COUNTY OF ERIE

NEW YORK

Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

STEFAN I. MYCHAJLIW

Erie County Comptroller

COUNTY OF ERIE, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2015

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

SEAL OF ERIE COUNTY

STATE OF NEW YORK

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- ORGANIZATIONAL CHART
- SUMMARY OF ELECTED OFFICIALS

SEAL OF ERIE COUNTY

STATE OF NEW YORK

Erie County Comptroller

Hon. Stefan I. Mychajliw

June 28, 2016

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

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

Dear Honorable Members and County Executive Poloncarz:

The Comprehensive Annual Financial Report ("CAFR") of the County of Erie, New York (the "County"), for the fiscal year ended December 31, 2015 is submitted in accordance with the requirements of Section 1202 (i) of the Erie County Charter.

INTRODUCTION

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

The certified public accounting firm Drescher & Malecki LLP, the County's independent auditor, has issued an unmodified ("clean") opinion on the County's financial statements for the year ended December 31, 2015. The independent auditors' report is located at the front of the financial section of this report.

Office of Erie County Comptroller Stefan I. Mychajliw • 95 Franklin Street • Room 1100 • Buffalo, N.Y. • 14202
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Whistleblower Hotline for reporting waste, fraud & abuse: (716) 858-7722 or E-Mail: Whistleblower@Erie.gov

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

PROFILE OF THE GOVERNMENT

Basic Information

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

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

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

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

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

Component Units

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

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

Erie County Fiscal Stability Authority

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

Erie County's 2015 Budget

Under the Charter, the County Executive is required to submit the tentative annual budget to the County Legislature by October 15th. On October 15, 2014, in association with the ECFSA-required Four Year Financial Plan, the County Executive presented his 2015 Tentative Budget to the Legislature for review and action. On December 2, 2014, the County Legislature approved its 2015 Amended Budget.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

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

With respect to the years 2001 to 2012, after the unemployment rate hovered at approximately 5.0 percent during most of the period (i.e., 2001-2008), unemployment in Erie County increased dramatically through 2009 into 2012 as a result of the worldwide recession. Erie County's unemployment rate in 2015 averaged 5.4 percent, as compared to 5.3 percent statewide and nationally (*source: New York State Department of Labor, United States Bureau of Labor Statistics)*.

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

Economic development initiatives continue to progress on the Buffalo Niagara Medical campus, such as the $270 million John R. Oshei Children's Hospital that has continued construction. The project is expected to open in late 2017. Across the street from that site, the new $375 million Jacobs School of Medicine and Biomedical Sciences building for the State University of New York at Buffalo is under construction. The eight story 650,000 square foot building is anticipated to open in 2017. Next to that site the $110 million Conventus building was completed in 2015, which houses medical research facilities for the State University of New York at Buffalo and Kaleida Hospital System. The Conventus building was awarded LEED Platinum designation for Core and Shell from Building Council. In addition, Roswell Park Cancer Institute completed the Scott Bieler Clinical Sciences Center in 2016, the $50.5 million, 11 story, 142,000 square foot building allows Roswell Park to expand existing patient care programs.

South of the Medical Campus in downtown Buffalo, the $172 million HarborCenter project was completed by the Buffalo Sabres and employs approximately 350 full time employees. It consists of two full size hockey rinks as well as food and retail operations. The Buffalo Sabres expect 600,000 people to visit the facility annually, in addition to the 1.2 million that visit the First Niagara Center next door. The new Buffalo Marriott HarborCenter, part of the complex, welcomed its first guests in fall 2015 to the 12 story 205 room facility. The $113 million Uniland building project, 312,000 square feet creating a new headquarters for Delaware North Companies and 116 room hotel and retail space, was completed in 2016.

The Erie County Industrial Development Agency ("ECIDA") approved 19 tax incentive projects in 2015. The anticipated private sector development from these projects is $194.7 million. In addition, a total of six adaptive reuse projects were approved generating $44.8 million in private investment development. Nine businesses borrowed $5.9 million in loans that generated $29.8 million in private investment. Two projects were approved by the bond issuance of affiliate ILDC that provided two bond issues enabling $133.4 million in private investment. A total of 321 private sector jobs are anticipated to be created at an average salary of $37,508.

Under the State's "Buffalo Billion" economic development initiative, the State has committed $1 billion in resources for the purpose of creating hundreds to thousands of new jobs to spur the local economy. As a result a wide range of projects are underway, in close consultation with Erie County and the ECIDA.

As part of the "Buffalo Billion" program, in March 2014, Governor Andrew Cuomo announced that IBM would anchor a major new information technology center in downtown Buffalo that will bring 500 jobs and in which the State will spend $55 million on construction and computer infrastructure. The first tenant, IBM, moved into transitional space in May, 2015. It is anticipated that IBM will complete its move into permanent space in 2016.

Another, and largest, of the "Buffalo Billion" agenda items involves redeveloping the former Republic Steel brownfield site in Buffalo, which has been renamed "RiverBend." The site is being redeveloped by New York State and SolarCity, the nation's largest residential solar energy systems installer. The State has announced it will invest $750 million and construct a 1.2 million square foot solar panel factory. Construction began in February 2015, and by year-end the building was fully enclosed as work focuses on the building process systems. There are over 1,100 construction workers on-site. The factory is expected to begin solar panel construction in 2017.

Fiscal Impacts on the County in 2015

The resistance of the local economy to the worst effects of recent recessions and the success of some local economic development activities have had a positive influence on the County's finances. While the cities in the County have experienced some stagnation or erosion of their property tax bases, overall the local tax base has continued to grow slowly. Starting in late 2008 and continuing into early 2009, County sales tax receipts began to decline reflecting trends both regionally and nationally. However, in late 2009 through 2015, County sales tax revenues increased and for the first time, in 2015, the County exceeded $437 million in sales tax collections (this does not include the $302 million in sales tax collected for the cities, towns, villages and schools in the County). The increase in sales tax revenue was primarily the result of modest growth in taxable sales.

OTHER RELEVANT INFORMATION

Relevant Financial Policies

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

Monthly Accrual/Monitoring System

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

Independent Audit

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

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the tenth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe the County's CAFR for fiscal year 2015 continues to meet the Certificate of Achievement Program's requirements and we will submit the document to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efforts of the Comptroller's Office's Accounting Division staff, other cooperating County departments, and Drescher & Malecki LLP. Furthermore, I extend my appreciation to everyone who assisted and contributed to the preparation of the County's CAFR for fiscal year 2015.

Respectfully submitted,

Stefan I. Mychajliw
Erie County Comptroller

SIM/nr

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Erie

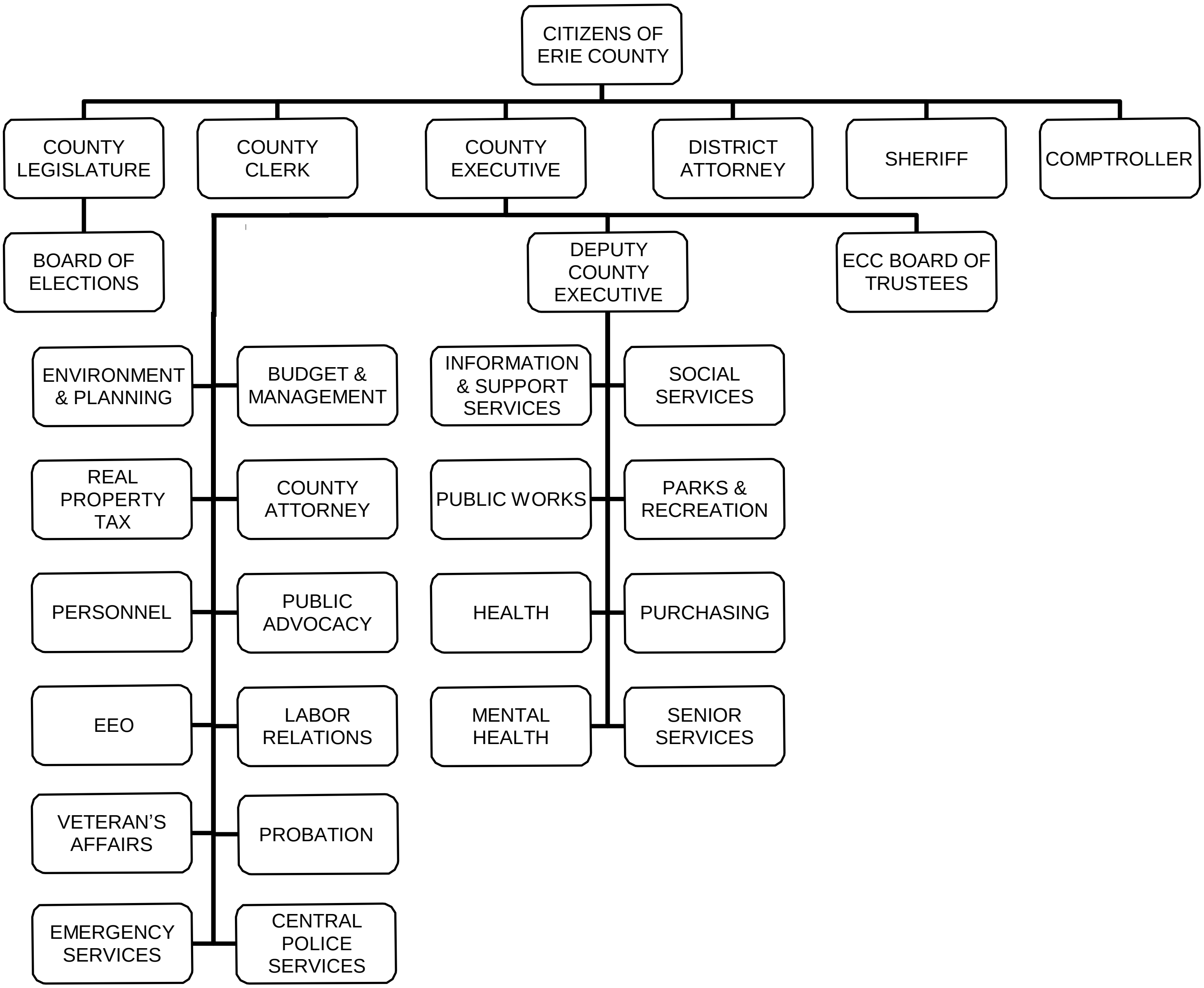
New York

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

COUNTY OF ERIE, NEW YORK
ORGANIZATIONAL CHART
December 31, 2015



COUNTY OF ERIE, NEW YORK
SUMMARY OF ELECTED OFFICIALS
December 31, 2015

COUNTY CLERK	COUNTY EXECUTIVE	DISTRICT ATTORNEY*	SHERIFF	COUNTY COMPTROLLER
Christopher L. Jacobs	Mark C. Poloncarz	Frank A. Sedita III	Timothy B. Howard	Stefan I. Mychajliw

ERIE COUNTY LEGISLATORS

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

*Michael J. Flaherty, Jr., Acting District Attorney, effective January 1, 2016

SEAL OF ERIE COUNTY
STATE OF NEW YORK

FINANCIAL SECTION

This section contains the following:

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

SEAL OF ERIE COUNTY
STATE OF NEW YORK

Drescher & Malecki LLP
3083 William Street, Suite 5
Buffalo, New York 14227
Telephone: 716.565.2299
Fax: 716.565.2201

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Erie, New York (the "County"), as of and for the year ended December 31, 2015 (with the Erie Community College for the year ended August 31, 2015), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Erie County Fiscal Stability Authority ("ECFSA"), which represent 5.9% and 3.9% of the assets and revenues, respectively, of the governmental activities. We did not audit the financial statements of Erie County Medical Center Corporation ("ECMCC"), a discretely presented component unit. We did not audit the financial statements of the Erie Community College Foundation, Inc. ("Foundation") or the Buffalo and Erie County Industrial Land Development Corporation and Subsidiary ("ILDC"), which are shown as aggregate discretely presented component units, and represent 57.5% and 3.5%, respectively, of the assets and 17.6% and 37.8%, respectively, of the revenues of the aggregate discretely presented other component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the ECFSA, ECMCC, Foundation, and ILDC, is based solely on the reports of such other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note XVIII to the financial statements, the County has restated net position of governmental activities and fund balance of the Community Development Fund as of December 31, 2014. In addition, during the year ended December 31, 2015 the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

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

Drescher & Malecki LLP

June 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2015

(unaudited)

This section of the County of Erie, New York's (the "County") comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended December 31, 2015, and incorporates financial information from the year ended December 31, 2014 for comparative analysis purposes. Please read it in conjunction with the County's basic financial statements following this section. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation. **All amounts in this *Management's Discussion and Analysis*, unless otherwise indicated, are expressed in thousands of dollars.**

FINANCIAL HIGHLIGHTS

- The primary government's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the 2015 fiscal year by $16,523 (deficit net position). This consists of $75,151 restricted for specific purposes (restricted net position), $475,982 net investment in capital assets and a deficit in unrestricted net position of $567,656 at December 31, 2015.

- As a result of current year activity, the primary government's total net position increased by $11,885. Governmental activities increased the County's net position by $10,290 and business-type activities increased the County's net position by $1,595.

- As of December 31, 2015, the County's governmental funds reported combined fund balances of $321,274, a decrease of $437 in comparison to the prior year. Approximately 30.9% of the total combined governmental funds fund balance, $99,311, is available to meet the County's current and future needs *(unassigned fund balance).*

- At the end of the fiscal year, unassigned fund balance for the General Fund was $99,859, or 77.1%, of the total General Fund fund balance of $129,500. Nonspendable, restricted and assigned General Fund fund balance totaled $29,641 at December 31, 2015.

- The total bonded debt of the primary government decreased by $24,880, or 2.7%, during the 2015 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, other supplementary information is included.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all County assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges *(business-type activities).* The governmental activities of the County include general government, public safety, health, transportation, economic assistance and opportunity, culture and recreation, education, and home and community service.

The business-type activities of the County include Erie Community College ("College") and the Utilities Aggregation Fund. A fiscal year ending August 31 is mandated by New York State law for the College. Accordingly, financial information for the College is presented as of and for the fiscal year then ended.

On July 12, 2005, the Governor of the State of New York signed legislation creating the Erie County Fiscal Stability Authority ("ECFSA"). The ECFSA began its work during 2005 in an advisory role and provides the County with financial oversight while giving local leaders the ability to improve the County's fiscal condition without further State intervention. The ECFSA is included within governmental activities in the government-wide financial statements.

The government-wide financial statements include not only the County itself (i.e., *the primary government*) but also the legally separate Buffalo and Erie County Public Library (the "Library"), Erie County Medical Center Corporation (the "ECMCC") and other component units. Financial information for these *discretely presented component units* of the County is reported separately from the financial information presented for the primary government itself. The Library does not issue separate financial statements.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All funds of the County are divided into three categories: *governmental funds, proprietary funds,* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The County maintains fourteen (14) individual governmental funds. Additionally, the County reports the activities of its *blended component units* within its governmental funds. Information is presented separately in the governmental funds' Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and General Fund of the ECFSA blended component unit (reported as a major special revenue fund). Data from the other governmental funds and blended component units are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund.

Proprietary funds - The County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the College and the Utilities Aggregation Fund, which is used to account for the bulk purchase and resale of gas, oil, and electric utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The College is considered to be a major proprietary fund of the County.

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

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

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide other post-employment benefits to its employees and the County's net pension liability/(asset). Required supplementary information can be found immediately following the notes to the financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County's primary government, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $16,523 at the close of the most recent fiscal year.

Summary Statement of Net Position as of December 31, 2015 and 2014

	PRIMARY GOVERNMENT					
	Governmental Activities		Business-type Activities		Total	
	2015	2014 *	2015	2014 *	2015	2014 *
Current and other assets	$ 712,171	$ 735,263	$ 60,309	$ 54,802	$ 772,480	$ 790,065
Capital assets	848,608	841,443	35,102	31,499	883,710	872,942
Total assets	1,560,779	1,576,706	95,411	86,301	1,656,190	1,663,007
Total deferred outflows of resources	67,487	66,761	4,186	2,344	71,673	69,105
Current and other liabilities	255,575	279,227	22,304	22,685	277,879	301,912
Long-term liabilities	1,375,453	1,379,403	81,410	79,205	1,456,863	1,458,608
Total liabilities	1,631,028	1,658,630	103,714	101,890	1,734,742	1,760,520
Total deferred inflows of resources	2,111	-	7,533	-	9,644	-
Net position:						
Net investment in capital assets	443,834	411,226	32,148	27,069	475,982	438,295
Restricted	75,151	76,976	-	-	75,151	76,976
Unrestricted (deficit)	(523,858)	(503,365)	(43,798)	(40,314)	(567,656)	(543,679)
Total net position	**$ (4,873)**	**$ (15,163)**	**$ (11,650)**	**$ (13,245)**	**$ (16,523)**	**$ (28,408)**

* As restated

A significant portion of the County's net position at December 31, 2015 ($475,982) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding and any unspent proceeds from bond issues. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position ($75,151) represents resources that are subject to external restrictions on how they may be used.

The remaining component of the County's net position, a deficit of $567,656, represents *unrestricted net position* which reflects all liabilities that are not related to the County's capital assets and which are not expected to be repaid from restricted resources. Long-term liabilities are typically funded annually in the funds with revenues of that year. The combined total of (1) Erie Tobacco Asset Securitization Corporation ("ETASC", a blended component unit of the County) bonds net of discount, ($344,218), issued to be paid back with future tobacco proceeds which are anticipated to be received annually over the next forty-five (44) years, and (2) the long-term liability associated with other post-employment benefits ("OPEB") ($427,676), is greater than this deficit. As the revenue recognition criteria for the future funding of these liabilities has not been met, no assets have been recorded to offset these liabilities.

At the end of the current fiscal year, the County is able to report positive balances in two of the three categories of net position for the County as a whole, and in one category for its business-type activities. Governmental and business-type activities have an unrestricted deficit net position of $523,858 and $43,798, respectively, at December 31, 2015.

The following table indicates the changes in net position for governmental and business-type activities for the current and prior fiscal years:

Summary of Changes in Net Position for the Years Ended December 31, 2015 and 2014

	PRIMARY GOVERNMENT					
	Governmental Activities		Business-type Activities		Total	
	2015	2014 *	2015	2014 *	2015	2014 *
Revenues:						
Program revenues:						
Charges for services	$ 69,239	$ 69,381	$ 54,781	$ 65,216	$ 124,020	$ 134,597
Operating grants and contributions	418,078	419,988	6,002	5,707	424,080	425,695
Capital grants and contributions	14,274	21,276	-	-	14,274	21,276
General revenues:						
Property taxes	277,889	274,900	-	-	277,889	274,900
Sales and use taxes	754,966	743,220	-	-	754,966	743,220
Transfer taxes	11,888	12,010	-	-	11,888	12,010
Federal, state and local appropriations	-	-	71,039	71,854	71,039	71,854
Unrestricted interest earnings	632	810	30	52	662	862
Miscellaneous and other	24,459	31,476	-	-	24,459	31,476
Total revenues	**1,571,425**	**1,573,061**	**131,852**	**142,829**	**1,703,277**	**1,715,890**
Expenses:						
General government	424,884	428,452	-	-	424,884	428,452
Public safety	170,293	163,889	-	-	170,293	163,889
Health	78,789	78,013	-	-	78,789	78,013
Transportation	79,804	83,903	-	-	79,804	83,903
Economic assistance and opportunity	609,415	621,463	-	-	609,415	621,463
Culture and recreation	19,828	22,708	-	-	19,828	22,708
Education	72,947	68,013	-	-	72,947	68,013
Home and community service	51,506	53,419	-	-	51,506	53,419
Interest and fiscal charges	36,115	36,859	-	-	36,115	36,859
College	-	-	129,053	131,991	129,053	131,991
Purchase and resale of utilities	-	-	18,758	29,199	18,758	29,199
Total expenses	**1,543,581**	**1,556,719**	**147,811**	**161,190**	**1,691,392**	**1,717,909**
Excess (deficiency) before transfers	27,844	16,342	(15,959)	(18,361)	11,885	(2,019)
Transfers	(17,554)	(17,429)	17,554	17,429	-	-
Change in net position	**10,290**	**(1,087)**	**1,595**	**(932)**	**11,885**	**(2,019)**
Net position - beginning of year	**(15,163)**	**(35,453)**	**(13,245)**	**(11,057)**	**(28,408)**	**(46,510)**
Restatement	-	21,377	-	(1,256)	-	20,121
Net position - ending	**$ (4,873)**	**$ (15,163)**	**$ (11,650)**	**$ (13,245)**	**$ (16,523)**	**$ (28,408)**

* As restated

Governmental Activities

During the year ended December 31, 2015, governmental activities increased the County's net position by $10,290. Revenues and expenses decreased by $1,636 (0.1%) and $13,138 (0.8%) respectively, from 2014 to 2015. Key elements of these decreases are as follows:

- Capital grants and contributions decreased $7,002 (32.9%) during the year mainly as a result of State and Federal aid decreases for road and bridge projects ($8,263) slightly offset by increases for sewer projects ($2,086).
- The $11,746 (1.6%) increase in the sales and use taxes category was primarily the result of a modest growth in taxable sales.
- Miscellaneous and other revenues decreased by $7,017 (22.3%) mainly due to a decreased excess operating credit received from ECMCC ($7,121).
- Public safety expenses increased by $6,404 (3.9%) as a result of increases in payroll and fringe benefits for Sheriff ($1.905) and Jail Management ($3,027), increase in interdepartmental billing for correctional health services ($403) and a decrease in interdepartmental Sheriff billings to other departments ($724).
- Transportation expenses decreased $4,099 (4.9%) primarily due to decrease spending on highway supplies ($2,106) and expenses related to the November 2014 snow storm ($3,500) offset by an increase in spending on motor vehicles ($1,771).
- Economic assistance and opportunity expenses decreased by $12,048 (1.9%) as a result of decreased spending for a variety of social services programs ($11,148).
- Education expenses increased by $4,394 (7.3%) primarily due to an increase in interfund expenses to ECC ($1,934) along with an increase in various education programs ($2,430).

Business-type Activities

Business-type activities increased the County's net position by $1,595 in the 2015 fiscal year compared to a decrease of $932 in 2014. The College generated an increase in net position of $1,486 and a decrease of $1,142 for the years ended August 31, 2015 and 2014, respectively. The College's operating loss at August 31, 2015 was less than the operating loss at August 31, 2014 by $3,297, as operating revenues generated increased $402 and operating expenses decreased $2,895. Revenues generated during the fiscal year ended August 31, 2015 increased primarily as a result of contract settlements and the refund of prior year expenses. Expenses decreased mainly as a result of a change in accounting for pension expense ($3,900), and scholarships ($1,617) due to a decrease in the number of students receiving grant funding which corresponds to an overall decrease in enrollment, while OPEB expense increased ($2,735) due to an increase in the College's annual required contribution. The County sponsorship share of support to the College for the College's fiscal year ended August 31, 2015 was $17,554, and is reported as a 2015 operating transfer to the College from the County's General ($15,754) and Special Capital ($1,800) Funds.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Projects Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance*, which is available to meet the County's current and future operational needs, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At December 31, 2015, the County's governmental funds reported combined fund balances of $321,724, which is a decrease of $437 in comparison with the prior year.

Nonspendable fund balance totaling $43,861 consists of prepaid items ($12,712) and community development loans ($31,149). Nonspendable amounts represent net current financial resources that are either not in in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance in the amount of $119,676 is constrained to specific purposes and consists of $154 for education, advocacy and increased public awareness of handicapped parking laws, $30,614 for the future repayment of bonded debt service and $88,908 to fund capital projects and the purchase of capital assets.

Assigned fund balance includes amounts intended to be used for a specific purpose that are subject to a purpose constraint imposed by a formal action of the Erie County Legislature. Significant assignments by the County at December 31, 2015 include $24,592 to meet expenditure requirements in the 2016 fiscal year, $1,000 for future settlements of various claims and litigation, $3,282 to repair various roads, $8,771 to fund year-end encumbrances and $20,781 that represents the positive residual balances of the County's Special Revenue Funds that have not been classified as nonspendable, restricted or assigned for another purpose.

Approximately 30.9% of the County's total fund balances consists of *unassigned fund balance* ($99,311). Deficit unassigned fund balance amounts in the E-911, Grants and the Community Development Special Revenue Funds amounting to $548 are caused by nonspendable fund balance amounts recorded for prepaid items.

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

- **General Fund –** The General Fund is the chief operating fund of the County. At December 31, 2015, unassigned fund balance of the General Fund was $99,859, while total fund balance was $129,500. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.6% of total expenditures (excluding other financing uses), while total fund balance represents 9.9% of that same amount. Fund balance in the County's General Fund increased by $335 during the 2015 fiscal year compared to during the 2014 fiscal year, when the General Fund experienced an increase of $8,796.

- **ECFSA General Fund** – This fund is the chief operating fund of the ECFSA and is reported as a special revenue fund of the County. Total fund balance at the end of the current fiscal year was $145, a decrease of $685 from the 2014 amount, and is classified as nonspendable for prepaid items ($15) and assigned fund balance ($130) in the County's fund financial statements.

- **Road Special Revenue Fund –** Ending fund balance decreased by $1,650 compared to a $1,916 increase during 2014. Total expenditures increased by $3,518 which is primarily due to an increase in highway supplies ($2,697), workers' compensation ($565) and snow contracts ($198). Total revenues decreased by $1,205 which is primarily due to a decrease in consolidated highway aid ($978) and transfer taxes collected from real property tax sales ($122). Net transfers increased by $1,157.

- **Sewer Special Revenue Fund –** Total fund balance at the end of the current fiscal year was $36,003, an increase of $2,576 from the 2014 amount. Revenues increased by $1,681 primarily from real property taxes ($1,243) and sewer service contract revenues ($213). Transfers out to subsidize the Debt Service Fund for sewer district projects that were bonded increased by $707.

- **Debt Service Fund –** The Debt Service Fund has a total fund balance of $10,226, which is restricted solely for the purpose of payment of future debt service. The net increase in fund balance during the current year of $2,137 was mainly the result of transferring unspent capital project monies from the Capital Project Funds to pay remaining debt service of $5,418, of which $2,461 was used during the 2015 fiscal year.

- **ECFSA Debt Service Fund –** At year-end, the ECFSA held County cash in the amount of $38,986 that was accumulated by intercepting and withholding the County's sales tax receipts from New York State. These monies will be used for future debt service payments.

- **Capital Projects Funds –** The County reports six (6) capital projects funds which account for the construction and re-construction of general public improvements. At the end of the 2015 fiscal year, the total fund balances restricted for future capital projects amounted to $88,908, of which $43,833 was encumbered for contracted projects underway.

During 2015, the County's capital outlay decreased in the General Government Buildings, Equipment and Improvements Fund ($27,210) and Highways, Roads, Bridges and Equipment Fund ($18,327), and increased in the Sewers, Facilities, Equipment and Improvements Fund ($10,056) and Special Capital Projects Fund ($3,847).

Proprietary funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The College had an unrestricted deficit net position of $46,066 at August 31, 2015.

The following table shows actual revenues, expenses, and results of operations for the current and prior fiscal years:

Summary of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2015 and 2014

	Major Fund College (August 31,)		Nonmajor Fund Utilities Aggregation		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Operating revenues	$ 41,916	$ 41,514	$ 18,867	$ 29,409	$ 60,783	$ 70,923
Operating expenses	128,909	131,804	18,758	29,199	147,667	161,003
Operating (loss) income	(86,993)	(90,290)	109	210	(86,884)	(90,080)
Non-operating revenues, net	70,925	71,719	-	-	70,925	71,719
Net (loss) income before contributions and transfers	(16,068)	(18,571)	109	210	(15,959)	(18,361)
Transfers	17,554	17,429	-	-	17,554	17,429
Change in net position	**$ 1,486**	**$ (1,142)**	**$ 109**	**$ 210**	**$ 1,595**	**$ (932)**

The net loss before contributions and transfers of enterprise funds during 2015 of $15,959 is comprised of a net loss of $16,068 for the College and net gain of $109 for the Utilities Aggregation Fund.

The College reported a total deficit net position of $13,918 at August 31, 2015. The College's net position has decreased significantly over the past nine fiscal years as a result of the adoption in 2007 of Governmental Accounting Standards Board ("GASB") Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Other factors concerning the activities of these funds have been addressed in the previous discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

An annual appropriated budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles, except that encumbrances are reported as budgeted expenditures in the year of incurrence of commitment to purchase.

During the 2015 fiscal year there was a $418,433 decrease in total budgeted revenues between the original and final budget. The main component of the net decrease is the reclassification of $425,203 from the 'Sales and use taxes' line to the 'Transfers in' line to match sales tax transfers received from the ECFSA which intercepts the County portion of sales tax remitted by the New York State Department of Taxation and Finance. Major increases were for intergovernmental aid for social services ($2,180) and mental health ($303) programs and court facilities renovations ($710), and miscellaneous revenues for refunds of prior year's social services expenses ($2,448).

The budget for other financing sources was increased during the year by $424,723, primarily for the sales and use taxes reclassification referred to in the previous paragraph.

Budgeted appropriations and other financing uses increased by $24,446. Budgeted expenditures increased in general government support ($7,922), primarily for claims and judgments ($2,067), personal services ($2,000), foreclosure costs ($800) and additional payments to ECC ($1,000) and ECMCC ($1,500); public safety ($2,101), mainly for interdepartmental billings for correctional health services ($1,055), Sheriff vehicles ($213) and Probation overtime ($316); education ($2,976) mostly for settlement of Faculty Federation of ECC labor contract ($2,000) and payments for County residents enrolled in other community colleges ($975); and, transfers out ($11,237), chiefly for various grants to the Grants Special Revenue Fund ($536), additional road repairs and maintenance ($8,326) to the Road Special Revenue Fund, and to fund various capital projects ($1,998) in the General Government Buildings, Equipment and Improvements Fund.

For the year, actual revenues fell short of budget by $12,499. This was mainly due to negative budgetary variances in sales and use taxes of $14,105 as actual results fell short of projections, and in the intergovernmental category of $15,407 mainly due to lower than expected claims for various social services programs ($13,991), health services ($682) and court facilities aid ($1,020). Miscellaneous revenues exceeded budget by $15,869 primarily as a result of two payments received from ECMCC for an excess operating credit ($7,258) and a refund of a prior year expense ($5,343).

Actual expenditures were less than budget by $32,480 primarily due to savings in various categories as follows: general government support ($16,459), mainly due to less than anticipated salaries ($1,379) and fringe benefits ($492) in various departments, lower than expected spending for utilities ($1,167) and auto, truck and heavy equipment supplies ($1,027), lower than projected payments to local municipalities and school districts for their share of County sales and use tax ($6,157), less than anticipated payments to ECMCC ($1,500), and monies for judgments and claims ($1,000), foreclosure costs ($975), early retirement incentives for ECC employees ($1,000), and family court building renovations ($360) that were appropriated in 2015 and carried forward for spending in 2016; health ($1,787), mostly for payments to various contract agencies for mental health programs ($791), and opioid crisis response ($376) and lead poisoning prevention ($750) programs appropriated in 2015 not spent and carried forward for spending in 2016; economic assistance and opportunity ($11,160), primarily all related to Social Services for a daycare block grant ($1,430), family assistance program ($5,479), Medicaid local share ($1,313), interdepartmental billings paid to other departments ($1,325) and payroll and fringe benefits ($438); and education ($1,248), chiefly for a children with special needs program ($1,388).

The County experienced a positive variance in other financing uses ($5,906), as transfers to the Road Fund ($5,000) and Grant Fund ($986) were appropriated in 2015 and carried forward to 2016.

The total budget to actual variance for the year amounted to a positive $26,027.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounted to $883,710 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, improvements other than buildings, equipment, College library collections, and construction in progress. The total increase in the County's investment in capital assets for the current period was 1.2%.

The County's infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide financial statements as required by GASB. The County has elected to depreciate infrastructure assets.

Major capital asset events during the current fiscal year included an increase to the governmental activities buildings and improvements and transportation network of $59,740 and $31,447, respectively.

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

Summary of Capital Assets at December 31, 2015 and 2014
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Land	$ 31,125	$ 31,085	$ -	$ -	$ 31,125	$ 31,085
Buildings and improvements	284,315	241,705	20,798	15,821	305,113	257,526
Improvements other than buildings	9,341	10,816	31	34	9,372	10,850
Sewer and transportation networks	447,613	444,292	-	-	447,613	444,292
Machinery and equipment	17,070	22,739	7,297	8,865	24,367	31,604
Library collections	-	-	1,094	1,111	1,094	1,111
Construction in progress	59,144	90,806	5,882	5,668	65,026	96,474
Total	**$ 848,608**	**$ 841,443**	**$ 35,102**	**$ 31,499**	**$ 883,710**	**$ 872,942**

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

Debt Administration

At December 31, 2015, the primary government had total bonded debt outstanding of $896,172, as compared to $921,052 in the prior year. During the year, payments and other reductions of bonded debt amounted to $96,732, while additions and accretions amounted to $71,852. The issuance of long-term debt is a direct function of the County and is reported within the governmental activities columns in the government-wide financial statements.

Summary of Long-term Bonded Debt Outstanding at December 31, 2015 and 2014

	Governmental Activities	
	2015	2014
Erie County bonds	$ 439,661	$ 464,816
Less: ECFSA mirror bonds	(274,475)	(313,155)
Net Erie County bonds	**165,186**	**151,661**
ECFSA bonds	349,040	391,770
ETASC tobacco settlement bonds	355,202	351,007
Unamortized bond discounts - ETASC	(10,984)	(11,069)
Unamortized bond premiums	37,728	37,683
Total primary government long-term bonded debt outstanding	**$ 896,172**	**$ 921,052**

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

New York State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year valuation. The current debt-limitation for the County is $2,883,561, which is only 13.58% exhausted by the County's outstanding general obligation debt of $452,965 (which includes a $84,790 bond guaranty to ECMCC).

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

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

REQUESTS FOR INFORMATION

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

SEAL OF ERIE COUNTY
STATE OF NEW YORK

BASIC FINANCIAL STATEMENTS

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

Statement of Net Position

December 31, 2015

(dollars in thousands)

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	$ 83,898	$ 43,856	**$ 127,754**
Investments	59,558	-	**59,558**
Restricted cash and cash equivalents	88,843	-	**88,843**
Receivables (net of allowances)	372,192	4,282	**376,474**
Due from primary government	-	-	**-**
Due from component unit	88,246	9,193	**97,439**
Internal balances	6,722	(7,791)	**(1,069)**
Inventories	-	-	**-**
Prepaid items	12,712	3	**12,715**
Noncurrent net pension asset	-	10,651	**10,651**
Noncurrent other assets	-	115	**115**
Capital assets:			
Land, rare books and construction in progress	90,269	5,882	**96,151**
Other capital assets, net of depreciation	758,339	29,220	**787,559**
Total assets	**1,560,779**	**95,411**	**1,656,190**
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	25,249	-	**25,249**
Deferred outflows relating to pensions	33,985	4,186	**38,171**
Deferred outflow on forward purchase agreement swap	8,253	-	**8,253**
Other	-	-	**-**
Total deferred outflows of resources	**67,487**	**4,186**	**71,673**
LIABILITIES:			
Accounts payable	58,468	4,419	**62,887**
Accrued liabilities	61,366	8,356	**69,722**
Due to component unit	26,910	-	**26,910**
Due to primary government	-	-	**-**
Unearned revenue	19,271	9,529	**28,800**
Short-term debt	89,560	-	**89,560**
Long-term liabilities:			
Due within one year	84,052	6,376	**90,428**
Due in more than one year	1,291,401	75,034	**1,366,435**
Total liabilities	**1,631,028**	**103,714**	**1,734,742**
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows relating to pensions	2,111	7,533	**9,644**
NET POSITION:			
Net investment in capital assets	443,834	32,148	**475,982**
Restricted for:			
Community development loans	31,149	-	**31,149**
Capital projects	23,511	-	**23,511**
Debt service	20,337	-	**20,337**
Other purposes	154	-	**154**
Unrestricted	(523,858)	(43,798)	**(567,656)**
Total net position	**$ (4,873)**	**$ (11,650)**	**$ (16,523)**

See accompanying notes to the financial statements.

COMPONENT UNITS		
Library	**ECMCC**	**Other**
$ 8,067	$ 30,611	$ 2,536
-	13,062	3,930
-	136,392	-
570	127,066	422
-	26,910	-
-	-	-
-	-	-
-	-	36
899	7,318	15
	-	-
-	9,113	859
11,360	7,921	-
5,654	272,161	331
26,550	**630,554**	**8,129**
-	-	-
1,771	4,960	-
-	-	-
-	1,224	-
1,771	**6,184**	**-**
359	45,646	95
720	44,836	1,173
-	-	-
-	97,439	-
397	13,691	-
-	-	-
839	5,618	-
26,244	290,161	-
28,559	**497,391**	**1,268**
110	4,122	**-**
17,014	107,223	331
-	-	-
-	-	-
-	-	-
-	44,352	3,612
(19,023)	(16,350)	2,918
$ (348)	**$ 135,225**	**$ 6,861**

Statement of Activities

For the year ended December 31, 2015

(dollars in thousands)

		PROGRAM REVENUES		
Functions / Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	$ 424,884	$ 25,624	$ 23,993	$ 1,027
Public safety	170,293	6,065	3,582	-
Health	78,789	2,237	58,266	2
Transportation	79,804	-	9,716	4,123
Economic assistance and opportunity	609,415	23,431	259,493	20
Culture and recreation	19,828	1,406	1,421	2,982
Education	72,947	95	36,632	2,157
Home and community service	51,506	10,381	8,203	3,963
Interest and fiscal charges	36,115	-	16,772	-
Total governmental activities	**1,543,581**	**69,239**	**418,078**	**14,274**
Business-type activities:				
College (August 31, 2015)	129,053	35,914	6,002	-
Utilities aggregation	18,758	18,867	-	-
Total business-type activities	**147,811**	**54,781**	**6,002**	**-**
Total primary government	**$ 1,691,392**	**$ 124,020**	**$ 424,080**	**$ 14,274**
Component units:				
Library	$ 28,893	$ 844	$ 3,327	$ -
ECMCC	556,343	548,575	7,562	575
Other component units	4,721	2,429	2,243	-
Total component units	**$ 589,957**	**$ 551,848**	**$ 13,132**	**$ 575**

General revenues:
- Property taxes levied for mall, sewer, and general purposes
- Property taxes levied for library
- Sales and use taxes
- Transfer taxes
- Unrestricted state and local appropriations
- Federal and state student financial aid
- Interest earnings not restricted to specific programs
- Unrestricted interest earnings
- Miscellaneous
- Gain on sale of capital assets

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as restated (see Note XVIII)

Net position - ending

See accompanying notes to the financial statements.

NET (EXPENSE) REVENUE and CHANGES IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT UNITS		
Governmental Activities	**Business-type Activities**	**Total**	**Library**	**ECMCC**	**Other**
$ (374,240)	$ -	**$ (374,240)**	$ -	$ -	$ -
(160,646)	-	**(160,646)**	-	-	-
(18,284)	-	**(18,284)**	-	-	-
(65,965)	-	**(65,965)**	-	-	-
(326,471)	-	**(326,471)**	-	-	-
(14,019)	-	**(14,019)**	-	-	-
(34,063)	-	**(34,063)**	-	-	-
(28,959)	-	**(28,959)**	-	-	-
(19,343)	-	**(19,343)**	-	-	-
(1,041,990)	**-**	**(1,041,990)**	**-**	**-**	**-**
-	(87,137)	**(87,137)**	-	-	-
-	109	**109**	-	-	-
-	**(87,028)**	**(87,028)**	**-**	**-**	**-**
(1,041,990)	**(87,028)**	**(1,129,018)**	**-**	**-**	**-**
			(24,722)	-	-
			-	369	-
			-	-	(49)
			(24,722)	**369**	**(49)**
277,889	-	**277,889**	-	-	-
-	-	**-**	23,014	-	-
754,966	-	**754,966**	-	-	-
11,888	-	**11,888**	-	-	-
-	32,867	**32,867**	-	-	-
-	38,172	**38,172**	-	-	-
-	-	**-**	2	2,931	-
632	30	**662**	-	-	-
24,206	-	**24,206**	199	27	-
253	-	**253**	-	-	-
1,069,834	**71,069**	**1,140,903**	**23,215**	**2,958**	**-**
(17,554)	17,554	**-**	-	-	-
1,052,280	**88,623**	**1,140,903**	**23,215**	**2,958**	**-**
10,290	**1,595**	**11,885**	**(1,507)**	**3,327**	**(49)**
(15,163)	**(13,245)**	**(28,408)**	**1,159**	**131,898**	**6,910**
$ (4,873)	**$ (11,650)**	**$ (16,523)**	**$ (348)**	**$ 135,225**	**$ 6,861**

Balance Sheet

Governmental Funds

December 31, 2015

(dollars in thousands)

	General	ECFSA General	Total Nonmajor Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	$ 23,916	$ 176	$ 59,806	**$ 83,898**
Investments	-	-	59,558	**59,558**
Restricted cash and cash equivalents	154	-	88,689	**88,843**
Receivables (net of allowances)				
Real property taxes, interest, penalties and liens	80,475	-	16	**80,491**
Other	7,304	-	31,960	**39,264**
Due from other funds	110,608	-	47,483	**158,091**
Due from component unit	7,262	-	172	**7,434**
Due from other governments	149,225	53,163	20,573	**222,961**
Prepaid items	9,087	15	3,610	**12,712**
Total assets	**$ 388,031**	**$ 53,354**	**$ 311,867**	**$ 753,252**
LIABILITIES:				
Accounts payable	$ 15,183	$ -	$ 13,357	**$ 28,540**
Accrued liabilities	46,661	35	7,691	**54,387**
Due to other funds	4,534	53,164	93,671	**151,369**
Due to component unit	910	-	-	**910**
Due to other governments	27,215	-	867	**28,082**
Retained percentages payable	-	-	1,846	**1,846**
Unearned revenue	16,455	10	2,806	**19,271**
Short-term debt	89,560	-	-	**89,560**
Total liabilities	**200,518**	**53,209**	**120,238**	**373,965**
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue – property taxes	58,013	-	-	**58,013**
FUND BALANCES:				
Nonspendable:				
Community development loans	-	-	31,149	**31,149**
Prepaid items	9,087	15	3,610	**12,712**
Restricted for:				
Handicapped parking	154	-	-	**154**
Debt service	-	-	30,614	**30,614**
Capital expenditures	-	-	88,908	**88,908**
Assigned:				
Subsequent year's expenditures	16,511	-	8,081	**24,592**
Judgments and claims	1,000	-	-	**1,000**
Other purposes	2,889	130	29,815	**32,834**
Unassigned	99,859	-	(548)	**99,311**
Total fund balances	**129,500**	**145**	**191,629**	**321,274**
Total liabilities, deferred inflows of resources and fund balances	**$ 388,031**	**$ 53,354**	**$ 311,867**	**$ 753,252**

See accompanying notes to the financial statements.

Reconciliation of the Balance Sheet

Governmental Funds to the Government-wide Statement of Net Position
December 31, 2015
(dollars in thousands)

		Governmental Activities
Total fund balances - governmental funds (page 18)	**$**	**321,274**
Amounts reported for governmental activities in the statement of net position (page 14) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		848,608
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds		29,476
Certain property tax revenues are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		58,013
ECFSA interest receivable is reported when earned in the government-wide financial statements, but in the fund financial statements income is reported only if it will be received within sixty days of year-end.		3,298
Due from a component unit was deemed to be not due and payable in the current period and, therefore, not reported in the funds.		80,812
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to employer contributions		27,707
Deferred outflows related to experience and investment earnings		6,278
Deferred inflows relating to pension plans		(2,111)
Certain deferred outflows of resources represent a consumption of net position in a future period and, therefore, are not reported in the funds.		
Unamortized deferred amounts on refundings		7,213
Unamortized deferred amounts on refundings - ETASC		18,036
Certain current liabilities and long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued bond interest		(9,177)
Accrued bond interest - ETASC		(1,100)
Compensated absences		(22,997)
Judgments and claims		(55,346)
Other post-employment benefits (OPEB)		(362,162)
Net pension liability		(30,523)
Due to component unit		(26,000)
Unamortized bond premiums		(37,728)
Unamortized bond discounts - ETASC		10,984
Bonds payable		(514,226)
Bonds payable - ETASC		(355,202)
Net position of governmental activities	**$**	**(4,873)**

See accompanying notes to the financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended December 31, 2015

(dollars in thousands)

	General	ECFSA General	Total Nonmajor Funds	Total Governmental Funds
REVENUES:				
Real property taxes and tax items	$ 240,389	$ -	$ 40,017	**$ 280,406**
Sales and use taxes	326,220	425,203	3,543	**754,966**
Transfer taxes	-	-	11,888	**11,888**
Intergovernmental	343,524	405	72,259	**416,188**
Interfund revenues	-	-	206	**206**
Departmental	58,017	-	11,230	**69,247**
Interest	609	23	4,268	**4,900**
Miscellaneous	20,426	-	7,946	**28,372**
Total revenues	**989,185**	**425,631**	**151,357**	**1,566,173**
EXPENDITURES:				
Current:				
General government support	394,059	470	7,735	**402,264**
Public safety	144,743	-	12,661	**157,404**
Health	65,026	-	8,543	**73,569**
Transportation	23,137	-	27,397	**50,534**
Economic assistance and opportunity	588,683	-	15,004	**603,687**
Culture and recreation	17,409	313	-	**17,722**
Education	71,177	-	-	**71,177**
Home and community service	2,690	-	43,043	**45,733**
Capital outlay	-	-	66,645	**66,645**
Debt service:				
Principal retirement	-	-	88,040	**88,040**
Interest and fiscal charges	-	1,187	36,784	**37,971**
Total expenditures	**1,306,924**	**1,970**	**305,852**	**1,614,746**
Excess (deficiency) of revenues over expenditures	**(317,739)**	**423,661**	**(154,495)**	**(48,573)**
OTHER FINANCING SOURCES (USES):				
Issuance of general obligation debt	-	-	32,000	**32,000**
Premium on bond issuance	-	-	8,822	**8,822**
Proceeds of refunding bonds	-	-	24,615	**24,615**
Sale of property	227	-	26	**253**
Transfers in	425,661	377	181,454	**607,492**
Transfers out	(107,814)	(424,723)	(92,509)	**(625,046)**
Total other financing sources (uses)	**318,074**	**(424,346)**	**154,408**	**48,136**
Net change in fund balances	**335**	**(685)**	**(87)**	**(437)**
Fund balances - beginning, as restated (see Note XVIII)	**129,165**	**830**	**191,716**	**321,711**
Fund balances - ending	**$ 129,500**	**$ 145**	**$ 191,629**	**$ 321,274**

See accompanying notes to the financial statements.

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

Governmental Funds to the Government-wide Statement of Activities
For the year ended December 31, 2015
(dollars in thousands)

		Governmental Activities
Net change in fund balances - total governmental funds (page 20)		**$ (437)**
Amounts reported for governmental activities in the statement of activities (pages 16-17) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and depreciated. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlays, net of disposals of $499	$ 63,680	
Depreciation expense	(56,515)	
Net adjustment		7,165
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:		
Unearned revenue - miscellaneous	12,529	
Real property taxes	(2,517)	
Net adjustment		10,012
Revenues of the ECFSA in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(641)
Governmental funds report loans to a component unit to be repaid on a long-term basis as expenditures. In the statement of net position, however, the cost of those outlays increases the due from component unit and does not affect the statement of activities. Similarly, repayment of long-term loan principal is a revenue in the governmental funds and thus contributes to the change in fund balance. In the statement of net position, however, repayment of long-term loan principal reduces the amount due from the component unit and does not affect the statement of activities.		
Loan principal retirement		(4,817)
Net differences between pension contributions recognized on the fund financial statements and the government-wide statements are as follows:		
Direct pension contributions.	27,707	
Cost of benefits earned net of employee contributions	(16,681)	
Net adjustment		11,026
Bond proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term debt and does not affect the statement of activities. Similarly, repayment of bond principal is an expenditure in the governmental funds and thus contributes to the change in fund balance. In the statement of net position, however, payment of debt reduces the long-term debt liability and does not affect the statement of activities.		
Principal retirement	85,820	
Bonds issued	(32,000)	
Proceeds of refunding bonds	(24,615)	
Premium on bond issuance	(8,822)	
Amortization of premium on bonds	8,777	
Principal retirement, amortization of bond discount - ETASC	2,135	
Net adjustment		31,295
Certain activity reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		
Interest on bonds	1,690	
Due to component unit	(5,258)	
Deferred charge on refunding	(1,359)	
Compensated absences	(434)	
Judgments and claims (long-term change only)	(1,215)	
Accreted interest - ETASC	(6,415)	
Interest on bonds - ETASC	11	
Deferred charge on refunding - ETASC	(763)	
Other post-employment benefits (OPEB)	(29,570)	
Net adjustment		(43,313)
Change in net position of governmental activities		**$ 10,290**

See accompanying notes to the financial statements.

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis of Accounting)
For the year ended December 31, 2015
(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Real property taxes and tax items	$ 239,800	$ 239,800	$ 240,389	$ 589
Sales and use taxes	765,528	340,325	326,220	(14,105)
Intergovernmental	355,328	358,931	343,524	(15,407)
Departmental	56,460	57,201	58,017	816
Interest	893	870	609	(261)
Miscellaneous	2,108	4,557	20,426	15,869
Total revenues	**1,420,117**	**1,001,684**	**989,185**	**(12,499)**
EXPENDITURES:				
Current:				
General government support	402,488	410,410	393,951	16,459
Public safety	143,646	145,747	144,940	807
Health	65,977	66,906	65,119	1,787
Transportation	23,532	23,532	23,137	395
Economic assistance and opportunity	601,434	600,185	589,025	11,160
Culture and recreation	17,147	17,690	17,403	287
Education	69,441	72,417	71,169	1,248
Home and community service	2,622	2,655	2,649	6
Debt service:				
Interest and fiscal charges	377	331	-	331
Total expenditures	**1,326,664**	**1,339,873**	**1,307,393**	**32,480**
Excess (deficiency) of revenues over expenditures	**93,453**	**(338,189)**	**(318,208)**	**19,981**
OTHER FINANCING SOURCES (USES):				
Sale of property	102	102	227	125
Transfers in	923	425,646	425,661	15
Transfers out	(102,483)	(113,720)	(107,814)	5,906
Total other financing sources (uses)	**(101,458)**	**312,028**	**318,074**	**6,046**
Net change in fund balances *	**$ (8,005)**	**$ (26,161)**	**$ (134)**	**$ 26,027**

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

See accompanying notes to the financial statements.

Statement of Net Position

Proprietary Funds

December 31, 2015

(dollars in thousands)

	Business-type Activities Enterprise Funds		
	Major Fund	Nonmajor Fund	
	College (August 31, 2015)	Utilities Aggregation	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 43,856	$ -	**$ 43,856**
Receivables (net of allowances)	3,562	142	**3,704**
Due from other funds	31	1,327	**1,358**
Due from component unit	-	9,193	**9,193**
Due from other governments	-	578	**578**
Prepaid items	-	3	**3**
Total current assets	**47,449**	**11,243**	**58,692**
Noncurrent assets:			
Net pension asset	10,651	-	**10,651**
Other assets	115	-	**115**
Capital assets, net of depreciation:			
Construction in progress	5,882	-	**5,882**
Other capital assets, net of depreciation	29,220	-	**29,220**
Total noncurrent assets	**45,868**	**-**	**45,868**
Total assets	**93,317**	**11,243**	**104,560**
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows relating to pensions	**4,186**	**-**	**4,186**
LIABILITIES:			
Current liabilities:			
Accounts payable	2,360	736	**3,096**
Accrued liabilities	8,354	2	**8,356**
Due to other funds	2,235	6,914	**9,149**
Due to other governments	-	1,323	**1,323**
Fringe benefits payable - current	4,899	-	**4,899**
Capital leases - current	1,477	-	**1,477**
Unearned revenue	9,529	-	**9,529**
Total current liabilities	**28,854**	**8,975**	**37,829**
Noncurrent liabilities:			
Fringe benefits payable	5,078	-	**5,078**
Capital leases	1,477	-	**1,477**
Net OPEB obligation	65,514	-	**65,514**
Net pension liability	2,965	-	**2,965**
Total noncurrent liabilities	**75,034**	**-**	**75,034**
Total liabilities	**103,888**	**8,975**	**112,863**
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows relating to pensions	**7,533**	**-**	**7,533**
NET POSITION:			
Net investment in capital assets	32,148	-	**32,148**
Unrestricted, reported in:			
College	(46,066)	-	**(46,066)**
Nonmajor fund	-	2,268	**2,268**
Total net position	**$ (13,918)**	**$ 2,268**	**$ (11,650)**

See accompanying notes to the financial statements.

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the year ended December 31, 2015

(dollars in thousands)

	Business-type Activities Enterprise Funds		
	Major Fund	Nonmajor Fund	
	College (August 31, 2015)	Utilities Aggregation	Total
OPERATING REVENUES:			
Student tuition and fees	$ 34,010	$ -	**$ 34,010**
Intergovernmental revenues and charges	1,938	-	**1,938**
State and local contracts	4,064	-	**4,064**
Interfund revenues	-	6,987	**6,987**
Other operating revenue	1,904	11,880	**13,784**
Total operating revenues	**41,916**	**18,867**	**60,783**
OPERATING EXPENSES:			
Employee wages	59,184	76	**59,260**
Employee benefits	29,146	38	**29,184**
Scholarships	16,187	-	**16,187**
Supplies, services and general	18,536	-	**18,536**
Utilities and telephone	1,869	18,644	**20,513**
Depreciation	3,987	-	**3,987**
Total operating expenses	**128,909**	**18,758**	**147,667**
Operating (loss) income	**(86,993)**	**109**	**(86,884)**
NONOPERATING REVENUES (EXPENSES):			
Unrestricted state and local appropriations	32,867	-	**32,867**
Federal and state student financial aid	38,172	-	**38,172**
Income from investments	30	-	**30**
Loss on disposal of plant assets	(16)	-	**(16)**
Interest expense	(128)	-	**(128)**
Total nonoperating revenues (expenses)	**70,925**	**-**	**70,925**
(Loss) gain before transfers	**(16,068)**	**109**	**(15,959)**
Transfers in	17,554	-	**17,554**
Change in net position	**1,486**	**109**	**1,595**
Total net position - beginning, as restated (see Note XVIII)	**(15,404)**	**2,159**	**(13,245)**
Total net position - ending	**$ (13,918)**	**$ 2,268**	**$ (11,650)**

See accompanying notes to the financial statements.

Statement of Cash Flows

Proprietary Funds

For the year ended December 31, 2015

(dollars in thousands)

	Business-type Activities Enterprise Funds: Major Fund College (August 31, 2015)	Business-type Activities Enterprise Funds: Nonmajor Fund Utilities Aggregation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from students and utility customers	$ 33,307	$ 8,853	**$ 42,160**
Payments to employees for services	(89,852)	(114)	**(89,966)**
Payments to suppliers for goods and services	(19,878)	(18,853)	**(38,731)**
Payments for scholarships	(16,188)	-	**(16,188)**
Federal, state and local grants	6,296	-	**6,296**
Internal activity - payments from other funds	-	10,114	**10,114**
Other operating revenues	2,722	-	**2,722**
Net cash used for operating activities	**(83,593)**	**-**	**(83,593)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
County contribution	17,554	-	**17,554**
State appropriations	43,874	-	**43,874**
Municipal chargebacks	1,216	-	**1,216**
Federal and state student financial aid grants	25,683	-	**25,683**
Net cash provided by non-capital financing activities	**88,327**	**-**	**88,327**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(7,606)	-	**(7,606)**
Capital lease payments	(1,476)	-	**(1,476)**
Net cash used for capital and related financing activities	**(9,082)**	**-**	**(9,082)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of investments	**30**	**-**	**30**
Net decrease in cash	**(4,318)**	**-**	**(4,318)**
Cash, beginning of year	**48,174**	**-**	**48,174**
Cash, end of year	**$ 43,856**	**$ -**	**$ 43,856**

(Continued)

See accompanying notes to the financial statements.

Statement of Cash Flows

Proprietary Funds

For the year ended December 31, 2015

(dollars in thousands)

	Business-type Activities Enterprise Funds		
	Major Fund	Nonmajor Fund	
	College (August 31, 2015)	Utilities Aggregation	Total
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH USED FOR OPERATING ACTIVITIES:			
Operating (loss) income	$ (86,993)	$ 109	**$ (86,884)**
Adjustments to reconcile operating (loss) income to net cash used for operating activities:			
Depreciation expense	3,987	-	**3,987**
Decrease (increase) in assets:			
Receivables, net	(457)	237	**(220)**
Pension asset, net.	(10,042)	-	**(10,042)**
Deferred outflows relating to pension	(2,085)	-	**(2,085)**
Due from other funds	-	(529)	**(529)**
Due from component unit	-	(3,696)	**(3,696)**
Due from other governments	-	591	**591**
Prepaid items	-	1	**1**
Increase (decrease) in liabilities:			
Accounts and other payables	527	(889)	**(362)**
Accrued expenses	134	(3)	**131**
Due to other funds	-	3,649	**3,649**
Due to other governments	-	530	**530**
Unearned revenue	37	-	**37**
Other long-term liabilities	4,767	-	**4,767**
Pension liability, net	(1,001)	-	**(1,001)**
Deferred inflows relating to pension	7,533	-	**7,533**
Net cash used for operating activities	**$ (83,593)**	**$ -**	**$ (83,593)**

(Concluded)

See accompanying notes to the financial statements.

Statement of Net Position

Agency Fund

December 31, 2015

(dollars in thousands)

		Agency Fund
ASSETS:		
Cash and cash equivalents	$	44,924
Receivables:		
Other receivables		542
Bonds and securities held in custody		20
Total assets	**$**	**45,486**
LIABILITIES:		
Amounts held in custody for others	$	45,486
Total liabilities	**$**	**45,486**

See accompanying notes to the financial statements.

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

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

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

1. Discretely Presented Component Units

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

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

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

Research for Health in Erie County, Inc. ("RHEC") is a nonprofit organization dedicated to developing and increasing the facilities of the public health institutions, agencies, and departments of the County. Additionally, RHEC is committed to provide more extensive conduct of studies and research into the causes, nature, and treatment of diseases, disorders, and defects of particular importance to the public health. RHEC's support comes primarily from investment income. The financial statements of RHEC have been prepared on the accrual basis of accounting. RHEC is exempt from income tax as a not-for-profit corporation under Section 501 (c)(3) of the Internal Revenue Code. The entity has not been receiving funding in recent years. The annual financial report can be obtained by writing Grant Administration, Research for Health in Erie County, Inc., 462 Grider Street, Buffalo, NY 14215.

ECMC Foundation, Inc. (the "Foundation"), formerly the ECMC Lifeline Foundation, Inc., is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed for the purpose of supporting ECMC programs. The annual financial report can be obtained by writing to: Executive Director, ECMC Foundation, Inc., 462 Grider Street, Buffalo, NY 14215.

The Grider Initiative, Inc. (the "Physician Endowment") is a nonprofit organization exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Physician Endowment was formed in 2009, and funded in 2010, for the purpose of recruiting physicians who shall practice on the Grider Street campus of ECMCC. The entity was funded with an initial transfer of $10,000 from ECMCC. Earnings from the investment of the initial transfer may be used only for physician recruitment and reasonable and necessary expenses of the entity. The annual financial report can be obtained by writing to: Chair, The Grider Initiative, Inc., 424 Main Street, Suite 2000, Buffalo, NY 14202.

ECMCC is considered to be a component unit of the County and is discretely presented based on the fact that it is a legally separate entity for which the County is financially accountable. Separate financial statements for ECMCC can be obtained from ECMCC, 462 Grider Street, Buffalo, NY 14215.

Other Discretely Presented Component Units:

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

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

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

The Buffalo and Erie County Industrial Land Development Corporation, Inc. ("ILDC") is a legally separate entity of which the County, acting by and through the County Executive, is the sole member. It is discretely presented in the County's financial statements because the County is financially accountable for it. The ILDC is managed by its Board of Directors.

In 2009, ILDC by–laws and organizing documents were changed and specific activities first became under the direct governance of the County. These changes allow the ILDC to provide tax-exempt bond financing for not-for-profit organizations. Such debt of the ILDC can never be the debt of the County or any political subdivision thereof and can only be paid out of specific revenues and receipts of the ILDC. The ILDC provides no services to the County. Separate financial statements can be obtained from Buffalo and Erie County Industrial Land Development Corporation Inc., Chief Operating Officer, 275 Oak Street, Buffalo, NY 14203.

2. Blended Component Units

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

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

The ECFSA is governed by seven directors, each appointed by the Governor, including one each appointed upon the recommendation of the Majority Leader of the State Senate, the Speaker of the State Assembly and the State Comptroller. The Governor also designates the chairperson and vice-chairperson from among the directors.

The ECFSA has power under the Act to monitor and oversee the finances of Erie County, and upon declaration of a "Control Period" as defined in the Act, additional oversight authority. The ECFSA is also empowered to issue its bonds and notes for various County purposes, defined in the Act as "Financeable Costs."

On November 3, 2006, the Authority imposed a control period on the County in accordance with Section 3595(1)(e) of New York Public Authorities Law through resolution 06-49. The resolution empowered the ECFSA to operate with its maximum authorized complement of control and oversight powers over County finances. During a control period all County contracts of $50,000 or more and filling of any positions are subject to ECFSA approval and ECFSA has the power to approve or reject all proposed County borrowings and the County may not borrow without formal ECFSA approval. In addition, the ECFSA has the right to freeze wages, although it has not elected to exercise that right. On June 2, 2009, the ECFSA revoked the control period and reverted to an advisory status with limited control and oversight powers over County finances.

In 2011, the ECFSA issued serial bonds to assist ECMCC in the construction of a new residential health care facility. Loan agreements were executed whereby the ECFSA loaned the proceeds to the County, who in turn loaned the monies to ECMCC. The facility was opened in February 2013.

Revenues of the ECFSA consist of sales tax revenues, defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County on the sales and use of tangible personal property and services in the County ("Sales Tax Revenues"), and investment earnings on money and investments on deposit in various ECFSA accounts. Sales tax revenues collected by the State Comptroller for transfer to the ECFSA are not subject to appropriation by the State or County. Revenues of the ECFSA that are not required to pay debt service, operating expenses and other costs of the ECFSA are payable to the County as frequently as practicable. Separate financial statements for ECFSA can be obtained from the Erie County Fiscal Stability Authority, 295 Main Street, Room 946, Buffalo, NY, 14203.

Erie Tobacco Asset Securitization Corporation ("ETASC") is a special purpose local development corporation organized under the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from the County. ETASC was incorporated for the sole purpose of issuing tobacco settlement asset backed bonds in order to provide funds to purchase from the County all of the County's right, title, and interest in annual payments to be received in settlement of certain smoking-related litigation. Tobacco settlement bonds are payable only from the assets of ETASC and are not legal obligations of the County. Although legally separate and independent of the County, ETASC is considered an affiliated organization under GASB and reported as a component unit of the County for financial reporting purposes and, accordingly, is included in the County's financial statements. Separate financial statements for ETASC can be obtained from the Erie Tobacco Asset Securitization Corporation, Treasurer, 95 Franklin Street, Room 1600, Buffalo, NY, 14202.

3. Related Organizations

County elected officials nominate and confirm the three-member board of the Erie County Water Authority, ("Water Authority") and also appoint a voting majority of the board of the Buffalo Convention Center Management Corporation ("BCCMC"). The County's accountability for these legally separate organizations does not extend beyond making the board appointments. Specifically, the County cannot impose its will on any of these organizations. In addition, in the case of the Water Authority, no financial operating assistance is provided to, nor is the County liable for, any debt issued by this public benefit corporation. In regard to the not-for-profit BCCMC, the entity and the County are parties to an exchange transaction under which the BCCMC is responsible for operating and managing the area's convention center. These related organizations are not component units of the County and do not meet the basic criteria for inclusion in the County reporting entity.

4. Joint Ventures

Western Regional Off-Track Betting Corporation

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

Buffalo Erie Niagara Land Improvement Corporation

The Buffalo Erie Niagara Land Improvement Corporation ("BENLIC") was organized on June 6, 2012, pursuant to Article 16 of the Not-for-Profit Corporation Law of the State of New York. BENLIC was formed through a joint venture of the County of Erie and Cities of Buffalo, Lackawanna, and Tonawanda. BENLIC was created to confront and alleviate the problems distressed properties cause to communities by supporting municipal and regional revitalization efforts and strategically acquiring, improving, assembling, and selling distressed, vacant, abandoned, and/or tax-delinquent properties. Separate financial data for this joint venture has been excluded from the financial statements, consistent with GASB. Additional information about this joint venture is presented in Note XVII.

C. Basis of Presentation – Government-wide Financial Statements

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

The County has five discretely presented component units, with two major component units being shown in separate columns and three nonmajor component units being aggregated into a single column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used such as Utilities Aggregation Fund billings to other funds. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

The County reports the following major proprietary fund:

Erie Community College – resources received and used for college purposes are accounted for through the College. The College is not a legally separate entity from the County. A fiscal year ending August 31 is mandated by New York State law for the College. Accordingly, financial information for the College is presented as of and for the 2015 fiscal year then ended.

The College does not account for certain capital projects, certain capital assets or certain indebtedness. These are direct functions of the County and are reported within the governmental activities columns in the government-wide financial statements.

Additional information as excerpted from the College's financial statements is as follows:

The County Executive and the County Legislature approve the College's annual budget, with the County providing funding for one-half and approximately one-fifth of capital and operating costs, respectively.

Equipment of the College has been included in the business-type activities column in the statement of net position. This equipment is recorded at cost or estimated historical cost. Donated assets are stated at estimated fair value as of the date received.

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

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments and claims, are recorded only when payment is due and expenditures for inventory-type items and for prepayments (except retirement) are recognized at the time of the disbursements.

Property taxes, sales and use taxes, state and federal aid and various grant program revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, subject to the 60-day rule noted above.

F. Budgetary Information

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

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

1. Cash, Cash Equivalents and Investments

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

2. Restricted Cash and Cash Equivalents

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

3. Prepaid Items and Inventories

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

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

4. Capital Assets

All capital assets which are acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and are accounted for and reported in the government-wide financial statements as capital assets, if they meet the County's capitalization criteria. These statements also contain the County's infrastructure assets that are required to be capitalized under GAAP. Infrastructure assets include public domain assets such as roads, bridges, and sewer systems. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Equipment with an initial individual cost equal to or greater than $10,000 and an estimated useful life of three or more years is capitalized. All purchases of library books are capitalized because there is no minimum capitalization threshold.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

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

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

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

The capital outlays character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new police vehicle included as part of expenditures-public safety). At times, amounts reported as capital outlays in the Capital Project Fund will also include non-capitalized, project-related costs (for example, furnishings).

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The primary government has three items that qualify for reporting in this category in the government-wide statement of net position. One is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another relates to pensions. This represents the effect of the net change in the County's proportion of the collective net pension asset or liability, the difference during the measurement periods between the County's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The third relates to the deferred outflow on ETASC's forward purchase agreement swap relating to the accumulated increase in its fair value.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category. The first, unavailable revenue, arises under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, another item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements only.

6. Net Position Flow Assumption

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

7. Fund Balance Flow Assumption

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

8. Fund Balance Policies

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

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Tax Revenue Recognition

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

Delinquent property taxes not collected at year-end (excluding collections in the 60-day subsequent period) are recorded as unearned revenue in the fund financial statements. The portion of delinquent property taxes for prior years estimated to be uncollectible at December 31, 2015, amounted to $42,027,818. This amount has been recorded as an allowance against the property taxes receivable account.

3. Unearned Revenue

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

4. Compensated Absences

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

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

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

5. Pensions

The County is mandated by New York State law to participate in the New York State Teacher's Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net position (asset)/liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions included in Note IX.

6. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

I. Other

1. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Statement of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include the following items: cash on hand; cash in checking and time accounts; and certain short-term items maturing three months or less from the date acquired, as permitted by State statute.

3. Reclassifications

Certain amounts were reclassified from ECFSA's financial statements to conform to the County's reporting presentation. In the ECFSA's statement of revenue, expenditures, and change in fund balances, $60,996,396 representing principal and interest revenue received from the County relating to mirror bonds and a revenue anticipation note purchased by the ECFSA, and $424,722,800 representing sales tax revenue and other distributions to the County, were reclassified as transfers in and transfers out, respectively.

4. Adoption of New Accounting Pronouncements

The County implemented Governmental Accounting Standards Board ("GASB") Statement GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statements No. 68 and No. 71 improve accounting and financial reporting by governments for pensions.

5. Future Impacts of Accounting Pronouncements

The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 72, *Fair Value Measurement and Application;* No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments;* No. 77, *Tax Abatement Disclosures;* No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans;* and No. 79, *Certain External Investment Pools and Pool Participants*, effective for the year ending December 31, 2016, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement* 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68;* No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans;* No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, No. 81, *Irrevocable Split-Interest Agreements;* and No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68*, and No. 73, effective for the year ending December 31, 2017, and No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, effective for the year ending December 31, 2018. The County is, therefore, unable to disclose the impact that adopting GASB Statement Nos. 72, 73, 74, 75, 76, 77, 78, 79, 80, 81 and 82 will have on its financial position and results of operations.

II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

1. In accordance with the County Charter and Administrative Code, no later than October 15, the County Executive submits a tentative operating and capital budget which details proposed expenditures and the proposed means of financing to the Erie County Legislature for the fiscal year commencing the following January 1. The College budget is not included in the County Executive's tentative budget, since it is separately adopted during the first County legislative meeting in July for the fiscal year commencing September 1.

2. After public hearings are conducted to obtain taxpayer comments, the County Legislature (governing board) adopts the budget no later than the second Tuesday in December.

3. The County Executive is authorized to make budget transfers within the same administrative unit up to a cumulative total of $10,000 between accounts or line items. Any proposed transfer which would result in an increase exceeding $10,000 in any one line item in the budget, as adopted during the fiscal year or would affect any salary rate or salary total, would need prior approval by resolution of the County Legislature. In no instance shall a transfer be made from appropriations for debt service, and no appropriations may be reduced below any amount which is required by law to be appropriated.

4. The Emergency Response Special Revenue Fund was established to account for revenues received from the Federal Emergency Management Agency and expenditures associated with the cleanup of major storm damage that occurred in October 2006 and November 2014.

5. Capital Projects Funds are subject to project budgets determined primarily by the bonding authorizations used to fund a particular project rather than annual budgetary appropriations. These budgets do not lapse at year-end; rather, they lapse upon termination of the project.

6. Expenditures within the General, Special Revenue, Utilities Aggregation Enterprise, and the Debt Service Funds may not legally exceed the amount appropriated for such accounts within a department. During the year, numerous supplementary appropriations were necessary.

Individual governmental fund comparisons of budgetary and actual data at the legal level of control established by the adopted budget (i.e., minimally the department and account level) are not presented in this report for those funds with annual appropriated budgets due to the excessive detail involved. However, a separate budgetary comparison report is available which contains this information. This report can be obtained from the Erie County Office of the Comptroller, 95 Franklin Street, Room 1100, Buffalo, New York 14202.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all County funds except the Enterprise Funds, and the Agency Fund. Outstanding encumbrances at year end, except for grant-related commitments that are not reported in the financial statements, are presented for GAAP reporting purposes as assignments of fund balances, and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Unencumbered appropriations lapse at fiscal year-end.

The County reports its budgetary status with the actual data including encumbrances as charges against budgeted appropriations. Following is a reconciliation of the budgetary basis (i.e. non-GAAP) and the GAAP basis operating results (dollars in thousands):

	General Fund
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	$ 335
Less:	
Encumbrances at December 31, 2015	2,889
Plus:	
Encumbrances at January 1, 2015	2,420
Excess of revenues and other financing sources over expenditures and other financing uses - basis of budgeting	$ (134)

Budget columns presented in the accompanying financial statements reflect deficiencies of revenues and other financing sources over expenditures and other financing uses. These deficiencies are caused by the anticipated use of prior-year's fund balance, which had been assigned for 2015 expenditures through the budget process.

Commitments related directly to the Grants and the Community Development Special Revenue Funds in the amounts of $4,238,987 and $1,586,308, respectively, at December 31, 2015, are not reported on the GAAP financial statements. Budget appropriations are not made available for these commitments until grant revenues are recognized at the time of expenditure.

B. <u>Deficit Unassigned Fund Balances</u>

Deficit unassigned fund balance amounts in the E-911,Grants and the Community Development Special Revenue Funds in the amounts of $43,442, $484,726 and $19,483, respectively, are caused by nonspendable fund balance amounts recorded for prepaid items.

C. <u>Deficit Net Position</u>

The Governmental Activities reported a total net deficit of approximately $4,873,000 at December 31, 2015, resulting primarily from ETASC's net deficit of $277,116,468 that is caused by its recognition of bonds payable with no offsetting capital assets.

The College Proprietary Fund reported a total net position deficit of $13,917,794 that primarily represents the effect of GASB required recognition of other post-employment benefits annually. It is anticipated that this trend will continue.

III – CASH, CASH EQUIVALENTS AND INVESTMENTS

<u>Primary Government, Agency Fund and Library Component Unit</u>

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

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

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

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

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

Concentration of Credit Risk – To promote competition in rates and service cost, and to limit the risk of institutional failure, County deposits and investments are placed with multiple institutions. The general rule is not to place more than $100,000,000 or 50% of the County's total investment portfolio, whichever is less, in overnight investments with any one institution.

Deposits – The County deposits cash into a number of bank accounts. Monies must be deposited in demand or time accounts or certificates of deposit issued by FDIC-insured commercial banks or trust companies located within the State. Some of the County's accounts are required by various statutes and borrowing restrictions for specific funds, while the remainder are used for County operating cash and for investment purposes.

As of December 31, 2015 (August 31, 2015 as to the College), except for $6,461, the bank deposits of the Primary Government, Library, and Agency Fund were either FDIC insured or fully collateralized with securities held by the pledging financial institution's agent in the County's name.

Cash and Cash Equivalents – All highly liquid investments with an original maturity date of three months or less are considered to be cash equivalents. Existing policies require that any underlying securities for repurchase transactions must be only federal obligations. Such obligations are explicitly guaranteed by the U.S. Government and therefore not considered to have credit risk. At December 31, 2015, the fair value of money market accounts was $208,880,571 which were fully collateralized with securities held by the pledging financial institution's agent in the County's name.

Investments – All investments are carried at fair value and are held by a third party in the County's, ETASC's or ECFSA's name. Investments for the Primary Government at year-end are shown below (dollars in thousands):

	Fair Value
Municipal bonds	$ 200
Institutional liquidity funds	813
Corporate commercial paper	19,559
Treasury securities	38,986
Total investments	$ 59,558

The County's investment in municipal bonds at December 31, 2015 consists of $200,000 of Gulf Coast Waste Disposal Authority of Texas revenue bonds maturing September 1, 2025 that were rated Aaa by Moody's.

ETASC's investment in corporate commercial paper at December 31, 2015 consisted of $19,559,216 of General Electric Capital Corporation Commercial Paper which was rated P-1 by Moody's. Rating information for the ETASC's $812,447 investment in Blackrock Liquidity Funds was not available.

ECFSA had $38,986,410 in U.S. Treasury securities at December 31, 2015.

ECMCC Component Unit

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

Cash and Cash Equivalents – Include cash on hand and monies deposited in checking and money market accounts. Excluding assets whose use is limited, cash and cash equivalents total $30,611,000 as of December 31, 2015.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, it is the ECMCC's policy to generally limit investments to maturities of less than one year.

Investments – All investments are carried at fair value, and are categorized as insured or uninsured, and collateralized by securities held by the pledging financial institution in the ECMCC's name. The ECMCC's investments and restricted cash and cash equivalents as of December 31, 2015 are shown below (dollars in thousands).

	Fair Value
Money market mutual funds, bank accounts and deposits	$ 39,031
Marketable equity securities	16,365
U.S. Government and Agency Obligations	40,528
Corporate bonds	6,948
Short term fixed income	33,381
Foundation Component Unit	903
RHEC Component Unit	1,731
Physician Endowment Component Unit	10,567
Total investments and restricted cash and cash equivalents	$ 149,454

	Fair Value
Investments - unrestricted.	$ 13,062
Restricted cash and cash equivalents	136,392
Total	$ 149,454

Other Component Units

Erie Community College Foundation, Inc. – The portfolio of investments is carried at their fair value. For donated investments, costs are determined to be fair value at the date of gift.

Fair values and net unrealized gains and losses pertaining to the investment portfolio as of August 31, 2015 are as follows (dollars in thousands):

	Cost	Fair Value
Fixed income	$ 1,404	$ 1,391
International equities	413	499
Domestic stocks	1,631	1,977
Alternates	55	63
Total	$ 3,503	$ 3,930
Net unrealized gain		$ 427

IV - RESTRICTED CASH AND CASH EQUIVALENTS

Primary Government

Restricted Cash and Cash Equivalents – At December 31, 2015 the County reported the following restricted cash and cash equivalents (dollars in thousands):

	Fair Value
Handicapped parking	$ 154
Capital expenditures	88,689
Total	$ 88,843

ECMCC Component Unit

Assets Whose Use is Limited – Assets whose use is limited are reported as restricted cash and cash equivalents at December 31, 2015 and consist of the following (dollars in thousands):

	Fair Value
Patient and resident's trust cash	$ 428
Restricted for debt service principal and interest	11,930
Equipment funds	6,636
Designated for retiree health obligations	24,831
Designated for self insurance	24,580
Designated for long-term investment	23,617
Designated for DSRIP program	13,691
NYS voluntary defined contribution plan escrow	95
Foundation Component Unit	903
Physicians Endowment Component Unit	10,567
Restricted - insured workers' compensation collateral	19,114
Total	$ 136,392

V - PROPERTY TAXES

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

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

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

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

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

Constitutional Tax Limit

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

The County constitutional tax limit (per New York State statutes) for the fiscal year ended December 31, 2015 is computed as follows (dollars in thousands):

Five-year average full valuation of taxable real estate (2011-2015)	$ 47,664,655
Tax limit @ 1.5%	$ 714,970
Statutory additions	72,514
Total taxing power	787,484
Total levy	(257,605)
Tax margin	$ 529,879

VI – RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

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

Major revenues accrued by the County in the various governmental fund types at December 31, 2015 include sales and use taxes in the amount of $53,163,439; state and federal assistance for social services of $113,282,485; and other state and federal aid (including grants) approximating $51,914,416.

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

Receivables and due from other governments - Governmental Funds	General Fund	ECFSA General	Other Governmental Funds	Total
Real property taxes, interest, penalties and liens	$ 122,503	$ -	$ 16	$ 122,519
Sales and use tax	-	53,163	-	53,163
Federal and state assistance for social services programs	113,282	-	-	113,282
Other federal and state aid	33,555	-	18,360	51,915
Other	9,692	-	34,173	43,865
Gross receivables	279,032	53,163	52,549	384,744
Less: allowances for uncollectibles	42,028	-	-	42,028
Total receivables	$ 237,004	$ 53,163	$ 52,549	$ 342,716

Receivables and due from other governments - Proprietary Funds	College 8/31/15	Utilities Aggregation Fund	Total
Accounts receivable	$ 9,891	$ 142	$ 10,033
Other	1,651	578	2,229
Gross receivables	11,542	720	12,262
Less: allowances for uncollectibles	7,980	-	7,980
Total receivables	$ 3,562	$ 720	$ 4,282

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

VII - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows (dollars in thousands):

A. Primary Government

1. Governmental Activities

	Balance 1/1/15	Reclassifications and Increases	Decreases	Balance 12/31/15
Capital assets, not being depreciated:				
Land	$ 31,085	$ 40	$ -	$ 31,125
Construction in progress	90,806	61,141	(92,803)	59,144
Total capital assets, not being depreciated	121,891	61,181	(92,803)	90,269
Capital assets, being depreciated:				
Buildings and improvements	580,246	59,740	-	639,986
Transportation network	599,034	31,447	-	630,481
Sewer network	290,391	2,623	-	293,014
Improvements other than buildings	28,701	-	-	28,701
Machinery and equipment	122,617	1,991	(4,680)	119,928
Total capital assets, being depreciated	1,620,989	95,801	(4,680)	1,712,110
Less accumulated depreciation for:				
Buildings and improvements	(338,541)	(17,130)	-	(355,671)
Transportation network	(346,496)	(26,117)	-	(372,613)
Sewer network	(98,637)	(4,632)	-	(103,269)
Improvements other than buildings	(17,885)	(1,475)	-	(19,360)
Machinery and equipment	(99,878)	(7,161)	4,181	(102,858)
Total accumulated depreciation	(901,437)	(56,515)	4,181	(953,771)
Total capital assets, being depreciated, net	719,552	39,286	(499)	758,339
Governmental activities capital assets, net	$ 841,443	$ 100,467	$ (93,302)	$ 848,608

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

Governmental activities:	
General government	$ 12,813
Public safety	7,995
Health	391
Transportation	26,900
Economic assistance and opportunity	37
Culture and recreation	1,115
Education	1,699
Home and community service	5,565
Total governmental activities depreciation expense	$ 56,515

2. Business-type Activities*

	Balance 9/1/14	Reclassifications and Increases	Decreases	Balance 8/31/15
Capital assets, not being depreciated:				
Construction in progress	$ 5,668	$ 6,311	$ (6,097)	$ 5,882
Capital assets, being depreciated:				
Building improvements	19,374	6,097	-	25,471
Land improvements	64	-	-	64
Equipment	23,368	1,074	(352)	24,090
Library collections	2,355	221	(264)	2,312
Total capital assets, being depreciated	45,161	7,392	(616)	51,937
Less accumulated depreciation for:				
Building improvements	(3,553)	(1,121)	-	(4,674)
Land improvements	(30)	(3)	-	(33)
Equipment	(14,503)	(2,638)	348	(16,793)
Library collections	(1,244)	(225)	251	(1,218)
Total accumulated depreciation	(19,330)	(3,987)	599	(22,718)
Total capital assets, being depreciated, net	25,831	3,405	(16)	29,220
Business-type activities capital assets, net	$ 31,499	$ 9,716	$ (6,113)	$ 35,102

* The College (August 31, 2015)

Depreciation expense for the College was $3,987,401 for the year ended August 31, 2015.

B. Component Units

1. Library

	Balance 1/1/15	Increases	Decreases	Balance 12/31/15
Capital assets, not being depreciated:				
Rare book collection	$ 11,314	$ 46	$ -	$ 11,360
Capital assets, being depreciated:				
Machinery, equipment and library materials	57,705	3,054	(3,825)	56,934
Less accumulated depreciation for:				
Machinery, equipment and library materials	(52,048)	(2,678)	3,446	(51,280)
Total capital assets, being depreciated, net	5,657	376	(379)	5,654
Library component unit capital assets, net	$ 16,971	$ 422	$ (379)	$ 17,014

Depreciation expense for the Library was $2,677,821 for the year ended December 31, 2015.

2. ECMCC

	Balance 1/1/15	Increases	Decreases	Balance 12/31/15
Capital assets, not being depreciated:				
Construction in progress	$ 11,660	$ 11,276	$ (18,371)	$ 4,565
Idle property	3,356	-	-	3,356
Total capital assets, not being depreciated	15,016	11,276	(18,371)	7,921
Capital assets, being depreciated:				
Land and land improvements	16,827	114	3,079	20,020
Buildings and building improvements	401,855	15,613	(3,288)	414,180
Fixed/major moveable equipment	137,080	9,952	209	147,241
Total capital assets, being depreciated	555,762	25,679	-	581,441
Less accumulated depreciation	(281,353)	(27,927)	-	(309,280)
Total capital assets, being depreciated, net	274,409	(2,248)	-	272,161
ECMCC component unit capital assets, net	$ 289,425	$ 9,028	$ (18,371)	$ 280,082

Depreciation expense for ECMCC was $27,927,000 for the year ended December 31, 2015.

VIII – PAYABLES, ACCRUED LIABILITIES AND DUE TO OTHER GOVERNMENTS

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

Accounts and retained percentage payable, accrued liabilities and due to other governments - Governmental Funds	General Fund	ECFSA General	Other Governmental Funds	Total
Accounts payable	$ 15,183	$ -	$ 13,357	$ 28,540
Other governments	27,215	-	867	28,082
Health and social service programs and agencies	39,631	-	954	40,585
Retained percentages	-	-	1,846	1,846
Salaries & fringes	3,522	-	717	4,239
Other	3,508	35	6,020	9,563
Total	$ 89,059	$ 35	$ 23,761	$ 112,855

Accounts payable, accrued liabilites due to other governments and fringe benefits payable - current Proprietary Funds	College 8/31/15	Utility Aggregation Fund	Total
Accounts payable	$ 2,360	$ 1,323	$ 3,683
Fringes benefits payable - current	4,899	2	4,901
Other	8,354	736	9,090
Total	$ 15,613	$ 2,061	$ 17,674

IX – PENSION OBLIGATIONS

Background

The County participates in the New York State and Local Employees' Retirement System ("ERS"). In addition, all faculty and administrators of the College have the option of participating in the New York State Teachers' Retirement System ("TRS") or the Teachers' Insurance and Annuity Association – College Retirement Equities Fund ("TIAA-CREF").

A. Defined Benefit Plans

Plan Descriptions and Benefits Provided

New York State and Local Employees' Retirement System – This is a cost-sharing multiple-employer retirement system. The ERS provides retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as sole trustee and administrative head of the ERS. System benefits are established under the provisions of the NYSRSSL. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The system is noncontributory, except for those employees who joined the ERS after July 27, 1976 who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 10, 2010, who generally contribute 3.0% to 3.5% of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute a percentage ranging from 3% to 6%, based on salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employer's contributions based on the salaries paid during the ERS's fiscal year ending March 31.

New York State Teachers' Retirement System – The TRS is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and the New York State Retirement and Social Security Law ("NYSRSSL"). TRS is governed by a 10 member Board of Trustees. TRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York State Public Schools and BOCES who elect to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial Report which can be found on TRS's website at www.nystrs.org.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At December 31, 2015, the County reported the following liability/(asset) for its proportionate share of the net pension liability/(asset) for ERS and TRS (dollars in thousands):

	Governmental Activities ERS	Business-type Activities ERS	Business-type Activities TRS
Measurement date	March 31, 2015	March 31, 2015	June 30, 2014
Net pension liability/(asset)	$ 30,523	$ 2,965	$ (10,651)
County's portion of the Plan's total net pension liability/(asset)	0.9035165%	0.0877675%	0.0925540%

The net pension liability/(asset) was measured as of March 31, 2015 for ERS and as of June 30, 2014 for TRS. The total pension liability/(asset) used to calculate the net pension liability/(asset) were determined by actuarial valuations as of April 1, 2014 and June 30, 2013, respectively, with update procedures used to roll forward the total net pension liability/(asset) to the measurement dates. The County's proportion of the net pension liability/(asset) were based on projections of the County's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the Systems in reports provided to the County and College. For ERS, the Library is under the County's plan. The County determined a percentage allocated to the Library for their portion of the County's net pension liability.

For the year ended December 31, 2015, the County recognized pension expense of $29,716,398 for the ERS, and an actuarial increase of $419,515 for the TRS. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

	Deferred Outflows of Resources		
	Governmental Activities ERS	Business-type Activities ERS	Business-type Activities TRS
Differences between expected and actual experiences	$ 977	$ 95	$ -
Net difference between projected and actual earnings on pension plan investments	5,301	515	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	4	-	-
County contributions subsequent to the measurement date	27,703	1,490	2,086
Total	$ 33,985	$ 2,100	$ 2,086

	Deferred Inflows of Resources		
	Governmental Activities ERS	Business-type Activities ERS	Primary Government-TRS
Differences between expected and actual experiences	$ -	$ -	$ 156
Net difference between projected and actual earnings on pension plan investments	-	-	7,154
Changes in proportion and differences between the County's contributions and proportionate share of contributions	2,111	205	18
Total	2,111 $	205 $	7,328

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

Year ended December 31,	Governmental Activities ERS	Business-type Activities ERS	Business-type Activities TRS
2016	$ 1,043	$ 102	$ 1,809
2017	1,043	101	1,809
2018	1,043	101	1,809
2019	1,042	101	1,809
2020	-	-	20
Thereafter	-	-	71

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

	ERS	TRS
Measurement date	March 31, 2015	June 30, 2014
Actuarial valuation date	April 1, 2014	June 30, 2013
Interest rate	7.50%	8.00%
Salary scale	4.90%	4.01%-10.91%
Decrement tables	April 1, 2005 - March 31, 2010	July 1, 2005 - June 30, 2010
Inflation rate	2.70%	3.00%

For ERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014. For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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

	Target Allocation		Long-Term Expected Real Rate of Return	
	ERS	TRS	ERS	TRS
Measurement date			March 31, 2015	June 30, 2014
Asset class:				
Domestic equities	38.0%	37.0%	7.3%	7.3%
International equities	13.0%	18.0%	8.6%	8.5%
Private equity	10.0%	0.0%	11.0%	0.0%
Real estate	8.0%	10.0%	8.3%	5.0%
Alternative investments	0.0%	7.0%	0.0%	11.0%
Absolute return strategies	3.0%	20.0%	6.8%	1.4%
Opportunistic portfolio	3.0%	0.0%	8.6%	0.0%
Real assets	3.0%	0.0%	8.7%	0.0%
Bonds and mortgages	18.0%	8.0%	4.0%	3.4%
Cash	2.0%	0.0%	2.3%	0.0%
Inflation-indexed bonds	2.0%	0.0%	4.0%	0.0%
	100.0%	100.0%		

Discount Rate—The discount rate used to calculate the total pension liability was 7.5% for ERS and 8.0% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents the County's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.5% for ERS and 8.0% for TRS, as well as what the County's proportionate share of the net pension liability/(asset) would be if they were calculated using a discount rate that is one percentage-point lower (6.5% for ERS and 7.0% for TRS) or one percentage-point higher (8.5% for ERS and 9.0% for TRS) than the current assumption (dollars in thousands):

Governmental Activities ERS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability/(asset)	$ 203,449	$ 30,523	$ (115,469)

Business-type Activities ERS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability/(asset)	$ 19,764	$ 2,965	$ (11,217)

Business-type Activities TRS	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
Employer's proportionate share of the net pension liability/(asset)	$ (230)	$ (10,651)	$ (19,532)

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

	Primary Government-ERS	Primary Government-TRS	Total
Valuation date	March 31, 2015	June 30, 2014	
Employers' total pension liability/(asset)	$164,591,504	$ 97,015,707	$261,607,211
Plan fiduciary net position	161,213,259	108,155,083	269,368,342
Employers' net pension liability/(asset)	$ 3,378,245	$ (11,139,376)	$ (7,761,131)
System fiduciary net pension as a percentage of total pension liability/(asset) . . .	97.95%	111.48%	102.97%

Payables to the Pension Plan—For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31, payable in full by February 1. The County opted to prepay the required contribution on December 15th at an offered discount of 0.91%. Accrued retirement contributions as of December 31, 2015 are attributable entirely to the College (August 31, 2015) and represents the projected employer contribution for College's fiscal year of April 1, 2015 to August 31, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions for ERS at the end of the College's fiscal year amounted to $1,910,053.

For TRS, employer and employee contributions for the College fiscal year ended August 31, 2015 are paid to TRS in September, October and November 2015 through a state aid intercept. Accrued retirement contributions as of August 31, 2015 represent employee and employer contributions for the fiscal year ended August 31, 2015 based on paid TRS wages multiplied by the employer's contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions for TRS as of August 31, 2015 amounted to $2,834,278.

B. Defined Contribution Plan

Teachers' Insurance and Annuity Association - College Retirement Equities Fund

Plan Description – TIAA-CREF is an optional retirement program ("ORP") authorized by the trustees of the State University of New York. The TIAA/CREF issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to the Teachers' Insurance and Annuity Association - College Retirement Equities Fund, 730 Third Avenue, New York New York, 10017.

Funding Policy – TIAA-CREF provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in the ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. TIAA-CREF is contributory for employees who joined after July 27, 1976, who contribute 3% of their salary. For employees enrolled after June 30, 1992, the College contributes 8% of salary for the first seven years of employment and 10% of salary thereafter. For employees enrolled between July 27, 1976 and June 30, 1992, the College contributes 9% of the first $16,500 in salary and 12% thereafter. Those joining after April 1, 2013 contribute a percentage ranging from 3% to 6%, based on salary for their entire length of service. Employee contributions are deducted from their salaries and remitted on a current basis to TIAA-CREF.

Contributions made by the College and its employees in the 2015 fiscal year were $2,233,566 and $85,681, respectively. The total unpaid balance of this retirement liability at August 31, 2015 was $85,866.

X - CONSTRUCTION AND OTHER COMMITMENTS

Construction Commitments – The County has a number of active construction projects at December 31, 2015. The amounts spent to date and remaining commitments (encumbrances) presented by major project groupings are as follows (dollars in thousands):

Projects	Spent-to-date	Remaining Commitments
General government buildings, equipment and improvements	$ 32,449	$ 11,548
Highways, roads, bridges and equipment	24,602	12,674
Sewers, facilities equipment and improvements	26,772	15,710
Special capital projects	6,216	3,901
Total	$ 90,039	$ 43,833

Operating Leases – Operating lease obligations are primarily for rental of space. Lease expenditures/expenses for the year were $4,956,341 for the primary government and approximately $3,357,000 for the ECMCC component unit. The future minimum rental payments required for non-cancelable operating leases are (dollars in thousands):

Fiscal Year	Primary Government	ECMCC Component Unit
2016	$ 3,676	$ 1,358
2017	1,605	1,163
2018	1,074	747
2019	319	558
2020	282	315
2021-2025	-	823
Totals	$ 6,956	$ 4,964

XI - RISK MANAGEMENT

A. <u>Insurance</u>

The County assumes the liability for most risk including, but not limited to, property damage, personal injury liability, medical malpractice, and workers' compensation. Asserted and incurred but not reported judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Such recording is consistent with the requirements of GAAP. Governmental fund type estimated current contingent loss liabilities for property damage, personal injury liability, medical malpractice, and workers' compensation are reported within governmental activities in the government-wide financial statements.

Loss contingency liabilities arising from operations of the College are recorded in accordance with GASB by the County and are reported in full within governmental activities in the government-wide financial statements and in the General Fund when payment is due. They are only recognized as a College liability when invoiced from the County.

B. Self-Insurance Programs

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

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

The County Attorney is responsible for analyzing the County's judgments and claims and providing an opinion regarding the County's ability to cover its liabilities in the self-insurance programs. Based on this analysis, judgments and claims of $55,345,669 were recorded as governmental activities long-term liabilities at December 31, 2015.

In addition, the County has claims in the range of $2,745,500 to $15,352,500 for which there is a reasonable possibility of a future loss. No accrual has been recorded for such possible losses as of December 31, 2015.

The amounts and classifications of the judgments and claims noted above are based upon information and opinions from the County Attorney.

The changes since December 31, 2013 in the reported governmental fund liability for risk financing activities were as follows (dollars in thousands):

Year	Beginning of Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Year End
2015	$ 1,118	$ 2,558	$ 3,415	$ 261
2014	1,107	1,767	1,756	1,118

Erie County Medical Center Corporation

Losses from asserted and unasserted claims identified under ECMCC's incident reporting system are accrued based on actuarial estimates that incorporate ECMCC's past experience, the nature of each claim or incident, relevant trend factors, and estimated recoveries on unsettled claims. Approximately $22,675,000 has been accrued at December 31, 2015, discounted at 2.00% and included as liabilities in the accompanying statement of net position. The County assumed ECMCC's malpractice liability for periods prior to 2004 and, under terms of a consent decree, has agreed to provide ECMCC indemnification for malpractice related exposures of up to $1,000,000 for each of 2006 and 2007. Approximately $747,000 and $387,000 of indemnification remains available for 2006 and 2007, respectively. No accrual has been recorded by the County for such possible losses. In addition, ECMCC has recorded liabilities of approximately $31,204,000 for workers' compensation related exposure, discounted at 1.25%. Effective January 1, 2012, ECMCC has a high deductible workers' compensation insurance policy.

XII - SHORT-TERM DEBT

Short-term debt of the County may include revenue, tax, and/or bond anticipation notes. These notes are reported as a fund liability in the fund receiving the proceeds in accordance with the criteria set forth in Financial Accounting Standards Board ("FASB") Accounting Standards Codification 470.10, *Debt,* because legal steps have not been taken to refinance the notes on a long-term basis.

The following is a summary of changes in the County's short-term debt for the year ended December 31, 2015 (dollars in thousands):

Description	Balance 1/1/15	Issued	Redeemed	Balance 12/31/15
Bond anticipation notes (BAN)-ECFSA	$ 109,190	$ -	$ 109,190	$ -
Revenue anticipation notes (RAN)	-	89,560	-	89,560

On December 14, 2015 Erie County issued a RAN totaling $89,560,000 with an interest rate of 1.50%. The RAN matures on June 30, 2016.

XIII - LONG-TERM LIABILITIES

A. Bonded Indebtedness

Bonded indebtedness is reported in the government-wide financial statements. The following is a summary of bond transactions of the County for the year ended December 31, 2015 (dollars in thousands):

Purpose (1)	Issue	Maturity	Interest Rate (%)	Balance 1/1/15	Additions	Reductions	Balance 12/31/15	Due Within One Year
Governmental activities general obligation bonds issued by County of Erie:								
Capital	1996	2015	0.00	$ 78	$ -	$ 78	$ -	$ -
Capital	1999	2018	0.00	25	-	6	19	6
Capital	2001	2031	0.00	3,012	-	160	2,852	162
Capital	2002	2031	1.362-5.082	860	-	45	815	45
Capital	2002	2024	2.521-6.181	2,710	-	230	2,480	235
Capital	2003	2032	1.031-4.901	910	-	40	870	40
Capital	2003	2029	2.549-6.259	9,465	-	670	8,795	690
Capital	2003	2032	0.00	297	-	16	281	16
Capital	2003	2032	0.790-4.612	850	-	40	810	40
Capital	2004	2033	1.02-4.63	785	-	35	750	35
Capital	2005	2034	1.56-4.57	2,515	-	302	2,213	91
Capital	2005	2033	2.06-4.13	1,870	-	80	1,790	80
Capital	2005	2020	4.45-5.00	4,720	-	4,720	-	-
Capital	2005	2035	3.50-5.00	9,995	-	290	9,705	305
Refunding	2005	2029	3.50-4.50	30,625	-	30,625	-	-
Capital	2006	2035	0.00	1,455	-	70	1,385	70
Capital	2006	2017	3.50-4.00	4,505	-	1,445	3,060	1,500
Capital	2006	2036	3.50-4.25	3,640	-	105	3,535	110
Capital	2007	2036	3.63-4.79	4,120	-	150	3,970	150
Capital	2010	2023	2.00-4.99	121,340	-	11,175	110,165	11,640
Capital	2010	2039	0.290-4.60	5,070	-	135	4,935	140
Refunding	2010	2020	3.865-21.455	36,600	-	5,425	31,175	5,675
Refunding	2010	2022	2.001-5.00	25,605	-	6,925	18,680	7,160
Refunding	2010	2018	0.95-3.13	60	-	15	45	15
Refunding	2011	2018	1.01-3.30	305	-	95	210	95
Capital	2011	2040	0.00	464	-	18	446	18
Capital & Refunding	2011	2041	0.28-4.95	13,245	-	415	12,830	420
Refunding	2011	2018	2.00-5.00	27,280	-	6,340	20,940	6,650
Capital	2011	2023	3.00-5.00	13,495	-	1,250	12,245	1,295
Capital	2012	2026	2.00-5.00	19,695	-	1,290	18,405	1,320
Capital	2012	2042	0.27-4.27	2,980	-	75	2,905	75
Capital	2013	2024	2.726-5.00	25,635	-	2,165	23,470	2,230
Refunding	2013	2024	2.00-5.00	30,350	-	2,410	27,940	4,935
Capital	2013	2023	2.00-5.00	32,850	-	2,990	29,860	3,140
Capital	2014	2026	2.00-5.00	24,995	-	1,795	23,200	1,690
Capital	2014	2028	2.00-5.00	2,410	-	145	2,265	135
Capital	2015	2028	5.00	-	29,815	-	29,815	1,790
Refunding	2015	2029	5.00	-	24,615	-	24,615	2,405
Capital	2015	2028	3.00-5.00	-	2,185	-	2,185	140
Totals carried forward				464,816	56,615	81,770	439,661	54,543

(Continued)

Purpose (1)	Issue	Maturity	Interest Rate (%)	Balance 1/1/15	Additions	Reductions	Balance 12/31/15	Due Within One Year
Totals brought forward				$ 464,816	$ 56,615	$ 81,770	$ 439,661	$ 54,543
Less bonds issued by the County to ECFSA (mirror bonds):								
Capital	2010	2023	2.00-4.99	(121,340)	-	(11,175)	(110,165)	(11,640)
Refunding	2010	2020	3.865-21.455	(36,600)	-	(5,425)	(31,175)	(5,675)
Refunding	2010	2022	2.001-5.00	(25,605)	-	(6,925)	(18,680)	(7,160)
Refunding	2011	2018	2.00-5.00	(27,280)	-	(6,340)	(20,940)	(6,650)
Capital	2011	2023	3.00-5.00	(13,495)	-	(1,250)	(12,245)	(1,295)
Capital	2013	2024	2.726-5.00	(25,635)	-	(2,165)	(23,470)	(2,230)
Refunding	2013	2024	2.00-5.00	(30,350)	-	(2,410)	(27,940)	(4,935)
Capital	2013	2023	2.00-5.00	(32,850)	-	(2,990)	(29,860)	(3,140)
Total mirror bonds				(313,155)	-	(38,680)	(274,475)	(42,725)
Net general obligation bonds issued by County of Erie				151,661	56,615	43,090	165,186	11,818
Governmental activities general obligation bonds issued by ECFSA:								
Capital	2010	2023	2.0-5.0	121,340	-	11,175	110,165	11,640
Refunding	2010	2020	2.0-5.0	36,600	-	5,425	31,175	5,675
Refunding	2010	2022	2.25-5.24	25,605	-	6,925	18,680	7,160
Refunding	2011	2018	2.00-5.00	27,280	-	6,340	20,940	6,650
Capital	2011	2023	3.00-5.00	13,495	-	1,250	12,245	1,295
ECMCC facility	2011	2028	4.00-5.00	78,615	-	4,050	74,565	4,210
Capital	2013	2024	2.726-5.00	25,635	-	2,165	23,470	4,935
Refunding	2013	2024	2.00-5.00	30,350	-	2,410	27,940	2,230
Capital	2013	2023	2.00-5.00	32,850	-	2,990	29,860	3,140
Total general obligation bonds issued by ECFSA				391,770	-	42,730	349,040	46,935
Total general obligation bonds issued by County of Erie and ECFSA				543,431	56,615	85,820	514,226	58,753
Premium on bond issuance				7,752	8,822	1,809	14,765	-
Premium on bond issuance-ECFSA				29,931	-	6,968	22,963	-
Total County of Erie and ECFSA bonds payable-net				581,114	65,437	94,597	551,954	58,753
Governmental activities bonds issued by ETASC(2):								
Tobacco refunding	2005	varies	varies	258,340	-	2,220	256,120	-
Subordinate CABs	2005	varies	varies	32,870	-	-	32,870	-
Subordinate CABs	2006	varies	varies	17,695	-	-	17,695	-
Subordinate CABs	2005-06	varies	varies	42,102	6,415	-	48,517	-
Subtotal bonds issued by ETASC				351,007	6,415	2,220	355,202	-
Discount on ETASC bonds				(9,568)	-	(74)	(9,494)	-
Discount on ETASC subordinate CABs.				(1,501)	-	(11)	(1,490)	-
Total ETASC bonds payable-net				339,938	6,415	2,135	344,218	-
Governmental activities bonds payable for financial statement purposes				$ 921,052	$ 71,852	$ 96,732	$ 896,172	$ 58,753

(Concluded)

(1) Capital–Capital acquisition and construction.

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

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

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

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

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

ETASC has evaluated the forward purchase agreement using the consistent critical terms method and deemed it to be effective. As of December 31, 2015, the notional amount of the agreement totals $19,218,750, the fair value is $8,252,891, and net cash flows during the year totaled $749,063.

On September 15, 2005, ETASC entered into an agreement with the bondholders to replace the government securities in the irrevocable trust with government agency securities. This transaction generated a savings of $2,802,806. Of this, $1,331,893 was transferred to the County and the remainder less costs of sale was paid to the bondholders for their concessions. During 2010, the bonds were called and the balance in the irrevocable trust was used to satisfy all required debt payments.

On January 5, 2006, ETASC issued $17,694,720 of Tobacco Settlement Asset-Backed CABs, Series 2006A with an interest rate of 7.65%. ETASC entered into a purchase and sale agreement with the County on January 1, 2006, in which ETASC purchased the County’s sole undivided beneficial interest in and to the trust established by ETASC pursuant to the Declaration and Agreement of Trust dated September 1, 2000 between ETASC and the Wilmington Trust Company (“2000 Residential Trust”), in its capacity as trustee, including the County’s right to receive residual tobacco settlement revenues payable to the County, as sole beneficiary of the 2000 Residential Trust. The net proceeds of $15,638,465 were transferred to the County’s General Fund.

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

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

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

Details of ETASC's long-term debt as of December 31, 2015 are as follows:

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

(Continued)

$17,694,720
Term Bond

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

(Concluded)

Changes in ETASC bonded indebtedness for the year ended December 31, 2015 were as follows (dollars in thousands):

	Tobacco Settlement Bonds	Subordinate CABs	Total
Bonds payable at January 1, 2015	$ 258,340	$ 92,667	$ 351,007
Principal payments during 2015	(2,220)	-	(2,220)
Additions and annual net interest accretion	-	6,415	6,415
Bonds payable at December 31, 2015	$ 256,120	$ 99,082	$ 355,202

The amount reflected in the statement of net position for ETASC's bonds payable is net of unamortized discounts on the sale of bonds totaling $10,983,138.

The ETASC's debt service requirements for the Series 2005A and 2005E bonds as of December 31, 2015 are as follows (dollars in thousands):

Year ending December 31,	Principal	Interest	Total Debt Service
2016	$ -	$ 13,202	$ 13,202
2017	-	13,202	13,202
2018	-	13,202	13,202
2019	-	13,202	13,202
2020	-	13,202	13,202
2021-2025	-	66,011	66,011
2026-2030	39,625	60,068	99,693
2031-2035	30,330	47,300	77,630
2036-2040	74,685	37,206	111,891
2041-2045	111,480	25,083	136,563
	$ 256,120	$ 301,678	$ 557,798

C. Erie County Medical Center Corporation

Long-term Debt – The following is a summary of long-term bonded debt at December 31, 2015:

Erie County—Guaranteed Senior Revenue Bonds, Series 2004 (interest of 4.1% to 5.7%)	$ 84,790,000

The Series 2004 bonds are secured by a pledge of the gross receipts of ECMCC and amounts on deposit in certain debt service reserve funds. To the extent that the debt service reserve funds fall below their requirements, the County has agreed to restore such accounts to their requirement.

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

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

D. Other Long-Term Liabilities

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

1. Due to Retirement Systems

Retirement payables of the primary government at December 31, 2015 for amounts due in 2016 and future years are reported in the government-wide financial statements as follows (dollars in thousands):

	Business-type Activities*
Retirement liability outstanding at year-end	$ 4,830
Less: Due within one year	4,499
Due in more than one year	$ 331

* The College (August 31, 2015)

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

2. Compensated Absences

The value recorded in the government-wide financial statements for compensated absences at December 31, 2015, for governmental activities is $22,997,060 classified as a long-term liability in the accompanying financial statements, which includes $13,403,288 due within one year. The following governmental funds have been used in prior years to liquidate this liability: General Fund, the Road, Sewer, E-911, Grants and Community Development Special Revenue Funds.

Compensated absences of $4,093,344 have been reported for business-type activities, classified as fringe benefits payable, on the fund financial statements, which includes $400,000 due within one year.

Compensated absences of the Library component unit totaling $1,566,373 have been reported as a long-term liability, which includes $839,455 due within one year. Compensated absences of the ECMCC component unit totaling approximately $11,545,000 have been reported as an accrued liability.

3. Judgments and Claims

As further explained in Note XI, the County is self-insured. Liabilities are established for workers' compensation, general and malpractice claims in accordance with GAAP. Estimated long-term contingent loss liabilities of governmental fund types total $55,345,669 and have been reported as long-term liabilities in the government-wide financial statements.

Also, as further explained in Notes XI and XIII (E) (4), ECMCC is self-insured and has recorded approximately $21,433,000 and $28,033,000 for the long-term portions of medical malpractice and workers' compensation liability related exposures, respectively.

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

The County recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, and commenced with the 2007 liability.

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

Funding Policy – The County currently pays for Governmental Activities post-employment health care benefits on a pay-as-you-go basis, primarily from the General Fund (86%). The remainder is allocated to the Road, Sewer, E-911, Grants and Community Development Special Revenue Funds. These financial statements assume that pay-as-you-go funding will continue.

Annual Other Post-employment Benefit Cost – For the fiscal year ended December 31, 2015, the County's annual OPEB cost (expense) of $72,307,280 is equal to the Annual Required Contribution ("ARC") of $78,976,311, minus certain adjustments which totaled $6,669,031. Those adjustments were: interest on the net OPEB obligation and adjustment to the ARC. Considering the annual expense as well as payments for current health insurance premiums, which totaled $37,970,512 for retirees and their beneficiaries, the result was an increase in the net OPEB obligation of $34,336,768 for the year ended December 31, 2015.

Annual OPEB Cost and Net OPEB Obligation (dollars in thousands)

	Governmental Activities	Business-type Activities *	Primary Government Total
Actuarial accrued liability (AAL)	$ 777,048	$ 129,373	$ 906,421
Unfunded actuarial accrued liability (UAAL)	777,048	129,373	906,421
Normal cost for the fiscal year	26,233	5,088	31,321
Amortization factor based on 30 years	17.40	17.40	17.40
Annual covered payroll	202,798	59,557	262,355
UAAL as a percentage of covered payroll	383.16%	217.23%	345.49%

Level Dollar Amortization
Calculation of ARC under Projected Unit Credit Method

	Governmental Activities	Business-type Activities *	Primary Government Total
ARC normal cost with interest to end of year	$ 26,233	$ 5,088	$ 31,321
UAAL over 30 years with interest at end of year	40,935	6,720	47,655
Annual required contribution (ARC)	67,168	11,808	78,976
Interest on net OPEB obligation	14,302	2,612	16,914
Adjustment to ARC	(19,941)	(3,642)	(23,583)
Annual OPEB cost (expense)	61,529	10,778	72,307
Contribution for fiscal year ended December 31, 2015	(31,959)	(6,011)	(37,970)
Increase in net OPEB obligation	29,570	4,767	34,337
Net OPEB obligation December 31, 2014	332,592	60,747	393,339
Net OPEB obligation December 31, 2015	$ 362,162	$ 65,514	$ 427,676
Percent of annual OPEB cost contributed:			
2015	51.94%	55.77%	52.51%
2014	57.00%	73.00%	60.00%
2013	38.45%	42.46%	39.04%

* The College (August 31, 2015)

Funded Status and Funding Progress – The OPEB plan was unfunded, resulting in an unfunded accrued liability (UAAL) of $777,048,007 for governmental activities and $129,373,029 for business-type activities. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31, 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	$ 72,307	52.51%	$ 427,676
12/31/2014	52,156	60.00%	393,339
12/31/2013	71,537	39.04%	372,245

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) and on the historical pattern of cost sharing between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Included coverages are "experience-rated" and annual premiums for experience-rated coverages were used as a proxy for claims costs with age adjustments for pre-65 and post-65 participants. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis.

In the January 1, 2014 actuarial valuation, the liabilities were computed using the projected unit credit method. The actuarial assumptions utilized an inflation rate of 2.25% and a 4.30% investment rate of return. The latter rate is based on the projected long-term earning rate of the assets expected to be available to pay benefits. Because the County does not currently segregate funding for these benefits, the rate selected is the expected return on the County's assets. The valuation assumes healthcare cost trends as follows: pre-65 medical, 7.75%; post-65 medical, 5.25% and prescription, 6.25%. Healthcare trends are reduced by decrements to reach a rate of 5.00% in 2022.

Medical Reimbursements – The County's Medicare Part D prescription drug subsidy, which reduces the cost of retiree healthcare premiums, is accrued as revenue only in the current year. Projected subsidies for future years cannot be recognized as a reduction to the actuarial accrued liability.

E. Summary of Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2015 (dollars in thousands):

1. Governmental Activities

	Balance 1/1/15 (as restated)	Additions	Reductions	Balance 12/31/15	Due Within One Year
Bonds payable for financial statement purposes	$ 921,052	$ 71,852	$ 96,732	$ 896,172	$ 58,753
Compensated absences	22,563	19,479	19,045	22,997	13,403
Judgments and claims	54,131	14,513	13,298	55,346	11,896
OPEB liability	332,592	61,529	31,959	362,162	-
Net pension liability *	40,829	-	10,306	30,523	-
Accrued derivative liability - ETASC .	8,236	17	-	8,253	-
Governmental activities long-term liabilities	$1,379,403	$ 167,390	$ 171,340	$1,375,453	$ 84,052

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

The General Fund or applicable special revenue funds are the governmental funds that generally have been used in prior years to liquidate compensated absences, judgments and claims, other post-employment benefit and net pension liabilities.

2. Business-Type Activities*

	Balance 9/1/14 (as restated)	Additions	Reductions	Balance 8/31/15	Due Within One Year
Retirement liabilities	$ 4,808	$ 8,691	$ 8,666	$ 4,833 (1)	$ 4,499 (1)
Compensated absences and fringe benefits	5,254	282	392	5,144	400
Capital leases	4,430	-	1,476	2,954	1,477
OPEB liability	60,747	10,778	6,011	65,514	-
Net pension liability	3,966	-	1,001	2,965	-
Business-type activities long-term liabilities	$ 79,205	$ 19,751	$ 17,546	$ 81,410	$ 6,376

* The College (August 31, 2015)

(1) Includes $3 of Retirement Incentive Wages, of which $0 is due within one year.

3. Library Component Unit

	Balance 1/1/15 (as restated)	Additions	Reductions	Balance 12/31/15	Due Within One Year
Compensated absences	$ 1,661	$ 881	$ 976	$ 1,566	$ 839
OPEB liability	21,644	3,697	1,415	23,926	-
Net pension liability	2,129	-	538	1,591	-
Library Component Unit long-term liabilities	$ 25,434	$ 4,578	$ 2,929	$ 27,083	$ 839

4. ECMCC Component Unit

	Balance 1/1/15 (as restated)	Additions	Reductions	Balance 12/31/15	Due Within One Year
Bonds payable for financial statement purposes	$ 87,500	$ -	$ 2,710	$ 84,790	$ 2,860
Long-term loan (1)	85,629	-	4,817	80,812	5,001
Capital Lease	1,587	9,923	610	10,900	2,758
Judgments and claims (2). . . .	45,525	10,207	6,266	49,466	-
OPEB liability.	119,859	21,779	18,416	123,222	-
Net pension liability	32,253	-	8,141	24,112	-
Other	-	3,289	-	3,289	-
ECMCC Component Unit long-term liabilities	$ 372,353	$ 45,198	$ 40,960	$ 376,591	$ 10,619

(1) Refer to discussion within Note XV(B) regarding long-term loan due to primary government.
(2) Refer to discussions within Notes XI(B) and XIII(D)(3) and regarding judgments and claims of ECMCC.

Additional judgments and claims liabilities for workers' compensation and medical malpractice, along with other post-employment benefits have been recorded by ECMCC as accrued liabilities in the amounts of $3,171,000, $1,242,000 and $9,109,000 respectively.

F. Maturity Schedules (dollars in thousands)

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

Year	Total	Bonds	Retirement	Compensated Absences and Fringe Benefits	Judgments and Claims	Capital Leases	OPEB	Net Pension Liability	Accrued Derivative Liability - ETASC
2016	$ 90,428	$ 58,753	$ 4,499	$ 13,803	$ 11,896	$ 1,477	$ -	$ -	$ -
2017	62,401	60,590	334	-	-	1,477	-	-	-
2018	55,932	55,932	-	-	-	-	-	-	-
2019	50,704	50,704	-	-	-	-	-	-	-
2020	52,045	52,045	-	-	-	-	-	-	-
2021-2025 . .	166,693	166,693	-	-	-	-	-	-	-
2026-2030 . .	91,546	91,546	-	-	-	-	-	-	-
2031-2035 . .	42,093	42,093	-	-	-	-	-	-	-
2036-2040 . .	79,634	79,634	-	-	-	-	-	-	-
2041-2045 . .	112,355	112,355	-	-	-	-	-	-	-
2046-2050 . .	21,728	21,728	-	-	-	-	-	-	-
2051-2055 . .	11,142	11,142	-	-	-	-	-	-	-
2056-2060 . .	17,695	17,695	-	-	-	-	-	-	-
Various (1) . .	575,723	48,518	-	14,339	43,450	-	427,675	33,488	8,253
	1,430,119	869,428	$ 4,833	$ 28,142	$ 55,346	$ 2,954	$ 427,675	$ 33,488	$ 8,253

Total	Bonds	
(10,984)	(10,984)	Remaining unamortized discount on bond issuance - ETASC
14,765	14,765	Remaining unamortized premium of bond issuance
22,963	22,963	Remaining unamortized premium of bond issuance - ECFSA
$ 1,456,863	$ 896,172	Long-term liabilities for financial statement purposes

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

2. Annual Interest Payments Due on Serial Bonds

Year	Primary Government	ECMCC Component Unit
2016	$ 36,703	$ 4,769
2017	34,073	4,611
2018	31,239	4,445
2019	28,748	4,270
2020	26,330	4,085
2021-2025 . . .	101,905	17,278
2026-2030 . . .	69,103	10,710
2031-2035 . . .	50,042	2,382
2036-2040 . . .	37,940	-
2041-2045 . . .	25,110	-
Totals . . .	$ 441,193	$ 52,550

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

Year	Principal	Interest
2016	$ 42,725	$ 12,235
2017	44,035	10,330
2018	40,455	8,237
2019	34,660	6,460
2020	36,080	4,796
2021-2024 . . .	76,520	6,571
Totals . . .	$ 274,475	$ 48,629

4. Capital Leases

The College has entered into lease agreements as a lessee for financing the acquisition of various capital assets (computer equipment, networking technology). The effective interest rate of the lease is 3.36% and lease principal payments are recorded as a reduction in capital lease liability. The College's future minimum lease payments under capital leases as of August 31, 2015, are as follows:

Year Ending August 31,	Business-type Activities
2016	$ 1,559
2017	1,510
Total minimum lease payments	3,069
Less: amount representing interest	(115)
Present value of minimum lease payments . . .	$ 2,954

The assets acquired through capital leases are as follows:

Assets:	
Network technology	$ 7,384
Less: accumulated depreciation	(4,430)
Total assets, net	$ 2,954

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

Year	Total	Compensated Absences	OPEB	Net Pension Liability
2016	$ 839	$ 839	$ -	$ -
Various (1) . . .	26,244	727	23,926	1,591
Totals . . .	$ 27,083	$ 1,566	$ 23,926	$ 1,591

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

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

Year	Total	Serial Bonds	Long-term Loan	Capital Lease	Judgments and Claims	OPEB	Net Pension Liability	Other
2016	$ 10,619	$ 2,860	$ 5,001	$ 2,758	$ -	$ -	$ -	$ -
2017	10,711	3,020	5,191	2,500	-	-	-	-
2018	10,791	3,185	5,389	2,217	-	-	-	-
2019	11,223	3,360	5,594	2,269	-	-	-	-
2020	10,507	3,545	5,806	1,156	-	-	-	-
2021-2025 . .	53,396	20,875	32,521	-	-	-	-	-
2026-2030 . .	48,745	27,435	21,310	-	-	-	-	-
2031-2033 . .	20,510	20,510	-	-	-	-	-	-
Various (1). .	200,089	-	-	-	49,466	123,222	24,112	3,289
Totals . .	$ 376,591	$ 84,790	$ 80,812	$ 10,900	$ 49,466	$ 123,222	$ 24,112	$ 3,289

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

G. Permanent Financing Requirements

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

H. Constitutional Debt Limit

The County constitutional debt limit at December 31, 2015 is computed as follows (dollars in thousands):

Five-year average full valuation of taxable real estate (2011-2015)	$ 47,664,655
Debt limit @ 7%	$ 3,336,526
Net indebtedness (after statutory exclusions)	452,965 *
Net debt contracting margin	$ 2,883,561
Percentage of debt contracting power exhausted	13.58%

*Net indebtedness includes general obligation bonds of $368,175,000 and ECMCC bond guaranty of $84,790,000 (excludes RAN of $89,560,000, ETASC bonds of $355,202,001 to be paid with tobacco settlement proceeds by ETASC, ECFSA bonds of $74,565,000 to be paid by ECMCC, and sewer bonds for self-supporting sewer districts of $71,485,965).

I. **Current Refunding**

In October 2015, the County of Erie issued $24,615,000 in general obligation bonds to refund $27,405,000 of outstanding bonds. The net proceeds of $28,021,871 were deposited into an Escrow Deposit Fund. The moneys deposited constituted an irrevocable deposit and remained there un-invested and without liability for interest, in an amount that was sufficient to pay the redemptive price of the refunded bonds and all accumulated interest up to the date fixed for redemption.

The County of Erie elected to call and redeem on December 1, 2015 all of the outstanding aggregate principal amount of the $27,405,000 refunded serial bonds at par plus accrued interest to the redemption date.

The County completed the current refunding to reduce its total debt service payments over the next 15 years by $3,578,703 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $3,195,179.

XIV – NET POSITION AND FUND BALANCE

A. **Net Position**

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

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

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

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

B. **Fund Balance**

In the governmental fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the County at December 31, 2015 includes:

Community Development Loans – $31,148,519 representing amounts offset for community development loans receivable, which are legally required to be maintained intact.

Prepaid Items – $12,711,693 representing amounts prepaid to vendors and the New York State and Local Employees' Retirement System that are applicable to future accounting periods.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance of the County at December 31, 2015 includes:

Handicapped Parking – $154,393 representing monies restricted for education, advocacy and increased public awareness of handicapped parking laws.

Debt Service – $30,613,993 representing funds to be used toward the future repayment of bonded debt service.

Capital Expenditures – $88,908,036 representing funds that have been reserved to fund capital projects and the purchase of capital assets. This amount includes commitments (encumbrances) of $43,833,484 for capital projects currently in process.

The County Legislature authorizes assigned amounts of fund balance. Assigned funds represent amounts intended to be used for a specific purpose. In the fund financial statements, assignments by the County at December 31, 2015 include:

Subsequent Year's Expenditures – Represents available fund balance of $24,592,361 appropriated to meet expenditure requirements in the 2016 year.

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

Other Purposes – Includes amounts assigned to cover the County's cost of road repairs ($3,282,289), encumbrances ($5,880,967) and positive residual balances ($20,781,094) in Special Revenue Funds; and General Fund encumbrances ($2,888,616).

Accounting prescription set by the Erie County Comptroller provides for a sunset provision of one fiscal year for all fund balance assignments. Legislature approval is required to establish and subsequently appropriate fund balance assignments.

The County considers encumbrances to be significant for amounts that are encumbered in excess of $1,000,000 for a particular purpose. As of December 31, 2015, significant encumbrances are as follows (dollars in thousands):

Purpose	General Fund	Other Governmental Funds
Social Services Programs	$ 1,771	$ -
Sewer District Operations	-	5,595
Buffalo & Erie County Botanical Gardens	-	1,629
Tonawanda Rails to Trails Construction	-	1,195
Countywide Road Construction and Preservation	-	2,659
Countywide Bridge Construction and Preservation	-	1,692
Countywide Capital Overlay Program	-	2,719
Sewer District #3 Construction and Improvements	-	6,688
Sewer District #1 Construction and Improvements	-	1,198
Sewer District #4 Construction and Improvements	-	6,483
ECC - New Academic Building	-	3,486
Total	$ 1,771	$ 33,344

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

XV - INTERFUND BALANCES AND TRANSACTIONS

A. Interfund Receivables and Payables

Interfund receivables and payables of the County at December 31, 2015, and the College at August 31, 2015, consisted of the following (dollars in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	ECFSA General.	$ 53,164
	Nonmajor Governmental Funds	47,400
	College	3,130
	Nonmajor Proprietary Fund	6,914
		110,608
Nonmajor Governmental Funds	Nonmajor Governmental Funds	46,271
	General Fund	1,212
		47,483
Nonmajor Proprietary Fund	College	4
	General Fund	1,323
		1,327
College	General Fund	31
Total receivables		159,449
Less: timing differences		1,069
Total payables		$ 160,518

Interfund payables exceed interfund receivables by $1,069,860. This difference represents interfund payables in the amount of $1,969,382 and interfund receivables in the amount of $899,522 recorded by the County that are not reflected as interfund receivables or payables in the College's balance sheet because of the difference between the County and the College fiscal year end.

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

B. Due To/From Component Unit and Primary Government

Amounts due between the component units and the primary government at December 31, 2015, consisted of the following (dollars in thousands):

Receivable Entity	Payable Entity	Amount
Primary Government-General Fund	ECMCC Component Unit	$ 7,262
Primary Government-Governmental Activities	ECMCC Component Unit	$ 80,812
Primary Government-Nonmajor Governmental Fund	ECMCC Component Unit	$ 172
Primary Government-Nonmajor Proprietary Fund	ECMCC Component Unit	$ 9,193
ECMCC Component Unit	Primary Government-Governmental Activities. . . .	$ 26,000
ECMCC Component Unit	Primary Government-General Fund.	$ 910

During 2011, the ECFSA issued serial bonds in the amount of $86,250,000 to assist ECMCC in the construction of a new residential health care facility. Loan agreements were executed whereby the ECFSA loaned the proceeds and net premium of $10,614,413 to the County, who in turn loaned the monies to ECMCC. Although the amortization schedules on the bonds and the loan are approximately the same in total, the principal and interest components vary. On a monthly basis, ECMCC pays the County directly, while the ECFSA withholds sales tax revenue that otherwise would be transferred to the County. The ECFSA retains these monies until the semi-annual debt service on the bonds are due. Principal and interest payments on long-term obligations between the ECFSA and the County are reported as transfers in and transfers out in the fund financial statements.

Principal payments received from ECMCC during 2015 totaling $4,817,000 are recorded within miscellaneous revenues in the County's Debt Service Fund and eliminated in the government-wide statements. The remaining amount due from ECMCC in the amount of $80,812,000 is reported on the government-wide financial statements only. This balance is shown as a reconciling item on the Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.

The remaining principal and interest payments on ECMCC's long-term loan payable to the County are as follows (dollars in thousands):

Year	Principal	Interest	Total
2016	$ 5,001	$ 2,938	$ 7,939
2017	5,191	2,748	7,939
2018	5,389	2,550	7,939
2019	5,594	2,345	7,939
2020	5,806	2,132	7,938
2021-2025	32,521	7,173	39,694
2026-2028	21,310	1,183	22,493
Totals . . .	$ 80,812	$ 21,069	$ 101,881

C. Interfund Transfers

Interfund transfers for the County for the year ended December 31, 2015, and the College for the year ended August 31, 2015, consisted of the following (dollars in thousands):

Transfers Out	Transfers In	Amount	Purpose - provide financial resources:
General Fund	Nonmajor Governmental Funds	$ 4,673	For the local share of Grant programs
	Nonmajor Governmental Funds	63,298	For general debt service
	Nonmajor Governmental Funds	1,902	To support various capital projects
	Nonmajor Governmental Funds	18,388	For highway improvements
	Nonmajor Governmental Funds	3,422	To support E-911 operations
	College	15,754	To support College operations
	ECFSA	377	For short term debt
		107,814	
ECFSA	General Fund	424,723	For general operations from sales tax receipts
Nonmajor Governmental Funds	Nonmajor Governmental Funds	2,714	To support various capital projects
	Nonmajor Governmental Funds	5,211	For general debt service
	Nonmajor Governmental Funds	1	For local share of storm costs
	Nonmajor Governmental Funds	14,811	For highway maintenance
	Nonmajor Governmental Funds	6,014	For sewer debt service
	Nonmajor Governmental Funds	60,620	For ECFSA debt service
	Nonmajor Governmental Funds	400	For ETASC Operations
	General Fund	938	For general operations
	College	1,800	For movable equipment
		92,509	
Total transfers		$625,046	

XVI - CONTINGENCIES

A. Sales Tax Audits

The State of New York periodically audits its distribution of sales tax revenues to counties throughout the State. Subsequent revisions to the revenues recorded as of December 31, 2015, if any, would be reflected in the operating statement in the year that they are calculated.

B. Supplemental 1% Sales Tax

Through legislation approved by the County and the State of New York, first effective in March of 1985, the County extended an additional 1% sales and compensating use tax. An added requirement of this legislation commencing in 2007, is that the County is required to share $12,500,000 of this tax with other local municipalities. This tax generated approximately $155,838,307 (gross) for the year ended December 31, 2015. The enabling legislation allowing this additional tax expires November 30, 2017. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

C. Supplemental 0.25% Sales Tax

Through legislation approved by the County and the State of New York, the County initiated an additional 0.25% sales and compensating use tax effective July 1, 2005. This tax generated approximately $38,935,335 for the year ended December 31, 2015. The enabling legislation allowing this additional tax expires November 30, 2017. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

D. Supplemental 0.50% Sales Tax

The County Legislature approved a home rule message requesting approval of the New York State Legislature to raise the sales tax 0.50%, to 8.75%. The New York State Legislature approved the Sales Tax Request in January 2006 and the County Legislature enacted the tax increase effective January 15, 2006. This tax generated approximately $77,870,670 for the year ended December 31, 2015. The enabling legislation allowing this additional tax expires November 30, 2017. Legislative approval by both New York State and the County is required for the continuation of this revenue source.

E. Federal and State Aid

The County receives federal aid, state aid, or both for a portion of its mandated social services program expenditures (reported in the Economic Assistance and Opportunity category in the financial statements), such as Medicaid, Family Assistance and Safety Net. The County appropriates only the local share of state administered Medicaid expenditures. Conversely, the County appropriates total expenditures for Family Assistance and Safety Net programs, and budgets state and/or federal aid as revenue. Federal and state aid represents approximately 43% of 2015 County appropriations for social services programs.

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

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

F. Other Contingent Liabilities

1. Financial Assistance Audits

As discussed above, the County receives significant financial assistance from numerous federal and state governmental agencies and third-party payors. The disbursement of monies received under these programs generally requires compliance with terms and conditions specified in the related agreements and are subject to audit by the funding agencies or payors. Any disallowed expenditures resulting from such audits could become a liability of the governmental or proprietary funds. At December 31, 2015, ECMCC, a component unit of the County, has recorded $2,777,000 as an accrued liability for probable third-party payor settlements. The amount of any other expenses that may be disallowed cannot be determined at this time, although ECMCC expects such other amounts to be immaterial.

2. Pollution Remediation

The County has identified two pollution remediation sites that trigger the obligating event criteria relating to GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The County is aware that the New York State Department of Environmental Conservation has classified these sites as Class 2, meaning that remediation action is required due to a significant threat posed to the public health or environment. Although a loss is probable, it is not possible at this time to reasonably estimate the amount of any obligation for remediation that would be material to the County's financial statements because the extent of environmental impact, allocation among the potentially responsible parties, remediation alternatives (which could involve no or minimal efforts), and concurrence of the regulatory authorities have not yet advanced to the stage where a reasonable estimate of any loss that would be material to the County can be made.

XVII – JOINT VENTURES

A. Western Regional Off-Track Betting

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

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

OTB total undistributed net revenue decreased by $1,934,374 for the year ended December 31, 2015. The OTB reported net revenue available for distribution to participating municipalities of $2,431,087. In addition, cumulative net revenue retained for capital acquisitions was $15,418,600 at December 31, 2015. The unexpended balance of funds retained for capital acquisitions cannot exceed the lesser of 1% of total pari-mutuel wagering pools for the previous 12 months or the undepreciated value of the OTB offices, facilities, and premises. Separate financial statements for this joint venture can be obtained from the OTB Comptroller at 8315 Park Road, Batavia, New York, 14020.

B. Buffalo Erie Niagara Land Improvement Corporation

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

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

BENLIC is eligible to receive financial assistance from federal and state governmental agencies in the form of grants. BENLIC reported revenues and other support totaling $1,854,034 and expenses totaling $1,049,107 for year ended December 31, 2015. BENLIC reported net position of $1,025,602 at December 31, 2015, of which $4,734 was temporarily restricted.

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

XVIII - RESTATEMENTS AND CHANGES TO NET POSITION

As discussed in Note I, during the year ended December 31, 2015 the County implemented GASB Statement Nos. 68 and 71. The implementation of these GASB Statements resulted in the reporting of an asset, deferred outflows of resources, a liability and a deferred inflow of resources related to the County's participation in the New York State Employees' and Teachers' Retirement Systems.

During the year ended December 31, 2015, the County elected to change its method of recording community development loans. These loans will be offset by nonspendable fund balance. Previously, these loans were offset by a deferred inflow of resources. As a result of this implementation, fund balance of the Community Development Fund and governmental activities net position increased $31,051,544, and deferred inflows of resources decreased by the same amount.

The effect of these restatements are as follows (dollars in thousands):

	Governmental Activities	Business-type Activities	Total Primary Government
Net Position - December 31, 2014, as previously stated	$ (36,540)	$ (11,989)	$ (48,529)
GASB Statements No. 68 and 71 implementation:			
Beginning system asset - Teachers' Retirement System	-	609	609
Beginning system liability - Employees' Retirement System	(40,829)	(3,966)	(44,795)
Beginning deferred outflow of resources for contributions subsequent to the measurement date:			
Teachers' Retirement System	-	383	383
Employees' Retirement System	31,154	1,718	32,872
Loans receivable	31,052	-	31,052
Net Position - December 31, 2014, as restated	$ (15,163)	$ (13,245)	$ (28,408)

	Community Development Fund
Fund Balance - December 31, 2014, as previously stated	$ -
Loans receivable	31,052
Fund Balance - December 31, 2014, as restated	$ 31,052

Library and the ECMCC component units also implemented GASB Statement Nos. 68 and 71 resulting in the following restatements (dollars in thousands):

	Library Component Unit	ECMCC Component Unit
Net Position - December 31, 2014, as previously stated	$ 1,701	$ 134,381
GASB Statements No. 68 and 71 implementation:		
Beginning system liability - Employees' Retirement System	(2,129)	(32,253)
Beginning deferred outflow of resources for contributions subsequent to the measurement date:		
Employees' Retirement System	1,587	29,770
Net Position - December 31, 2014, as restated	$ 1,159	$ 131,898

XIX - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 21, 2016, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION

The schedule of funding progress presents the results of OPEB valuations as of January 1, 2014, 2012, 2010, 2008, and 2006 and provides trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The schedules of local government's proportionate share of the net pension liability/(asset) and local government's contributions presents trend information of the components of the net pension liability/(asset) and related ratios for each retirement system the County participates in, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the contributions as a percentage of covered-employee payroll.

Schedule of Funding Progress

Other Post-Employment Benefits Plan – Primary Government

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (1) ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2014	$ -	$ 906,421	$ 906,421	- %	$ 262,355	345.49%
1/1/2012	-	838,682	838,682	- %	254,423	329.64%
1/1/2010	-	916,628	916,628	- %	260,985	351.22%
1/1/2008	-	835,493	835,493	- %	248,847	335.75%
1/1/2006	-	736,192	736,192	- %	243,332	302.55%

Note:

(1) Based on the Projected Unit Credit Actuarial Cost Method

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

Employees' Retirement System - Primary Government

Last Two Fiscal years

(dollars in thousands)

	Year Ended December 31,	
	2015	2014
Measurement date	**March 31, 2015**	**March 31, 2014**
County's proportion of the net pension liability	0.991287%	0.991287%
County's proportionate share of the net pension liability	$ 33,488	$ 44,795
County's covered payroll	$ 228,892	$ 226,001
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.63%	19.82%
Plan fiduciary net position as a percentage of the total pension liability	97.95%	97.15%

Schedule of Local Government's Contributions

Employees' Retirement System - Primary Government
Last Two Fiscal years
(dollars in thousands)

	Year Ended December 31, 2015	2014
Contractually required contributions	$ 42,070	$ 46,088
Contributions in relation to the contractually required contribution	(42,070)	(46,088)
Contribution deficiency (excess)	$ -	$ -
County's covered-employee payroll	$ 228,892	$ 226,001
Contributions as a percentage of covered-employee payroll	18.38%	20.39%

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

Teacher's Retirement System - Primary Government

Last Two Fiscal years

(dollars in thousands)

	Year Ended August 31,	
	2015	2014
Measurement date	June 30, 2014	June 30, 2013
College's proportion of the net pension liability/(asset)	0.092554%	0.092554%
College's proportionate share of the net pension liability/(asset)	$ (10,651)	$ (609)
College's covered payroll	$ 14,243	$ 13,674
College's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	(74.78%)	(4.45%)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	111.48%	100.70%

Schedule of Local Government's Contributions

Teacher's Retirement System - Primary Government

Last Two Fiscal years

(dollars in thousands)

	Year Ended August 31, 2015	Year Ended August 31, 2014
Contractually required contributions	$ 2,295	$ 1,605
Contributions in relation to the contractually required contribution	(2,295)	(1,605)
Contribution deficiency (excess)	$ -	$ -
College's covered-employee payroll	$ 14,243	$ 13,674
Contributions as a percentage of covered-employee payroll	16.11%	11.74%

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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

Combining statements are presented for the nonmajor governmental funds.

Individual fund statements and schedules present the following:

- Comparisons of budgetary and actual data for certain Special Revenue Funds and the Debt Service Fund.

- Statement of Changes in Assets and Liabilities for the Agency Fund.

- Fund financial statements for the discretely presented Library component unit.

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

- **Road Fund**
  Used to account for all revenues and expenditures related to the maintenance of County roads and bridges, snow removal, construction and reconstruction of County roads not required to be recorded in a Capital Projects Fund.

- **Sewer Fund**
  Used to account for the activities of the various sewer districts currently in operation within the County.

- **Downtown Mall Fund**
  Used to account for revenues raised through a special district charge levy and the subsequent expenditure of these monies for the operation and maintenance of a downtown pedestrian/transit mall.

- **E-911 Fund**
  Used to account for revenues raised through a telephone access line surcharge and the subsequent expenditure of these monies for the establishment and maintenance of an enhanced 911 emergency telephone system.

- **Emergency Response Fund**
  Used to account for revenues received from the Federal Emergency Management Agency and expenditures associated with the ongoing clean-up of major winter storm damage that occurred in October 2006 and November 2014.

- **Grants Fund**
  Used to account for federal and state operating grants (except the Community Development Block Grant) earmarked for specific programs, so that grantor accounting and reporting requirements can be satisfied.

- **ETASC General Fund**
  Used to account for all financial resources associated with ETASC except for those required to be accounted for in another fund.

- **Community Development Fund**
  Used to assist participating municipalities in the development of locally approved community or economic development activities that are eligible under federal program regulations.

DEBT SERVICE FUNDS

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

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

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

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

CAPITAL PROJECTS FUNDS

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

- **General Government Buildings, Equipment and Improvements Fund**
  Used to account for capital projects administered by the Department of Public Works involving the acquisition, construction, or reconstruction of major or permanent facilities having a relatively long useful life and equipment purchased from the proceeds of long-term debt.

- **Highways, Roads, Bridges and Equipment Fund**
  Utilized to account for capital projects administered by the Department of Public Works for the construction or reconstruction of County roads and bridges and the acquisition of equipment not accounted for in the Road Fund.

- **Sewers, Facilities, Equipment and Improvements Fund**
  Used to account for capital projects relating to the construction and acquisition of sewer facilities and equipment by the operating sewer districts.

- **Tobacco Proceeds Fund**
  Used to account for the net proceeds from the County's securitization of its share of the 1998 Master Settlement Agreement with the tobacco industry that will be used to fund capital projects that otherwise would have been supported by operating funds or the issuance of bonds.

- **Special Capital Projects Fund**
  Utilized to account for capital projects administered by departments other than Public Works that are primarily for the acquisition or construction of buildings, improvements and equipment.

- **Erie County Medical Center Corporation (ECMCC) Capital Projects Fund**
  Utilized to account for capital projects that are for the acquisition or construction of buildings, improvements and equipment for the Erie County Medical Center Corporation.

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2015

(dollars in thousands)

	Special Revenue				
	Road	Sewer	Downtown Mall	E-911	Emergency Response
ASSETS:					
Cash and cash equivalents	$ 10,727	$ 27,603	$ 1	$ -	$ 706
Investments	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Receivables (net of allowances)					
Real property taxes, interest, penalties and liens	-	-	16	-	-
Other	1	-	-	361	6
Due from other funds	-	7,353	-	-	1,211
Due from component unit	2	170	-	-	-
Due from other governments	1,203	75	-	4	1,023
Prepaid items	349	2,564	-	152	-
Total assets	**$ 12,282**	**$ 37,765**	**$ 17**	**$ 517**	**$ 2,946**
LIABILITIES:					
Accounts payable	$ 1,457	$ 1,100	$ -	$ 5	$ 440
Accrued liabilities	672	660	17	144	24
Due to other funds	6,373	-	-	260	886
Due to other governments	-	-	-	-	853
Retained percentages payable	-	2	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	**8,502**	**1,762**	**17**	**409**	**2,203**
FUND BALANCES:					
Nonspendable:					
Community development loans	-	-	-	-	-
Prepaid items	349	2,564	-	152	-
Restricted for:					
Debt service	-	-	-	-	-
Capital expenditures	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	-	8,081	-	-	-
Other purposes	3,431	25,358	-	-	743
Unassigned	-	-	-	(44)	-
Total fund balances	**3,780**	**36,003**	**-**	**108**	**743**
Total liabilities and fund balances	**$ 12,282**	**$ 37,765**	**$ 17**	**$ 517**	**$ 2,946**

Special Revenue

Grants		ETASC General		Community Development		Total	
$	-	$	288	$	-	**$**	**39,325**
	-		-		-		**-**
	-		-		-		**-**
	-		-		-		**16**
	369		-		31,223		**31,960**
	-		-		-		**8,564**
	-		-		-		**172**
	10,355		-		2,420		**15,080**
	485		36		19		**3,605**
$	**11,209**	**$**	**324**	**$**	**33,662**	**$**	**98,722**
$	1,256	$	5	$	642	**$**	**4,905**
	1,231		-		121		**2,869**
	7,596		-		104		**15,219**
	14		-		-		**867**
	-		-		-		**2**
	1,112		-		1,646		**2,758**
	11,209		**5**		**2,513**		**26,620**
	-		-		31,149		**31,149**
	485		36		19		**3,605**
	-		-		-		**-**
	-		-		-		**-**
	-		-		-		**8,081**
	-		283		-		**29,815**
	(485)		-		(19)		**(548)**
	-		**319**		**31,149**		**72,102**
$	**11,209**	**$**	**324**	**$**	**33,662**	**$**	**98,722**

(Continued)

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2015

(dollars in thousands)

	Debt Service			
	Debt Service	ETASC Debt Service	ECFSA Debt Service	Total
ASSETS:				
Cash and cash equivalents	$ -	$ -	$ -	**$ -**
Investments	-	20,372	38,986	**59,358**
Restricted cash and cash equivalents	-	-	-	**-**
Receivables (net of allowances)				
Real property taxes, interest, penalties and liens	-	-	-	**-**
Other	-	-	-	**-**
Due from other funds	38,919	-	-	**38,919**
Due from component unit	-	-	-	**-**
Due from other governments	158	-	-	**158**
Prepaid items	-	-	-	**-**
Total assets	**$ 39,077**	**$ 20,372**	**$ 38,986**	**$ 98,435**
LIABILITIES:				
Accounts payable	$ 44	$ -	$ -	**$ 44**
Accrued liabilities	116	-	51	**167**
Due to other funds	28,691	-	38,919	**67,610**
Due to other governments	-	-	-	**-**
Retained percentages payable	-	-	-	**-**
Unearned revenue	-	-	-	**-**
Total liabilities	**28,851**	**0**	**38,970**	**67,821**
FUND BALANCES:				
Nonspendable:				
Community development loans	-	-	-	**-**
Prepaid items	-	-	-	**-**
Restricted for:				
Debt service	10,226	20,372	16	**30,614**
Capital expenditures	-	-	-	**-**
Assigned:				
Subsequent year's expenditures	-	-	-	**-**
Other purposes	-	-	-	**-**
Unassigned	-	-	-	**-**
Total fund balances	**10,226**	**20,372**	**16**	**30,614**
Total liabilities and fund balances	**$ 39,077**	**$ 20,372**	**$ 38,986**	**$ 98,435**

Capital Projects							
General Government Buildings, Equipment and Improvements	Highways, Roads, Bridges and Equipment	Sewers, Facilities, Equipment and Improvements	Tobacco Proceeds	Special Capital Projects	ECMCC Capital Projects	Total	Total Nonmajor Funds
$ 6,389	$ 3,116	$ 10,965	$ -	$ 11	$ -	**$ 20,481**	**$ 59,806**
-	-	-	200	-	-	**200**	**59,558**
38,246	30,483	4,686	16	15,258	-	**88,689**	**88,689**
-	-	-	-	-	-	**-**	**16**
-	-	-	-	-	-	**-**	**31,960**
-	-	-	-	-	-	**-**	**47,483**
-	-	-	-	-	-	**-**	**172**
799	2,942	537	-	1,057	-	**5,335**	**20,573**
-	-	5	-	-	-	**5**	**3,610**
$ 45,434	**$ 36,541**	**$ 16,193**	**$ 216**	**$ 16,326**	**$ -**	**$ 114,710**	**$ 311,867**
$ 2,985	$ 2,172	$ 2,969	$ -	$ 282	$ -	**$ 8,408**	**$ 13,357**
2,274	1,837	464	-	80	-	**4,655**	**7,691**
1,069	1,998	7,353	-	422	-	**10,842**	**93,671**
-	-	-	-	-	-	**-**	**867**
860	3	721	-	260	-	**1,844**	**1,846**
-	48	-	-	-	-	**48**	**2,806**
7,188	**6,058**	**11,507**	**-**	**1,044**		**25,797**	**120,238**
-	-	-	-	-	-	-	**31,149**
-	-	5	-	-	-	**5**	**3,610**
-	-	-	-	-	-	**-**	**30,614**
38,246	30,483	4,681	216	15,282	-	**88,908**	**88,908**
-	-	-	-	-	-	**-**	**8,081**
-	-	-	-	-	-	**-**	**29,815**
-	-	-	-	-	-	**-**	**(548)**
38,246	**30,483**	**4,686**	**216**	**15,282**	**-**	**88,913**	**191,629**
$ 45,434	**$ 36,541**	**$ 16,193**	**$ 216**	**$ 16,326**	**$ -**	**$ 114,710**	**$ 311,867**

(Concluded)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the year ended December 31, 2015
(dollars in thousands)

	Special Revenue			
	Road	Sewer	Downtown Mall	E-911
REVENUES:				
Real property taxes and tax items	$ -	$ 38,635	$ 1,382	$ -
Sales and use taxes	-	-	-	3,543
Transfer taxes	11,888	-	-	-
Intergovernmental	9,716	-	-	16
Interfund revenues	-	56	-	-
Departmental	142	9,693	-	-
Interest	-	18	-	-
Miscellaneous	1	636	-	-
Total revenues	**21,747**	**49,038**	**1,382**	**3,559**
EXPENDITURES:				
Current:				
General government support	-	-	1,382	-
Public safety	-	-	-	5,745
Health	-	-	-	1,198
Transportation	26,974	-	-	-
Economic assistance and opportunity	-	-	-	-
Home and community service	-	38,157	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	**26,974**	**38,157**	**1,382**	**6,943**
Excess (deficiency) of revenues over expenditures	**(5,227)**	**10,881**	**-**	**(3,384)**
OTHER FINANCING SOURCES (USES) :				
Issuance of general obligation debt	-	-	-	-
Premium on bond issuance	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Sale of property	-	26	-	-
Transfers in	18,388	1	-	3,422
Transfers out	(14,811)	(8,332)	-	-
Total other financing sources (uses)	**3,577**	**(8,305)**	**-**	**3,422**
Net change in fund balances	**(1,650)**	**2,576**	**-**	**38**
Fund balances - beginning, as restated (see Note XVIII)	**5,430**	**33,427**	**-**	**70**
Fund balances - ending	**$ 3,780**	**$ 36,003**	**$ -**	**$ 108**

Special Revenue

Emergency Response	Grants	ETASC General	Community Development	Total
$ -	$ -	$ -	$ -	**$ 40,017**
-	-	-	-	**3,543**
-	-	-	-	**11,888**
2,552	27,162	-	3,070	**42,516**
-	-	-	-	**56**
2	753	-	595	**11,185**
-	-	-	-	**18**
-	2,245	-	-	**2,882**
2,554	**30,160**	**-**	**3,665**	**112,105**
1,118	4,736	133	-	**7,369**
37	6,879	-	-	**12,661**
-	7,345	-	-	**8,543**
423	-	-	-	**27,397**
-	14,783	-	221	**15,004**
449	1,090	-	3,347	**43,043**
-	-	-	-	**-**
-	-	-	-	**-**
-	-	-	-	**-**
2,027	**34,833**	**133**	**3,568**	**114,017**
527	**(4,673)**	**(133)**	**97**	**(1,912)**
-	-	-	-	**-**
-	-	-	-	**-**
-	-	-	-	**-**
-	-	-	-	**26**
-	4,673	400	-	**26,884**
(1)	-	-	-	**(23,144)**
(1)	**4,673**	**400**	**-**	**3,766**
526	**-**	**267**	**97**	**1,854**
217	**-**	**52**	**31,052**	**70,248**
$ 743	**$ -**	**$ 319**	**$ 31,149**	**$ 72,102**

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended December 31, 2015

(dollars in thousands)

	Debt Service			
	Debt Service	ETASC Debt Service	ECFSA Debt Service	Total
REVENUES:				
Real property taxes and tax items	$ -	$ -	$ -	**$ -**
Sales and use taxes	-	-	-	**-**
Transfer taxes	-	-	-	**-**
Intergovernmental	616	14,898	-	**15,514**
Interfund revenues	-	-	-	**-**
Departmental	-	-	-	**-**
Interest	4,230	12	-	**4,242**
Miscellaneous	4,818	-	-	**4,818**
Total revenues	**9,664**	**14,910**	**-**	**24,574**
EXPENDITURES:				
Current:				
General government support	366	-	-	**366**
Public safety	-	-	-	**-**
Health	-	-	-	**-**
Transportation	-	-	-	**-**
Economic assistance and opportunity	-	-	-	**-**
Home and community service	-	-	-	**-**
Capital outlay	-	-	-	**-**
Debt service:				
Principal retirement	43,090	2,220	42,730	**88,040**
Interest and fiscal charges	6,374	12,520	17,890	**36,784**
Total expenditures	**49,830**	**14,740**	**60,620**	**125,190**
Excess (deficiency) of revenues over expenditures	**(40,166)**	**170**	**(60,620)**	**(100,616)**
OTHER FINANCING SOURCES (USES) :				
Issuance of general obligation debt	-	-	-	**-**
Premium on bond issuance	3,785	-	-	**3,785**
Proceeds of refunding bonds	24,615	-	-	**24,615**
Sale of property	-	-	-	**-**
Transfers in	74,523	-	60,620	**135,143**
Transfers out	(60,620)	(400)	-	**(61,020)**
Total other financing sources (uses)	**42,303**	**(400)**	**60,620**	**102,523**
Net change in fund balances	**2,137**	**(230)**	**-**	**1,907**
Fund balances - beginning, as restated (see Note XVIII)	**8,089**	**20,602**	**16**	**28,707**
Fund balances - ending	**$ 10,226**	**$ 20,372**	**$ 16**	**$ 30,614**

Capital Projects							
General Government Buildings, Equipment and Improvements	Highways, Roads, Bridges and Equipment	Sewers, Facilities, Equipment and Improvements	Tobacco Proceeds	Special Capital Projects	ECMCC Capital Projects	Total	Total Nonmajor Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 40,017
-	-	-	-	-	-	-	3,543
-	-	-	-	-	-	-	11,888
4,042	4,112	3,918	-	2,157	-	14,229	72,259
150	-	-	-	-	-	150	206
14	-	31	-	-	-	45	11,230
1	-	7	-	-	-	8	4,268
246	-	-	-	-	-	246	7,946
4,453	4,112	3,956	-	2,157	-	14,678	151,357
-	-	-	-	-	-	-	7,735
-	-	-	-	-	-	-	12,661
-	-	-	-	-	-	-	8,543
-	-	-	-	-	-	-	27,397
-	-	-	-	-	-	-	15,004
-	-	-	-	-	-	-	43,043
24,351	22,829	13,781	-	5,684	-	66,645	66,645
-	-	-	-	-	-	-	88,040
-	-	-	-	-	-	-	36,784
24,351	22,829	13,781	-	5,684	-	66,645	305,852
(19,898)	(18,717)	(9,825)	-	(3,527)	-	(51,967)	(154,495)
13,522	11,077	2,185	-	5,216	-	32,000	32,000
2,177	1,783	237	-	840	-	5,037	8,822
-	-	-	-	-	-	-	24,615
-	-	-	-	-	-	-	26
1,822	14,811	2,714	-	80	-	19,427	181,454
(2,947)	(2,751)	(396)	-	(2,247)	(4)	(8,345)	(92,509)
14,574	24,920	4,740	-	3,889	(4)	48,119	154,408
(5,324)	6,203	(5,085)	-	362	(4)	(3,848)	(87)
43,570	24,280	9,771	216	14,920	4	92,761	191,716
$ 38,246	$ 30,483	$ 4,686	$ 216	$ 15,282	$ -	$ 88,913	$ 191,629

(Concluded)

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

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2015

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Transfer taxes	$ 10,800	$ 10,800	$ 11,888	$ 1,088
Intergovernmental	8,000	8,000	9,716	1,716
Interfund revenue	150	150	-	(150)
Departmental	110	129	142	13
Miscellaneous	-	-	1	1
Total revenues	**19,060**	**19,079**	**21,747**	**2,668**
EXPENDITURES:				
Current:				
Transportation	27,678	30,532	27,087	3,445
Total expenditures	**27,678**	**30,532**	**27,087**	**3,445**
Excess (deficiency) of revenues over expenditures	**(8,618)**	**(11,453)**	**(5,340)**	**6,113**
OTHER FINANCING SOURCES (USES):				
Transfers in	15,118	23,444	18,388	(5,056)
Transfers out	(6,500)	(14,811)	(14,811)	-
Total other financing sources (uses)	**8,618**	**8,633**	**3,577**	**(5,056)**
Net change in fund balances*	**$ -**	**$ (2,820)**	**$ (1,763)**	**$ 1,057**

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

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

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2015

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Real property taxes and tax items	$ 38,645	$ 38,645	$ 38,635	$ (10)
Interfund revenues	-	-	56	56
Departmental	9,742	9,742	9,693	(49)
Interest	29	29	18	(11)
Miscellaneous	89	89	636	547
Total revenues	**48,505**	**48,505**	**49,038**	**533**
EXPENDITURES:				
Current:				
Home and community service	47,814	47,840	36,571	11,269
Debt service:				
Interest and fiscal charges	108	108	-	108
Total expenditures	**47,922**	**47,948**	**36,571**	**11,377**
Excess (deficiency) of revenues over expenditures	**583**	**557**	**12,467**	**11,910**
OTHER FINANCING SOURCES (USES):				
Sale of property	-	-	26	26
Transfers in	-	-	1	1
Transfers out	(8,928)	(8,928)	(8,332)	596
Total other financing sources (uses)	**(8,928)**	**(8,928)**	**(8,305)**	**623**
Net change in fund balances *	**$ (8,345)**	**$ (8,371)**	**$ 4,162**	**$ 12,533**

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

Downtown Mall Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2015

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Real property taxes and tax items	$ 1,387	$ 1,387	$ 1,382	$ (5)
Total revenues	**1,387**	**1,387**	**1,382**	**(5)**
EXPENDITURES:				
Current:				
General government support	1,387	1,387	1,382	5
Total expenditures	**1,387**	**1,387**	**1,382**	**5**
Net change in fund balances	**$ -**	**$ -**	**$ -**	**$ -**

E-911 Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2015

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Sales and use taxes	$ 3,665	$ 3,665	$ 3,543	$ (122)
Intergovernmental	229	229	16	(213)
Total revenues	**3,894**	**3,894**	**3,559**	**(335)**
EXPENDITURES:				
Current:				
Public safety	6,091	6,089	5,728	361
Health	1,225	1,227	1,198	29
Total expenditures	**7,316**	**7,316**	**6,926**	**390**
Excess (deficiency) of revenues over expenditures	**(3,422)**	**(3,422)**	**(3,367)**	**55**
OTHER FINANCING SOURCES:				
Transfers in	3,422	3,422	3,422	-
Total other financing sources	**3,422**	**3,422**	**3,422**	**-**
Net change in fund balances	**$ -**	**$ -**	**$ 55**	**$ 55**

Emergency Response Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2015

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	$ -	$ 580	$ 2,552	$ 1,972
Departmental	-	-	2	2
Total revenues	**-**	**580**	**2,554**	**1,974**
EXPENDITURES:				
General government support	-	1,209	1,118	91
Public safety	-	37	37	-
Transportation	-	333	310	23
Home and community service	-	451	449	2
Total expenditures	**-**	**2,030**	**1,914**	**116**
Excess (deficiency) of revenues over expenditures	**-**	**(1,450)**	**640**	**2,090**
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,451	-	(1,451)
Transfers out	-	(1)	(1)	-
Total other financing sources (uses)	**-**	**1,450**	**(1)**	**(1,451)**
Net change in fund balances	**$ -**	**$ -**	**$ 639**	**$ 639**

Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Non-GAAP Basis of Accounting)

For the fiscal year ended December 31, 2015

(dollars in thousands)

	Original Budget	Final Budget	Budgetary Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	$ 616	$ 616	$ 616	$ -
Interest	997	3,118	4,230	1,112
Miscellaneous	-	4,817	4,818	1
Total revenues	**1,613**	**8,551**	**9,664**	**1,113**
EXPENDITURES:				
Current:				
General government support	-	366	366	-
Debt service:				
Principal retirement	54,332	43,260	43,090	170
Interest and fiscal charges	20,895	6,584	6,374	210
Total expenditures	**75,227**	**50,210**	**49,830**	**380**
Excess (deficiency) of revenues over expenditures	**(73,614)**	**(41,659)**	**(40,166)**	**1,493**
OTHER FINANCING SOURCES (USES):				
Premium on bond issuance	-	3,771	3,785	14
Proceeds of refunding bonds	-	24,615	24,615	-
Transfers in	72,597	72,876	74,523	1,647
Transfers out	-	(60,620)	(60,620)	-
Total other financing sources (uses)	**72,597**	**40,642**	**42,303**	**1,661**
Net change in fund balances *	**$ (1,017)**	**$ (1,017)**	**$ 2,137**	**$ 3,154**

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

AGENCY FUND

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

Statement of Changes in Assets and Liabilities
Agency Fund

For the year ended December 31, 2015

(dollars in thousands)

	Balance 1/1/2015	Additions	Deductions	Balance 12/31/2015
ASSETS:				
Cash and cash equivalents	$ 34,088	$ 349,530	$ 338,694	$ 44,924
Receivables:				
Other receivables	578	7,868	7,904	542
Bonds and securities held in custody	28	9	17	20
Total assets	**$ 34,694**	**$ 357,407**	**$ 346,615**	**$ 45,486**
LIABILITIES:				
Amounts held in custody for others:				
Court funds	$ 12,780	$ 9,121	$ 2,503	$ 19,398
Mortgage tax	2,384	16,396	15,996	2,784
Social services	8,166	109,443	109,331	8,278
Bail and bid deposits	979	1,046	1,108	917
Payroll taxes and withholdings	4,346	190,722	190,923	4,145
Miscellaneous - other	6,039	14,881	10,956	9,964
Total amounts held in custody for others	34,694	341,609	330,817	45,486
Total liabilities	**$ 34,694**	**$ 341,609**	**$ 330,817**	**$ 45,486**

LIBRARY COMPONENT UNIT

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

Balance Sheet

Library Component Unit

December 31, 2015

(dollars in thousands)

		Library
ASSETS:		
Cash and cash equivalents	$	8,067
Receivables (net of allowances)		
Other		79
Due from other governments		491
Prepaid items		899
Total assets	**$**	**9,536**
LIABILITIES:		
Accounts payable	$	359
Accrued liabilities		720
Unearned revenue		397
Total liabilities		**1,476**
FUND BALANCES:		
Nonspendable		899
Committed		2,800
Assigned		2,265
Unassigned		2,096
Total fund balances		**8,060**
Total liabilities and fund balances	**$**	**9,536**

Reconciliation of the Balance Sheet

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

December 31, 2015

(dollars in thousands)

		Library
Total fund balance - Library component unit	**$**	**8,060**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		17,014
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to employer contributions		1,444
Deferred outflows related to experience and investment earnings		327
Deferred inflows relating to pension plans		(110)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		(27,083)
Net position of Library component unit	**$**	**(348)**

Statement of Revenues, Expenditures and Changes in Fund Balance

Library Component Unit

For the year ended December 31, 2015

(dollars in thousands)

	Library
REVENUES:	
Real property taxes and tax items	$ 23,014
Intergovernmental	3,327
Departmental	844
Interest	2
Miscellaneous	199
Total revenues	**27,386**
EXPENDITURES:	
Current:	
Culture and recreation	27,361
Total expenditures	**27,361**
Net change in fund balance	**25**
Fund balance - beginning	**8,035**
Fund balance - ending	**$ 8,060**

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

Library Component Unit to the Government-wide Statement of Activities

For the year ended December 31, 2015

(dollars in thousands)

			Library
Net change in fund balance - Library component unit			**$ 25**
Amounts reported for library component unit in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and depreciated. This is the amount by which capital outlays exceeded depreciation expense in the current period.			
Capital outlays, net of disposals of $379	$	2,721	
Depreciation expense		(2,678)	
Net adjustment			43
Net differences between pension contributions recognized on the fund financial statements and the government-wide statements are as follows:			
Direct pension contributions		1,444	
Cost of benefits earned net of employee contributions		(832)	
			612
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds			(2,187)
Change in net position of Library component unit			**$ (1,507)**


SEAL OF ★ ERIE ★ COUNTY
STATE ★ OF ★ NEW YORK

OTHER COMPONENT UNITS

Other Component Units of Erie County include:

The financial data shown for the Erie Community College Foundation, Inc. and the Auxiliary Services Corporation of Erie Community College, Inc. is derived from their separately issued financial statements. Both of these entities are included as component units in the County's basic financial statements, based on the fact that they are legally separate entities for which the College and County are financially accountable.

The financial data shown for the Buffalo and Erie County Industrial Land Development Corporation ("ILDC") is derived from their separately issued financial statements. The inclusion of the ILDC as a component unit in the County's basic financial statements reflects the County's financial accountability for this legally separate entity.

Combining Statement of Net Position

Other Component Units

December 31, 2015

(dollars in thousands)

	College Foundation (August 31, 2015)	Auxiliary Services Corporation (August 31, 2015)	ILDC	Total
ASSETS:				
Cash	$ 472	$ 1,785	$ 279	**$ 2,536**
Investments	3,930	-	-	**3,930**
Receivables (net of allowances)	271	145	6	**422**
Inventories	-	36	-	**36**
Prepaid items	-	15	-	**15**
Other assets	-	858	1	**859**
Capital assets:				
Other capital assets, net of depreciation	-	331	-	**331**
Total assets	**4,673**	**3,170**	**286**	**8,129**
LIABILITIES:				
Accounts payable	3	92	-	**95**
Accrued liabilities	172	973	28	**1,173**
Total liabilities	**175**	**1,065**	**28**	**1,268**
NET POSITION:				
Net investment in capital assets	-	331	-	**331**
Restricted for:				
Other purposes	3,394	10	208	**3,612**
Unrestricted	1,104	1,764	50	**2,918**
Total net position	**$ 4,498**	**$ 2,105**	**$ 258**	**$ 6,861**

Combining Statement of Activities

Other Component Units

For the year ended December 31, 2015

(dollars in thousands)

	College Foundation (August 31, 2015)	Auxiliary Services Corporation (August 31, 2015)	ILDC	Total
EXPENSES:				
Program operations	$ 824	$ 2,114	$ 1,783	**$ 4,721**
Total expenses	**824**	**2,114**	**1,783**	**4,721**
PROGRAM REVENUES:				
Charges for services	424	2,005	-	**2,429**
Operating grants and contributions	400	78	1,765	**2,243**
Total program revenues	**824**	**2,083**	**1,765**	**4,672**
Change in net position		**(31)**	**(18)**	**(49)**
Total net position - beginning	**4,498**	**2,136**	**276**	**6,910**
Total net position - ending	**$ 4,498**	**$ 2,105**	**$ 258**	**$ 6,861**


SEAL OF ★ ERIE ★ COUNTY
STATE ★ OF ★ NEW YORK

STATISTICAL SECTION

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

Contents **Page**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

These schedules contain information to help the reader assess two of the County's most significant revenue sources; sales and use taxes and property taxes.

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	$ 343,309	$ 331,821	$ 330,411	$ 373,664
Restricted	23,246	23,071	18,979	16,148
Unrestricted (deficit)	(317,433)	(332,295)	(339,975)	(362,063)
Total governmental activities net position	**$ 49,122**	**$ 22,597**	**$ 9,415**	**$ 27,749**
Business-type activities:				
Net investment in capital assets	$ 6,653	$ 7,930	$ 11,141	$ 12,628
Unrestricted (deficit)	7,892	(1,488)	(5,989)	(13,093)
Total business-type activities net position	**$ 14,545**	**$ 6,442**	**$ 5,152**	**$ (465)**
Primary government:				
Net investment in capital assets	$ 349,962	$ 339,751	$ 341,552	$ 386,292
Restricted	23,246	23,071	18,979	16,148
Unrestricted (deficit)	(309,541)	(333,783)	(345,964)	(375,156)
Total primary government net position	**$ 63,667**	**$ 29,039**	**$ 14,567**	**$ 27,284**

Source: Erie County Basic Financial Statements

Fiscal Year

2010	2011	2012	2013	2014	2015
$ 374,188	$ 361,546	$ 385,776	$ 395,657	$ 411,226	$ 443,834
6,231	27,317	34,960	40,914	45,924	75,151
(361,686)	(412,170)	(435,137)	(472,024)	(493,690)	(523,858)
$ 18,733	**$ (23,307)**	**$ (14,401)**	**$ (35,453)**	**$ (36,540)**	**$ (4,873)**
$ 14,421	$ 17,474	$ 20,828	$ 23,349	$ 27,069	$ 32,148
(18,630)	(25,891)	(30,946)	(34,406)	(39,058)	(43,798)
$ (4,209)	**$ (8,417)**	**$ (10,118)**	**$ (11,057)**	**$ (11,989)**	**$ (11,650)**
$ 388,609	$ 379,020	$ 406,604	$ 419,006	$ 438,295	$ 475,982
6,231	27,317	34,960	40,914	45,924	75,151
(380,316)	(438,061)	(466,083)	(506,430)	(532,748)	(567,656)
$ 14,524	**$ (31,724)**	**$ (24,519)**	**$ (46,510)**	**$ (48,529)**	**$ (16,523)**

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	Fiscal Year 2006	2007	2008	2009
EXPENSES:				
Primary government:				
Governmental activities:				
General government	$ 86,640	$ 425,037	$ 418,986	$ 420,026
Public safety	128,222	117,687	118,220	122,888
Health	110,413	84,283	85,091	89,927
Transportation	60,742	61,088	65,292	62,673
Economic assistance and opportunity	541,220	574,163	537,650	567,035
Culture and recreation	20,278	21,181	29,910	23,754
Education	67,310	67,157	66,883	70,716
Home and community service	82,954	52,365	52,299	48,628
Interest and fiscal charges	49,878	45,938	41,784	39,511
Total governmental activities expenses	**1,147,657**	**1,448,899**	**1,416,115**	**1,445,158**
Business-type activities:				
College (fiscal year ending August 31,)	99,723	112,765	112,401	123,988
Purchase and resale of utilities	50,971	46,747	44,902	27,490
Total business-type activities expenses	**150,694**	**159,512**	**157,303**	**151,478**
Total primary government expenses	**$ 1,298,351**	**$ 1,608,411**	**$ 1,573,418**	**$ 1,596,636**
PROGRAM REVENUES:				
Primary government:				
Governmental activities:				
Charges for services:				
General government	$ 20,736	$ 19,521	$ 21,113	$ 25,057
Public safety	8,524	9,600	7,290	5,971
Health	4,466	3,506	3,717	3,950
Transportation	729	-	-	-
Economic assistance and opportunity	26,186	29,495	34,237	29,657
Culture and recreation	3,462	3,265	3,267	6,032
Education	764	95	95	95
Home and community service	10,263	10,863	9,930	11,986
Operating grants and contributions	476,963	441,098	402,443	468,793
Capital grants and contributions	9,041	6,480	8,661	12,282
Total governmental activities program revenues	**561,134**	**523,923**	**490,753**	**563,823**
Business-type activities:				
Charges for services:				
College (fiscal year ending August 31,)	25,596	27,327	29,008	30,863
Purchase and resale of utilities	51,360	46,905	45,475	27,434
Operating grants and contributions	30,471	30,387	31,181	6,790
Total business-type activities program revenues	**107,427**	**104,619**	**105,664**	**65,087**
Total primary government program revenues	**$ 668,561**	**$ 628,542**	**$ 596,417**	**$ 628,910**
NET (EXPENSE) / REVENUE:				
Governmental activities	$ (586,523)	$ (924,976)	$ (925,362)	$ (881,335)
Business-type activities	(43,267)	(54,893)	(51,639)	(86,391)
Total primary government net (expense) / revenue	**$ (629,790)**	**$ (979,869)**	**$ (977,001)**	**$ (967,726)**

Fiscal Year

2010	2011	2012	2013	2014	2015
$ 423,161	$ 462,487	$ 434,922	$ 426,627	$ 444,564	$ 424,884
141,543	131,715	152,968	157,278	158,867	170,293
82,855	71,714	72,928	72,137	73,687	78,789
72,615	70,201	71,685	71,592	83,361	79,804
579,927	591,057	578,592	594,354	616,548	609,415
24,567	19,295	20,709	18,156	22,516	19,828
75,529	73,777	69,833	68,208	67,907	72,947
53,186	59,127	54,618	53,704	52,410	51,506
37,833	43,985	34,905	39,515	36,859	36,115
1,491,216	**1,523,358**	**1,491,160**	**1,501,571**	**1,556,719**	**1,543,581**
132,556	133,416	129,424	132,318	131,991	129,053
28,587	25,947	21,350	25,398	29,199	18,758
161,143	**159,363**	**150,774**	**157,716**	**161,190**	**147,811**
$ 1,652,359	**$ 1,682,721**	**$ 1,641,934**	**$ 1,659,287**	**$ 1,717,909**	**$ 1,691,392**
$ 26,794	$ 26,708	$ 31,239	$ 26,702	$ 26,684	$ 25,624
5,578	6,285	6,846	7,239	6,591	6,065
2,470	2,373	2,777	2,192	2,103	2,237
-	-	-	-	-	-
29,008	28,413	27,147	23,723	22,037	23,431
1,552	1,459	1,460	1,322	1,350	1,406
95	95	95	95	95	95
9,311	9,865	10,348	9,630	10,521	10,381
456,029	410,157	401,431	395,047	419,988	418,078
25,718	12,206	25,630	17,185	21,276	14,274
556,555	**497,561**	**506,973**	**483,135**	**510,645**	**501,591**
31,144	32,616	35,512	36,868	35,807	35,914
28,805	26,017	20,692	25,438	29,409	18,867
7,412	6,584	5,654	5,282	5,707	6,002
67,361	**65,217**	**61,858**	**67,588**	**70,923**	**60,783**
$ 623,916	**$ 562,778**	**$ 568,831**	**$ 550,723**	**$ 581,568**	**$ 562,374**
$ (934,661)	$ (1,025,797)	$ (984,187)	$ (1,018,436)	$ (1,046,074)	$ (1,041,990)
(93,782)	(94,146)	(88,916)	(90,128)	(90,267)	(87,028)
$ (1,028,443)	**$ (1,119,943)**	**$ (1,073,103)**	**$ (1,108,564)**	**$ (1,136,341)**	**$ (1,129,018)**

(Continued)

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	Fiscal Year 2006	2007	2008	2009
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:				
Governmental activities:				
Taxes				
Property taxes levied for mall, sewer, and general purposes	$ 212,177	$ 223,866	$ 239,333	$ 251,224
Sales and use taxes	365,087	656,674	667,783	646,893
Transfer taxes	10,720	11,576	8,901	8,553
Unrestricted interest earnings	7,268	7,643	3,994	1,592
Miscellaneous	14,460	13,200	8,772	7,896
Gain on sale of capital assets	183	921	559	732
Transfers	(17,288)	(15,429)	(17,162)	(17,221)
Total governmental activities	**592,607**	**898,451**	**912,180**	**899,669**
Business-type activities:				
Unrestricted state and local appropriations	27,894	30,233	32,524	34,049
Federal and state student financial aid	-	-	-	29,206
Unrestricted interest earnings	955	1,128	663	298
Miscellaneous	-	-	-	-
Transfers	15,429	15,429	17,162	17,221
Total business-type activities	**44,278**	**46,790**	**50,349**	**80,774**
Total primary government	**$ 636,885**	**$ 945,241**	**$ 962,529**	**$ 980,443**
CHANGE IN NET POSITION:				
Governmental activities	$ 6,084	$ (26,525)	$ (13,182)	$ 18,334
Business-type activities	1,011	(8,103)	(1,290)	(5,617)
Total change in net position	**$ 7,095**	**$ (34,628)**	**$ (14,472)**	**$ 12,717**

Source: Erie County Basic Financial Statements

Fiscal Year

2010	2011	2012	2013	2014	2015
$ 257,749	$ 275,705	$ 270,806	$ 269,809	$ 274,900	$ 277,889
661,933	691,208	707,995	724,680	743,220	754,966
7,246	8,353	9,432	9,719	12,010	11,888
1,524	1,280	1,012	1,352	810	632
14,162	24,242	9,231	11,287	30,994	24,206
460	492	361	152	482	253
(17,429)	(17,429)	(17,429)	(17,343)	(17,429)	(17,554)
925,645	**983,851**	**981,408**	**999,656**	**1,044,987**	**1,052,280**
34,071	31,163	30,157	32,590	33,343	32,867
38,392	41,207	39,527	38,690	38,511	38,172
146	139	102	75	52	30
-	-	-	491	-	-
17,429	17,429	17,429	17,343	17,429	17,554
90,038	**89,938**	**87,215**	**89,189**	**89,335**	**88,623**
$ 1,015,683	**$ 1,073,789**	**$ 1,068,623**	**$ 1,088,845**	**$ 1,134,322**	**$ 1,140,903**
$ (9,016)	$ (41,946)	$ (2,779)	$ (18,780)	$ (1,087)	$ 10,290
(3,744)	(4,208)	(1,701)	(939)	(932)	1,595
$ (12,760)	**$ (46,154)**	**$ (4,480)**	**$ (19,719)**	**$ (2,019)**	**$ 11,885**

(Concluded)

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

	Fiscal Year			
	2006	2007	2008	2009
General Fund:				
Reserved	$ 11,723	$ 12,291	$ 8,361	$ 6,758
Unreserved (deficit)	26,510	35,250	49,830	95,080
Total general fund	**$ 38,233**	**$ 47,541**	**$ 58,191**	**$ 101,838**
All Other Governmental Funds:				
Reserved	$ 63,364	$ 56,895	$ 73,361	$ 87,772
Unreserved, reported in:				
Special revenue funds	7,513	8,417	10,879	17,722
Capital project funds (deficit)	58,787	30,277	(18,315)	(69,217)
Total all other governmental funds	**$ 129,664**	**$ 95,589**	**$ 65,925**	**$ 36,277**
General Fund:				
Nonspendable	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
Total general fund	N/A	N/A	N/A	N/A
All Other Governmental Funds:				
Nonspendable	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
Total all other governmental funds	N/A	N/A	N/A	N/A

Source: Erie County Basic Financial Statements

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

N/A = Not Available

Fiscal Year

2010	2011 (1)	2012	2013	2014	2015
$ 11,853	N/A	N/A	N/A	N/A	N/A
113,460	N/A	N/A	N/A	N/A	N/A
$ 125,313	N/A	N/A	N/A	N/A	N/A
$ 62,740	N/A	N/A	N/A	N/A	N/A
19,690	N/A	N/A	N/A	N/A	N/A
66,095	N/A	N/A	N/A	N/A	N/A
$ 148,525	N/A	N/A	N/A	N/A	N/A
N/A	$ 8,394	$ 9,322	$ 10,292	$ 10,231	$ 9,087
N/A	187	196	138	140	154
N/A	24,065	22,291	20,289	26,576	20,400
N/A	83,489	88,332	89,650	92,218	99,859
N/A	**$ 116,135**	**$ 120,141**	**$ 120,369**	**$ 129,165**	**$ 129,500**
N/A	$ 3,097	$ 3,359	$ 3,539	$ 3,408	$ 34,774
N/A	114,758	110,982	152,860	121,468	119,522
N/A	29,251	31,406	31,933	37,272	38,026
N/A	(472)	(509)	(543)	(654)	(548)
N/A	**$ 146,634**	**$ 145,238**	**$ 187,789**	**$ 161,494**	**$ 191,774**

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	Fiscal Year			
	2006	2007	2008	2009
REVENUES:				
Real property taxes and tax items	$ 201,008	$ 213,124	$ 229,874	$ 244,221
Sales and use taxes	365,087	656,674	667,783	647,287
Transfer taxes	10,720	11,576	8,901	8,553
Intergovernmental	478,233	440,722	408,732	481,067
Interfund revenues	250	177	323	426
Departmental	75,086	76,089	79,173	80,618
Interest	15,083	14,674	6,881	2,931
Miscellaneous	10,608	10,571	8,080	7,199
Total revenues	**1,156,075**	**1,423,607**	**1,409,747**	**1,472,302**
EXPENDITURES:				
Current:				
General government support	98,641	368,292	368,288	348,167
Public safety	125,914	117,437	113,984	121,345
Health	72,284	73,355	82,646	88,891
Transportation	41,814	41,755	44,504	42,549
Economic assistance and opportunity	540,667	570,015	537,251	566,664
Culture and recreation	17,577	19,045	21,105	21,389
Education	65,690	65,523	65,169	69,043
Home and community service	77,928	48,198	45,908	42,149
Capital outlay	75,997	48,038	41,966	59,507
Debt service:				
Principal retirement	36,516	43,427	50,875	50,214
Interest and fiscal charges	46,477	44,200	40,482	36,587
Total expenditures	**1,199,505**	**1,439,285**	**1,412,178**	**1,446,505**
Excess (deficiency) of revenues over expenditures	**(43,430)**	**(15,678)**	**(2,431)**	**25,797**
OTHER FINANCING SOURCES (USES):				
Issuance of general obligation debt	70,205	5,374	-	3,232
Discount on bond issuance	(514)	-	-	-
Premium on BAN issuance	-	-	-	1,449
Premium on bond issuance	175	-	-	-
Proceeds of refunding bonds	-	-	-	-
Payments to refunded bond escrow	-	-	-	-
Sale of property	183	966	579	742
Transfers in	443,821	442,068	474,097	455,169
Transfers out	(461,109)	(457,497)	(491,259)	(472,390)
Total other financing sources (uses)	**52,761**	**(9,089)**	**(16,583)**	**(11,798)**
Net change in fund balances	**$ 9,331**	**$ (24,767)**	**$ (19,014)**	**$ 13,999**
Debt service as a percentage of non-capital expenditures	**7.2%**	**6.3%**	**6.6%**	**6.3%**

Source: Erie County Basic Financial Statements

Fiscal Year					
2010	2011	2012	2013	2014	2015
$ 253,512	$ 263,799	$ 268,069	$ 271,757	$ 274,742	$ 280,406
661,933	691,208	707,995	724,680	743,220	754,966
7,246	8,353	9,432	9,719	12,010	11,888
478,484	416,269	426,376	405,194	434,138	416,188
370	318	1,323	310	228	206
74,714	74,683	78,843	72,756	70,012	69,247
3,045	3,949	6,067	6,334	5,336	4,900
13,184	24,512	10,087	15,337	35,425	28,372
1,492,488	**1,483,091**	**1,508,192**	**1,506,087**	**1,575,111**	**1,566,173**
361,693	386,272	386,719	384,065	393,501	402,264
134,388	133,258	148,601	150,138	151,308	157,404
82,090	70,954	72,412	71,832	72,696	73,569
43,909	44,190	45,252	45,527	50,227	50,534
576,624	590,268	577,526	588,819	616,018	603,687
21,462	16,405	18,944	16,497	16,954	17,722
73,889	71,848	68,152	65,867	66,159	71,177
44,324	43,382	44,280	46,685	45,267	45,733
93,066	158,769	61,896	58,042	98,279	66,645
47,936	53,605	50,643	50,359	57,915	88,040
38,380	37,965	41,888	39,426	39,230	37,971
1,517,761	**1,606,916**	**1,516,313**	**1,517,257**	**1,607,554**	**1,614,746**
(25,273)	**(123,825)**	**(8,121)**	**(11,170)**	**(32,443)**	**(48,573)**
249,598	115,244	24,110	61,470	27,405	32,000
-	-	-	-	-	-
374	821	444	-	-	-
27,301	17,496	3,245	14,430	4,486	8,822
120	30,695	-	31,135	-	24,615
(99,432)	(34,469)	-	(35,895)	-	-
460	492	361	152	482	253
736,133	668,194	528,799	663,321	589,751	607,492
(753,562)	(685,623)	(546,228)	(680,664)	(607,180)	(625,046)
160,992	**112,850**	**10,731**	**53,949**	**14,944**	**48,136**
$ 135,719	**$ (10,975)**	**$ 2,610**	**$ 42,779**	**$ (17,499)**	**$ (437)**
6.0%	**5.9%**	**6.4%**	**6.1%**	**6.4%**	**8.1%**

Taxable Sales by Category

Last Ten Fiscal Years (1)

(dollars in thousands)

	Fiscal Year			
Category (2)	**2006**	**2007**	**2008**	**2009**
Utilities (excluding residential energy)	$ 273,566	$ 232,426	$ 284,203	$ 255,086
Construction	212,154	214,336	212,232	212,131
Manufacturing	308,463	300,083	321,439	323,017
Wholesale trade	1,100,928	891,003	852,168	845,706
Retail trade total	6,298,246	5,268,196	5,320,102	5,345,974
Information	634,932	654,575	669,659	697,479
Professional, scientific, and technical	145,002	143,624	141,275	143,249
Administrative/support services	233,762	241,179	265,412	270,747
Health care	19,508	19,897	19,312	19,430
Arts, entertainment, and recreation	131,973	160,952	170,063	152,189
Accommodation and food services	1,143,990	1,203,967	1,316,380	1,381,465
Other services total	440,689	385,859	400,801	411,302
Agriculture, mining, transportation, fire, education, government	452,309	502,209	562,164	508,664
Agriculture, forestry, fishing, and hunting	-	-	-	-
Mining, quarry, and oil and gas extraction	-	-	-	-
Transportation and warehousing	-	-	-	-
Finance and insurance	-	-	-	-
Real estate and rental and leasing	-	-	-	-
Management of companies and enterprises	-	-	-	-
Educational services	-	-	-	-
Public administration	-	-	-	-
Utilities	-	-	-	-
Unclassified by industry	74,704	96,398	70,900	52,828
Total	**$ 11,470,226**	**$ 10,314,704**	**$ 10,606,110**	**$ 10,619,267**
County Direct Sales Tax Rate	**2.81%**	**2.81%**	**2.81%**	**2.81%**

Source: New York State Department of Taxation and Finance

Notes:

(1) NYS Department of Taxation & Finance's reporting period is March to February. Data represents the reporting periods beginning March 1, 2005 and ending February 28, 2015.

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

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

(4) Taxable Sales for fiscal year 2015 are preliminary.

Fiscal Year

2010	2011	2012	2013	2014 (3)	2015 (3)(4)
$ 203,045	$ 237,525	$ 215,848	$ 215,137	$ -	$ -
206,569	224,364	279,797	263,192	302,282	312,989
302,139	524,088	533,668	507,377	505,746	513,112
810,170	572,372	571,245	603,582	823,460	821,596
5,318,507	6,096,968	6,070,438	5,990,508	8,105,009	8,195,701
712,376	660,451	668,665	670,161	714,504	725,298
134,130	211,576	203,998	215,302	237,551	245,129
277,016	285,239	297,223	297,761	327,805	354,062
19,534	11,744	14,896	14,594	22,568	23,697
153,858	164,837	167,880	138,331	169,495	178,011
1,402,403	1,538,578	1,633,538	1,693,772	1,751,920	1,823,917
403,228	381,059	408,318	395,122	426,800	437,025
445,883	499,523	539,089	534,342	-	-
-	-	-	-	16,507	16,673
-	-	-	-	14,913	21,313
-	-	-	-	73,093	74,908
-	-	-	-	54,827	46,565
-	-	-	-	375,059	349,303
-	-	-	-	27,611	26,188
-	-	-	-	12,734	13,051
-	-	-	-	2,302	2,466
-	-	-	-	918,704	938,766
61,537	11,911	2,285	11,432	49,823	50,980
$ 10,450,395	**$ 11,420,235**	**$ 11,606,888**	**$ 11,550,613**	**$ 14,932,713**	**$ 15,170,750**
2.81%	**2.81%**	**2.81%**	**2.81%**	**2.81%**	**2.81%**

Assessed and Equalized Full Value of Taxable Property (1)

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Residential Property	Commercial Property	Total Assessed Property Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)
2006	$ 22,824,388	$ 9,589,325	$ 32,413,713	$ 2,248,397	$ 30,165,316	$ 6.23
2007	23,419,992	9,929,590	33,349,582	2,184,257	31,165,325	6.28
2008	25,566,393	8,864,027	34,430,420	2,308,570	32,121,850	6.39
2009	26,426,841	9,383,744	35,810,585	2,408,149	33,402,436	6.38
2010	27,465,909	9,743,878	37,209,787	2,358,179	34,851,608	6.56
2011	27,840,959	9,812,645	37,653,604	2,186,296	35,467,308	6.52
2012	28,314,750	9,672,758	37,987,508	2,279,789	35,707,719	6.59
2013	28,269,007	9,684,510	37,953,517	2,193,126	35,760,391	6.57
2014	29,011,563	10,174,472	39,186,035	2,147,709	37,038,326	6.59
2015	30,634,675	10,693,215	41,327,890	2,088,451	39,239,439	6.59

Source: Erie County Department of Real Property Tax Services

Notes:

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

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

Total Actual Taxable Equalized Full Value	Assessed Value as a Percentage of Equalized Full Value (1)
$ 38,102,216	79.17%
40,477,682	76.99%
42,821,246	75.01%
44,382,615	75.26%
46,120,910	75.57%
46,738,120	75.89%
47,235,307	75.60%
47,138,287	75.86%
47,996,864	77.17%
49,214,694	79.73%

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per $1,000 of assessed value)

	Erie County Direct Rates			Overlapping Rates			
Fiscal Year	General Fund	Special Revenue Funds	Total Direct	Cities, Towns & Villages	School Districts	Special Districts	City of Buffalo (1)
2006	$ 4.94	$ 1.29	$ 6.23	$ 4.19	$ 18.64	$ 5.63	$ 26.70
2007	4.94	1.34	6.28	4.21	18.23	5.33	26.08
2008	4.95	1.44	6.39	4.01	17.76	5.06	24.53
2009	5.03	1.35	6.38	3.94	17.67	5.10	23.88
2010	5.04	1.52	6.56	3.98	17.13	4.87	23.27
2011	5.03	1.49	6.52	4.03	17.53	4.92	22.84
2012	5.03	1.56	6.59	4.01	18.15	4.88	22.39
2013	5.03	1.54	6.57	3.92	18.53	5.03	21.58
2014	5.04	1.55	6.59	3.89	18.81	4.91	21.17
2015	5.00	1.59	6.59	3.85	18.87	4.85	20.52

Source: Erie County Department of Real Property Tax Services

Note:

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

Principal Taxpayers

Current Year and Nine Years Ago

	2015			2006		
Taxpayer	Equalized Full Value	Rank	Percentage of Equalized Full Value (1)	Equalized Full Value	Rank	Percentage of Equalized Full Value (1)
National Fuel Gas	$ 728,186,743	1	1.48%	$ 636,428,510	1	1.67%
National Grid / Niagara Mohawk	723,172,034	2	1.47%	531,421,594	2	1.39%
Benderson Development Company	545,789,471	3	1.11%	213,125,498	5	0.56%
Pyramid Company of Buffalo	276,409,845	4	0.56%	135,032,769	7	0.35%
NY State Electric & Gas Corporation	249,843,155	5	0.51%	206,632,061	6	0.54%
Verizon New York Inc.	249,065,508	6	0.50%	323,169,699	3	0.85%
DDR MDT LLC	199,625,383	7	0.41%	247,224,564	4	0.65%
Norfolk / Conrail / CSX / PA Lines	182,697,684	8	0.37%			
Uniland Development	142,996,408	9	0.29%			
Ellicott Group LLC	127,618,810	10	0.26%			
Pennsylvania Lines LLC				84,940,122	8	0.22%
Boulevard Mall				70,815,694	9	0.19%
Wegmans Food Market				70,784,841	10	0.19%
Totals	**$ 3,425,405,041**		**6.96%**	**$ 2,519,575,352**		**6.61%**

Source: Erie County 2015 & 2006 Annual Reports published by the Department of Real Property Tax Services

Note:

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

Property Tax Levies And Collections

Last Ten Fiscal Years

Fiscal Year	County Property Taxes Levied (1)	All Other Property Taxes Levied (2)	Total Property Taxes Levied	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy
2006	$ 188,094,445	$ 352,486,078	$ 540,580,523	$ 528,350,674	97.74%
2007	200,031,205	369,188,266	569,219,471	555,858,355	97.65%
2008	211,837,793	378,978,530	590,816,323	575,132,293	97.35%
2009	223,306,326	388,893,461	612,199,787	595,839,865	97.33%
2010	232,413,974	405,958,043	638,372,017	622,129,950	97.46%
2011	235,182,208	413,059,474	648,241,682	628,996,639	97.03%
2012	237,692,831	418,201,340	655,894,171	636,198,405	97.00%
2013	237,270,828	418,170,150	655,440,978	637,052,431	97.19%
2014	241,721,087	420,052,940	661,774,027	644,024,505	97.32%
2015	245,876,811	428,290,819	674,167,630	655,940,466	97.30%

Sources:
Erie County Department of Real Property Tax Services
Erie County Govern Tax Collection System

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

(2) Totals shown are primarily comprised of taxes levied for the benefit of County towns, re-levy of uncollected school and village taxes, and sewer district taxes and user charges. See Note V - Property Taxes beginning on page 47 for more information on the annual property tax levy process.

N/A = Not Available

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
$ 11,298,257	$ 539,648,931	99.83%
12,287,298	568,145,653	99.81%
14,209,850	589,342,143	99.75%
14,446,913	610,286,778	99.69%
13,918,573	636,048,523	99.64%
16,305,606	645,302,245	99.55%
15,335,156	651,533,561	99.34%
10,861,902	647,914,333	98.85%
5,824,852	649,849,357	98.20%
N/A	655,940,466	97.30%

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands, except per capita)

	Governmental Activities			Business-type Activities			
Fiscal Year	**General Obligation Bonds (1)**	**General Obligation Bonds - Sewer & ECMCC (2)**	**ETASC Tobacco Securitization Asset Backed Bonds**	**Capital Leases**	**Total Primary Government**	**Percentage of Personal Income (3)(4)**	**Per Capita (3)(4)**
2006	$ 480,604	$ 65,870	$ 298,271	$ -	$ 844,745	1.51%	$ 525
2007	441,881	68,401	295,839	-	806,121	1.34%	485
2008	396,114	65,728	292,800	-	754,642	1.12%	435
2009	352,176	63,071	288,363	-	703,610	1.00%	387
2010	477,893	68,575	286,318	-	832,786	1.32%	520
2011	452,604	164,676	310,612	-	927,892	1.20%	493
2012	431,015	164,410	334,818	-	930,243	1.07%	469
2013	454,789	156,801	338,715	5,907	956,212	1.09%	494
2014	429,288	151,826	339,938	4,430	925,482	1.04%	465
2015	405,903	146,051	344,218	2,954	899,126	N/A	440

Source: Erie County Basic Financial Statements 2006-2015

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

(2) Includes self-supporting sewer district bonds for the years 2006 to 2015 and bonds issued by the ECFSA in 2011 to assist ECMCC in the construction of a new residential health care facility. Loan agreements were executed whereby ECMCC will fund the repayment of the bonds in future years ($86,250 was outstanding at December 31, 2011 and 2012; $82,505 was outstanding at December 31, 2013; $78,615 was outstanding December 31, 2014; and $74,565 was outstanding December 31, 2015).

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

(4) See the "Demographic and Economic Statistics" schedule on page 149 for personal income and population data.

N/A = Not Available

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	General Net Bonded Debt Outstanding (1,2,3,4)	Percentage of Actual Taxable Value (5) of Property	Per Capita (6)
2006	$ 468,694	1.55%	$ 512
2007	428,891	1.38%	470
2008	384,312	1.20%	422
2009	342,504	1.03%	377
2010	471,651	1.35%	513
2011	448,145	1.26%	488
2012	427,021	1.20%	465
2013	445,928	1.25%	485
2014	422,687	1.14%	458
2015	397,283	1.01%	431

Source: Erie County Basic Financial Statements 2006-2015

Notes:

(1) Excludes Library Component Unit bonds which matured in 2008.

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

(3) Excludes ECMCC bond guaranty of $101,375 for 2006-2008, $99,305 for 2009, $97,150 for 2010, $94,900 for 2011, $92,550 for 2012, $90,085 for 2013, $87,500 for 2014, and $84,790 for 2015.

(4) Net of resources restricted for principal repayment of general bonded debt.

(5) See the "Assessed and Equalized Full Value of Taxable Property" schedule on pages 136-137 for property value data.

(6) See the "Demographic and Economic Statistics" schedule on page 149 for population data.

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year			
	2006	2007	2008	2009
Debt limit	$ 2,439,968	$ 2,556,622	$ 2,680,794	$ 2,820,171
Total net debt applicable to limit	562,286	524,913	480,620	436,259
Legal debt margin	**$ 1,877,682**	**$ 2,031,709**	**$ 2,200,174**	**$ 2,383,912**
Total net debt applicable to the limit as a percentage of debt limit	**23.04%**	**20.53%**	**17.93%**	**15.47%**

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

Notes:

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015 (1)

Full value (average five-year valuation) (2)		$ 47,664,655
Debt limit (7% of assessed value) (3)		$ 3,336,526
Debt applicable to limit:		
General obligation bonds and guaranty	$ 524,451	
Less: sewer bond exclusions	(71,486)	
Total net debt applicable to limit		452,965
Legal debt margin		**$ 2,883,561**

Fiscal Year

2010	2011	2012	2013	2014	2015
$ 2,962,433	$ 3,082,612	$ 3,176,940	$ 3,242,613	$ 3,293,213	$ 3,336,526
545,873	511,592	485,170	502,370	479,105	452,965
$ 2,416,560	**$ 2,571,020**	**$ 2,691,770**	**$ 2,740,243**	**$ 2,814,108**	**$ 2,883,561**
18.43%	**16.60%**	**15.27%**	**15.49%**	**14.55%**	**13.58%**

Pledged-Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

	Tobacco Securitization Asset Backed Bonds (1)				
Fiscal Year	**Tobacco Settlement Revenue**	**Interest Earnings**	**Bond Proceeds Restricted for Future Debt Service**	**Operating Transfer-Out**	**Carry-forward of Prior Year Fund Balance Restricted for Future Debt Service**
2006	$ 16,331	$ 1,207	$ 17,233	$ (15,738)	$ 19,413
2007	17,030	1,317	-	(141)	19,962
2008	18,064	163	-	(100)	19,940
2009	19,422	13	-	(100)	19,893
2010	15,925	86	-	(202)	20,412
2011	15,098	116	-	(200)	19,964
2012	15,397	139	-	(158)	19,919
2013	15,388	42	-	-	19,991
2014	17,409	12	-	-	20,734
2015	14,898	12	-	(400)	20,602

Source: ETASC Financial Statements

Note:

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

Tobacco Securitization Asset Backed Bonds

Less: Operating Expenses	Net Available Resources	Debt Service Principal	Debt Service Interest	Coverage
$ (62)	$ 38,384	$ 1,725	$ 16,697	2.08
(23)	38,145	3,255	14,950	2.10
(24)	38,043	3,865	14,285	2.10
(12)	39,216	5,265	13,539	2.09
-	36,221	2,875	13,382	2.23
-	34,978	1,805	13,254	2.32
(1)	35,296	2,195	13,110	2.31
(1)	35,420	1,785	12,901	2.41
(1)	38,154	4,855	12,697	2.17
-	35,112	2,220	12,520	2.38

Direct And Overlapping Governmental Activities Debt (1)

As of December 31, 2015

(dollars in thousands)

Governmental Unit	Fiscal Year Ended	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Cities	06/30/14	$ 438,303	100%	$ 438,303
Towns	12/31/14	405,467	100%	405,467
Villages	05/31/14	68,216	100%	68,216
School districts	06/30/14	1,879,831	100%	1,879,831
Fire districts	12/31/14	9,779	100%	9,779
Subtotal, overlapping debt				**2,801,596**
County direct debt				**551,954**
ETASC direct debt				**344,218**
County and ETASC direct debt				**896,172**
Total direct and overlapping debt				**$ 3,697,768**

Sources:
Net debt outstanding of Erie County - Erie County Comptroller's Office
All other information - Latest available from the New York State Office of the State Comptroller

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

Demographic and Economic Statistics

Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment (Grades K-12)	Unemployment Rate
2006	916,292	$ 31,874,134	$ 34,786	150,174	5.0%
2007	911,784	32,943,811	36,116	155,280	4.8%
2008	909,858	35,298,163	38,795	152,366	5.7%
2009	909,247	35,047,750	38,546	143,936	8.3%
2010	919,040	36,170,467	39,369	141,583	8.2%
2011	918,028	37,864,000	41,245	140,981	8.2%
2012	918,922	40,377,000	43,932	143,633	8.2%
2013	919,866	41,850,059	45,496	144,334	7.4%
2014	922,835	41,287,539	44,740	137,617	6.1%
2015	922,578	N/A	N/A	N/A	5.4%

Sources:

Population: *The 2006 to 2009 and 2011 to 2015 estimates were compiled by the NYS Department of Commerce and the NYS Department of Economic Development, respectively, using data provided by the United States Bureau of the Census. 2010 is the decennial census of the population conducted by the federal government.* ***Personal Income:*** *United States Department of Commerce, Bureau of Economic Analysis; material compiled by NYS Department of Commerce.* ***School Enrollment:*** *NYS Education Department, Information Center on Education. School enrollment data represents the 2005-2006 to 2014-2015 school years.* ***Unemployment Rate:*** *NYS Department of Labor.*

Note:
N/A = Not Available

Principal Employers

Current Year and Nine Years Ago

	2015			2006		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
State of New York	17,643	1	4.15%	16,508	1	3.68%
U.S. Government	10,000	2	2.35%	10,000	2	2.23%
City of Buffalo (2)	9,455	3	2.23%	8,218	4	1.83%
Kaleida Health	8,102	4	1.91%	9,500	3	2.12%
Catholic Health System	7,069	5	1.66%	4,832	6	1.08%
Employer Services Corp	6,811	6	1.60%	4,650	7	1.04%
University at Buffalo	6,798	7	1.60%			
M & T Bank	6,429	8	1.51%	4,422	9	0.99%
Tops Markets LLC	5,065	9	1.19%			
County of Erie (1)	4,020	10	0.95%	4,610	8	1.03%
HSBC Bank USA, N.A.				5,867	5	1.31%
Catholic Diocese of Buffalo				4,000	10	0.89%
Total	**81,392**		**19.16%**	**72,607**		**16.19%**

Sources:

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

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

Full-time County Government Employees by Function (1)

Last Ten Fiscal Years

	Fiscal Year				
Function	**2006**	**2007**	**2008**	**2009**	**2010**
General government support	668	671	627	642	630
Public safety	1,172	1,091	1,181	1,169	1,197
Health	305	300	316	277	267
Transportation	150	153	151	160	151
Economic assistance and opportunity	1,569	1,624	1,559	1,521	1,442
Culture and recreation	104	99	81	75	36
Education	36	35	32	34	31
Home and community service	244	247	240	235	217
Total	**4,248**	**4,220**	**4,187**	**4,113**	**3,971**

Source: Erie County Comptroller's Office

Note:
(1) Excludes Erie Community College.

Fiscal Year

2011	2012	2013	2014	2015
588	602	610	606	615
1,160	1,180	1,213	1,235	1,243
235	256	210	215	219
152	149	141	151	173
1,528	1,432	1,353	1,388	1,386
50	49	50	53	57
27	27	84	86	98
227	239	245	240	229
3,967	**3,934**	**3,906**	**3,974**	**4,020**

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year 2006	2007	2008	2009
General government support:				
Major construction projects successfully completed	6	4	5	12
Motor vehicle registrations processed by County Clerk	213,558	267,682	249,733	244,026
Cases prosecuted or arraigned by the District Attorney's Office	32,183	30,753	32,441	31,819
Public safety:				
Sheriff's calls for service	77,257	88,486	88,863	84,259
Vehicle and traffic arrests	7,694	8,432	10,835	11,363
Inmate population-Holding Center (average per day)	584	555	500	479
Inmate population-Correctional Facility (average per day)	924	914	864	866
Probation cases-supervised	9,640	11,705	5,410	6,048
Fire personnel trained	6,800	7,000	5,115	5,143
Health:				
Patient visits - pediatric care	3,013	2,950	2,953	2,932
Persons served by Mental Health agencies (per month)	33,217	32,161	28,921	26,845
Transportation:				
Bridges inspected	246	71	248	78
Miles of roads receiving surface treatment	106	142	211	141
Economic assistance and opportunity:				
Home Energy Assistance Program payments administered	120,000	108,909	119,758	185,447
Number of clients enrolled in Medicaid Managed Care programs	69,434	66,755	76,615	89,331
Senior services home care to frail elderly (hours)	119,076	119,426	106,420	83,015
Culture and recreation:				
Park attendance	1,758,528	1,755,000	1,700,000	1,900,000
Rounds of golf played	62,187	68,215	67,558	67,298
Education:				
Children with special needs receiving service	4,549	4,577	4,206	4,182
Erie Community College full-time student headcount (2)	8,198	8,228	8,404	8,874
Home and community service:				
Sewer flow per day (millions of gallons)	45	43	59	59

Source: Various County Departments

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

(2) Average per semester.

N/A = Not Available

Fiscal Year

2010	2011	2012	2013	2014	2015
12	14	17	8	15	14
367,533	272,934	260,257	278,409	274,936	286,500
31,195	30,523	30,116	29,605	31,172	32,225
70,829	88,963	88,956	88,659	88,944	89,941
12,764	11,269	13,655	10,988	9,406	11,446
495	497	524	517	497	544
855	749	808	852	742	712
7,233	7,231	7,543	7,092	6,245	5,799
6,961	8,074	7,608	7,782	7,657	7,420
92 (1)	-	-	-	-	-
27,389	9,552	11,354	2,325	2,901	2,970
244	74	239	78	234	77
181	222	215	12	114	147
159,047	157,949	193,115	174,777	206,518	122,938
97,777	104,789	118,431	125,580	160,983	171,752
95,477	85,272	80,575	67,450	71,566	86,969
1,985,500	1,704,479	1,863,326	N/A	N/A	N/A
60,129	51,193	59,623	N/A	N/A	56,339
4,168	4,032	3,790	3,835	3,821	3,933
9,560	9,845	9,173	9,116	8,514	7,862
56	60	42	49	48	46

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function (1)	Fiscal Year 2006	2007	2008	2009
Public safety:				
Emergency communication stations	1	1	1	1
Training centers operated by the County	3	3	3	3
Correctional facilities	1	1	1	1
Holding centers	1	1	1	1
Health:				
Health Department clinics / in County-owned buildings	11 / 5	11 / 5	11 / 5	11 / 5
Transportation:				
Miles of roads	1,180	1,168	1,187	1,187
Highway maintenance facilities	5	5	5	5
Culture and recreation:				
Parks	19	19	23	23
Park and forest acreage	10,657	10,657	10,247	10,247
Golf courses	2	2	2	2
Education:				
Erie Community College campuses	3	3	3	3
Erie Community College library volumes	145,174	146,574	135,097	126,537
Home and community service:				
Miles of sanitary sewer	821	928	931	937
Miles of storm sewer	47	47	47	47
Pumping stations	94	100	100	97
Grinder pumps	462	463	463	463

Source: Various County Departments

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

Fiscal Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
1	1	1	1	1	1
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
4 / 4	4 / 1	4 / 1	4 / 1	4 / 1	4 / 1
1,187	1,187	1,187	1,187	1,187	1,187
5	5	5	5	5	5
23	23	23	23	23	23
10,247	10,247	10,247	10,247	10,247	10,247
2	2	2	2	2	2
3	3	3	3	3	3
125,272	120,206	116,674	112,651	109,198	110,945
942	944	1,054	1,071	1,071	1,074
48	48	48	48	48	48
98	98	100	96	96	96
463	463	455	452	452	466