 0 |
| Notes | 88,367 | 0 | 0 | 41,744 |
| Other | 0 | 2,021 | 0 | 1,199 |
| Notes receivable, net of current maturities | 1,096,290 | 0 | 0 | 794,127 |
| Total assets | <u>\$ 1,805,547</u> | <u>\$ 672,224</u> | <u>\$ 0</u> | <u>\$ 1,589,656</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 437,918 | \$ 144,909 | \$ 0 | \$ 0 |
| Accrued payroll | 12,629 | 0 | 0 | 0 |
| Interfund payable | 0 | 0 | 0 | 0 |
| Compensated absences payable | 16,518 | 0 | 0 | 0 |
| Deferred revenue | 152,304 | 0 | 0 | 0 |
| Due to other funds | 0 | 0 | 0 | 0 |
| Due to other governments | 0 | 0 | 0 | 0 |
| Total liabilities | <u>619,369</u> | <u>144,909</u> | <u>0</u> | <u>0</u> |
| FUND EQUITY | | | | |
| Contributed capital and other credits | 0 | 0 | 0 | 0 |
| Fund balance: | | | | |
| Reserved: | | | | |
| Encumbrances | 4,750,027 | 183,868 | 0 | 0 |
| Noncurrent notes receivable | 1,096,290 | 0 | 0 | 794,127 |
| Unreserved: | | | | |
| Undesignated (deficit) | (4,660,139) | 343,447 | 0 | 795,529 |
| Total fund equity (deficit) | <u>1,186,178</u> | <u>527,315</u> | <u>0</u> | <u>1,589,656</u> |
| Total liabilities and fund equity | <u>\$ 1,805,547</u> | <u>\$ 672,224</u> | <u>\$ 0</u> | <u>\$ 1,589,656</u> |

| Bridge, Street and Traffic Imp. Projects | Section 108 Loan Program | Other Projects | Total |
|--|--------------------------------|---------------------|---------------------|
| \$ 43,780 | \$ 10,674 | \$ 773,833 | \$ 922,508 |
| 0 | 0 | 0 | 1,358,884 |
| 0 | 0 | 0 | 153,525 |
| 0 | 0 | 150,912 | 587,961 |
| 0 | 0 | 0 | 0 |
| 0 | 70,000 | 281,552 | 481,663 |
| 0 | 0 | 75,000 | 78,220 |
| 0 | 1,860,000 | 1,344,051 | 5,094,468 |
| <u>\$ 43,780</u> | <u>\$ 1,940,674</u> | <u>\$ 2,625,348</u> | <u>\$ 8,677,229</u> |
| \$ 0 | \$ 0 | \$ 21,044 | \$ 603,871 |
| 0 | 0 | 1,532 | 14,161 |
| 0 | 0 | 105,000 | 105,000 |
| 0 | 0 | 946 | 17,464 |
| 32,009 | 0 | 323,763 | 508,076 |
| 0 | 0 | 0 | 0 |
| 0 | 1,930,000 | 0 | 1,930,000 |
| <u>32,009</u> | <u>1,930,000</u> | <u>452,285</u> | <u>3,178,572</u> |
| 0 | 0 | 0 | 0 |
| 196,569 | 0 | 467,529 | 5,597,993 |
| 0 | 1,860,000 | 1,344,051 | 5,094,468 |
| (184,798) | (1,849,326) | 361,483 | (5,193,804) |
| <u>11,771</u> | <u>10,674</u> | <u>2,173,063</u> | <u>5,498,657</u> |
| <u>\$ 43,780</u> | <u>\$ 1,940,674</u> | <u>\$ 2,625,348</u> | <u>\$ 8,677,229</u> |

CITY OF ERIE, PENNSYLVANIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended December 31, 1996

| | Community Development Block Grant | Liquid Fuels Tax Grant | Cable TV Access Program | BUDAG Revolving Account |
|---|---|---------------------------|-------------------------------|-------------------------------|
| REVENUES | | | | |
| Intergovernmental: | | | | |
| Federal grants | \$ 6,869,361 | \$ 0 | \$ 0 | \$ 0 |
| State grants | 38,625 | 1,477,358 | 0 | 0 |
| Local share-other | 0 | 0 | 0 | 0 |
| Total intergovernmental | <u>6,907,986</u> | <u>1,477,358</u> | <u>0</u> | <u>0</u> |
| Interest earnings | 6,956 | 61,414 | 890 | 69,822 |
| Miscellaneous | 12,570 | 65,051 | 111,491 | 0 |
| Total revenues | <u>6,927,512</u> | <u>1,603,823</u> | <u>112,381</u> | <u>69,822</u> |
| EXPENDITURES | | | | |
| General government | 32,595 | 0 | 0 | 0 |
| Public safety | 440,529 | 1,549,404 | 0 | 0 |
| Highways and streets | 871,133 | 0 | 0 | 0 |
| Sanitation | 7,847 | 0 | 0 | 0 |
| Culture and recreation | 1,057,196 | 0 | 46,610 | 0 |
| Economic and community development | 2,907,996 | 0 | 0 | 78,773 |
| Debt service: | | | | |
| Interest | 0 | 0 | 0 | 0 |
| Total expenditures | <u>5,317,296</u> | <u>1,549,404</u> | <u>46,610</u> | <u>78,773</u> |
| Excess of revenues over (under) expenditures | 1,610,216 | 54,419 | 65,771 | (8,951) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 0 | 0 | 0 | 0 |
| Operating transfers (out) | (357,362) | 0 | (100,000) | 0 |
| Total other financing sources (uses) | <u>(357,362)</u> | <u>0</u> | <u>(100,000)</u> | <u>0</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | 1,252,854 | 54,419 | (34,229) | (8,951) |
| Fund balance (deficit) January 1, 1996 | (66,676) | 472,896 | 34,229 | 1,598,607 |
| Fund balance (deficit) December 31, 1996 | <u>\$ 1,186,178</u> | <u>\$ 527,315</u> | <u>\$ 0</u> | <u>\$ 1,589,656</u> |

| Bridge, Street and Traffic Imp. Projects | Section 108 Loan Program | Other Projects | Total |
|--|--------------------------------|---------------------|---------------------|
| \$ 0 | \$ 0 | \$ 186,197 | \$ 7,055,558 |
| 111,512 | 0 | 624,754 | 2,252,249 |
| 0 | 0 | 223,845 | 223,845 |
| <u>111,512</u> | <u>0</u> | <u>1,034,796</u> | <u>9,531,652</u> |
| 0 | 149 | 42,578 | 181,809 |
| 0 | 0 | 4,520 | 193,632 |
| <u>111,512</u> | <u>149</u> | <u>1,081,894</u> | <u>9,907,093</u> |
| 0 | 0 | 0 | 32,595 |
| 0 | 0 | 29,403 | 2,019,336 |
| 111,512 | 0 | 200,870 | 1,183,515 |
| 0 | 0 | 56,183 | 64,030 |
| 0 | 0 | 144,794 | 1,248,600 |
| 0 | 0 | 180,751 | 3,167,520 |
| <u>0</u> | <u>0</u> | <u>25,405</u> | <u>25,405</u> |
| <u>111,512</u> | <u>0</u> | <u>637,406</u> | <u>7,741,001</u> |
| 0 | 149 | 444,488 | 2,166,092 |
| 0 | 0 | 85,502 | 85,502 |
| 0 | 0 | 0 | (457,362) |
| <u>0</u> | <u>0</u> | <u>85,502</u> | <u>(371,860)</u> |
| 0 | 149 | 529,990 | 1,794,232 |
| 11,771 | 10,525 | 1,643,073 | 3,704,425 |
| <u>\$ 11,771</u> | <u>\$ 10,674</u> | <u>\$ 2,173,063</u> | <u>\$ 5,498,657</u> |

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, 1996

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------------|-------------------|--|
| REVENUES | | | |
| Intergovernmental | \$ 1,465,612 | \$ 1,477,358 | \$ 11,746 |
| Interest earnings | 0 | 60,282 | 60,282 |
| Miscellaneous | 8,375 | 65,051 | 56,676 |
| Total revenues | <u>1,473,987</u> | <u>1,602,691</u> | <u>128,704</u> |
| EXPENDITURES | | | |
| General government | 0 | 0 | 0 |
| Public safety | 1,753,957 | 1,746,633 | 7,324 |
| 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>1,753,957</u> | <u>1,746,633</u> | <u>7,324</u> |
| Excess of revenues over (under) expenditures | (279,970) | (143,942) | 136,028 |
| 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 | (279,970) | (143,942) | 136,028 |
| Fund balance (deficit) January 1, 1996 | 0 | 408,480 | 408,480 |
| Prior year encumbrances paid in current year | 0 | 179,128 | 179,128 |
| Revenues and expenditures rebudgeted in the subsequent year (Note VI.C.) | 279,970 | 0 | (279,970) |
| Fund balance (deficit) December 31, 1996 | <u>\$ 0</u> | <u>443,666</u> | <u>\$ 443,666</u> |
| RECONCILIATION OF GAAP BASIS FUND BALANCE | | | |
| Encumbrances recognized as current year expenditures | | 140,565 | |
| Recognition of accrual basis adjustments | | (56,916) | |
| Individual funds not budgeted | | 0 | |
| Fund balance (deficit) December 31, 1996 | | <u>\$ 527,315</u> | |

CITY OF ERIE, PENNSYLVANIA
Debt Service Fund
Individual Financial Statements

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

CITY OF ERIE, PENNSYLVANIA

Debt Service Fund
Balance Sheet
December 31, 1996

| | |
|------------------------------------|-------------|
| 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, 1996

| | | |
|---|--------------------|--|
| REVENUES | | |
| Real estate taxes | \$ 1,054,760 | |
| Interest earnings | <u>0</u> | |
| Total revenues | <u>1,054,760</u> | |
| EXPENDITURES | | |
| Debt service: | | |
| Principal | 480,000 | |
| Interest | <u>574,760</u> | |
| Total expenditures | <u>1,054,760</u> | |
| Excess of revenues over (under) expenditures | 0 | |
| OTHER FINANCING SOURCES (USES) | | |
| Operating transfers in | 0 | |
| Operating transfers (out) | <u>0</u> | |
| 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, 1996 | <u>0</u> | |
| Fund balance (deficit) December 31, 1996 | <u><u>\$ 0</u></u> | |

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, 1996

| | Paving and Sewer Revolving | Capital Improvement | 1993 General Obligation Bond | Total |
|------------------------------------|----------------------------------|------------------------|------------------------------------|---------------------|
| ASSETS | | | | |
| Cash | \$ 2,589 | \$ 8,440 | \$ 12,038 | \$ 23,067 |
| Investments | 215,000 | 6,250,000 | 1,130,000 | 7,595,000 |
| Receivables: | | | | |
| Liens | 92,015 | 0 | 0 | 92,015 |
| Interfunds | 105,000 | 0 | 0 | 105,000 |
| Notes | 0 | 0 | 0 | 0 |
| Other | 378 | 4,622 | 2,227 | 7,227 |
| Due from other funds | 0 | 19,893 | 0 | 19,893 |
| Total assets | <u>\$ 414,982</u> | <u>\$ 6,282,955</u> | <u>\$ 1,144,265</u> | <u>\$ 7,842,202</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 0 | \$ 3,207 | \$ 112,003 | \$ 115,210 |
| Deferred revenue | 91,509 | 0 | 0 | 91,509 |
| Due to other funds | 0 | 0 | 0 | 0 |
| Total liabilities | <u>91,509</u> | <u>3,207</u> | <u>112,003</u> | <u>206,719</u> |
| FUND BALANCE | | | | |
| Reserved: | | | | |
| Encumbrances | 0 | 24,088 | 246,343 | 270,431 |
| Unreserved: | | | | |
| Designated for endowment principal | 0 | 6,000,000 | 0 | 6,000,000 |
| Undesignated (deficit) | 323,473 | 255,660 | 785,919 | 1,365,052 |
| Total fund balance (deficit) | <u>323,473</u> | <u>6,279,748</u> | <u>1,032,262</u> | <u>7,635,483</u> |
| Total liabilities and fund balance | <u>\$ 414,982</u> | <u>\$ 6,282,955</u> | <u>\$ 1,144,265</u> | <u>\$ 7,842,202</u> |

CITY OF ERIE, PENNSYLVANIA
 Capital Projects Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended December 31, 1996

| | Paving and Sewer Revolving | Capital Improvement | 1993 General Obligation Bond | Total |
|---|----------------------------------|------------------------|------------------------------------|---------------------|
| REVENUES | | | | |
| Intergovernmental revenues | \$ 0 | \$ 14,103 | \$ 0 | \$ 14,103 |
| Interest earnings | 11,100 | 346,554 | 135,214 | 492,868 |
| Miscellaneous | 7,998 | 76,116 | 10,982 | 95,096 |
| Total revenues | <u>19,098</u> | <u>436,773</u> | <u>146,196</u> | <u>602,067</u> |
| EXPENDITURES | | | | |
| General government | 0 | 0 | 0 | 0 |
| Capital outlay | 0 | 354,921 | 3,116,595 | 3,471,516 |
| Total expenditures | <u>0</u> | <u>354,921</u> | <u>3,116,595</u> | <u>3,471,516</u> |
| Excess of revenues over (under) expenditures | 19,098 | 81,852 | (2,970,399) | (2,869,449) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers (out) | 0 | 0 | 0 | 0 |
| 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>0</u> | <u>0</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | 19,098 | 81,852 | (2,970,399) | (2,869,449) |
| Fund balance (deficit) January 1, 1996 | 304,375 | 6,197,896 | 4,002,661 | 10,504,932 |
| Fund balance (deficit) December 31, 1996 | <u>\$ 323,473</u> | <u>\$ 6,279,748</u> | <u>\$ 1,032,262</u> | <u>\$ 7,635,483</u> |

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, 1996

| | Sewer Revenue | Sewer Reserve | Water Revenue | Refuse and Recycling | Golf |
|---|----------------------|-------------------|----------------------|-------------------------|-------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash | \$ 822,073 | \$ 183,630 | \$ 0 | \$ 76,695 | \$ 89,002 |
| Investments | 6,170,000 | 755,000 | 0 | 0 | 0 |
| Receivables: | | | | | |
| Accounts | 1,125,492 | 0 | 0 | 349,693 | 0 |
| Interfund | 60,000 | 0 | 0 | 0 | 0 |
| Notes, current | 170,000 | 0 | 0 | 0 | 0 |
| Other | 563,518 | 8,187 | 0 | 0 | 0 |
| Prepaid insurance | 0 | 0 | 0 | 0 | 0 |
| Due from other funds | 0 | 0 | 0 | 0 | 0 |
| Total current assets | <u>8,911,083</u> | <u>946,817</u> | <u>0</u> | <u>426,388</u> | <u>89,002</u> |
| Property, plant and equipment: | | | | | |
| Land | 0 | 0 | 592,369 | 0 | 138,630 |
| Buildings and improvements | 825,697 | 0 | 7,923,777 | 0 | 499,508 |
| Improvements other than buildings | 10,186,763 | 0 | 35,211,685 | 0 | 539,786 |
| Equipment and vehicles | 3,612,435 | 0 | 5,085,740 | 795,777 | 382,592 |
| Total property, plant and equipment | <u>14,624,895</u> | <u>0</u> | <u>48,813,571</u> | <u>795,777</u> | <u>1,560,516</u> |
| Less: accumulated depreciation | <u>(3,967,631)</u> | <u>0</u> | <u>(27,308,384)</u> | <u>(86,330)</u> | <u>(718,117)</u> |
| Net property, plant and equipment | <u>10,657,264</u> | <u>0</u> | <u>21,505,187</u> | <u>709,447</u> | <u>842,399</u> |
| Notes receivable, net of current maturities | 5,640,000 | 0 | 0 | 0 | 0 |
| Bond issue costs | 435,735 | 0 | 0 | 0 | 0 |
| Total assets | <u>\$ 25,644,082</u> | <u>\$ 946,817</u> | <u>\$ 21,505,187</u> | <u>\$ 1,135,835</u> | <u>\$ 931,401</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 998,845 | \$ 0 | \$ 0 | \$ 50,468 | \$ 3,845 |
| Accrued payroll | 107,348 | 0 | 0 | 17,376 | 7,564 |
| Interfund payable | 0 | 0 | 0 | 60,000 | 0 |
| Compensated absences payable | 30,005 | 0 | 0 | 9,357 | 4,089 |
| Claims and judgments payable | 100,000 | 0 | 0 | 0 | 0 |
| Current portion of long-term liabilities | 530,000 | 0 | 0 | 0 | 0 |
| Due to other funds | 0 | 0 | 0 | 0 | 19,893 |
| Total current liabilities | <u>1,766,198</u> | <u>0</u> | <u>0</u> | <u>137,201</u> | <u>35,391</u> |
| Long-term liabilities: | | | | | |
| Deferred revenue | 0 | 0 | 8,237,915 | 0 | 0 |
| General obligation bonds payable | 17,460,000 | 0 | 0 | 0 | 0 |
| Total long-term liabilities | <u>17,460,000</u> | <u>0</u> | <u>8,237,915</u> | <u>0</u> | <u>0</u> |
| Total liabilities | <u>19,226,198</u> | <u>0</u> | <u>8,237,915</u> | <u>137,201</u> | <u>35,391</u> |
| FUND EQUITY | | | | | |
| Contributed capital | 0 | 0 | 0 | 1,055,671 | 0 |
| Retained earnings: | | | | | |
| Unreserved (deficit) | 6,417,884 | 946,817 | 13,267,272 | (57,037) | 896,010 |
| Total fund equity | <u>6,417,884</u> | <u>946,817</u> | <u>13,267,272</u> | <u>998,634</u> | <u>896,010</u> |
| Total liabilities and retained earnings | <u>\$ 25,644,082</u> | <u>\$ 946,817</u> | <u>\$ 21,505,187</u> | <u>\$ 1,135,835</u> | <u>\$ 931,401</u> |

Total

\$ 1,171,400
6,925,000

1,475,185
60,000
170,000
571,705
0
0
10,373,290

730,999
9,248,982
45,938,234
9,876,544
65,794,759
(32,080,462)
33,714,297

5,640,000
435,735
\$ 50,163,322

\$ 1,053,158
132,288
60,000
43,451
100,000
530,000
19,893
1,938,790

8,237,915
17,460,000
25,697,915
27,636,705

1,055,671

21,470,946
22,526,617
\$ 50,163,322

CITY OF ERIE, PENNSYLVANIA
Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended December 31, 1996

| | Sewer Revenue | Sewer Reserve | Water Revenue | Refuse and Recycling | Golf |
|---|---------------------|-------------------|----------------------|-------------------------|-------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 13,288,604 | \$ 0 | \$ 0 | \$ 3,532,946 | \$ 743,059 |
| Lease rental | 0 | 0 | 1,970,925 | 0 | 0 |
| Rental income | 30,000 | 0 | 0 | 0 | 154,394 |
| Miscellaneous | 162,762 | 0 | 0 | 0 | 0 |
| Total operating revenues | <u>13,481,366</u> | <u>0</u> | <u>1,970,925</u> | <u>3,532,946</u> | <u>897,453</u> |
| OPERATING EXPENSES | | | | | |
| Personnel services | 2,994,886 | 0 | 0 | 930,223 | 382,017 |
| Other personnel costs | 1,403,782 | 0 | 0 | 444,375 | 150,964 |
| Services and fees | 1,816,842 | 0 | 0 | 1,583,238 | 58,973 |
| Utilities | 1,880,291 | 0 | 0 | 5,629 | 28,095 |
| Rent | 5,520 | 0 | 0 | 0 | 55,589 |
| Insurance | 117,194 | 0 | 0 | 0 | 3,653 |
| Materials, supplies and maintenance | 2,377,570 | 0 | 0 | 224,305 | 141,159 |
| Depreciation | 680,089 | 0 | 946,091 | 30,646 | 70,821 |
| Other | 1,707,655 | 0 | 0 | 527,009 | 5,640 |
| Total operating expenses | <u>12,983,829</u> | <u>0</u> | <u>946,091</u> | <u>3,745,425</u> | <u>896,911</u> |
| Operating income (loss) | <u>497,537</u> | <u>0</u> | <u>1,024,834</u> | <u>(212,479)</u> | <u>542</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Intergovernmental revenue | 785,447 | 0 | 0 | 49,548 | 15,202 |
| Investment income | 705,238 | 63,982 | 0 | 6,870 | 9,817 |
| Interest expense | (900,986) | 0 | 0 | 0 | (2,588) |
| Other expense | (100,000) | 0 | 0 | 0 | 0 |
| Total nonoperating revenues (expenses) | <u>489,699</u> | <u>63,982</u> | <u>0</u> | <u>56,418</u> | <u>22,431</u> |
| Net income (loss) before operating transfers | <u>987,236</u> | <u>63,982</u> | <u>1,024,834</u> | <u>(156,061)</u> | <u>22,973</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | 736,014 | 172,616 | 0 | 0 | 0 |
| Operating transfers (out) | (1,172,616) | (736,014) | (1,557,727) | 0 | (35,000) |
| Total other financing sources (uses) | <u>(436,602)</u> | <u>(563,398)</u> | <u>(1,557,727)</u> | <u>0</u> | <u>(35,000)</u> |
| Net income (loss) | 550,634 | (499,416) | (532,893) | (156,061) | (12,027) |
| Retained earnings (deficit) January 1, 1996 | 5,867,250 | 1,446,233 | 13,800,165 | 1,154,695 | 908,037 |
| Other increases (decreases) (Note VI.D.) | 0 | 0 | 0 | (1,055,671) | 0 |
| Retained earnings (deficit) December 31, 1996 | <u>\$ 6,417,884</u> | <u>\$ 946,817</u> | <u>\$ 13,267,272</u> | <u>\$ (57,037)</u> | <u>\$ 896,010</u> |

Total
\$ 17,564,609
1,970,925
184,394
162,762
19,882,690

4,307,126
1,999,121
3,459,053
1,914,015
61,109
120,847
2,743,034
1,727,647
2,240,304
18,572,256
1,310,434

850,197
785,907
(903,574)
(100,000)
632,530
1,942,964

908,630
(3,501,357)
(2,592,727)
(649,763)
23,176,380
(1,055,671)
\$ 21,470,946

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, 1996

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|---------------------|--|
| OPERATING REVENUES | | | |
| Intergovernmental | \$ 0 | \$ 0 | \$ 0 |
| Charges for services | 13,150,000 | 13,288,605 | 138,605 |
| Lease rental | 0 | 0 | 0 |
| Rental income | 30,000 | 30,000 | 0 |
| Miscellaneous | 190,000 | 162,762 | (27,238) |
| Total operating revenues | <u>13,370,000</u> | <u>13,481,367</u> | <u>111,367</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 2,998,160 | 2,994,887 | 3,273 |
| Other personnel costs | 1,421,536 | 1,403,782 | 17,754 |
| Services and fees | 1,983,290 | 1,956,168 | 27,122 |
| Utilities | 2,124,823 | 2,061,115 | 63,708 |
| Rent | 21,000 | 5,728 | 15,272 |
| Insurance | 1,602 | 1,574 | 28 |
| Materials, supplies and maintenance | 2,666,497 | 2,512,892 | 153,605 |
| Depreciation | 0 | 0 | 0 |
| Capital outlay | 8,252,095 | 7,969,279 | 282,816 |
| Other | 1,961,947 | 1,833,953 | 127,994 |
| Total operating expenses | <u>21,430,950</u> | <u>20,739,378</u> | <u>691,572</u> |
| Operating income (loss) | <u>(8,060,950)</u> | <u>(7,258,011)</u> | <u>802,939</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Bond and loan principal | (515,010) | (515,000) | 10 |
| Intergovernmental revenue | 702,000 | 785,447 | 83,447 |
| Investment income | 32,000 | 705,636 | 673,636 |
| Interest expense | (886,390) | (900,986) | (14,596) |
| Other expense | 0 | (100,000) | (100,000) |
| Net nonoperating revenues (expenses) | <u>(667,400)</u> | <u>(24,903)</u> | <u>642,497</u> |
| Net income (loss) before operating transfers | <u>(8,728,350)</u> | <u>(7,282,914)</u> | <u>1,445,436</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | 1,188,014 | 736,014 | (452,000) |
| Operating transfers (out) | (1,000,000) | (1,172,616) | (172,616) |
| Total other financing sources (uses) | <u>188,014</u> | <u>(436,602)</u> | <u>(624,616)</u> |
| Net income (loss) | <u>(8,540,336)</u> | <u>(7,719,516)</u> | <u>820,820</u> |
| Retained earnings (deficit) January 1, 1996 | 8,540,336 | 4,049,362 | (4,490,974) |
| Prior year encumbrances paid in current year | 0 | 1,331,462 | 1,331,462 |
| Retained earnings (deficit) December 31, 1996 | <u>\$ 0</u> | <u>(2,338,692)</u> | <u>\$ (2,338,692)</u> |
| RECONCILIATION TO GAAP BASIS RETAINED EARNINGS | | | |
| Encumbrances recognized as current year expense | | 1,260,989 | |
| Recognition of accrual basis adjustments | | 7,495,587 | |
| Other GAAP basis increase | | 0 | |
| Individual funds not budgeted | | 0 | |
| Retained earnings (deficit) December 31, 1996 | | <u>\$ 6,417,884</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, 1996

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------------|--------------------|--|
| OPERATING REVENUES | | | |
| Intergovernmental | \$ 3,572,155 | \$ 3,535,508 | \$ (36,647) |
| Charges for services | 0 | | 0 |
| Lease rental | 0 | 0 | 0 |
| Rental income | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 0 |
| Total operating revenues | <u>3,572,155</u> | <u>3,535,508</u> | <u>(36,647)</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 917,338 | 926,962 | (9,624) |
| Other personnel costs | 453,430 | 444,324 | 9,106 |
| Services and fees | 1,589,747 | 1,589,398 | 349 |
| Utilities | 6,200 | 6,193 | 7 |
| Rent | 100 | 0 | 100 |
| Insurance | 0 | 0 | 0 |
| Materials, supplies and maintenance | 271,400 | 265,477 | 5,923 |
| Depreciation | 0 | 0 | 0 |
| Capital outlay | 0 | 0 | 0 |
| Other | 595,696 | 566,236 | 29,460 |
| Total operating expenses | <u>3,833,911</u> | <u>3,798,590</u> | <u>35,321</u> |
| Operating income (loss) | <u>(261,756)</u> | <u>(263,082)</u> | <u>(1,326)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Bond and loan principal | 0 | 0 | 0 |
| Intergovernmental revenue | 54,500 | 49,548 | (4,952) |
| Investment income | 5,500 | 6,926 | 1,426 |
| Interest expense | 0 | 0 | 0 |
| Other expense | 0 | 0 | 0 |
| Net nonoperating revenues (expenses) | <u>60,000</u> | <u>56,474</u> | <u>(3,526)</u> |
| Net income (loss) before operating transfers | <u>(201,756)</u> | <u>(206,608)</u> | <u>(4,852)</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>(201,756)</u> | <u>(206,608)</u> | <u>(4,852)</u> |
| Retained earnings (deficit) January 1, 1996 | 201,756 | 1,148,288 | 946,532 |
| Prior year encumbrances paid in current year | 0 | 0 | 0 |
| Retained earnings (deficit) December 31, 1996 | <u>\$ 0</u> | <u>941,680</u> | <u>\$ 941,680</u> |
| RECONCILIATION TO GAAP BASIS RETAINED EARNINGS | | | |
| Encumbrances recognized as current year expenses | | 57,452 | |
| Recognition of accrual basis adjustments | | (498) | |
| Other GAAP basis increase | | (1,055,671) | |
| Individual funds not budgeted | | 0 | |
| Retained earnings (deficit) December 31, 1996 | | <u>\$ (57,037)</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, 1996

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------------|-------------------|--|
| OPERATING REVENUES | | | |
| Intergovernmental | \$ 0 | \$ 0 | \$ 0 |
| Charges for services | 808,000 | 749,002 | (58,998) |
| Lease rental | 0 | 0 | 0 |
| Rental income | 170,000 | 154,394 | (15,606) |
| Miscellaneous | 0 | 0 | 0 |
| Total operating revenues | <u>978,000</u> | <u>903,396</u> | <u>(74,604)</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 395,204 | 382,006 | 13,198 |
| Other personnel costs | 157,830 | 152,265 | 5,565 |
| Services and fees | 60,034 | 59,426 | 608 |
| Utilities | 37,455 | 32,401 | 5,054 |
| Rent | 57,235 | 57,212 | 23 |
| Insurance | 4,163 | 3,653 | 510 |
| Materials, supplies and maintenance | 145,634 | 139,236 | 6,398 |
| Depreciation | 0 | 0 | 0 |
| Capital outlay | 188,907 | 183,853 | 5,054 |
| Other | 7,875 | 5,330 | 2,545 |
| Total operating expenses | <u>1,054,337</u> | <u>1,015,382</u> | <u>38,955</u> |
| Operating income (loss) | <u>(76,337)</u> | <u>(111,986)</u> | <u>(35,649)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Bond and loan principal | (17,431) | (17,431) | 0 |
| Intergovernmental revenue | 13,500 | 15,202 | 1,702 |
| Investment income | 0 | 9,871 | 9,871 |
| Interest expense | (2,588) | (2,588) | 0 |
| Other expense | 0 | 0 | 0 |
| Net nonoperating revenues (expenses) | <u>(6,519)</u> | <u>5,054</u> | <u>11,573</u> |
| Net income (loss) before operating transfers | <u>(82,856)</u> | <u>(106,932)</u> | <u>(24,076)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | 0 | 0 | 0 |
| Operating transfers (out) | (35,000) | (35,000) | 0 |
| Total other financing sources (uses) | <u>(35,000)</u> | <u>(35,000)</u> | <u>0</u> |
| Net income (loss) | <u>(117,856)</u> | <u>(141,932)</u> | <u>(24,076)</u> |
| Retained earnings (deficit) January 1, 1996 | 117,856 | 820,515 | 702,659 |
| Prior year encumbrances paid in current year | 0 | 14,922 | 14,922 |
| Retained earnings (deficit) December 31, 1996 | <u>\$ 0</u> | <u>693,505</u> | <u>\$ 693,505</u> |
| RECONCILIATION TO GAAP BASIS RETAINED EARNINGS | | | |
| Encumbrances recognized as current year expense | | 11,372 | |
| Recognition of accrual basis adjustments | | 191,133 | |
| Other GAAP basis increase | | 0 | |
| Individual funds not budgeted | | 0 | |
| Retained earnings (deficit) December 31, 1996 | | <u>\$ 896,010</u> | |

BLANK

CITY OF ERIE, PENNSYLVANIA
Enterprise Funds
Combining Statement of Cash Flows, Continued
Year Ended December 31, 1996

| | Sewer Revenue | Sewer Reserve | Water Revenue | Refuse and Recycling | Golf |
|--|--------------------|-------------------|--------------------|-------------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 497,537 | \$ 0 | \$ 1,024,834 | \$ (212,479) | \$ 542 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | | |
| Noncash items included in operating income (loss): | | | | | |
| Depreciation expense | 680,089 | 0 | 946,091 | 30,646 | 70,821 |
| Amortization | 24,677 | 0 | 0 | 0 | 0 |
| (Increase) decrease in current assets: | | | | | |
| Accounts receivable | 89,551 | 0 | 0 | 2,562 | 0 |
| Other receivables | (538,812) | (4,554) | 0 | 56 | 5,997 |
| Prepaid insurance | 0 | 0 | 0 | 0 | 0 |
| Due from other funds | 219,193 | 0 | 0 | 0 | 0 |
| Increase (decrease) in current liabilities: | | | | | |
| Accounts payable | 329,056 | 0 | 0 | (26,095) | (12,244) |
| Accrued payroll | 3,567 | 0 | 0 | 590 | 3,061 |
| Interfund payable | 0 | 0 | 0 | 42,327 | 19,893 |
| Compensated absences payable | 6,109 | 0 | 0 | 2,670 | (3,040) |
| Claims and judgments payable | 0 | 0 | 0 | 0 | 0 |
| Due to other funds | 0 | 0 | 0 | 0 | (37,324) |
| Deferred revenue | (338,270) | 0 | (413,198) | 0 | 0 |
| Net cash provided (used) by operating activities | <u>972,697</u> | <u>(4,554)</u> | <u>1,557,727</u> | <u>(159,723)</u> | <u>47,706</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Intergovernmental revenue | 785,447 | 0 | 0 | 49,548 | 15,202 |
| Note to Sewer Authority | 165,000 | 0 | 0 | 0 | 0 |
| Operating transfers in | 736,014 | 172,616 | 0 | 0 | 0 |
| Operating transfers (out) | (1,172,616) | (736,014) | (1,557,727) | 0 | (35,000) |
| Net cash provided (used) by noncapital financing activities | <u>513,845</u> | <u>(563,398)</u> | <u>(1,557,727)</u> | <u>49,548</u> | <u>(19,798)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Purchase of fixed assets | (2,707,356) | 0 | 0 | 0 | (143,296) |
| Disposition of fixed assets | 0 | 0 | 0 | 0 | 0 |
| Principal payments | (515,000) | 0 | 0 | 0 | 0 |
| Interest payments | (900,986) | 0 | 0 | 0 | (2,588) |
| Net cash provided (used) by capital and related financing activities | <u>(4,123,342)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(145,884)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from sale and redemption of investments | 44,875,492 | 6,292,500 | 0 | 380,000 | 1,770,000 |
| Net interest earnings | 705,238 | 63,982 | 0 | 6,870 | 9,817 |
| Purchase of investments | (42,770,492) | (5,605,500) | 0 | (200,000) | (1,595,000) |
| Net cash provided (used) by investing activities | <u>2,810,238</u> | <u>750,982</u> | <u>0</u> | <u>186,870</u> | <u>184,817</u> |
| Net increase (decrease) in cash | <u>173,438</u> | <u>183,030</u> | <u>0</u> | <u>76,695</u> | <u>66,841</u> |
| Cash January 1, 1996 | 648,635 | 600 | 0 | 0 | 22,161 |
| Cash December 31, 1996 | <u>\$ 822,073</u> | <u>\$ 183,630</u> | <u>\$ 0</u> | <u>\$ 76,695</u> | <u>\$ 89,002</u> |

Total
\$ 1,310,434

1,727,647
24,677

92,113
(537,313)
0
219,193

290,717
7,218
62,220
5,739
0
(37,324)
(751,468)

2,413,853

850,197
165,000
908,630
(3,501,357)

(1,577,530)

(2,850,652)
0
(515,000)
(903,574)

(4,269,226)

53,317,992
785,907
(50,170,992)

3,932,907

500,004
671,396
\$ 1,171,400

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 are 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 workers compensation claims and costs, financed through City fund charges.

Workers Compensation Trust Fund - to account for monies provided by the City to meet workers compensation 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, 1996

| | 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 | 61,183 | 815,077 | 54,359 | 515,690 | 1,446,309 |
| Receivables: | | | | | |
| Other | 7 | 5,016 | 2 | 1,803 | 6,828 |
| Prepaid insurance | 0 | 0 | 0 | 787 | 787 |
| Total assets | \$ 61,190 | \$ 820,093 | \$ 54,361 | \$ 518,280 | \$ 1,453,924 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 11,599 | \$ 0 | \$ 0 | \$ 4,670 | \$ 16,269 |
| Claims and judgments payable | 4,224,072 | 0 | 0 | 0 | 4,224,072 |
| Total liabilities | 4,235,671 | 0 | 0 | 4,670 | 4,240,341 |
| RETAINED EARNINGS | | | | | |
| Unreserved (deficit) (Note II.B.) | (4,174,481) | 820,093 | 54,361 | 513,610 | (2,786,417) |
| Total retained earnings (deficit) | (4,174,481) | 820,093 | 54,361 | 513,610 | (2,786,417) |
| Total liabilities and retained earnings | \$ 61,190 | \$ 820,093 | \$ 54,361 | \$ 518,280 | \$ 1,453,924 |

CITY OF ERIE, PENNSYLVANIA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended December 31, 1996

| | Workers Compensation Claims | Workers Compensation Trust | Employees Health Benefit Plan | Risk Management | Total |
|---|-----------------------------------|----------------------------------|-------------------------------------|--------------------|-----------------------|
| OPERATING REVENUES | | | | | |
| Intergovernmental | \$ 1,143,005 | \$ 0 | \$ 4,646,689 | \$ 573,306 | \$ 6,363,000 |
| Miscellaneous | 11,792 | 0 | 209,752 | 0 | 221,544 |
| Total operating revenues | <u>1,154,797</u> | <u>0</u> | <u>4,856,441</u> | <u>573,306</u> | <u>6,584,544</u> |
| OPERATING EXPENSES | | | | | |
| Services and fees | 63,339 | 0 | 0 | 26,852 | 90,191 |
| Insurance | 81,314 | 0 | 4,804,892 | 395,322 | 5,281,528 |
| Materials, supplies and maintenance | 0 | 0 | 0 | 0 | 0 |
| Workers compensation claims | 2,071,669 | 0 | 0 | 0 | 2,071,669 |
| Other | 38,043 | 10,645 | 0 | 0 | 48,688 |
| Total operating expenses | <u>2,254,365</u> | <u>10,645</u> | <u>4,804,892</u> | <u>422,174</u> | <u>7,492,076</u> |
| Operating income (loss) | <u>(1,099,568)</u> | <u>(10,645)</u> | <u>51,549</u> | <u>151,132</u> | <u>(907,532)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 3,669 | 53,107 | 2,479 | 19,818 | 79,073 |
| Net nonoperating revenues (expenses) | <u>3,669</u> | <u>53,107</u> | <u>2,479</u> | <u>19,818</u> | <u>79,073</u> |
| Net income (loss) before operating transfers | <u>(1,095,899)</u> | <u>42,462</u> | <u>54,028</u> | <u>170,950</u> | <u>(828,459)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | 656,496 | 663,049 | 0 | 0 | 1,319,545 |
| Operating transfers (out) | (663,000) | (656,545) | 0 | 0 | (1,319,545) |
| Total other financing sources (uses) | <u>(6,504)</u> | <u>6,504</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net income (loss) | <u>(1,102,403)</u> | <u>48,966</u> | <u>54,028</u> | <u>170,950</u> | <u>(828,459)</u> |
| Retained earnings (deficit) January 1, 1996 | <u>(3,072,078)</u> | <u>771,127</u> | <u>333</u> | <u>342,660</u> | <u>(1,957,958)</u> |
| Retained earnings (deficit) December 31, 1996 | <u>\$ (4,174,481)</u> | <u>\$ 820,093</u> | <u>\$ 54,361</u> | <u>\$ 513,610</u> | <u>\$ (2,786,417)</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, 1996

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------|----------------|--|
| OPERATING REVENUES | | | |
| Intergovernmental | \$ 1,739,106 | \$ 1,143,005 | \$ (596,101) |
| Charges for services | 0 | 0 | 0 |
| Rental income | 0 | 0 | 0 |
| Miscellaneous | 0 | 11,792 | 11,792 |
| Total operating revenues | 1,739,106 | 1,154,797 | (584,309) |
| OPERATING EXPENSES | | | |
| Personnel services | 0 | 0 | 0 |
| Other personnel costs | 0 | 0 | 0 |
| Services and fees | 0 | 0 | 0 |
| Insurance | 81,314 | 81,314 | 0 |
| Material, supplies and maintenance | 0 | 0 | 0 |
| Workers compensation claims | 1,126,000 | 1,133,438 | (7,438) |
| Other | 89,792 | 89,783 | 9 |
| Total operating expenses | 1,297,106 | 1,304,535 | (7,429) |
| Operating income (loss) | 442,000 | (149,738) | (591,738) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 16,000 | 4,321 | (11,679) |
| Net nonoperating revenues (expenses) | 16,000 | 4,321 | (11,679) |
| Net income (loss) before operating transfers | 458,000 | (145,417) | (603,417) |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | 0 | 656,496 | 656,496 |
| Operating transfers (out) | (663,000) | (663,000) | 0 |
| Total other financing sources (uses) | (663,000) | (6,504) | 656,496 |
| Net income (loss) | (205,000) | (151,921) | 53,079 |
| Retained earnings (deficit) January 1, 1996 | 205,000 | 133,967 | (71,033) |
| Prior year encumbrances paid in current year | 0 | 0 | 0 |
| Retained earnings (deficit) December 31, 1996 | \$ 0 | (17,954) | \$ (17,954) |
| RECONCILIATION TO GAAP BASIS RETAINED EARNINGS | | | |
| Encumbrances recognized as current year expenses | | 0 | |
| Recognition of accrual basis adjustments | | (4,153,527) | |
| Other GAAP basis increase | | 0 | |
| Individual funds not budgeted | | 0 | |
| Retained earnings (deficit) December 31, 1996 | | \$ (4,171,481) | |

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, 1996

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------------|-------------------|--|
| OPERATING REVENUES | | | |
| Intergovernmental | \$ 573,306 | \$ 573,306 | \$ 0 |
| Charges for services | 0 | 0 | 0 |
| Rental income | 0 | 0 | 0 |
| Miscellaneous | 9,000 | 0 | (9,000) |
| Total operating revenues | <u>582,306</u> | <u>573,306</u> | <u>(9,000)</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 0 | 0 | 0 |
| Other personnel costs | 0 | 0 | 0 |
| Services and fees | 59,672 | 26,852 | 32,820 |
| Insurance | 0 | 0 | 0 |
| Material, supplies and maintenance | 622,634 | 391,412 | 231,222 |
| Workers compensation claims | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Total operating expenses | <u>682,306</u> | <u>418,264</u> | <u>264,042</u> |
| Operating income (loss) | <u>(100,000)</u> | <u>155,042</u> | <u>255,042</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 0 | 18,830 | 18,830 |
| Net nonoperating revenues (expenses) | <u>0</u> | <u>18,830</u> | <u>18,830</u> |
| Net income (loss) before operating transfers | <u>(100,000)</u> | <u>173,872</u> | <u>273,872</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>(100,000)</u> | <u>173,872</u> | <u>273,872</u> |
| Retained earnings (deficit) January 1, 1996 | 100,000 | 341,818 | 241,818 |
| Prior year encumbrances paid in current year | 0 | 0 | 0 |
| Retained earnings (deficit) December 31, 1996 | <u>\$ 0</u> | <u>515,690</u> | <u>\$ 515,690</u> |
| RECONCILIATION TO GAAP BASIS RETAINED EARNINGS | | | |
| Encumbrances recognized as current year expenses | | 0 | |
| Recognition of accrual basis adjustments | | (2,080) | |
| Other GAAP basis increase | | 0 | |
| Individual funds not budgeted | | 0 | |
| Retained earnings (deficit) December 31, 1996 | | <u>\$ 513,610</u> | |

CITY OF ERIE, PENNSYLVANIA
Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 1996

| | Workers Compensation Claims | Workers Compensation Trust | Employees Health Benefit Plan | Risk Management | Total |
|--|-----------------------------------|----------------------------------|-------------------------------------|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ (1,099,568) | \$ (10,645) | \$ 51,549 | \$ 151,132 | \$ (907,532) |
| 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 | 652 | 0 | 0 | (988) | (336) |
| Increase (decrease) in current liabilities: | | | | | |
| Accounts payable | (39,346) | 0 | 0 | 3,910 | (35,436) |
| Claims and judgments payable | 989,176 | 0 | 0 | 0 | 989,176 |
| Net cash provided (used) by operating activities | <u>(149,086)</u> | <u>(10,645)</u> | <u>51,549</u> | <u>154,054</u> | <u>45,872</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Operating transfers in | 656,496 | 663,049 | 0 | 0 | 1,319,545 |
| Operating transfers (out) | (663,000) | (656,545) | 0 | 0 | (1,319,545) |
| Net cash provided (used) by financing activities | <u>(6,504)</u> | <u>6,504</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Net interest earnings | 3,669 | 53,107 | 2,479 | 19,818 | 79,073 |
| Net cash provided (used) by investing activities | <u>3,669</u> | <u>53,107</u> | <u>2,479</u> | <u>19,818</u> | <u>79,073</u> |
| Net increase (decrease) in cash | (151,921) | 48,966 | 54,028 | 173,872 | 124,945 |
| Restricted cash and investments, January 1, 1996 | 213,104 | 766,111 | 331 | 341,818 | 1,321,364 |
| Restricted cash and investments, December 31, 1996 | <u>\$ 61,183</u> | <u>\$ 815,077</u> | <u>\$ 54,359</u> | <u>\$ 515,690</u> | <u>\$ 1,446,309</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, 1996

| | Pension Trust Funds | Agency Funds | Total |
|--|------------------------|---------------------|-----------------------|
| ASSETS | | | |
| Cash | \$ 350,087 | \$ 511,719 | \$ 861,806 |
| Investments | 109,304,799 | 5,905,654 | 115,210,453 |
| Receivables: | | | |
| Other | 1,281,040 | 0 | 1,281,040 |
| Total assets | <u>\$ 110,935,926</u> | <u>\$ 6,417,373</u> | <u>\$ 117,353,299</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 42,020 | \$ 0 | \$ 42,020 |
| Other liabilities | 0 | 38,768 | 38,768 |
| Due to other governments | 0 | 472,951 | 472,951 |
| Deferred compensation benefits payable | 0 | 5,905,654 | 5,905,654 |
| Total liabilities | <u>42,020</u> | <u>6,417,373</u> | <u>6,459,393</u> |
| FUND BALANCE | | | |
| Unreserved (deficit) | 110,893,906 | 0 | 110,893,906 |
| Total fund balance (deficit) | <u>110,893,906</u> | <u>0</u> | <u>110,893,906</u> |
| Total liabilities and fund balance | <u>\$ 110,935,926</u> | <u>\$ 6,417,373</u> | <u>\$ 117,353,299</u> |

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Pension Trust Funds
 Combining Balance Sheet
 December 31, 1996

| ASSETS | Officers and Employees | Police | Firemens | Total |
|--|---------------------------|----------------------|----------------------|-----------------------|
| Cash | \$ 178,528 | \$ 10,134 | \$ 161,425 | \$ 350,087 |
| Investments | 40,322,201 | 44,814,467 | 24,168,131 | 109,304,799 |
| Receivables: | | | | |
| Other | 350,764 | 718,363 | 211,913 | 1,281,040 |
| Total assets | <u>\$ 40,851,493</u> | <u>\$ 45,542,964</u> | <u>\$ 24,541,469</u> | <u>\$ 110,935,926</u> |
| | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 6,217 | \$ 12,721 | \$ 23,082 | \$ 42,020 |
| Other liabilities | 0 | 0 | 0 | 0 |
| Due to other governments | 0 | 0 | 0 | 0 |
| Deferred compensation benefits payable | 0 | 0 | 0 | 0 |
| Total liabilities | <u>6,217</u> | <u>12,721</u> | <u>23,082</u> | <u>42,020</u> |
| | | | | |
| FUND BALANCE | | | | |
| Unreserved (deficit) | 40,845,276 | 45,530,243 | 24,518,387 | 110,893,906 |
| Total fund balance (deficit) | <u>40,845,276</u> | <u>45,530,243</u> | <u>24,518,387</u> | <u>110,893,906</u> |
| Total liabilities and fund balance | <u>\$ 40,851,493</u> | <u>\$ 45,542,964</u> | <u>\$ 24,541,469</u> | <u>\$ 110,935,926</u> |

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended December 31, 1996

| | Balance Jan. 1, 1996 | Additions | Deductions | Balance Dec. 31, 1996 |
|---|-------------------------|---------------|-----------------|--------------------------|
| TRAFFIC COURT STATE AND COUNTY FINES ACCOUNT | | | | |
| Assets | | | | |
| Cash | \$ 0 | \$ 171,700 | \$ (169,541) | \$ 2,159 |
| Liabilities | | | | |
| Due to other governments | \$ 0 | \$ 171,700 | \$ (169,541) | \$ 2,159 |
| TRAFFIC COURT SECURITY BOND ACCOUNT | | | | |
| Assets | | | | |
| Cash | \$ 9,756 | \$ 13,962 | \$ (23,161) | \$ 557 |
| Liabilities | | | | |
| Vouchers payable | \$ 9,756 | \$ 13,962 | \$ (23,161) | \$ 557 |
| RENT WITHHOLDING ACCOUNT | | | | |
| Assets | | | | |
| Cash | \$ 475 | \$ 11,608 | \$ (8,783) | \$ 3,300 |
| Liabilities | | | | |
| Returnable deposit | \$ 475 | \$ 11,608 | \$ (8,783) | \$ 3,300 |
| 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 | \$ 7,797 | \$ 425 | \$ (470) | \$ 7,752 |
| Liabilities | | | | |
| Unclaimed money | \$ 7,797 | \$ 425 | \$ (470) | \$ 7,752 |
| PROPERTY TAX ACCOUNT | | | | |
| Assets | | | | |
| Cash | \$ 335,439 | \$ 56,731,636 | \$ (56,773,197) | \$ 293,878 |
| Liabilities | | | | |
| Due to taxing units: | | | | |
| City of Erie | \$ 86,768 | \$ 21,753,688 | \$ (21,753,486) | \$ 86,969 |
| Erie School District | 194,575 | 25,737,223 | (25,762,581) | 169,217 |
| County of Erie | 51,586 | 9,239,516 | (9,254,620) | 36,483 |
| Refunds | 2,510 | 1,209 | (2,510) | 1,209 |
| Total liabilities | \$ 335,439 | \$ 56,731,636 | \$ (56,773,197) | \$ 293,878 |
| STATE PENSION CONTRIBUTION ACCOUNT | | | | |
| Assets | | | | |
| Cash | \$ 38,121 | \$ 0 | \$ (38,121) | \$ 0 |
| Liabilities | | | | |
| Due to pension fund | \$ 38,121 | \$ 0 | \$ (38,121) | \$ 0 |

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Agency Funds
 Combining Statement of Changes in Assets and Liabilities, Continued
 Year Ended December 31, 1996

| | Balance Jan. 1, 1996 | Additions | Deductions | Balance Dec. 31, 1996 |
|--|-------------------------|----------------------|------------------------|--------------------------|
| INCOME TAX FUND | | | | |
| Assets | | | | |
| Cash | \$ 363,844 | \$ 17,796,664 | \$ (18,068,944) | \$ 91,564 |
| Liabilities | | | | |
| Due to taxing units | \$ 363,844 | \$ 17,796,664 | \$ (18,068,944) | \$ 91,564 |
| OCCUPATIONAL PRIVILEGE TAX FUND | | | | |
| Assets | | | | |
| Cash | \$ 28,623 | \$ 646,074 | \$ (587,188) | \$ 87,509 |
| Liabilities | | | | |
| Due to taxing units | \$ 28,623 | \$ 646,074 | \$ (587,188) | \$ 87,509 |
| DEFERRED COMPENSATION PLAN | | | | |
| Assets | | | | |
| Investments | \$ 4,944,885 | \$ 1,278,134 | \$ (317,365) | \$ 5,905,654 |
| Liabilities | | | | |
| Due to City of Erie employees | \$ 4,944,885 | \$ 1,278,134 | \$ (317,365) | \$ 5,905,654 |
| COMMUNITY SERVICE FUND | | | | |
| Assets | | | | |
| Cash | \$ 0 | \$ 26,584 | \$ (26,584) | \$ 0 |
| Liabilities | | | | |
| Due to charities | \$ 0 | \$ 26,584 | \$ (26,584) | \$ 0 |
| TOTALS-AGENCY FUNDS | | | | |
| Assets | | | | |
| Cash | \$ 809,055 | \$ 75,398,653 | \$ (75,695,989) | \$ 511,719 |
| Investments | 4,944,885 | 1,278,134 | (317,365) | 5,905,654 |
| Total assets | <u>\$ 5,753,940</u> | <u>\$ 76,676,787</u> | <u>\$ (76,013,354)</u> | <u>\$ 6,417,373</u> |
| Liabilities | | | | |
| Due to other governments | \$ 0 | \$ 171,700 | \$ (169,541) | \$ 2,159 |
| Vouchers payable | 9,756 | 13,962 | (23,161) | 557 |
| Returnable deposit | 25,475 | 11,608 | (8,783) | 28,300 |
| Unclaimed money | 7,797 | 425 | (470) | 7,752 |
| Due to taxing units | 727,906 | 75,174,374 | (75,429,329) | 472,951 |
| Due to pension funds | 38,121 | 0 | (38,121) | 0 |
| Due to City of Erie employees | 4,944,885 | 1,278,134 | (317,365) | 5,905,654 |
| Due to charities | 0 | 26,584 | (26,584) | 0 |
| Total liabilities | <u>\$ 5,753,940</u> | <u>\$ 76,676,787</u> | <u>\$ (76,013,354)</u> | <u>\$ 6,417,373</u> |

CITY OF ERIE, PENNSYLVANIA
 Fiduciary Funds - Pension Trust Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Balance
 Year Ended December 31, 1996

| | Officers and Employees | Police | Firemens | Total |
|--|---------------------------|----------------------|----------------------|-----------------------|
| OPERATING REVENUES | | | | |
| Pension contributions | \$ 3,373,474 | \$ 5,322,755 | \$ 2,372,961 | \$ 11,069,190 |
| Investment income | 4,510,264 | 5,506,958 | 2,360,096 | 12,377,318 |
| Total operating revenues | <u>7,883,738</u> | <u>10,829,713</u> | <u>4,733,057</u> | <u>23,446,508</u> |
| OPERATING EXPENSES | | | | |
| Pension benefits | 3,687,601 | 3,143,149 | 1,916,806 | 8,747,556 |
| Other | 60,716 | 31,791 | 19,500 | 112,007 |
| Total operating expenses | <u>3,748,317</u> | <u>3,174,940</u> | <u>1,936,306</u> | <u>8,859,563</u> |
| Operating income (loss) | <u>4,135,421</u> | <u>7,654,773</u> | <u>2,796,751</u> | <u>14,586,945</u> |
| Net income (loss) | 4,135,421 | 7,654,773 | 2,796,751 | 14,586,945 |
| Fund balance (deficit) January 1, 1996 | 36,709,855 | 37,875,470 | 21,721,636 | 96,306,961 |
| Prior period adjustments | 0 | 0 | 0 | 0 |
| Fund balance (deficit) December 31, 1996 | <u>\$ 40,845,276</u> | <u>\$ 45,530,243</u> | <u>\$ 24,518,387</u> | <u>\$ 110,893,906</u> |

CITY OF ERIE, PENNSYLVANIA
Fiduciary Funds - Pension Trust Funds
Combining Statement of Cash Flows
Year Ended December 31, 1996

| | Officers and Employees | Police | Firemens | Total |
|--|---------------------------|--------------|--------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 4,135,421 | \$ 7,654,773 | \$ 2,796,751 | \$ 14,586,945 |
| 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 | 32,822 | 28,871 | 21,702 | 83,395 |
| Accrued investment income | 28,813 | (472,900) | 32,393 | (411,694) |
| Unrealized appreciation on investments | (3,244,175) | (3,298,377) | (1,329,455) | (7,872,007) |
| Increase (decrease) in current liabilities: | | | | |
| Accounts payable | 15 | (24,146) | 1,932 | (22,199) |
| Net cash provided (used) by operating activities | 952,896 | 3,888,221 | 1,523,323 | 6,364,440 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from sale and redemption of investments | 32,307,509 | 74,909,675 | 22,769,637 | 129,986,821 |
| Purchase of investments | (33,333,218) | (78,817,388) | (24,290,084) | (136,440,690) |
| Net cash provided (used) by investing activities | (1,025,709) | (3,907,713) | (1,520,447) | (6,453,869) |
| Net increase (decrease) in cash | (72,813) | (19,492) | 2,876 | (89,429) |
| Cash January 1, 1996 | 251,341 | 29,626 | 158,549 | 439,516 |
| Cash December 31, 1996 | \$ 178,528 | \$ 10,134 | \$ 161,425 | \$ 350,087 |

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, 1996

| | 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 | 26,868 | 26,868 |
| City controller | 0 | 0 | 11,859 | 11,859 |
| Accounts, finance and budget | 0 | 0 | 16,840 | 16,840 |
| Computer systems and services | 0 | 0 | 90,976 | 90,976 |
| Reproduction/print shop | 0 | 0 | 20,059 | 20,059 |
| Local match | 0 | 0 | 16,337 | 16,337 |
| General government, insurance and utility | 762,216 | 1,809,657 | 489,584 | 3,061,457 |
| Total general government | <u>762,216</u> | <u>1,809,657</u> | <u>694,395</u> | <u>3,266,268</u> |
| Public safety: | | | | |
| Police | 0 | 42,672 | 1,540,651 | 1,583,323 |
| 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>4,153,845</u> | <u>6,739,771</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 | 624,563 | 3,080,295 | 3,704,858 |
| Municipal garage | 0 | 88,550 | 91,280 | 179,830 |
| Public buildings maintenance | 0 | 92,720 | 176,190 | 268,910 |
| Total highways and streets | <u>165,951</u> | <u>805,833</u> | <u>3,392,137</u> | <u>4,363,921</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 | 821,395 | 3,368,637 |
| Shade tree | 0 | 9,980 | 0 | 9,980 |
| Total culture and recreation | <u>0</u> | <u>2,557,222</u> | <u>821,395</u> | <u>3,378,617</u> |
| Total general fund | <u>928,167</u> | <u>7,866,014</u> | <u>9,107,866</u> | <u>17,902,047</u> |
| SPECIAL REVENUE FUNDS | | | | |
| General government | 0 | 29,390 | 26,979 | 56,369 |
| Public safety | 0 | 489,511 | 312,901 | 802,412 |
| Highways and streets | 0 | 128,660 | 1,431,223 | 1,559,883 |
| Sanitation | 0 | 0 | 1,045,738 | 1,045,738 |
| Culture and recreation | 0 | 3,132,009 | 67,470 | 3,199,479 |
| Economic and community development | 0 | 60,143 | 84,485 | 144,628 |
| Total special revenue funds | <u>0</u> | <u>3,839,713</u> | <u>2,968,796</u> | <u>6,808,509</u> |
| CAPITAL PROJECTS FUNDS | | | | |
| Capital outlay | 49,000 | 2,847,088 | 1,487,046 | 4,383,134 |
| Total capital projects funds | <u>49,000</u> | <u>4,383,134</u> | <u>1,487,046</u> | <u>4,383,134</u> |
| Total general fixed assets | <u>\$ 977,167</u> | <u>\$ 14,552,815</u> | <u>\$ 13,563,708</u> | <u>\$ 29,093,690</u> |

CITY OF ERIE, PENNSYLVANIA
 General Fixed Assets
 Schedule of Changes by Function and Activity
 Year Ended December 31, 1996

| | Balance Jan. 1, 1996 | Additions | Dispositions | Balance Dec. 31, 1996 |
|---|-------------------------|---------------------|-------------------|--------------------------|
| GENERAL FUND | | | | |
| General government: | | | | |
| City clerk | \$ 6,679 | \$ 0 | \$ 0 | \$ 6,679 |
| Mayor | 5,732 | 0 | 0 | 5,732 |
| City solicitor | 9,461 | 0 | 0 | 9,461 |
| City treasurer | 21,157 | 5,711 | 0 | 26,868 |
| City controller | 7,671 | 4,188 | 0 | 11,859 |
| Accounts, finance and budget | 14,121 | 2,719 | 0 | 16,840 |
| Computer systems and services | 89,199 | 1,777 | 0 | 90,976 |
| Reproduction/print shop | 20,059 | 0 | 0 | 20,059 |
| Local match | 16,337 | 0 | 0 | 16,337 |
| General government, insurance and utility | 3,068,657 | 0 | 7,200 | 3,061,457 |
| Total general government | <u>3,259,073</u> | <u>14,395</u> | <u>7,200</u> | <u>3,266,268</u> |
| Public safety: | | | | |
| Police | 1,470,603 | 112,720 | 0 | 1,583,323 |
| Traffic court | 5,946 | 0 | 0 | 5,946 |
| Fire | 4,596,476 | 0 | 0 | 4,596,476 |
| Radio | 259,940 | 0 | 0 | 259,940 |
| Electrician | 294,086 | 0 | 0 | 294,086 |
| Total public safety | <u>6,627,051</u> | <u>112,720</u> | <u>0</u> | <u>6,739,771</u> |
| Highways and streets: | | | | |
| Director | 165,951 | 0 | 0 | 165,951 |
| Engineering | 17,873 | 0 | 0 | 17,873 |
| Paint and sign | 26,499 | 0 | 0 | 26,499 |
| Streets | 4,413,548 | 1,951 | 710,641 | 3,704,858 |
| Municipal garage | 179,830 | 0 | 0 | 179,830 |
| Public buildings maintenance | 261,365 | 7,545 | 0 | 268,910 |
| Total highways and streets | <u>5,065,066</u> | <u>9,496</u> | <u>710,641</u> | <u>4,363,921</u> |
| Sanitation: | | | | |
| Refuse, disposal and recycling | 153,470 | 0 | 0 | 153,470 |
| Total sanitation | <u>153,470</u> | <u>0</u> | <u>0</u> | <u>153,470</u> |
| Culture and recreation | | | | |
| Parks and recreation | 3,358,717 | 9,920 | 0 | 3,368,637 |
| Shade tree | 9,980 | 0 | 0 | 9,980 |
| Total culture and recreation | <u>3,368,697</u> | <u>9,920</u> | <u>0</u> | <u>3,378,617</u> |
| Total general fund | <u>18,473,357</u> | <u>146,531</u> | <u>717,841</u> | <u>17,902,047</u> |
| SPECIAL REVENUE FUNDS | | | | |
| General government | 27,448 | 28,921 | 0 | 56,369 |
| Public safety | 676,671 | 125,741 | 0 | 802,412 |
| Highways and streets | 1,362,774 | 197,109 | 0 | 1,559,883 |
| Sanitation | 1,020,472 | 25,266 | 0 | 1,045,738 |
| Culture and recreation | 3,194,446 | 5,033 | 0 | 3,199,479 |
| Economic and community development | 120,110 | 24,518 | 0 | 144,628 |
| Total special revenue funds | <u>6,401,921</u> | <u>406,588</u> | <u>0</u> | <u>6,808,509</u> |
| CAPITAL PROJECTS FUNDS | | | | |
| Capital outlay | 2,294,474 | 2,088,660 | 0 | 4,383,134 |
| Total capital projects funds | <u>2,294,474</u> | <u>2,088,660</u> | <u>0</u> | <u>4,383,134</u> |
| Total general fixed assets | <u>\$ 27,169,752</u> | <u>\$ 2,641,779</u> | <u>\$ 717,841</u> | <u>\$ 29,093,690</u> |

CITY OF ERIE, PENNSYLVANIA

General Fixed Assets
Schedule by Source
December 31, 1996

| | |
|---|----------------------|
| General fixed assets: | |
| Land | \$ 977,167 |
| Buildings and improvements | 14,552,815 |
| Equipment and vehicles | 13,563,708 |
| Total general fixed assets | <u>\$ 29,093,690</u> |
| Investment in general fixed assets by source: | |
| General fund | \$ 17,902,047 |
| Special revenue funds | 6,808,509 |
| Capital projects funds | 4,383,134 |
| Total investment in general fixed assets | <u>\$ 29,093,690</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. 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, 1996

| | Redevelopment Authority of the City of Erie | Erie Municipal Park Authority | Erie Metropolitan Transit Authority | Erie Parking Authority |
|---|---|-------------------------------------|--|---------------------------|
| ASSETS | | | | |
| Cash | \$ 137,543 | \$ 55,226 | \$ 1,621,001 | \$ 68,492 |
| Investments | 114,741 | 24,336 | 0 | 3,054,000 |
| Restricted cash and investments | 86,091 | 0 | 2,815,337 | 1,922,965 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts | 36,715 | 292,000 | 117,773 | 53,516 |
| Intergovernmental | 0 | 0 | 361,115 | 0 |
| Other | 0 | 0 | 0 | 42,620 |
| Inventory | 0 | 0 | 231,436 | 0 |
| Prepaid insurance | 0 | 0 | 167,942 | 60,722 |
| Property, plant and equipment: | | | | |
| Land | 15,044 | 0 | 85,521 | 2,285,377 |
| Buildings and improvements | 67,214 | 0 | 1,827,698 | 26,264,324 |
| Improvements other than buildings | 0 | 0 | 526,173 | 0 |
| Equipment and vehicles | 0 | 0 | 12,779,394 | 604,063 |
| Construction in progress | 0 | 0 | 195,533 | 0 |
| Less: accumulated depreciation | 0 | 0 | (10,310,391) | (7,806,818) |
| Bond issue costs | 0 | 0 | 0 | 564,091 |
| Amounts to be provided for long-term debt | 140,887 | 345,000 | 0 | 0 |
| Total assets | <u>\$ 598,235</u> | <u>\$ 716,562</u> | <u>\$ 10,418,532</u> | <u>\$ 27,113,352</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 68,426 | \$ 0 | \$ 517,879 | \$ 54,305 |
| Accrued payroll | 0 | 0 | 586,098 | 54,654 |
| Current portion of long-term liabilities | 0 | 0 | 0 | 500,000 |
| Deferred revenue | 0 | 0 | 154,970 | 0 |
| Other liabilities | 133,622 | 0 | 132,847 | 393,498 |
| Due to other governments | 0 | 0 | 3,359,490 | 0 |
| Notes payable | 140,887 | 0 | 0 | 0 |
| General obligation bonds payable | 0 | 345,000 | 0 | 20,562,293 |
| Total liabilities | <u>342,935</u> | <u>345,000</u> | <u>4,751,284</u> | <u>21,564,750</u> |
| FUND EQUITY AND OTHER CREDITS | | | | |
| Investments in general fixed assets | 15,044 | 0 | 0 | 0 |
| Contributed capital and other credits | 0 | 0 | 0 | 0 |
| Retained earnings: | | | | |
| Unreserved (deficit) | 0 | 0 | 5,667,248 | 5,548,602 |
| Fund balance: | | | | |
| Reserved: | | | | |
| Equity in authority rentals | 0 | 345,000 | 0 | 0 |
| Assets held for resale | 67,214 | 0 | 0 | 0 |
| Unreserved: | | | | |
| Undesignated (deficit) | 173,042 | 26,562 | 0 | 0 |
| Total fund equity and other credits | <u>255,300</u> | <u>371,562</u> | <u>5,667,248</u> | <u>5,548,602</u> |
| Total liabilities and fund equity and other credits | <u>\$ 598,235</u> | <u>\$ 716,562</u> | <u>\$ 10,418,532</u> | <u>\$ 27,113,352</u> |

| Erie Civic Center Authority | Erie Sewer Authority | Total Component Units |
|-----------------------------------|-------------------------|-----------------------------|
| \$ 355,350 | \$ 8,243 | \$ 2,245,855 |
| 0 | 17,145,877 | 20,338,954 |
| 123,855 | 0 | 4,948,248 |
| 79,084 | 0 | 579,088 |
| 0 | 0 | 361,115 |
| 0 | 400,000 | 442,620 |
| 5,200 | 0 | 236,636 |
| 40,868 | 0 | 269,532 |
| 1,705,097 | 0 | 4,091,039 |
| 21,308,987 | 36,739,566 | 86,207,789 |
| 298,018 | 0 | 824,191 |
| 916,576 | 16,379,648 | 30,679,681 |
| 0 | 0 | 195,533 |
| (5,279,511) | (27,988,576) | (51,385,296) |
| 0 | 0 | 564,091 |
| 0 | 0 | 485,887 |
| <u>\$ 19,553,524</u> | <u>\$ 42,684,758</u> | <u>\$ 101,084,963</u> |
| \$ 399,559 | \$ 165,574 | \$ 1,205,743 |
| 42,459 | 0 | 683,211 |
| 10,921 | 930,000 | 1,440,921 |
| 131,649 | 0 | 286,619 |
| 0 | 80,892 | 740,859 |
| 0 | 5,640,000 | 8,999,490 |
| 0 | 0 | 140,887 |
| 0 | 18,610,000 | 39,517,293 |
| <u>584,588</u> | <u>25,426,466</u> | <u>53,015,023</u> |
| 0 | 0 | 15,044 |
| 18,579,129 | 0 | 18,579,129 |
| 389,807 | 17,258,292 | 28,863,949 |
| 0 | 0 | 345,000 |
| 0 | 0 | 67,214 |
| 0 | 0 | 199,604 |
| <u>18,968,936</u> | <u>17,258,292</u> | <u>48,069,940</u> |
| <u>\$ 19,553,524</u> | <u>\$ 42,684,758</u> | <u>\$ 101,084,963</u> |

CITY OF ERIE, PENNSYLVANIA
 Component Units
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended December 31, 1996

| | Redevelopment Authority of the City of Erie | Erie Municipal Park Authority | Total |
|---|---|-------------------------------------|-------------------|
| REVENUES | | | |
| Intergovernmental | \$ 928,590 | \$ 53,000 | \$ 981,590 |
| Interest earnings | 8,346 | 1,402 | 9,748 |
| Miscellaneous | 33,322 | 0 | 33,322 |
| Total revenues | <u>970,258</u> | <u>54,402</u> | <u>1,024,660</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 0 | 1,867 | 1,867 |
| Economic and community development | 1,105,005 | 0 | 1,105,005 |
| Debt service: | | | |
| Principal | 0 | 35,000 | 35,000 |
| Interest | 0 | 12,688 | 12,688 |
| Total expenditures | <u>1,105,005</u> | <u>49,555</u> | <u>1,154,560</u> |
| Excess of revenues over (under) expenditures | <u>(134,747)</u> | <u>4,847</u> | <u>(129,900)</u> |
| Fund balance (deficit) January 1, 1996 | 390,047 | 366,715 | 756,762 |
| Increase to contributed capital and other credits | 0 | 0 | 0 |
| Fund balance (deficit) December 31, 1996 | <u>\$ 255,300</u> | <u>\$ 371,562</u> | <u>\$ 626,862</u> |

CITY OF ERIE, PENNSYLVANIA
Component Units
Combining Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended December 31, 1996

| | Erie Metropolitan Transit Authority | Erie Parking Authority | Erie Civic Center Authority | Erie Sewer Authority | Total |
|--|--|---------------------------|-----------------------------------|-------------------------|----------------------|
| OPERATING REVENUES | | | | | |
| Intergovernmental | \$ 369,380 | \$ 0 | \$ 0 | \$ 1,548,667 | \$ 1,918,047 |
| Charges for services | 3,567,345 | 3,376,768 | 897,889 | 0 | 7,842,002 |
| Rental income | 0 | 0 | 447,970 | 0 | 447,970 |
| Miscellaneous | 82,854 | 0 | 13,596 | 0 | 96,450 |
| Total operating revenues | <u>4,019,579</u> | <u>3,376,768</u> | <u>1,359,455</u> | <u>1,548,667</u> | <u>10,304,469</u> |
| OPERATING EXPENSES | | | | | |
| Personnel services | 3,176,914 | 730,318 | 851,928 | 0 | 4,759,160 |
| Other personnel costs | 1,089,859 | 283,350 | 0 | 0 | 1,373,209 |
| Services and fees | 757,483 | 41,346 | 70,712 | 0 | 869,541 |
| Utilities | 78,209 | 229,584 | 261,251 | 0 | 569,044 |
| Rent | 10,421 | 55,622 | 1,911 | 0 | 67,954 |
| Insurance | 0 | 55,053 | 104,664 | 0 | 159,717 |
| Materials, supplies and maintenance | 927,100 | 182,229 | 107,841 | 0 | 1,217,170 |
| Depreciation | 971,230 | 661,225 | 656,011 | 1,559,965 | 3,848,431 |
| Other | 1,625,115 | 24,689 | 55,651 | 0 | 1,705,455 |
| Total operating expenses | <u>8,636,331</u> | <u>2,263,416</u> | <u>2,109,969</u> | <u>1,559,965</u> | <u>14,569,681</u> |
| Operating income (loss) | <u>(4,616,752)</u> | <u>1,113,352</u> | <u>(750,514)</u> | <u>(11,298)</u> | <u>(4,265,212)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Intergovernmental revenue | 3,345,885 | 0 | 150,000 | 0 | 3,495,885 |
| Interest earnings | 212,660 | 290,878 | 8,715 | 724,549 | 1,236,802 |
| Interest expense | 0 | (1,251,099) | (1,539) | (1,094,005) | (2,346,643) |
| Other income (expense) | 0 | 0 | 6,929 | (11,590) | (4,661) |
| Total nonoperating revenues (expenses) | <u>3,558,545</u> | <u>(960,221)</u> | <u>164,105</u> | <u>(381,046)</u> | <u>2,381,383</u> |
| Net income (loss) | <u>(1,058,207)</u> | <u>153,131</u> | <u>(586,409)</u> | <u>(392,344)</u> | <u>(1,883,829)</u> |
| Total fund equity and other credits January 1, 1996 | 6,725,455 | 5,395,471 | 19,533,236 | 17,650,636 | 49,304,798 |
| Increase to contributed capital and other credits | 0 | 0 | 22,109 | 0 | 22,109 |
| Total fund equity and other credits December 31, 1996 | <u>\$ 5,667,248</u> | <u>\$ 5,548,602</u> | <u>\$ 18,968,936</u> | <u>\$ 17,258,292</u> | <u>\$ 47,443,078</u> |

CITY OF ERIE, PENNSYLVANIA
Component Units
Combining Statement of Cash Flows
Year Ended December 31, 1996

| | Erie Metropolitan Transit Authority | Erie Parking Authority | Erie Civic Center Authority | Erie Sewer Authority | Total |
|--|--|---------------------------|-----------------------------------|-------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ (4,616,752) | \$ 1,113,352 | \$ (750,514) | \$ (11,298) | \$ (4,265,212) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | | |
| Other nonoperating income | 0 | 0 | 6,929 | (11,590) | (4,661) |
| Noncash items included in operating income (loss): | | | | | |
| Depreciation expense | 971,230 | 661,225 | 656,011 | 1,559,965 | 3,848,431 |
| Amortization | 0 | 17,327 | 0 | 0 | 17,327 |
| (Increase) decrease in current assets: | | | | | |
| Accounts receivable | 19,474 | (6,677) | 1,785 | 0 | 14,582 |
| Intergovernmental receivable | (164,321) | 0 | 0 | 0 | (164,321) |
| Other receivables | 0 | 0 | 0 | (122,279) | (122,279) |
| Inventory | (6,057) | 0 | (1,007) | 0 | (7,064) |
| Prepaid insurance | (55,010) | 9,737 | (10,977) | 0 | (56,250) |
| Increase (decrease) in current liabilities: | | | | | |
| Accounts payable | 299,450 | (330,930) | 127,716 | 54,322 | 150,558 |
| Accrued payroll | 0 | 14,734 | 10,335 | 0 | 25,069 |
| Due to other governments | 1,205,332 | 0 | 0 | 0 | 1,205,332 |
| Deferred revenue | (1,615) | 0 | (30,536) | 0 | (32,151) |
| Other liabilities | 31,942 | 0 | 0 | 44,203 | 76,145 |
| Net cash provided (used) by operating activities | <u>(2,316,327)</u> | <u>1,478,768</u> | <u>9,742</u> | <u>1,513,323</u> | <u>685,506</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Intergovernmental revenue | 3,345,885 | 0 | 150,000 | 0 | 3,495,885 |
| Net cash provided (used) by noncapital financing activities | <u>3,345,885</u> | <u>0</u> | <u>150,000</u> | <u>0</u> | <u>3,495,885</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Net proceeds from refunding revenue bonds | 0 | 0 | 0 | 10,000,000 | 10,000,000 |
| Purchase of fixed assets | (541,090) | (1,991,820) | (80,571) | (1,435,946) | (3,968,856) |
| Contributions | 0 | 0 | 12,944 | 0 | 12,944 |
| Principal payments | 0 | (475,000) | (10,926) | (590,000) | (1,065,000) |
| Interest payments | 0 | (1,204,872) | (1,539) | (1,094,005) | (2,300,416) |
| Net cash provided (used) by capital and related financing activities | <u>(541,090)</u> | <u>(3,671,692)</u> | <u>(80,092)</u> | <u>6,880,049</u> | <u>2,587,175</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from sale and redemption of investments | 0 | 3,747,340 | 0 | 7,221 | 3,754,561 |
| Net interest earnings | 212,660 | 309,135 | 8,715 | 724,549 | 1,255,059 |
| Purchase of investments | 0 | 0 | 0 | (9,121,773) | (9,121,733) |
| Net cash provided (used) by investing activities | <u>212,660</u> | <u>4,056,475</u> | <u>8,715</u> | <u>(8,389,963)</u> | <u>(4,112,113)</u> |
| Net increase (decrease) in cash | 701,128 | 1,863,551 | 88,365 | 3,409 | 2,656,453 |
| Cash January 1, 1996 | 3,735,210 | 2,105,927 | 390,840 | 4,834 | 6,236,811 |
| Cash December 31, 1996 | <u>\$ 4,436,338</u> | <u>\$ 3,969,478</u> | <u>\$ 479,205</u> | <u>\$ 8,243</u> | <u>\$ 8,893,264</u> |
| Reconciliation to the balance sheet: | | | | | |
| At January 1, 1996: | | | | | |
| 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> |
| At December 31, 1996: | | | | | |
| Cash | \$ 1,621,001 | \$ 68,492 | \$ 355,350 | \$ 8,243 | \$ 2,053,086 |
| Restricted cash and investments | 2,815,337 | 3,900,986 | 123,855 | 0 | 6,840,178 |
| | <u>\$ 4,436,338</u> | <u>\$ 3,969,478</u> | <u>\$ 479,205</u> | <u>\$ 8,243</u> | <u>\$ 8,893,264</u> |

CITY OF ERIE, PENNSYLVANIA
 Officers and Employees Retirement Association
 Required Supplemental Schedule - Analysis of Funding Progress
 December 31, 1996
 (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} |
|---------------------|------|--|---|-------------------|--|------------------------|---|
| 1/1/87 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 |
| 1/1/96 | 1995 | 28.8 | 47.0 | 61.2 | 18.2 | 11.1 | 164 |

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, 1996
 (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 |
|----------------|------|--|---|-------------------|--|------------------------|---|
| 1/1/87 | 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 |
| 1/1/96 | 1995 | 39.2 | 87.7 | 44.7 | 48.5 | 6.9 | 703 |

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, 1996
 (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 |
|---------------------|------|--|---|-------------------|--|------------------------|---|
| 1/1/87 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 |
| 1/1/96 | 1995 | 21.2 | 46.3 | 45.8 | 25.1 | 7.1 | 354 |

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.

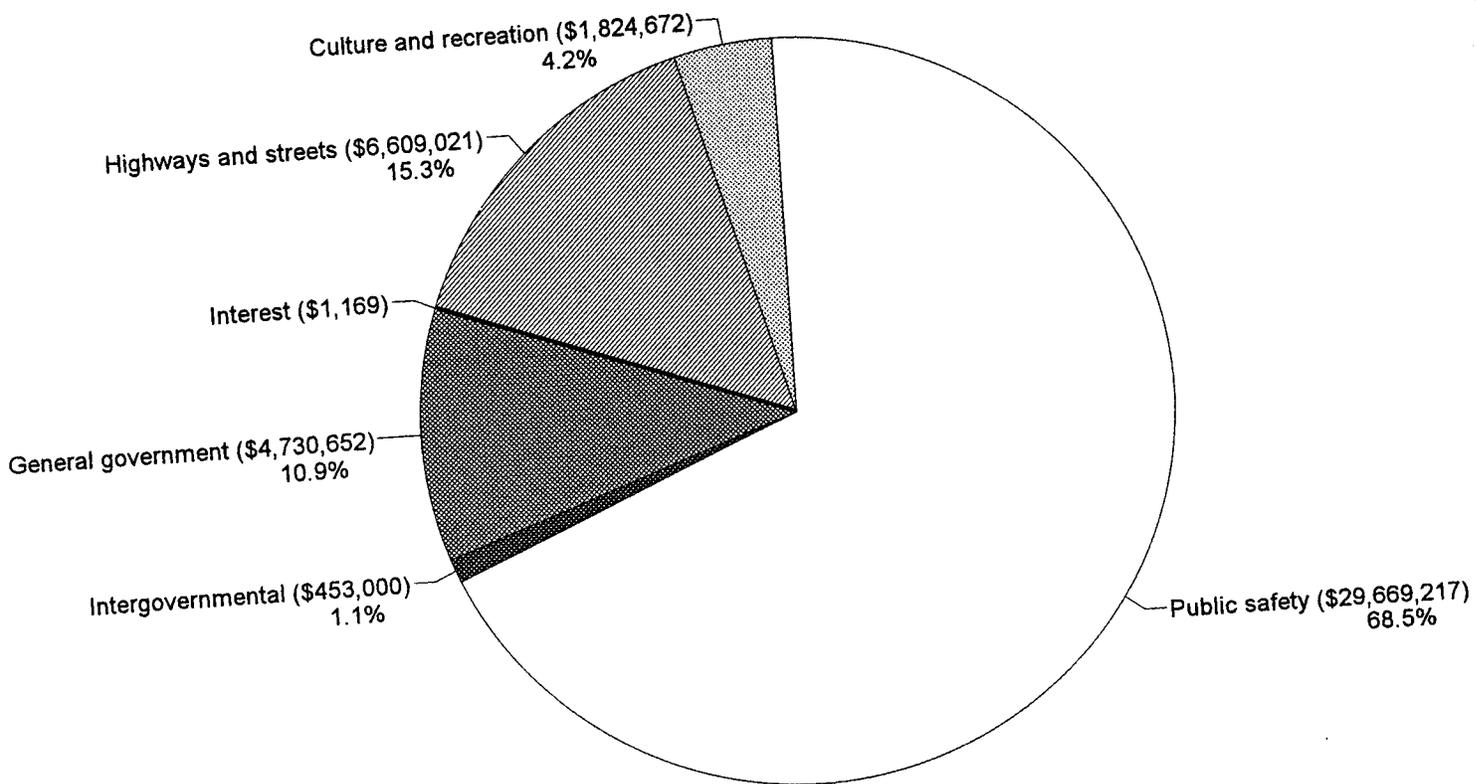
³ For the valuation dated 1/1/87, the Pension Benefit Obligation has been actuarially estimated.

B L A N K

B L A N K

CITY OF ERIE, PENNSYLVANIA

General Fund
Expenditures by Function
December 31, 1996



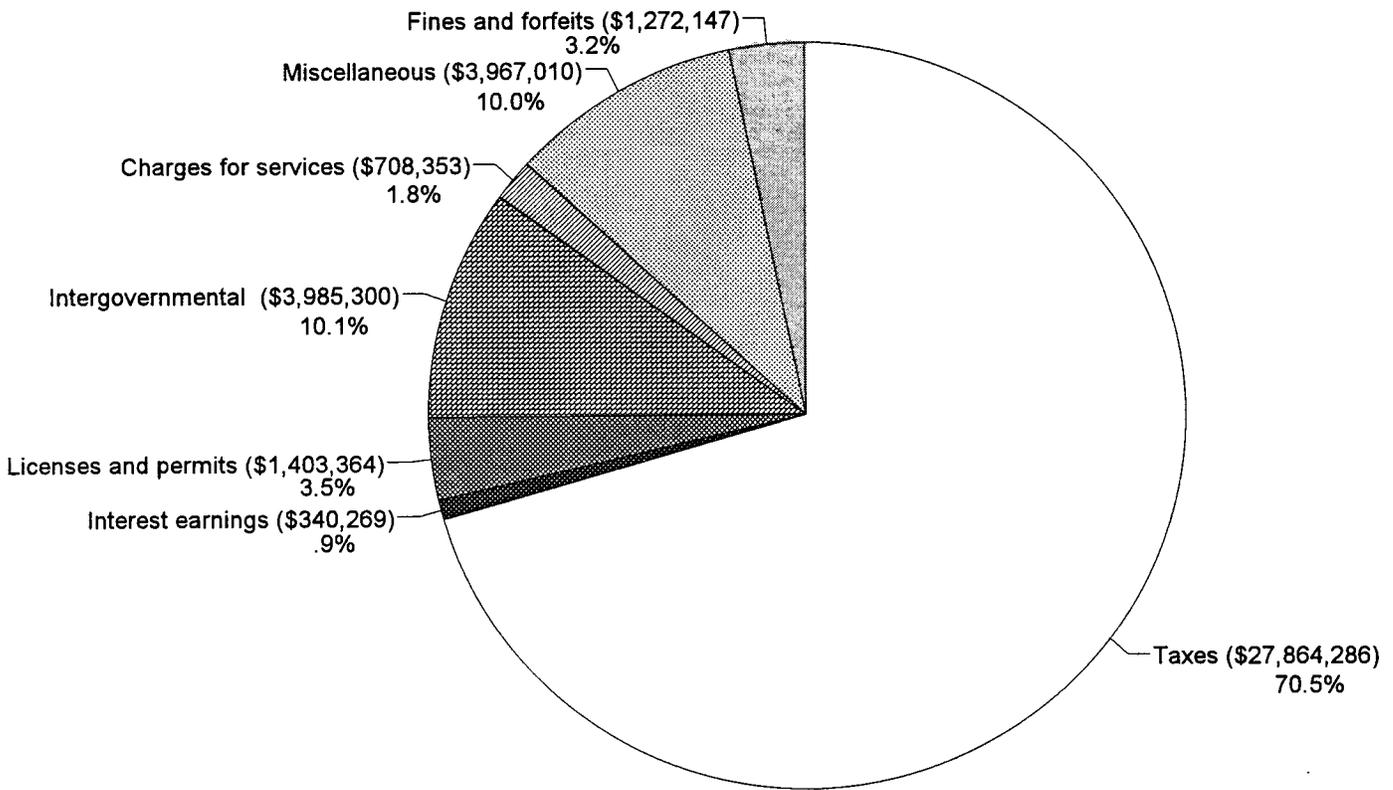
**General Fund
Expenditures by Function
Last Ten Years**

| <u>Year</u> | <u>General Government</u> | <u>Public Safety</u> | <u>Highway and Streets</u> | <u>Sanitation</u> | <u>Culture and Recreation</u> | <u>Debt Service</u> | <u>Inter- Governmental</u> | <u>Total</u> |
|-------------|-------------------------------|--------------------------|------------------------------------|-------------------|---------------------------------------|-------------------------|--------------------------------|---------------|
| 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 |
| 1996(1) | 4,730,652 | 29,669,217 | 6,609,021 | 0 | 1,824,672 | 1,169 | 453,000 | 43,287,731 |

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

CITY OF ERIE, PENNSYLVANIA

General Fund
Revenues by Source
December 31, 1996



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 |
|---------|---------------|----------------------------|------------------------------------|----------------------------|----------------------------|--------------------------|----------------------|--------------|---------------|
| 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 | 3,835,616 | 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 |
| 1996(1) | 27,864,286 | 1,403,364 | 3,985,300 | 0 | 708,353 | 1,272,147 | 340,269 | 3,967,010 | 39,540,729 |

(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 |
|------|-------------------|-------------------------|------------------------------|----------------------------|--------------------------|--|---------------------------------|---|
| 1987 | \$ 20,113,540 | \$ 18,706,114 | 93.0% | \$ 957,173 | \$ 19,663,287 | 97.8% | \$ 1,193,387 | 5.9% |
| 1988 | 20,493,361 | 19,211,819 | 93.7 | 1,179,624 | 20,391,443 | 99.5 | 986,887 | 4.8 |
| 1989 | 20,823,118 | 19,433,754 | 93.3 | 1,316,393 | 20,750,147 | 99.6 | 1,079,722 | 5.2 |
| 1990 | 20,847,453 | 19,627,804 | 94.1 | 1,377,050 | 21,004,854 | 100.8 | 1,866,307 | 9.0 |
| 1991 | 21,707,365 | 19,709,072 | 90.8 | 1,236,680 | 20,945,752 | 96.5 | 1,960,987 | 9.0 |
| 1992 | 23,085,067 | 21,411,050 | 92.7 | 2,592,839 | 24,003,889 | 104.0 | 1,632,421 | 7.1 |
| 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 |
| 1996 | 22,841,089 | 21,337,311 | 93.4 | 1,361,590 | 22,698,901 | 99.4 | 1,476,504 | 6.5 |

(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.

Source: City Treasurer.

Note: 2% rebate until March 31.

CITY OF ERIE, PENNSYLVANIA

Assessed and Estimated Actual
Value of Taxable Property
Last Ten Years

| <u>Year</u> | <u>Net Assessed Valuation(1)</u> | <u>Estimated Actual Value(3)</u> | <u>Assessed Valuation As Percent of Market</u> | <u>Tax Title Exempt Property</u> |
|-------------|--|--|--|--------------------------------------|
| 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 |
| 1996 | 536,387,641 (2) | 1,587,587,000 | 33.8 | 273,475,070 |

(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 | | | Total |
|------|------------------------------|-----------------|-----------|--------|
| | City | School District | County(1) | |
| 1987 | 38.25 | 38.50 | 30.00 | 106.75 |
| 1988 | 39.25 | 38.50 | 30.00 | 107.75 |
| 1989 | 39.75 | 38.50 | 31.75 | 110.00 |
| 1990 | 40.00 | 45.00 | 35.50 | 120.50 |
| 1991 | 40.50 | 48.00 | 40.25 | 128.75 |
| 1992 | 42.78 | 49.00 | 41.75 | 133.53 |
| 1993 | 42.78 | 49.00 | 43.50 | 135.28 |
| 1994 | 42.78 | 49.00 | 44.50 | 136.28 |
| 1995 | 43.23 | 51.00 | 45.50 | 139.73 |
| 1996 | 43.23 | 51.00 | 46.00 | 140.23 |

(1) Calculated on 40% of assessed value.

CITY OF ERIE, PENNSYLVANIA

Annual Requirements to Amortize Long-Term Debt
December 31, 1996

| Year Ending Dec. 31 | General Fund General Obligation Bonds | | | Sewer Revenue Fund General Obligation Bonds | | |
|---------------------------|--|---------------------|----------------------|--|----------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| | 1997 | \$ 535,000 | \$ 542,991 | \$ 1,077,991 | \$ 530,000 | \$ 869,641 |
| 1998 | 595,000 | 520,061 | 1,115,061 | 550,000 | 850,031 | 1,400,031 |
| 1999 | 620,000 | 494,785 | 1,114,785 | 570,000 | 829,131 | 1,399,131 |
| 2000 | 645,000 | 467,555 | 1,112,555 | 595,000 | 806,331 | 1,401,331 |
| 2001 | 675,000 | 439,265 | 1,114,265 | 620,000 | 781,044 | 1,401,044 |
| 2002 | 705,000 | 410,105 | 1,115,105 | 645,000 | 753,764 | 1,398,764 |
| 2003 | 735,000 | 381,185 | 1,116,185 | 675,000 | 724,094 | 1,399,094 |
| 2004 | 770,000 | 346,640 | 1,116,640 | 710,000 | 692,369 | 1,402,369 |
| 2005 | 860,000 | 309,680 | 1,169,680 | 740,000 | 658,289 | 1,398,289 |
| 2006 | 900,000 | 268,400 | 1,168,400 | 775,000 | 622,769 | 1,397,769 |
| 2007 | 940,000 | 224,750 | 1,164,750 | 815,000 | 585,181 | 1,400,181 |
| 2008 | 990,000 | 177,750 | 1,167,750 | 855,000 | 544,431 | 1,399,431 |
| 2009 | 1,040,000 | 128,250 | 1,168,250 | 900,000 | 501,681 | 1,401,681 |
| 2010 | 1,090,000 | 76,250 | 1,166,250 | 945,000 | 456,681 | 1,401,681 |
| 2011 | 435,000 | 21,750 | 456,750 | 990,000 | 409,431 | 1,399,431 |
| 2012 | 0 | 0 | 0 | 1,040,000 | 359,931 | 1,399,931 |
| 2013 | 0 | 0 | 0 | 1,090,000 | 307,931 | 1,397,931 |
| 2014 | 0 | 0 | 0 | 1,145,000 | 253,431 | 1,398,431 |
| 2015 | 0 | 0 | 0 | 1,205,000 | 194,750 | 1,399,750 |
| 2016 | 0 | 0 | 0 | 1,265,000 | 132,994 | 1,397,994 |
| 2017 | 0 | 0 | 0 | 1,330,000 | 68,163 | 1,398,163 |
| Total | <u>\$ 11,535,000</u> | <u>\$ 4,809,417</u> | <u>\$ 16,344,417</u> | <u>\$ 17,990,000</u> | <u>\$ 11,402,068</u> | <u>\$ 29,392,068</u> |

CITY OF ERIE, PENNSYLVANIA

Computation of Legal Debt Margin
As of December 31, 1996

Nonelectoral Debt Incurring Capacity:

| | |
|--|------------------------------|
| Borrowing base(1) | \$ 68,030,274 |
| Percentage limitation | <u>250</u> |
| Net nonelectoral debt limit | \$ 170,075,685 |
| Less: net nonelectoral debt incurred | 41,059,855 |
| Add: current principal appropriation | <u>1,065,000</u> |
| Remaining nonelectoral debt incurring capacity | <u><u>\$ 130,080,830</u></u> |

Nonelectoral Plus Lease Rental Debt Incurring Capacity:

| | |
|--|------------------------------|
| Borrowing base(1) | \$ 68,030,274 |
| Percentage limitation | <u>350</u> |
| Net nonelectoral plus lease rental debt limit | \$ 238,105,959 |
| Less: net nonelectoral debt plus lease rental debt incurred | 63,749,855 |
| Add: current principal appropriation | <u>1,065,000</u> |
| Remaining nonelectoral plus lease rental debt incurring capacity | <u><u>\$ 175,421,104</u></u> |

(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

| <u>Year</u> | <u>Net General Bonded Debt</u> | <u>Net Assessed Valuation(1)</u> | <u>Ratio to Assessed Valuation</u> | <u>Population(3)</u> | <u>Net General Bonded Debt Per Capita</u> |
|-------------|------------------------------------|--|--|----------------------|---|
| 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 |
| 1996 | 11,535,000 | 536,387,641 (2) | 2.2 | 108,718 | 106.10 |

(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

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service(1)</u> | <u>Total General Expenditures</u> | <u>Ratio of Debt Service to General Expenditures</u> |
|-------------|------------------|-----------------|----------------------------------|---------------------------------------|--|
| 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 | 41,431,724 | 2.6 |
| 1996(2) | 480,000 | 574,933 | 1,054,933 | 43,287,731 | 2.4 |

(1) Excludes loans.

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

CITY OF ERIE, PENNSYLVANIA

Computation of Direct and Overlapping Debt
December 31, 1996

| | Net Debt Outstanding | Percentage Applicable to City of Erie | Amount Applicable to City of Erie |
|--|-------------------------|---|---|
| Direct Debt: | | | |
| 1971 Capital Improvement bond | \$ 270,000 | 100.0% | \$ 270,000 |
| 1971 Capital Improvement bond | 270,000 | 100.0 | 270,000 |
| 1971 Capital Improvement bond | 270,000 | 100.0 | 270,000 |
| 1991 General obligation bond | 10,000 | 100.0 | 10,000 |
| 1993 General obligation bond (A) | 390,000 | 100.0 | 390,000 |
| 1993 General obligation bond (A) | 460,000 | 100.0 | 460,000 |
| 1993 General obligation bond (A) | 485,000 | 100.0 | 485,000 |
| 1993 General obligation bond (A) | 510,000 | 100.0 | 510,000 |
| 1993 General obligation bond (A) | 540,000 | 100.0 | 540,000 |
| 1993 General obligation bond (A) | 570,000 | 100.0 | 570,000 |
| 1993 General obligation bond (A) | 735,000 | 100.0 | 735,000 |
| 1993 General obligation bond (A) | 1,630,000 | 100.0 | 1,630,000 |
| 1993 General obligation bond (A) | 900,000 | 100.0 | 900,000 |
| 1993 General obligation bond (A) | 4,495,000 | 100.0 | 4,495,000 |
| 1993 General obligation bond (B) | 530,000 | 100.0 | 530,000 |
| 1993 General obligation bond (B) | 550,000 | 100.0 | 550,000 |
| 1993 General obligation bond (B) | 570,000 | 100.0 | 570,000 |
| 1993 General obligation bond (B) | 595,000 | 100.0 | 595,000 |
| 1993 General obligation bond (B) | 620,000 | 100.0 | 620,000 |
| 1993 General obligation bond (B) | 645,000 | 100.0 | 645,000 |
| 1993 General obligation bond (B) | 675,000 | 100.0 | 675,000 |
| 1993 General obligation bond (B) | 1,450,000 | 100.0 | 1,450,000 |
| 1993 General obligation bond (B) | 775,000 | 100.0 | 775,000 |
| 1993 General obligation bond (B) | 6,635,000 | 100.0 | 6,635,000 |
| 1993 General obligation bond (B) | 4,945,000 | 100.0 | 4,945,000 |
| Total | <u>29,525,000</u> | | <u>29,525,000</u> |
| Overlapping Debt: | | | |
| Erie Housing Authority | 705,023 | 100.0 | 705,023 |
| Erie Municipal Park Authority | 345,000 | 100.0 | 345,000 |
| Erie School District | 79,329,065 | 100.0 | 79,329,065 |
| Erie Sewer Authority | 25,180,000 | 100.0 | 25,180,000 |
| Erie Parking Authority | 21,062,293 | 75.0 | 15,796,720 |
| Erie City Water Authority | 60,424,824 | 70.0 | 42,297,377 |
| Erie Civic Center Authority | 10,921 | 50.0 | 5,461 |
| County of Erie | 52,220,164 | 35.6 | 18,590,378 |
| Erie Western Pennsylvania Port Authority | 9,887,251 | 30.0 | 2,966,175 |
| Total | <u>249,164,541</u> | | <u>185,215,199</u> |
| Total Direct and Overlapping Debt | <u>\$ 278,689,541</u> | | <u>\$ 214,740,199</u> |

CITY OF ERIE, PENNSYLVANIA

Demographic Statistics
1800-1990

| <u>Census Year</u> | <u>Population</u> | <u>% Increase (Decrease)</u> | <u>Square Miles</u> | <u>Average Density (Persons/ Square Mile)</u> |
|------------------------|-------------------|----------------------------------|-------------------------|---|
| 1800 | 81 | | 18.9 | 4 |
| 1810 | 394 | 386.4% | 18.9 | 21 |
| 1820 | 635 | 61.2 | 18.9 | 34 |
| 1830 | 1,465 | 130.7 | 18.9 | 78 |
| 1840 | 3,412 | 132.9 | 18.9 | 181 |
| 1850 | 5,858 | 71.7 | 18.9 | 312 |
| 1860 | 9,419 | 60.8 | 18.9 | 501 |
| 1870 | 19,646 | 108.6 | 18.9 | 1,045 |
| 1880 | 27,737 | 41.2 | 18.9 | 1,475 |
| 1890 | 40,634 | 46.5 | 18.9 | 2,161 |
| 1900 | 57,527 | 41.6 | 18.9 | 3,060 |
| 1910 | 66,525 | 15.6 | 18.9 | 3,539 |
| 1920 | 102,093 | 53.5 | 18.9 | 5,430 |
| 1930 | 115,967 | 13.6 | 18.9 | 6,168 |
| 1940 | 116,955 | 0.9 | 18.9 | 6,221 |
| 1950 | 130,803 | 11.8 | 18.9 | 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 |
| 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 |
| 1996 | 160 | 35,164,903 | 419 | 8,663,135 | 105 | 146,324 |

Source: Department of Economic and Community Development.

CITY OF ERIE, PENNSYLVANIA

Financial Institution Deposits
Last Ten Years

| <u>Year(1)</u> | <u>Commercial Banks</u> | <u>Savings and Loan Associations</u> | <u>Credit Unions</u> | <u>Mutual Savings Banks</u> | <u>Total Deposits</u> |
|----------------|-----------------------------|--|--------------------------|-------------------------------------|---------------------------|
| 1987 | \$ 894,920,000 | \$ 567,260,000 | \$ 200,070,000 | \$ 43,000 | \$ 1,662,293,000 |
| 1988 | 911,516,000 | 593,935,000 | 214,234,000 | 580,000 | 1,720,265,000 |
| 1989 | 904,183,000 | 576,125,000 | 216,827,000 | 0 | 1,697,135,000 |
| 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 |
| 1996 | 975,829,000 | 645,720,000 | 341,075,000 | 0 | 1,962,624,000 |

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

CITY OF ERIE, PENNSYLVANIA

Principal Taxpayers
December 31, 1996

| Taxpayer | Assessed Valuation | Percent of Taxable Assessed Valuation |
|--------------------------------|-----------------------|--|
| Erie Insurance, et al | \$ 12,480,900 | 2.3% |
| Baldwin Brothers Incorporated | 5,715,210 | 1.1 |
| International Paper Company | 4,082,490 | 0.8 |
| Bay Area Redevelopment, Lmt. | 2,186,950 | 0.4 |
| Lord Manufacturing Corporation | 1,991,590 | 0.4 |
| Bayside Development Company | 1,959,160 | 0.4 |
| Friedman, Janice | 1,870,770 | 0.4 |
| South Shore Development | 1,456,520 | 0.3 |
| St. Vincent Health, et al | 1,406,300 | 0.3 |
| Covelli, Albert | 1,311,750 | 0.2 |
| | \$ 34,461,640 | 6.6% |

Source: Erie County Assessment Office.

CITY OF ERIE, PENNSYLVANIA

Miscellaneous Statistical Data
December 31, 1996

| | | | |
|---------------------------|--------------|----------|--------------|
| Area in Acres: | | | |
| Land | 12,107.0 | | |
| Water | <u>384.0</u> | 12,491.0 | Acres |
| Square Miles: | | | |
| Land | 18.9 | | |
| Water | <u>0.6</u> | 19.5 | Square Miles |
| Miles of Streets: | | | |
| Paved | 263.2 | | |
| Unpaved | <u>58.7</u> | 321.9 | Miles |
| Miles of Sewers | | 419.5 | Miles |
| Miles of Water Frontage: | | | |
| Fronting Presque Isle Bay | 4.0 | | |
| Fronting Lake Erie | <u>1.6</u> | 5.6 | Miles |

Source: Department of Public Works, Property and Parks.

CITY OF ERIE, PENNSYLVANIA

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

| <u>Year</u> | <u>Civilian Labor Force</u> | <u>Employment</u> | <u>Unemployment</u> | <u>Unemployment Rate</u> |
|-------------|---------------------------------|-------------------|---------------------|------------------------------|
| 1987 | 51.4 | 47.8 | 3.7 | 7.1 |
| 1988 | 52.0 | 48.6 | 3.3 | 6.5 |
| 1989 | 53.3 | 50.2 | 3.0 | 5.6 |
| 1990 | 54.5 | 51.0 | 3.5 | 6.5 |
| 1991 | 55.4 | 50.8 | 4.6 | 8.3 |
| 1992 | 54.3 | 49.2 | 5.1 | 7.9 |
| 1993 | 52.8 | 48.2 | 4.6 | 8.7 |
| 1994 | 52.0 | 47.2 | 4.2 | 8.2 |
| 1995 | 52.4 | 47.8 | 4.6 | 8.2 |
| 1996 | 52.3 | 48.3 | 4.0 | 7.7 |

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

CITY OF ERIE, PENNSYLVANIA

General Fund
 Schedule of Insurance In Force
 December 31, 1996

| Company | Details of Coverage | Policy Number | Policy Period | | Coverage Limits | Deductible | Premium |
|----------------------------------|--|-----------------|---------------|--------|--|--|-----------|
| | | | From | To | | | |
| Mt. Airy Insurance | Public officials liability includes Erie Sewer Authority | 524-420241-4 | 1/1/96 | 1/1/97 | \$ 1,000,000 aggregate \$ 1,000,000 each loss | \$ 10,000 per occurrence | \$ 10,518 |
| Mt. Airy Insurance | Public officials liability includes Civic Center | 524-446529-4 | 1/1/96 | 1/1/97 | \$ 1,000,000 aggregate | \$ 60,000 per occurrence | \$ 46,682 |
| American National Fire Insurance | Police professional liability | PAC891-13-41-01 | 1/1/96 | 1/1/97 | \$ 2,000,000 aggregate | \$ 25,000 | \$ 66,287 |
| Great American Insurance | General liability Erie Sewer Authority, golf course liability pesticide/herbicide applicator coverage, crossing guards liability, emergency medical technicians | PAC891-13-41-01 | 1/1/96 | 1/1/97 | \$ 2,000,000 aggregate \$ 500,000 each occurrence | \$ 25,000 | \$ 56,320 |
| Great American Insurance(1) | Commercial property, excess property | PAC891-13-41-01 | 1/1/96 | 1/1/97 | \$ 500,000 per occurrence Fire and lightning extended coverage malicious mischief | \$ 25,000 | \$ 19,890 |
| Great American Insurance(1) | Cable TV equipment | PAC891-13-41-01 | 1/1/96 | 1/1/97 | | \$ 25,000 | |
| Great American Insurance(1) | Electronic data processing equipment | PAC891-13-41-01 | 1/1/96 | 1/1/97 | | \$ 25,000 | |
| Great American Insurance(1) | Inland floater traffic engineering 4 traffic counters | PAC891-13-41-01 | 1/1/96 | 1/1/97 | | \$ 25,000 | |
| Great American Insurance(1) | Inland marine floater TV inspection and sealing system | PAC891-13-41-01 | 1/1/96 | 1/1/97 | | \$ 25,000 | |
| Great American Insurance(1) | Fine arts-Perry Memorial | PAC891-13-41-01 | 1/1/96 | 1/1/97 | | \$ 25,000 | |
| Great American Insurance(1) | Auto fleet Bureau of Fire/physical damage | PAC891-13-41-01 | 1/1/96 | 1/1/97 | Full comprehensive coverage on all owned units | \$ 250 fire pumpers and ladder trucks \$ 500 any Bureau of Fire unit in excess of \$20,000 | |
| Great American Insurance(1) | Floater policy | PAC891-13-41-01 | 1/1/96 | 1/1/97 | Coverage for equipment not attached to vehicles in various departments | \$ 25,000 | |
| Great American Insurance | Employees Dishonesty includes officers of Fire Pension Fund and Officers and Employees Retirement Fund also includes Treasurer and employees | PAC891-13-41-01 | 1/1/96 | 1/1/97 | \$ 100,000 \$ 25,000 theft \$ 50,000 forgery | \$ 25,000 | \$ 2,310 |

| Company | Details of Coverage | Policy Number | Policy Period | | Coverage Limits | Deductible | Premium |
|---|--------------------------------------|---|---------------|--------|---|---|------------|
| | | | From | To | | | |
| Kemper Insurance | Boiler and machinery | 3XN-026-686-00 | 1/1/96 | 1/1/97 | \$ 30,000,000 maximum limit per loss | \$ 1,000 | \$ 7,937 |
| Hartford Insurance/ Federal Insurance/ American Insurance | Excess property | 83-XLSSD9940 6592957 XSP240-21-77 | 1/1/96 | 1/1/97 | \$ 85,451,358 statement of values | \$ 25,000 | \$ 26,281 |
| General Accident Insurance | Automobile fleet fire/liability only | BA 0143533-04 | 1/1/96 | 1/1/97 | \$ 1,000,000 on comprehensive and collision insurance | \$ 200 collision coverage for 1990 and subsequent years and all motorcycles | \$ 176,870 |
| Firemens Fund | Surety bond | 37-049-531-1 | 5/2/96 | 5/2/97 | Gas well at zoo | | \$ 250 |
| Cincinnati Insurance | Treasurer bond | 58533208-1 | 1/1/94 | 1/1/98 | \$ 2,000,000 | | \$ 4,244 |
| National Grange Mutual Insurance | Controller bond | S-140615-1 | 1/1/94 | 1/1/98 | \$ 100,000 | | \$ 1,139 |
| Commonwealth of Pennsylvania | Workers compensation | | 1/1/96 | 1/1/97 | | Self-Insured with the State | |
| Zurick Insurance | Excess workers compensation | 8180112-01 | 1/1/96 | 1/1/97 | \$ 1,000,000 limit of indemnity | | \$ 78,522 |

(1) Package policy.

BLANK