COUNTY OF ERIE

COUNTY CONTROLLER'S AUDIT REPORT

2023
ANNUAL REPORT

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DATE: MARCH 28, 2024

TO: ERIE COUNTY COUNCIL

The Office of the Erie County Controller has the responsibility to insure, by a process of sampling and/or selective post-audit, that all payments and obligations incurred by the County and each of its agencies, boards, commissions, departments and offices are in accordance with the law, the Home Rule Charter, contracts and/or established procedures. Any exceptions that have not been rectified, shall be reported to Erie County Council.

This report covers the examination of selected cash accounts and related records of the General, Special Revenue, Debt Service and Trust and Agency Accounts for the year ending December 31, 2023.

The examination was conducted in accordance with Auditing Procedures as described on Page 3.

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Erie County Controller

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AUDIT PROCEDURES

Cash Accounts

The following audit procedures have been applied to the cash accounts contained within this report:

- Bank statements were reconciled through December 31, 2023.
- Total deposits per the bank statements for the year ending December 31, 2023 were compared to total receipts.
- Total disbursements per the bank statements for the year ending December 31, 2023 were compared to total disbursements.

Disbursements

Domestic Relations, E-911, Emergency Management, the General Fund, Planning and Public Health disbursements were tested for legality of claim, existence of proper documentation and proper account coding. Legality of claim includes examination of purchase orders, where appropriate, review of proper approval, examination of invoices for mathematical accuracy and comparison of disbursements with budgeted amounts.

Payroll

The Controller's Office receives notification of the hiring and termination of employees and payroll rate changes from the Human Resources Department. The gross pay of the first pay period for new employees and the last pay period of terminated employees are examined to ensure an accurate payroll. The authorization for payroll rate changes and retroactive pay are examined to ensure their accuracy against the payroll register.

PREVIOUS FINDINGS AND RECOMMENDATIONS

Part 1

The prior Audit Report contained findings and recommendations for improvement that the Controller's Office believed to be significant. Actions implemented since the original finding are included in this year's report.

Out of Class Pay - Eligibility

Previous Finding(s)

1. In 2018, the County adopted a new non-bargaining pay scale. Every position was evaluated based on the position's duties and responsibilities and assigned a grade. The County has an Out of Class Pay Policy that references the previous pay scale. This policy requires employees to be specifically assigned higher-level duties to be eligible for out of class pay. It also makes management employees, above a certain grade, ineligible for out of class pay. Since the grading systems used for the current and previous pay scales are widely dissimilar, it is impossible to apply the existing policy, as written, to the current pay scale.

2. One of the employees currently receiving out of class pay has not been specifically assigned to a pay grade higher than their regular position grade. Since their additional duties have not been assigned a grade, they have been given a 3% increase. Without knowing what grade work they are performing, it is impossible to determine if this employee is being paid in accordance with the Human Resources Code.

Recommended Action(s)

1. The Director of Human Resources should immediately end the out of class payments for out of class duties not assigned a grade until it can be determined which grade level the extra duties should be classified. Once the duties have been graded, the out of class pay should only be continued if approved by County Council.

2. The Director of Human Resources should determine which positions, if any, are not eligible for out of class pay under the new pay scale and update the Out of Class Pay Policy.

Developments since the Original Finding(s)

1. At the date of last year's report, The Director of Human Resources was in the process of reviewing and updating the Employee Handbook. The eligibility for out of class pay was to be addressed in the new Employee Handbook that will be issued within the year.

2. The updated handbook released in June 2023 included criteria for eligibility for out of class assignments. Employees are required to be assigned as out of class by a supervisor for a minimum of five days; the increase will be 3% or the minimum of the temporary grade.

PREVIOUS FINDINGS AND RECOMMENDATIONS

Part 2

The following findings and recommendations for improvement reported in last year's Audit Report have been partially implemented.

Temporary Employees

Previous Finding(s)

1. During 2019, two County departments used the services of two different temp agencies to meet staffing needs. These temporary employees were used to fill vacant positions on a *per diem* basis until a full time employee was hired. The Human Resources Code states, "All appointments, including temporary ones, shall be made from a list of eligibles certified by the Director of Human Resources as fulfilling the minimum requirements for the position."

2. We could not find a provision in the Human Resources Code that allows for the use of third party vendors to fill staffing vacancies. Employees hired by a third party vendor are not properly vetted through the hiring process as outlined in the Human Resources Code, thus they cannot be properly certified by the Director of Human Resources.

Recommended Action(s)

1. The Director of Human Resources should end the practice of the using temp agencies to fill vacancies. Although no temporary employees are being utilized at the current time, the practice continued into 2020.

2. In order to meet staffing needs, the Director of Human Resources should seek to expand the County's *per diem* list with candidates that meet the minimum requirements for the needed positions. If enough eligible candidates cannot be found to meet staffing needs, the Director of Human Resources should petition County Council to amend the Human Resources Code to allow for the use of a temp agency. If the practice is adopted, the Director of Human Resources should work with the Purchasing Director to select one agency to meet the County's staffing needs.

Developments since the Original Finding(s)

1. The Director of Human Resources is in the process of reviewing and updating the Human Resources Code. The use of temp agencies will be addressed when the Code is revised. Human Resources is attempting to resolve staffing issues and will assess the need for temporary employees and address staffing issues with departments.

2. No temp agencies were used in 2023.

Out of Class Pay – Time Limit

Previous Finding(s)

1. During 2020, several employees were granted a temporary hourly pay increase for out of class work. This was done to compensate employees that were tasked with extra duties as a result of the Covid-19 pandemic. The Human Resources Code allows for temporary out of class pay adjustments at the greater of 3% or the minimum of the higher grade for a period of three months. This out of class pay can be extended an additional three months with the approval of the Director of Human Resources. The Code does not address extending the out of class pay beyond six months.

2. As of our report dated December 31, 2020, there were eleven employees that were receiving out of class pay as a result of the Covid-19 pandemic beyond the six-month period allowed in the Human Resources Code. Three of these employees were receiving the out of class pay as a result of a Memorandum of Agreement (MOA) between their bargaining unit and the County. One employee had received an out of class increase in excess of the minimum of the higher grade. However, this increase was approved by County Council.

Recommended Action(s)

1. The Director of Human Resources should request that County Council amend the Human Resources Code to require Council approval of any out of class pay that extends beyond a total of six months.

2. The Director of Human Resources should immediately end the out of class pay that has not been approved by Council or is not part of the MOA.

Developments since the Original Finding(s)

1. At the time of the 2022 report, the Director of Human Resources was in the process of reviewing and updating the Human Resources Code. The use of out of class pay time limits was to be addressed when the Code is revised.

2. During 2023, the Human Resources Code was not amended. The updated Employee Handbook requires out of class assignments to be reapproved by the Director of Human Resources after six-months. We continue to recommend that any assignment lasting more than six-months be approved by County Council.

** Currently, there is only one employee earning out of class pay.

Temporary Increase in Hours

Previous Finding(s)

1. During 2020, many employees had their regular work-week temporarily increased from 37.5 hours to 40 hours. This was done to compensate employees that were working extra hours as a result of the Covid-19 pandemic. Currently, there are thirteen employees that are temporarily working extra hours. The Human Resources Code does not address temporary increases in hours and the Human Resources Department has not issued a separate policy to regulate temporary hours.

Recommended Action(s)

1. The Director of Human Resources should create a policy for any temporary increase in hours. This policy should establish who is eligible for increased hours and the criteria for justifying the increase in hours.

2. The policy should establish a timeframe for how long the temporary increase in hours can last and require County Council approval to continue the temporary hours beyond the established limit.

Developments since the Original Finding(s)

1. The Director of Human Resources is in the process of reviewing and updating the Human Resources Code. The use of temporary increases in hours will be addressed when the Code is revised.

2. Currently, two employees are temporarily at 40 hours and have been so for more than six-months.

Emergency Human Resources Guidelines

Previous Finding(s)

The issues of out of class pay, temporary hours and *per diem* rates were highlighted by the need of the County to provide services to the public during the Covid-19 pandemic. The Human Resources Code does not address emergency Human Resources procedures.

Recommended Action(s)

1. The Director of Human Resources should develop a set of emergency Human Resources guidelines to address out of class pay, temporary hours, and *per diem* pay for states of emergency. These guidelines should address if *per diem* rates can deviate from the current policy and who is eligible for out of class pay or temporary hours, and then designate a duration these adjustments can continue.

2. Given the budgetary impact these temporary changes can have, these guidelines should be presented to County Council for approval; either as a separate policy or as an amendment to the Human Resources Code.

Developments since the Original Finding(s)

1. The Director of Human Resources will consider including emergency Human Resources guidelines as part of the updated Human Resources Code. Currently, Human Resources is in process of approving criteria and developing an approval process.

Overtime Usage

Previous Finding(s)

1. During 2021, several departments experienced staffing shortages that lead to an increase in the amount of overtime earned. We reviewed the overtime wages for the Prison, Public Safety, and the Edmund L. Thomas Center for 2021. We compared the budgeted expenditures versus the actual expenditures for each department. We also compared the regular wages to overtime wages for the highest individual earners of overtime for each department.

2. The Prison was over budget on their overtime by $245,678. However, they were $249,947 under budget in their temporary staff line. The highest individual earned 62% of their regular wages in overtime. The second highest earned 54% of their regular wages. The 10th highest earned 22% of their regular wages and the 11th earned 23%.

3. Public Safety was over budget on their overtime by $51,796 and under budget on temporary staff by $12,184. The highest individual earned 56% of their regular wages in overtime. The second highest earned 55%. The 10th and 11th each earned 21% of their regular wages.

4. The Edmund L. Thomas Center was $26,739.69 under their final overtime budget but transferred $40,000 to their overtime line in the dependent shelter. They were $23,000 under budget in their temporary staff line. The highest individual earned 94% of their regular wages in overtime. The second highest earned 60% of their regular wages. The 10th highest earned 23% and the 11th earned 14% of their regular wages.

Recommended Action(s)

1. All three of these departments had a shortage of temporary staff that led to full time staff members working more overtime. Every effort should be made to expand the list of eligible *per diem* employees to reduce overtime. For example, the Director of

Human Resources could contact retirees and other former employees to see if they would be available to work shifts as a *per diem*.

2. The Edmund L. Thomas Center had a larger disparity between the highest, the second highest and the 10th highest earners of overtime than the other departments. Several factors such as base rate and shift differentials contribute to this disparity. It should be noted that the Prison and Public Safety have provisions in their contracts for mandatory overtime but the contract with the Edmund L. Thomas Center bargaining employees does not address mandatory overtime. Additionally, bargaining employees at the Edmund L. Thomas Center frequently use leave time in one-hour increments that causes other employees to extend their shifts and earn overtime or double time. A more equitable distribution of overtime could reduce the instances of double time. We recommend that the Director of Human Resources address mandatory overtime and incremental time off in the next round of contract negotiations with the bargaining employees of the Edmund L. Thomas Center.

Developments since the Original Finding(s)

1. The Human Resources department is attempting to address the staffing shortages in all departments and trying to recruit full time and *per diem* employees. Staffing shortages continue to exist and overtime is necessary to maintain staffing requirements.

2. The Director of Human Resources renegotiated overtime language with some of the union contracts during 2023. These changes should be monitored closely and, if proven effective to reduce overtime significantly, applied elsewhere when appropriate.

3. Although the new contracts may help reduce some of the overtime costs, The Prison, Public Safety, and ELT remain understaffed which requires overtime to fill staffing needs.

Contracted Employees

Finding(s)

1. During a 2021 review of the 1099's issued for fiscal year 2020, it was found that the County's Public Information Officer terminated their employment with the County on August 13, 2019. They were later hired as a contractor to continue with website design and edits. Their total wages earned through January 23, 2020 was $9,800. The job description for the Public Information Officer states, "This position is responsible for maintaining content on the County's website." Because this contractor continued doing the same work that was assigned to them as an employee, this contractor should have remained a W-2 employee. By treating this employee as a

1099 contractor, the County was delinquent in collecting IRS mandated federal income taxes.

Recommended Actions(s)

1. Any department head planning to use contracted employees should notify Human Resources before such employees are officially hired. At that time, the Director of Human Resources should verify that none of these employees would, in fact, qualify as a W-2 status employee. To aid in the hiring process, we recommend using the IRS 20-Point Checklist to determine a persons' W-2 vs 1099 status. If the status is still unclear, we recommend submitting Form SS-8 to the IRS for clarification.

2. All terminated employees who wish to be retained by the County for services that were completed during employment must be done so in accordance with the County's *per diem* Policy.

Developments since the Original Finding(s)

1. The Director of Human Resources brought the issue to the attention of department heads at a Director's meeting. A formal policy will be included in the updated Employee Handbook that will be issued within the year.

2. Although the June 2023 Handbook did not include an updated policy, Human Resources was notified of all contracted employees we examined. We continue to recommend a formal policy be created.

Non-Bargaining Beeper Pay

Finding(s)

1. Prior to the release of the new Employee Handbook in March of 2021, the County had a beeper pay policy. Under that policy, non-bargaining employees were not eligible for beeper pay. In all cases, if a department head wanted to institute beeper pay, they had to send a written request to the Director of Human Resources. This request needed the approval of the Personnel Action Review Committee (PARC). Council eliminated all reference to the PARC from the Human Resources Code in 2007. To the Controller's Office's knowledge, all beeper pay granted to non-bargaining employees since the elimination of the PARC has been at the sole discretion of the Director of Human Resources. The revised handbook does not currently include a beeper pay policy for non-bargaining employees.

2. In 2021, thirty-seven non-bargaining employees received beeper pay in the cumulative amount of $289,246. Of those thirty-seven employees, eighteen were in supervisory roles. Since the County does not have an established beeper pay scale for non-bargaining employees, there was a wide variance in the amount of beeper pay earned. Payments per employee ranged from $318 to $11,411 for the year. Some non-bargaining employees seemed to earn beeper pay in a manner established with the bargaining unit most closely associated with their department. Other non-bargaining employees received a set amount per call. We were unable to determine how many of these arrangements began prior to the elimination of the PARC. We also could not verify that the Director of Human Resources approved all of the arrangements instituted after the PARC was eliminated.

Recommended Action(s)

1. We recommend the Director of Human Resources verify that all current beeper pay arrangements have been previously approved. Any unapproved arrangements should be stopped.

2. Exempt employees are currently earning beeper pay when generally they would be prohibited from doing so. We recommend that the Director of Human Resources reestablish a formal beeper pay policy that encompasses the following: who is/is not eligible, an articulated application and approval process, and a beeper pay scale to ensure equitable treatment of all non-bargaining employees.

Developments since the Original Finding(s)

1. The Director of Human Resources is the process of reviewing current practices and is developing a uniform policy to be included in the updated Employee Handbook that will be issued within the year. The total Non-Bargaining beeper pay for 2022 was $127,341.95.

2. The June 2023 Handbook requires department heads to submit a written request to the Director of Human Resources and the Director of Administration to obtain on call pay for non-bargaining employees. We recommend that the Handbook be further updated to establish who is eligible, articulate an appropriate approval process, and establish a pay scale. The total non-bargaining beeper pay for 2023 was $124,870.33.

<u>Additions to Payroll</u>

Observation(s)

1. During 2022, eight new positions were created and added to the County budget. The annual salaries for these positions ranged from $39,800-$85,800. The approved starting rates for six of these positions were higher than the minimum of their assigned pay grade. The percentage increase above the starting rate for these

positions ranged from 6%-51%. The annual budget impact of these added positions was $422,527. This figure assumes all positions were filled for the entire year (currently two are vacant).

2. In 2018, with the assistance of a consultant, the County reclassified and established a new pay range for each position within County government. During 2022, sixty-six positions were reclassified or had their starting rates adjusted above the approved pay scale. Their percentage increase ranged from 3%-42%. The annual budget impact of these increases was $416,316. This figure assumes all positions were filled for the entire year. The figure also does not include eight increases that were approved in 2022 budget process but will not take effect until 2023. These increases total $56,830.

3. Taken together, the upgrades and reclassifications that impacted the 2022 budget added $838,843. Moreover, these increases do not isolate themselves within one budget year. Each year thereafter, any upgrade and/or reclassification inflates the budgeted costs of future raises, weighted fringes, and pension costs beyond what they would have been otherwise.

Recommendation(s)

1. This issue is highlighted not to accuse but to caution. Each upgrade above the pay plan in one area gives justification for another department head in another area to recommend the same thing. Each reclassification, and its accompanying pay raise, provides the same incentives. Under these conditions, any pay plan becomes meaningless in short order. It took just four years for the 2018 pay plan to be replaced in favor of a pay plan that largely resembles what was in place before. In fact, upgrades and reclassifications began to occur not long after the 2018 pay plan was adopted.

Developments since the Original Finding(s)

1. A new non-bargaining pay plan was instituted in 2023 to, hopefully, reign in these concerns. It is recommended that all elected officials and department heads work within the parameters of the pay plan for the reasons stated above.

2. During 2023, there were twenty-eight reclassifications or increases that were in excess of the amount allowed under the pay plan. See additional comments regarding 2024 wages on pages 18-19.

<u>Purchase of Employee Clothing</u>

Observation(s)

1. Historically, the County has purchased clothing for union employees such as Sheriff Deputies, Probation Officers, and Correctional Officers in accordance with the terms

of their bargaining agreements. These departments have a Clothing and Safety Supplies line in their budget and request funding for these purchases every year during the budget process.

2. Over the past several years, there has been clothing purchased for non-bargaining employees in many departments including the County Executive's suite and County Council. Although these purchases have been infrequent and totaled $1,841.50 in 2022, these departments do not have a clothing line in their budget. In these instances, the clothing has been purchased and charged to the following line items: All Other Supplies or Office Supplies. While Operations is required to purchase clothing for their bargaining employees in the Maintenance Department, clothing purchases have been made for other employees within Operations when it is not required for work. All of the clothing purchases in Operations have been paid for from their Maintenance Supplies line item.

3. If a department has no Clothing Line item in their budget, it can easily be argued the County should not be purchasing clothing for employees in that department.

Recommendation(s)

1. The Controller's Office recommends the County create criteria to determine which department's employees are eligible for county provided clothing.

2. The criteria should include what type of clothing is eligible to be purchased and a justification for the need to purchase the clothing with county funds.

3. Any department that meets the criteria to purchase clothing should have a Clothing Line item added to their budget to process and track future expenditures.

4. Clothing that is purchased with county funds but deemed not required for work needs to follow the taxable clothing policy.

Developments since the original finding

1. Although a policy was not created, we did not find any clothing purchases from departments that do not have a clothing line in their budget. We continue to recommend the County create a policy to establish which employees are eligible for county provided clothing.

<u>Donation of Assets/Services</u>

Observation(s)

1. Currently, any asset donated to the County that is valued at $1,000 or more needs the approval of County Council before it can be accepted. There is no specific mention

of the donation of services such as a bus or the use of a facility for training purposes. The types of donations were accepted for the County Executive's Leadership Program.

Recommendation(s)

1. The fixed asset donation policy should be amended/expanded by County Council to include the donation of services.

2. If the donated service is valued at more than $1,000, it should require the approval of County Council.

3. For any accepted asset or service that is valued at less than $1,000, each should be documented and reported to County Council and the Controller's Office in a timely manner, i.e. each month or each quarter.

Developments since the original finding

1. Although a policy was not created, we did not find any instances where a service was donated to the county. We continue to recommend that a policy be created to address this issue.

2023 GENERAL OBSEVATIONS AND RECOMMENDATIONS

Part 3

The following observations regarding the County budget were made in 2023. Suggested recommendations for improvement are included.

Human Resources Code – Promotions

Observation(s)

1. The Human Resources Code defines a promotion as an "Assignment of an employee from one class to another which has a higher maximum rate of pay". Section 9 of the Code establishes the pay policy for promotional transfers as 6% per grade with a maximum of 18% or the minimum of the grade, if greater. Section 9 also allows for the starting rate of a newly hired employee to be increased up to 6% of the minimum rate of the classification on the pay plan "for valid and persuasive reasons". This can result in a newly hired employee being paid higher than a current employee that was promoted internally.

2. For this reason, the additional 6% has been granted to some employees that were promoted internally even though it is not specifically permitted by the Human Resources Code. For example, an employee was hired in February of 2023 at the minimum for an NB10. This employee was not given an additional increase for their experience at their time of hire. In April of 2023, this employee was promoted to an NB11 and, instead of receiving just a 6% increase, they received an additional 3% increase. In total, their wage was raised 9%, placing them above the minimum rate for their "experience and education". In September 2023, this same employee was promoted to an NB14 which should have entitled them to an 18% increase, but the employee received an additional amount to bring their rate to 6% above the starting rate of an NB14.

Recommendation(s)

1. The Controller's Office recommends the Human Resources department discontinue the practice of giving of 6% promotional increases. We further recommend that County Council amend the Human Resources Code to clarify if the additional 6% for a newly hired employee should also be applied to internal promotions. From the perspective of the Controller's Office, since it is not clearly stated in the Human Resources Code and no criteria has been established, these types of increases are not equitably applied.

2. If County Council amends the Human Resources Code to allow the additional 6% for promotions, we recommend language be included that establishes criteria, defines

what are appropriate "valid and persuasive reasons," and states whether this procedure will be applied every time an employee is promoted.

Human Resources Code – Lateral Transfers

Observation(s)

1. The Human Resources Code defines a lateral transfer as "A permanent change in status from one position to another within the same class or pay range". Section 9 clearly states that an employee that transfers to a job with the same pay grade will maintain their current rate.

2. In January 2024, the principle of the 6% increase for a new hire was applied to an employee transferring to a position that was the same as their current grade. This employee was already above the minimum of the grade when the transfer occurred and was then given an additional increase.

Recommendation(s)

1. The Controller's Office recommends the Human Resources department discontinue the practice of giving any lateral transfer increases.

2. If this practice is to continue, we recommend that County Council amend the Human Resources Code that formally states these types of increases are allowable.

Anticipated Leave Time

Observation(s)

1. The Employee Handbook and multiple bargaining contracts allow employees to use leave time they have not earned. Department heads have the discretion to allow the use of unearned time so its practical application is varied. The practice has resulted in employees terminating their employment having been paid for leave time they did not earn. When this occurs, both the Employee Handbook and union contracts require employees to reimburse the County for their overused leave time. The County attempts to recoup what is owed from their last pay. If unsuccessful, the County sends the employee a letter to request reimbursement for the overused time.

2. During 2023, there were sixteen employees that overused leave time and left the County without properly reimbursing the County. At this time, the County is owed approximately $12,000 from these employees. One of these employees owes the County $3,775.34 for overusing their leave time.

Recommendation(s)

1. The Controller's Office recommends that, to limit the County's exposure to this issue, department heads should limit the amount of unearned leave time to three days and then transition the employee to an unpaid status.

2. The County should consider legal action against any employee that has used in excess of $1,000 of unearned leave time and has not reimbursed the County within six months.

Miscellaneous Purchases

Observations(s)

1. The County has a policy that limits the use of County funds for purchases. For instance, refreshments may only be purchased for special meetings dealing with "broad and vital issues that are of a valid concern of County government". The policy also states, "Government funds may not be used to recognize employee contributions for County services".

2. In 2023, County funds were used to purchase cake for a contracted employee that retired, to buy flowers for an employee whose relative passed away, assorted candy, and to pay a locksmith when an employee locked their keys in their car on a County trip. These items were paid, but not reimbursed, through various budget lines, such as office supplies, all other supplies, and advertising and association fees.

Recommendation(s)

1. The Controller's Office recommends the administration review with department heads that certain expenses are not allowable and closely monitor line items. If these types of expenses occur in the future, the administration should ensure the County is properly reimbursed.

Cautionary notes regarding the 2024 budget

1. During the 2023 budget process to prepare the 2024 budget, seventy-six positions were upgraded or otherwise received wage increases greater than the 3% general pay increase.

2. These increases ranged from an additional 3% to $5.00 per hour ($9,750.00 annually).

3. These increases and overtime needed because of ongoing staffing shortages will continue to grow the county's payroll beyond the 3% annual pension increase assumption. This will have an impact on our long-term pension liability and required contribution.

4. The adjustments have been justified by a need to increase wages to attract and retain employees. The departments with the greatest staffing shortages are in need of employees in union positions. However, the majority of these increases went to non-bargaining positions.

5. The increases have done little to fill vacancies in the most needed positions. County Council and the administration should evaluate the causes of turnover and find solutions to address the issue.

6. County Council and the administration should consider excluding position upgrades from the budget process to identify the impact of each upgrade individually.

7. Reclassifying positions creates a top-heavy pay scale that continues to grow as each upgrade sets the precedent for another similar position to be upgraded.

FINANCE DEPARTMENT

OVERVIEW

GENERAL FUND

ACCOUNT BALANCES

FINANCE DEPARTMENT
GENERAL FUND ACCOUNT BALANCES

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2023

	Cash and Temporary Investments at Beginning of Year	Cash Receipts	Cash Disbursements	Cash and Temporary Investments at End of Year
General Account	$48,155,430	$172,307,117	$189,166,342	$31,296,205
County Records Improvement Account	$207,183	$286,094	$0	$493,907

* See Accompanying Notes to Financial Statements

NOTES TO GENERAL FUND ACCOUNTS

FOR THE YEAR ENDING DECEMBER 31, 2023

NOTE 1 - GENERAL ACCOUNT

The General Account is maintained to track all financial transactions not properly accounted for in another fund.

The General Account is under budgetary control required by law. Each year, County Council must approve the budget. The annual budget is a comprehensive financial plan for the fiscal year that incorporates the estimates of proposed expenditures and the revenues required to finance them.

NOTE 2 - COUNTY RECORDS IMPROVEMENT ACCOUNT

Pursuant to House Bill (HB) 196 of 1998, the County has established a County Records Improvement Account. This Bill stated that a fee in the amount of $2.00 will be charged and collected for each document recorded. This fee shall be split equally between the County Records Improvement Account, included as part of this report, and a separate account within the Office of the Recorder of Deeds.

Pursuant to HB 1923 of 2002, the fee charged and collected for each document recorded was increased to $5.00. The $5.00 fee will now allocate $2.00 to the County Records Improvement Account and $3.00 to the appropriate account within the Office of the Recorder of Deeds. Funds shall be expended in accordance with a Comprehensive Records Management Plan based on the goal of standardizing and equalizing the capabilities of all County offices consistent with their need to receive, manage and provide information to the public as efficiently as possible.

SPECIAL REVENUE

ACCOUNT BALANCES

FINANCE DEPARTMENT
SPECIAL REVENUE ACCOUNT BALANCES

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2023

	Cash and Temporary Investments at Beginning of Year	Cash Receipts	Cash Disbursements	Cash and Temporary Investments at End of Year
MH/ID Account	$9,058,952	$37,850,307	$37,092,815	$9,816,444
Drug & Alcohol Account	$661,964	$7,826,310	$7,330,462	$1,157,812
Children &Youth Account	$455,260	$78,952,243	$78,346,518	$1,060,985
Domestic Relations Account	$19,560	$4,904,660	$4,923,774	$446
Liquid Fuels Account	$164,390	$669,679	$553,950	$280,119
Public Health & Safety Account	($287,636)	$16,694,317	$16,363,528	$43,153
Library Account	($620,380)	$7,756,077	$7,997,610	($861,913)
Planning Account	$8,433,423	$7,911,194	$12,598,530	$3,746,087
E-911 Account	$140,349	$8,641,789	$7,979,070	$803,068
Emergency Management Account	$386	$761,464	$722,688	$39,162
Employee Fringe Benefit Account	($938,106)	$21,805,369	$21,291,002	($423,739)
Gaming Funds Account	$6,401,765	$14,478,368	$15,470,444	$5,409,689
Keep Erie County Beautiful Account	$1,070	$0	$400	$670
Supervision Fees Account	$584,039	$3,677,046	$3,568,795	$692,290
Health Choices Account	$35,366,731	$139,059,558	$139,053,892	$35,372,397
American Rescue Plan Account	$25,427,445	$187,306	$13,684,529	$11,930,222
Whole Home Repair Account	$0	$2,665,966	$257,240	$2,408,276
Local $5 Use Fee Account	$0	$5,741,999	$568,812	$5,173,187
Public Health Infrastructure Account	$0	$2,740,059	$1,278	$2,738,781

* See Accompanying Notes to Financial Statements

NOTES TO SPECIAL REVENUE ACCOUNTS

FOR THE YEAR ENDING DECEMBER 31, 2023

NOTE 1 - MH/ID ACCOUNT

The MH/ID Account tracks the State and County funds that are passed through to local agency providers for MH/ID activities. This fund also includes the administration of adult services and in-home health services.

NOTE 2 - DRUG AND ALCOHOL ACCOUNT

The Drug and Alcohol Account tracks State and County funds that are passed through to local agency providers for appropriate identification and treatment programs.

NOTE 3 - CHILDREN AND YOUTH ACCOUNT

The Children and Youth Account utilizes both Act 148 and County funds to provide caseworkers for Child Protective Services. This account also tracks the funds used to administer the County's day care programs and the juvenile detention center. Furthermore, this account tracks the funds used to administer Act 148, Title IV-A, Title IV-E and County funds used to pay for the court ordered placement of dependent and delinquent children in protective and correctional institutions.

NOTE 4 - DOMESTIC RELATIONS ACCOUNT

The Domestic Relations Account tracks the cash received from defendants under court order and the subsequent disbursement of those funds to the appropriate designated party; either the State or plaintiff. These accounts are maintained by Domestic Relations personnel responsible to the Judges of the Court of Common Pleas.

NOTE 5 - LIQUID FUELS ACCOUNT

The Liquid Fuels Account tracks the funds received from the Commonwealth that are then passed through to local municipalities for road and bridge maintenance.

NOTE 6 - PUBLIC HEALTH AND SAFETY ACCOUNT

The Public Health Account tracks the funds provided by Act 315, Act 12, other various grants and dedicated County funds used to administer personal health services such as clinics, environmental protection services and other health and safety related programs.

NOTE 7 - LIBRARY ACCOUNT

The Library Account tracks the funding which primarily comes from the County but includes additional grants from the Commonwealth of Pennsylvania and certain local municipalities. Within this account, several branch libraries are operated throughout the County and bookmobile service is provided.

NOTE 8 - PLANNING ACCOUNT

The Planning Account tracks the funding the County's Planning Department receives from various State and Federal agencies including Community Development Block Grants, Coastal Zone Management, Pennsylvania Department of Transportation and the County of Erie.

NOTE 9 - E-911 ACCOUNT

The E-911 Account was established to account for the activities of E-911 expenses and revenues as approved by County government.

NOTE 10 - EMERGENCY MANAGEMENT ACCOUNT

The Emergency Management Account was established to separate Emergency Management funds from Public Health funds. Funds are provided by PEMA, other grants and the County. The funds are used to administer Emergency Management services.

NOTE 11 - EMPLOYEE FRINGE BENEFIT ACCOUNT

The Employee Fringe Benefit Account was established by Ordinance Number 144-2005 as an Internal Service Fund to account for County-wide employee fringe benefits.

NOTE 12 - GAMING FUNDS ACCOUNT

During 2013, the Restricted Gaming Fund was closed. Gaming Funds received from the Commonwealth are now deposited in the Unrestricted Gaming Funds Account. Half of these funds are then transferred to the Erie County Gaming Revenue Authority to be used for municipal grants for health, safety and economic development projects. The remaining balance of the Unrestricted Funds can be used at the County's discretion.

NOTE 13 - KEEP ERIE COUNTY BEAUTIFUL ACCOUNT

This account was established by a grant from Keep America Beautiful. The funds are used to improve and beautify Erie County.

NOTE 14 - SUPERVISION FEES ACCOUNT

The Supervision Fee Account was established pursuant to Act 35 of 1991 for the purpose of segregating County Offender Supervision Fees imposed by the sentencing Judge of the Court of Common Pleas. These funds can only be disbursed at the discretion of the President Judge.

NOTE 15 - HEALTH CHOICES ACCOUNT

The Health Choices Account tracks the funds that are passed through to Community Care Behavioral Health, which serves as the County's managed care organization to provide Medical Assistance funding for mental health, drug and alcohol and childrens' services programs.

NOTE 16 - AMERICAN RESCUE PLAN ACT ACCOUNT

The American Rescue Plan Act Account was established to track the expenditures of the American Rescue Plan Act funds received by the County.

NOTE 17 - WHOLE HOME REPAIR ACCOUNT

The Whole Home Repair Account was established to track the expenditures of the DCED Whole Home Repair Grant received by the County. These grant funds are to be used for housing repair programs and construction trade training.

NOTE 18 - LOCAL $5 USE FEE ACCOUNT

The Local $5 Use Fee Account was established to track the revenue and expenses of the $5 Local Use Fee received by the County for vehicle registrations. These funds are to be used for bridge repair.

NOTE 19 - PUBLIC HEALTH INFRASTRUCTURE ACCOUNT

The Public Health Infrastructure Account was established to track the revenue and expenses of the Public Health Infrastructure Grant received by the County. These funds are to be used to maintain Public Health staffing levels.

SPECIAL REVENUE ACCOUNTS

SUPPLEMENTAL INFORMATION

LIQUID FUELS ACCOUNT BALANCES

DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING DECEMBER 31, 2023

Cash at Beginning of Year		$164,390
RECEIPTS		
Commonwealth of Pennsylvania	$668,576	
Interest	$1,103	
		$669,679
		$834,069
DISBURSEMENTS		
Various County Municipalities	$553,950	
		$553,950
Cash at End of Year		$280,119

GAMING FUNDS ACCOUNT BALANCES

DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING DECEMBER 31, 2023

Cash at Beginning of Year		$6,401,765
RECEIPTS		
Commonwealth of PA	$14,472,935	
Interest Earnings	$5,433	
		$14,478,368
		$20,880,133
DISBURSEMENTS		
Transfer to Other Organizations	$1,100,000	
Transfer to Land Bank	$1,000,000	
Transfer to ECGRA	$6,062,821	
Transfer to Community College	$2,937,500	
Transfer to General Fund	$4,370,063	
Bank Fees	$60	
		$15,470,444
Cash at End of Year		$5,409,689

DEBT SERVICE FUND

ACCOUNT BALANCES

FINANCE DEPARTMENT
DEBT SERVICE FUND ACCOUNT BALANCES

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2023

Cash and Investments at Beginning of Year	$2,463,829
Receipts	$6,949,396
Disbursements	$6,909,831
Cash and Investments at End of Year	$2,503,394

* See Accompanying Notes to Financial Statements

NOTES TO DEBT SERVICE FUND ACCOUNTS

FOR THE YEAR ENDING DECEMBER 31, 2023

NOTE 1 - DEBT SERVICE FUND ACCOUNT

The Debt Service Fund Account is used to retire County debt obligations.

NOTE 2 - GENERAL OBLIGATION BONDS

During 2005, General Obligation Bonds Series A, B and C totaling $40,815,000 were issued. The bonds mature in varying amounts annually through 2023. The Series A Bonds were issued to refund the Series B Bonds of 2003 that matured on and after September 1, 2014. The Series B Bonds were issued to fund various capital projects. The Series C Bond proceeds were used to make a loan to the Greater Erie Industrial Development Corporation for the development of an industrial park. As of December 31, 2023, the balance of the 2005 issue is $0.

The County issued 2012 General Obligation Bonds Series A and B totaling $13,605,000. The bonds mature in varying amounts annually through 2023. The Series A Bonds were issued to refund the 2003 Series A Bonds that matured on and after September 1, 2014. The Series B Bonds were issued to refund the 2003 Series C Bonds that matured on and after September 1, 2014. 2012 Series C Bonds totaling $10,780,000 were not closed until January 2013. These bonds matured in varying amounts annually through 2021 and were issued to refund the 2005 Series B that matured on and after September 1, 2017 and the 2009 Bonds that matured on and after September 1, 2018. As of December 31, 2023, the balance of the 2012 issue is $0.

The County issued 2015 General Obligation Bonds totaling $17,380,000. The bonds mature in varying amounts annually through 2030. The bonds were issued to fund the Public Safety Radio Project. As of December 31, 2023, the balance of the 2015 issue is $9,640,000.

The County issued 2017 General Obligation Bonds totaling $20,220,000. The bonds mature in varying amounts annually through 2025. The bonds were issued to advance refund a 2007 Bond issue that has been retired. As of December 31, 2023, the balance of the 2017 issue was $9,985,000.

DEBT SERVICE FUND ACCOUNTS

SUPPLEMENTAL INFORMATION

DEBT SERVICE FUND ACCOUNT BALANCES

DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING DECEMBER 31, 2023

Cash and Investments at Beginning of Year		$2,463,829
RECEIPTS		
Interest Earnings	$38,069	
Transfer from General Fund	$4,740,554	
Transfer from Emergency Management Account	$334,345	
Transfer from 911 Account	$1,836,428	
		$6,949,396
		$9,413,225
DISBURSEMENTS		
Principal & Interest on 2005 General Obligation Bonds	$2,078,350	
Principal & Interest on 2012 General Obligation Bonds	$533,856	
Principal & Interest on 2015 General Obligation Bonds	$1,612,706	
Principal & Interest on 2017 General Obligation Bonds	$2,678,000	
Professional Fees (Trustee)	$6,919	
		$6,909,831
Cash and Investments at End of Year		$2,503,394

TRUST AND AGENCY FUND

ACCOUNT BALANCES

TRUST AND AGENCY FUND ACCOUNTS BALANCES

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2023

	Cash at Beginning of Year	Cash Receipts	Cash Disbursements	Cash at End of Year
State Account	$5,564	$131,244	$124,564	$12,244
Retirement Account	$1,233,090	$23,540,122	$23,763,625	$1,009,587

* See Accompanying Notes to Financial Statements

NOTES TO TRUST AND AGENCY FUND ACCOUNTS

FOR THE YEAR ENDING DECEMBER 31, 2023

NOTE 1 - STATE ACCOUNT

The State Account is maintained to track funds collected from the issuance of State licenses, permits, etc. The various types of licenses and permits issued by the Revenue Department include dog, fishing, bingo, small games of chance and hunting licenses from which the County receives a commission. The amount of the commission varies with type of license or permit issued.

NOTE 2 - RETIREMENT ACCOUNT

The County of Erie Employees' Retirement Plan is in effect for all eligible employees and is administered by three members of County Council, the Director of Finance and the County Controller. The plan is contributory whereby the County and the employees contribute to provide retirement benefits. The County is obligated to contribute sufficient funds to assure payment of all promised benefits.

TRUST AND AGENCY FUND ACCOUNTS

SUPPLEMENTAL INFORMATION

STATE ACCOUNT BALANCES

DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING DECEMBER 31, 2023

Cash at Beginning of Year		$5,564
RECEIPTS		
Dog Licenses	$65,865	
Fishing Licenses	$1,808	
Hunting Licenses	$9,315	
Bingo Licenses	$6,635	
Commissions	$11,433	
Small Games of Chance Licenses	$35,450	
Pistol Permits	$457	
NSF Check Fees	$281	
		$131,244
		$136,808
DISBURSEMENTS		
Commonwealth of Pennsylvania	$73,488	
Erie County General Fund:		
Commissions	$11,028	
Bingo Licenses	$6,120	
Pistol Permits	$373	
NSF Check Fees	$230	
Small Games of Chance Licenses	$33,325	
		$124,564
Cash at End of Year		$12,244

RETIREMENT CLEARING ACCOUNT BALANCES

DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING DECEMBER 31, 2023

Cash & Stock at Beginning of Year			$1,233,090
RECEIPTS			
Members Contributions		$4,733,255	
Erie County Contribution		$8,471,278	
Interest		$74,900	
Net Withdrawal from Money Managers		$10,218,109	
Loss Recovery		$42,726	
Increase in Value of Stock		($146)	
Total Receipts			$23,540,122
			$24,773,212
DISBURSEMENTS			
Retirees Net Benefits		$19,085,985	
Death Benefits		$730,794	
Member Withdrawals		$742,814	
Investment Expense		$431,250	
Administrative Expense		$243,254	
Deductions from Retirees Pay:			
Hospitalization	$358,116		
State Tax	$8,245		
Federal Withholding	$2,163,167	$2,529,528	$23,763,625
Cash and Stock at End of Year			$1,009,587
Cash		$1,009,424	
Stock – 2 Shares of Nabors Industries Ltd		$163	
Total		$1,009,587	