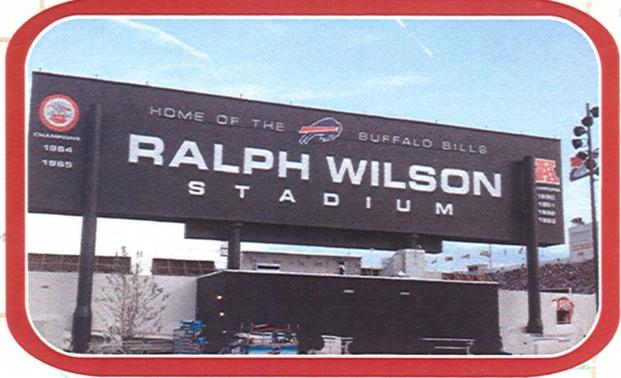
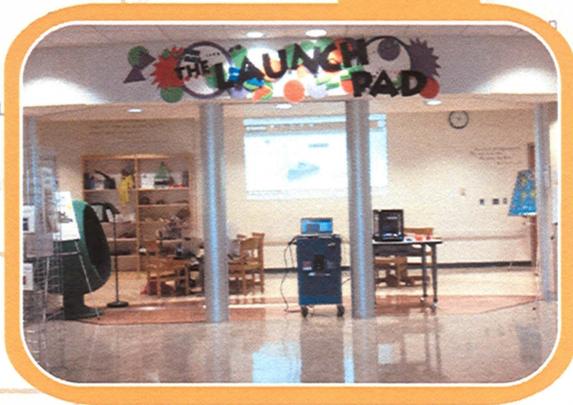
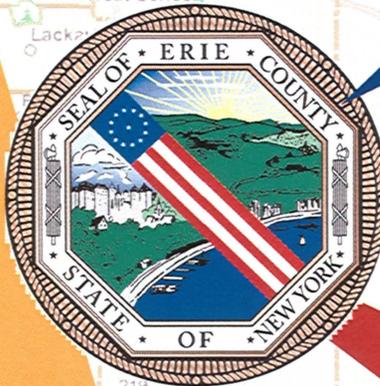
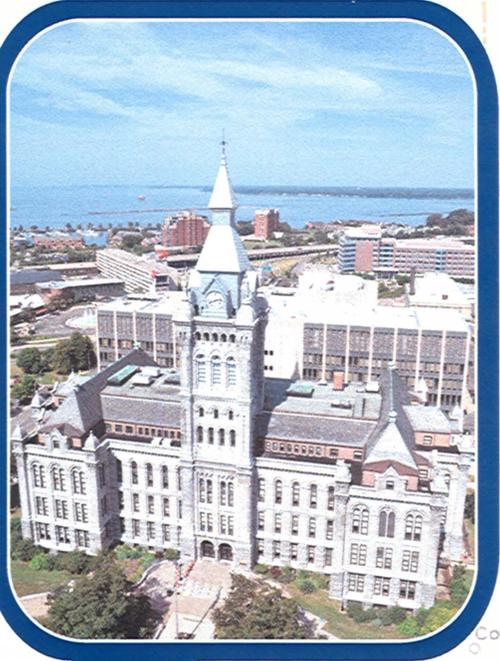


# BUDGET 2016

Erie County, Buffalo, New York



## Message and Summary

**Mark C. Poloncarz**  
COUNTY EXECUTIVE

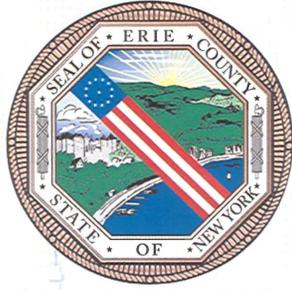
**Robert W. Keating**  
DIRECTOR  
BUDGET & MANGEMENT

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# **COUNTY EXECUTIVE'S BUDGET MESSAGE & SUMMARY**



# COUNTY OF ERIE

**MARK C. POLONCARZ**

COUNTY EXECUTIVE

October 15, 2015

Erie County Legislature  
92 Franklin Street, 4<sup>th</sup> Floor  
Buffalo, New York 14202

Dear Honorable Legislators:

Please find enclosed my recommended 2016 Erie County Budget and the 2016-2019 Four Year Financial Plan for review and approval by your Honorable Body.

The recommended 2016 Budget is balanced and has reasonable and conservative assumptions for revenues and expenditures. For the fourth straight year since I assumed office, this Budget maintains and enhances critical health and human services and increases our investment in the County's infrastructure, while supporting the "People's Mandated" cultural, educational and quality of life assets and organizations.

I am pleased to be able to deliver a balanced and rational budget that effectively funds services and community priorities while continuing to hold the line on property taxes even despite sagging sales tax revenue – our largest revenue source.

**There is no change in the real property tax rate per thousand of assessed value and it remains at \$4.99 – one of the lowest County property tax rates in New York State.**

## **Positive Developments Happening in Erie County**

This is an extraordinarily exciting time to be in Erie County. There are significant and positive economic development and community projects and activities underway. All you have to do is look at the numerous construction sites across the County to see hundreds of millions of dollars of public and private sector funds being invested in our region. This investment didn't happen on its own. Government, particularly the state, county and local municipalities have played a strong role.

As the *Buffalo News* recently stated, from job growth, to the much lower unemployment rate, to home prices, average annual pay, and the number of young people with college degrees staying in this area, our area is "indisputably on the rise." The County is an active leader and participant in this dynamic process through several initiatives including my administration's economic plan, "Initiatives for a Smart Economy" and this work is continuing in 2016.

Since January 2012, Erie County's unemployment rate has dropped from 8.9% to 5.1% and more than 12,000 new jobs have been created in Erie County. The County's ratings agencies have taken notice of our resurgence and noted Erie County's economic turnaround as factors in the County's 2014 and 2015 credit rating upgrades.

## **2016 Programs, Services and Initiatives**

In 2016, continuing my administration's commitment to vital services, community programs and initiatives, the County will provide modest increases in funding for many programs, including: library, cultural, educational and anti-crime youth programming, Erie Community College, highway and road needs, capital projects and infrastructure improvements, tourism promotion via Visit Buffalo-Niagara, the Buffalo Niagara Convention Center and Buffalo Niagara Film Commission, the land bank, brownfield redevelopment, Cornell Cooperative Extension, Erie County Soil and Water Conservation, and the Fisheries Advisory Board, among others. This administration has and will continue to invest in the areas that make our community strong and vibrant while maintaining a conservative budgeting approach.

As part of this initiative, and my administration's philosophy of investing in the "People's Mandates," we have prioritized funding for the following areas in 2016:

- Funding for road and bridge projects and road maintenance. We are committed to improving the County's infrastructure, and have added new funding for the Road Fund, including the mid-year 2015 increase in staff for the Highway Division, additional interfund subsidy monies in 2016 and additional funds through the Capital Budget. These funds come amidst an environment in which federal funding for highway and road projects has virtually been eliminated or come to a standstill, thus putting pressure on localities;
- Conducts \$53 million in capital projects, including \$19.6 million in infrastructure improvements on roads and bridges throughout Erie County and providing \$2 million to purchase new heavy equipment such as dump trucks, plows and front end loaders;
- Increasing operational funding for the Buffalo and Erie County Public Library ("BECPL") by \$460,577. In just three years, we have increased library funding by \$1.33 million. These increases reflect my commitment, and the community's support for our public library system;
- Providing funds for the newly-created Conditional Release Program in an effort to help rehabilitate prisoners in the Erie County Correctional Facility and reduce recidivism and reduce cost in the Division of Jail Management;
- Continuing funding for the redevelopment of industrial brownfields such as the Bethlehem Steel site in Lackawanna and the North Youngmann Commerce Center in Tonawanda to attract new manufacturing, light industrial and warehousing concerns and help create new jobs;
- Increasing funding, for the fourth year in a row, for cultural organizations, including funding new applicants and agencies through a non-partisan, rigorous and competitive process, and strengthening the County's commitment to cultural, arts and educational agencies;

- Providing funds for the Fisheries Advisory Board to support sport fishery and recreational and tourism-related fishing;
- Providing increases in funding to support the critical tourism promotion and related development initiatives promoted by Visit Buffalo-Niagara, the Convention Center Management Corporation and the Buffalo-Niagara Film Commission-WNED. This includes a new major appropriation of \$47,000 for a special initiative at the Film Commission as they work to attract major and independent productions to film in Erie County;
- Providing funding for the Buffalo Erie Niagara Land Improvement Corporation (“land bank”) to continue its solid work in acquiring and selling distressed, abandoned or foreclosed properties and helping return such parcels to productive use in our community;
- Provides funds for the fourth year in a row to purchase new vans for senior citizen transportation through the “Going Places” program, in coordination with town governments and non-profit organizations to help seniors recreate, attend medical appointments and visit stores and supermarkets. Since 2012, we have purchased or will purchase approximately ten new vans for this critical service;
- Continues the County’s commitment through Operation Prime Time to neighborhood-centered not-for-profit youth organizations for summer youth educational, anti-crime, learning and sports/cultural development in cities and towns across Erie County;
- Provides increased community development funding for Cornell Cooperative Extension and Erie County Soil and Water Conservation; and
- Creating new positions in the County workforce for important initiatives. For instance, the budget includes two new Sheriff Deputies to work on the heroin and drug epidemic plaguing our community and one new correction officer title in order to supervise and deploy inmates from the Correctional Facility to work in community improvement projects. We are creating three new positions in the E-911 call center to provide additional support for this critical system. We are adding three new attorney positions in order to

meet New York State mandated requirements for the new Family Court part and to address family and juvenile needs. Finally, we are creating new caseworker titles in the Department of Social Services to conduct important children's services work.

## **Erie Community College**

This administration is committed to working in partnership with Erie Community College ("ECC") to improve our county college and to help educate and train the next generation of leaders and workers. In March 2003, your Honorable Body approved, and the then-county executive signed into law an "institutional autonomy" local law sought by the college. That law, requested by ECC, granted the college significant authority, self-sufficiency and independence from Erie County government.

Mindful of that law and ECC's autonomy from the County, my administration has been engaged in positive and productive discussions with ECC senior management, faculty and board members and some county legislators since early 2015 on a myriad of issues, including the expired faculty federation contract, capital needs, and operational support.

In a tangible demonstration of my administration's support for ECC, in 2015, for the first time since 2008, the County increased operational funding for ECC by \$125,000. For 2016, I am proposing an increase in funding of \$245,683, taking County operational support to ECC to \$16,000,000.

ECC recently issued a document titled "ECC Excels" seeking increased, new financial support from the County. The institution faces some challenges, including lower enrollment, significant increases in health insurance costs associated with its workforce, and the continuing "chargeback" problem associated with Erie County residents attending other community colleges. As my administration continues discussions with ECC management, the faculty federation, and its board, we will evaluate the County's funding and relationship with ECC after they complete and present their revised strategic plan, which is expected in March 2016.

In addition to the operational funding, the 2016 Budget is allocating \$4.1 million in County share funds (supplemented by matching funds from the State University of New York) for ECC capital projects in the 2016 Capital Budget. Furthermore, the County has already allocated \$7.5 million for the construction of the Science Technology Engineering and Math (“STEM”) building project at ECC’s North Campus and design is underway on the project. Construction is expected to commence in 2016 and may be completed in 2017.

### **Rating Upgrade from Fitch Ratings**

This administration has prided itself on maintaining a steady hand navigating the County’s finances and our sound management of the County’s finances which has been recognized by the Wall Street rating agencies and resulted in multiple Erie County credit rating upgrades in the past four years to their highest levels since before the “Red/Green” Fiscal Crisis. Most recently, in September 2015, the County was upgraded from ‘A’ to ‘A+’ by the Wall Street rating agency Fitch Ratings.

In upgrading the County, Fitch remarked on the County’s “improved fiscal discipline, resulting in a trend of positive operations and stable and adequate reserve levels,” and “prudent financial management,” as well as “manageable long-term liabilities” concerning debt and pension obligations.

The Fitch rating upgrade reflects the strong and effective financial management of this administration and our commitment to solid, conservative budgeting, fiscal controls, and judicious administration of taxpayer money in Erie County. This action is a strong affirmation from an independent third party on the fiscal health of Erie County.

### **Positive News in State Comptroller Fiscal Stress Report**

In September 2015, the Office of the New York State Comptroller (“OSC”) issued his annual report on municipalities’ fiscal stress levels. The key factors affecting the County’s stress level include enhancing fund balance, continued operating surpluses, reasonable debt levels, appropriate cash balances, and reasonable personal services expense as a percentage of the budget. For the second year in a row, OSC reported that the County’s fiscal stress level had

declined, meaning that the County is not experiencing or susceptible to fiscal stress and is well below the level in which OSC would designate Erie County as being susceptible to stress. This contrasts with major comparable counties in New York State such as Monroe and Nassau Counties, which were designated as in “significant fiscal stress” and Suffolk County, which was designated as in “moderate fiscal stress.”

### **Fund Balance has Increased and has been Rationally Utilized**

It is important to note that both Fitch Ratings and OSC have stated that maintaining and enhancing the County’s fund balance – our reserves – is critical to the fiscal health and stability of the County and important for ratings upgrades. Your Honorable Body has long understood this, as did the Erie County Charter Revision Commission, when it established a 5% unassigned fund balance requirement in the Erie County Charter in 2006 and your Honorable Body approved such changes.

Since taking office in January 2012, the County’s total and unassigned fund balances have modestly grown in an orderly and rational way. At January 31, 2011, the County’s total fund balance was \$116.1 million; at December 31, 2014, the fund balance is \$129.1 million.

At the same time, with the support of your Honorable Body, this administration has planned for, and appropriated modest amounts of fund balance for priority needs, including increasing spending for, and conducting work on our highways. In addition, the 2016 Budget projects a modest appropriation of fund balance to help balance the budget and avoid cuts in services and programs such as the People’s Mandates and a property tax increase.

### **2016 General Fund Budget**

The 2016 recommended Budget for the General Fund is \$1,439,573,871. This includes \$339.4 million of sales tax, which we collect but is required to be distributed to local governments, school districts and the Niagara Frontier Transportation Authority. The recommended 2016 Budget is only 0.7% higher than the adopted 2015 Budget for the General Fund.

The largest factors driving the increase in the 2016 Budget include increases in personal services expense for County employees based on the collective bargaining agreements which were unanimously approved by your Honorable Body over the past few years and corresponding increases in health insurance expense. Retiree health insurance in particular is experiencing larger increases in cost. In addition, overtime expense in the County's Division of Jail Management is once again emerging as a concern.

On the positive side, due to adjustments made by OSC affecting all local governments, the County's expense for pension costs in 2016 will be lower than 2015 and lower than expected in the prior Four Year Financial Plan. Also, several programs in the Department of Social Services such as Safety Net Assistance are experiencing lower caseloads than expected and therefore, less expense.

As previously noted, there is no property tax rate increase in the 2016 Budget, but the County will benefit from \$13.2 million more revenue from assessment growth, of which we will share revenue with the BECPL. Due to the robust Erie County economy, including commercial and residential development, property sales and new construction, the County is benefitting from assessment growth.

**It is important to note that the County is remaining under the State's property tax cap for 2016 which is only 0.73% - not the 2% popularly known in the media and public.**

Other leading cost-drivers in 2016 include:

- Increased funding for road and highway improvements and projects;
- Community College chargebacks;
- The requirement to provide \$2 million annually to Erie County Medical Center Corporation under the 2012 credit mechanism;
- Increased State-mandated expense for the child welfare services and foster care programs; and

- Increased State-mandated expense for the children with special needs program.

There are several areas of concern in the 2016 Budget and moving forward. In 2015, although Erie County has experienced some growth in sales tax revenue (unlike the majority of counties in New York State who have experienced no growth or even a decline compared to 2014), we have still not met the budget target. Due to the lower growth than expected, we have adjusted the 2016 Budget revenue expectation for sales tax (and the out years of the Four Year Financial Plan) to lower this critical revenue stream. For the first time in seven years, the forthcoming budget includes a projected lower amount of sales tax than the prior year budget.

In addition, we are closely monitoring the issue of intergovernmental transfer (“IGT”) payments associated with Erie County Medical Center Corporation (“ECMCC”) under the federal Disproportionate Share (“DSH”) and Upper Payment Limit (“UPL”) process. We are engaged in discussions with ECMCC to determine potential IGT costs moving forward.

### **Four Year Financial Plan**

The 2016 Budget includes a Four Year Financial Plan for fiscal years 2016-2019. The 2016 Budget and projected 2015 year-end numbers form the basis for the 2016-2019 Four Year Plan with a number of assumptions and estimates which are detailed in the Executive Summary and Budget Message. As was the case with prior forecasts, the Plan forecasts modest and manageable out-year budget gaps in 2017-2017 that will be addressed moving forward.

Growth in reoccurring revenue has not kept pace with increases in mandated costs. Additionally, there is not the requisite support for either revenue enhancements or cuts to non-mandated services by your Honorable Body, which requires this administration to use budget measures such as fund balance. The 2016 Budget and the 2017 out-year Budget continue to include a modest use of appropriated fund balance. This scenario is not sustainable over a long period, and as such, our Four Year Financial Plan projects to use less fund balance in 2017 than previously estimated and none in 2018 and 2019, which is a positive trend.

At the same time, we are utilizing conservative and appropriate assumptions on property tax and sales tax revenues. We are using a 2.0% property tax assessment growth forecast for 2017-2019. For sales tax, based on year-to-date actual growth in 2015, we are forecasting a much lower sales tax collection for 2016 compared to the 2015 Budget and correspondingly lower sales tax revenue for 2017-2019.

### **Property Tax Cap Freeze Credit Program Participation**

Governor Cuomo and the State Legislature enacted the Property Tax Freeze Credit Program as part of the 2015 State Budget. As part of this two year program, property taxpayers in qualifying municipalities and school districts will receive a “Freeze Credit” equal to the greater of (1) the actual increase in their property tax bill or (2) the previous year’s tax bill multiplied by an inflation factor for the 2015 and 2016 fiscal years.

In year one of the program (FY2015), property taxpayers will receive the “Freeze Credit” if their local government(s) (county, city, town and/or village) or school district stays within their designated property tax cap. Erie County, along with a number of local municipalities and school districts stayed within their designated property tax caps for their FY2015 budgets and, therefore, those property taxpayers will receive their “Freeze Credit” via check from the New York State Department of Taxation and Finance later this fall.

In year two (FY2016), taxpayers will receive the “Freeze Credit” if their local government(s) and school district stays within the property tax cap and participates in a State-approved Government Efficiency Plan.

On June 1, 2015, Erie County submitted a county-wide government efficiency plan to the New York State Division of Budget on behalf of Erie County and thirty seven (37) other local governments – nearly every town and village. The Plan was comprised of shared services, cooperative agreements and efficiencies initiated by, and among, the 38 participating local governments which have, and will continue to, save local taxpayers approximately \$20 million per year.

The County's plan is awaiting State approval, which should come later this fall. Once officially approved, and given that this 2016 Proposed Erie County Budget remains below our designated property tax cap, taxpayers for Erie County (and towns and villages part of the plan that also approved 2016 budgets below their designated tax cap) will receive their second round "Freeze Credit" checks from the State in fall 2016.

### **The 2016 Legislative Budget Process**

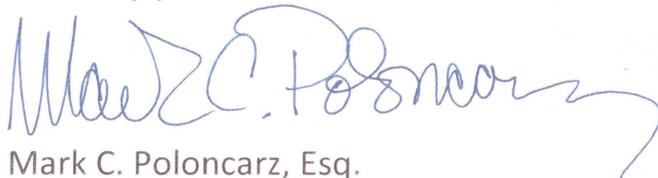
Over the past several years, your Honorable Body and my administration have worked together to ensure Erie County's budget is structurally sound now and in the future. In the event the Legislature seeks to make amendments to the 2016 Budget – a general fund budget that is only 0.7% larger than the adopted 2015 Budget – I request that we work together on such amendments and consider the myriad of factors affecting the County in an environment in which our recurring costs are growing and our largest revenue source is stagnant. My administration is committed to working with the Legislature in this endeavor and look forward to the conversations over the next forty seven days.

### **Conclusion**

The 2016 Budget and the accompanying Four Year Financial Plan are balanced, reasonable and conscientious and both documents realistically address the challenges facing the County.

I am committed to maintaining the services that our residents expect while running a fiscally-stable government that continues to grow and improve. I look forward to continuing to work in partnership with your Honorable Body and the Erie County Fiscal Stability Authority on behalf of our community.

Sincerely yours,

A handwritten signature in blue ink that reads "Mark C. Poloncarz". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Mark C. Poloncarz, Esq.  
Erie County Executive



**FOUR-YEAR  
OPERATIONS PLAN  
FISCAL YEARS  
2016-2019**



# COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

## FOUR YEAR FINANCIAL PLAN FOR FISCAL YEARS 2016-2019

Enclosed herein is the 2016-2019 Four Year Financial Plan ("Plan"). Section 2503 of the Charter specifies certain budget requirements, including submission of an annual budget proposal and a financial forecast for the next two years. In addition, Public Authorities Law §§3957 creating the Erie County Fiscal Stability Authority ("ECFSA") requires that the County Executive submit a Plan with his proposed budget.

The 2016 Proposed Budget and projected 2015 results form the basis for the Plan.

The 2016 Budget and Plan differ as explained in greater detail in the County Executive's budget message and as noted below. The 2016 General Fund Budget is only 0.7% larger than the Adopted 2015 Budget. We have made adjustments due in part to lower sales tax revenues.

The Plan calls for 2.0% average annual growth in property tax revenue strictly due to assessment growth in 2017, 2018 and 2019. In 2016, the County projects to receive \$13.2 million in assessment growth, of which the County will share \$460,277 with the Buffalo and Erie County Public Library System.

The Plan calls for sales tax revenues to increase by 1.75% in 2016 from the 2015 projected actual trend and by 2.0% each year thereafter.

The Plan is based on "reasonable assumptions" at the time of submission of the 2016 Budget and Plan on October 15, 2015.

The County received ratings upgrades from Standard & Poor's in September 2014 and Fitch Ratings in September 2015. The County's current ratings are: Standard & Poor's AA-, Moody's A2 and Fitch Ratings A+.

We believe that ECFSA will find the 2016 Budget and Plan to be reasonable and we expect ECFSA will approve both documents.

## KEY ASSUMPTIONS IN FOUR YEAR FINANCIAL PLAN

<b>Revenue</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Sales Tax Growth	2.0%	2.0%	2.0%
Real Estate Market Value Growth	2.0%	2.0%	2.0%
Property Tax Rate Increase	0%	0%	0%
<b>Expense</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Personal Services Growth	1.5%	1.5%	1.5%
Health Insurance Growth	7.2%	6.4%	6.5%
Pension Rate	13.6%	13.0%	12.5%

Personal services growth is driven by the cost of salaries for the bargaining units and the salary (and fringe) expense associated with settled union contracts in 2013 and 2014, especially CSEA. The pension rate is based on estimates from the New York State and Local Retirement System.

As has been the case for many years, the Plan includes projected out-year gaps. There are a variety of potential mechanisms and initiatives available to the County to close the out-year gaps, including:

- Better than expected sales tax revenue;
- Better than expected property tax assessment revenue;
- Reductions in discretionary spending, including in personal services and deletions of positions;
- Expedited retirements of employees due to union contract provisions;
- Property tax revenue;
- The use of appropriated fund balance;
- Participation in the Employer Contribution Stabilization Program;
- Possible further reductions in Medicaid-MMIS expense;
- More favorable (lower) caseload trends in social service accounts;
- Revenue from initiatives such as the State's medical marijuana dispensary program.

## County of Erie 2016-2019 Four-Year Financial Plan

Fund 110 - General Account Type	2014 Actual	2015 Adopted Budget	2016 Executive Recommended Budget	2017 Projection	2018 Projection	2019 Projection
<b>Revenue</b>						
<b>Local Source Revenue</b>						
Property Tax Levy	219,132,763	222,862,954	235,683,037	240,396,698	245,204,632	250,108,724
<b>Property Tax Related</b>						
Sec 520 Exempt Removal	781,471	906,328	809,668	809,668	809,668	809,668
Gain Sale Tax Acquired Prop	7,300	20,000	10,000	10,000	10,000	10,000
Payments In Lieu Of Taxes	6,506,070	6,075,000	6,030,000	5,360,150	5,386,951	5,413,886
Interest & Penalties-Prop Tax	15,418,596	12,703,142	13,120,000	13,251,200	13,383,712	13,517,549
Omitted Taxes	6,326	3,000	3,000	3,000	3,000	3,000
Dec-Prop Tax Def Rev	(5,882,322)	(2,770,033)	(2,387,350)	(2,411,224)	(2,435,336)	(2,459,689)
<b>Property Tax Related Total</b>	<b>16,837,441</b>	<b>16,937,437</b>	<b>17,585,318</b>	<b>17,022,795</b>	<b>17,157,995</b>	<b>17,294,414</b>
<b>Sales Tax</b>						
Sales Tax Original 3%	162,605,806	168,405,444	167,635,935	170,988,654	174,408,427	177,896,595
1% Sales Tax	153,522,887	158,999,011	158,272,040	161,437,481	164,666,230	167,959,555
.25 % Sales Tax	38,314,571	39,708,182	39,499,813	40,289,809	41,095,605	41,917,518
.50% Sales Tax	76,629,142	79,416,365	78,999,626	80,579,619	82,191,211	83,835,035
<b>Sales Tax Total</b>	<b>431,072,406</b>	<b>446,529,002</b>	<b>444,407,414</b>	<b>453,295,562</b>	<b>462,361,474</b>	<b>471,608,703</b>
<b>Sales Tax (Distrib. to Local Gov'ts)</b>	<b>297,962,111</b>	<b>308,613,200</b>	<b>307,179,419</b>	<b>313,323,007</b>	<b>319,589,468</b>	<b>325,981,257</b>
<b>Fees Fines or Charges</b>						
Election Exp Other Govts	7,192,320	6,282,847	6,839,440	7,480,000	9,630,000	7,870,000
All Other Fees Fines or Charges	26,083,691	25,638,026	25,510,887	25,765,996	26,023,656	26,283,892
<b>Fees Fines or Charges Total</b>	<b>33,276,011</b>	<b>31,920,873</b>	<b>32,350,327</b>	<b>33,245,996</b>	<b>35,653,656</b>	<b>34,153,892</b>
<b>Other Sources</b>						
Interest & Earn - Gen Inv	133,145	181,200	177,750	177,750	177,750	177,750
Hotel Occupancy Tax Revenue	9,928,615	9,775,600	10,450,000	10,606,750	10,765,851	10,927,339
Community College Respreads	4,376,595	5,445,442	6,390,041	6,750,000	6,800,000	6,850,000
All Other Sources Accounts	50,120,450	26,506,019	28,284,770	28,709,042	29,139,677	29,576,772
<b>Other Sources Total</b>	<b>64,558,805</b>	<b>41,908,261</b>	<b>45,302,561</b>	<b>46,243,542</b>	<b>46,883,278</b>	<b>47,531,861</b>
<b>Appropriated Fund Balance</b>						
Appropriated Fund Balance County Purposes	-	6,005,000	6,000,000	6,000,000	-	-
Appropriated Fund Balance Road Repair	-	2,000,000	-	-	-	-
<b>Appropriated Fund Balance</b>	<b>0</b>	<b>8,005,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>0</b>	<b>0</b>
<b>Local Source Revenue Total</b>	<b>1,062,839,537</b>	<b>1,076,776,727</b>	<b>1,088,508,076</b>	<b>1,109,527,599</b>	<b>1,126,850,502</b>	<b>1,146,678,851</b>
<b>State Aid</b>						
State Aid-Education Of Handicapped Children	28,397,662	30,461,400	31,150,857	31,680,422	32,218,989	32,766,712
State Aid-Mental Health	34,141,940	34,582,109	35,080,485	35,782,095	36,497,737	37,227,691
State Aid-Soc Serv Admin	25,686,097	27,673,744	29,301,852	29,906,079	30,554,930	31,252,057
State Aid-Safety Net Assistance	13,475,137	15,165,949	13,707,474	14,100,159	14,491,969	14,884,218
State Aid-Child Welfare Services	20,823,333	23,808,783	22,353,803	23,107,683	23,883,122	24,677,825
State Aid-Serv For Recipients	5,537,543	6,053,262	6,630,002	6,678,369	6,751,739	6,803,006
State Aid Day Care	7,343,545	8,801,761	7,586,397	7,767,143	8,041,323	8,232,908
All Other State Aid Accounts	22,927,889	24,205,750	24,888,180	25,261,503	25,640,425	26,025,032
<b>State Aid Total</b>	<b>158,333,146</b>	<b>170,752,758</b>	<b>170,899,050</b>	<b>174,283,452</b>	<b>178,080,234</b>	<b>181,869,448</b>
<b>Federal Aid</b>						
Federal Aid-Family Assistance	45,749,095	50,977,988	46,191,410	46,980,083	47,770,433	48,561,133
Federal Aid-Soc Serv Admin	25,226,879	23,754,315	24,351,378	25,334,956	26,391,289	27,525,874
Fed Aid Day Care	15,776,077	18,822,216	19,151,808	19,534,103	20,114,020	20,519,239
Federal Aid-CWS Foster Care	15,937,655	16,966,673	18,734,108	19,377,516	20,051,701	20,755,671
Federal Aid-Safety Net TANF Cases	675,554	831,969	557,968	573,025	588,049	603,090
All Other Federal Aid Accounts	86,654,791	69,340,913	69,582,685	70,626,425	71,685,822	72,761,109
<b>Federal Aid Total</b>	<b>190,020,051</b>	<b>180,694,074</b>	<b>178,569,357</b>	<b>182,426,108</b>	<b>186,601,313</b>	<b>190,726,116</b>
<b>Interfund Revenue</b>	<b>4,047,171</b>	<b>923,086</b>	<b>1,797,388</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Fund 110 Revenue</b>	<b>1,415,239,905</b>	<b>1,429,146,645</b>	<b>1,439,573,871</b>	<b>1,466,237,160</b>	<b>1,491,532,049</b>	<b>1,519,274,416</b>

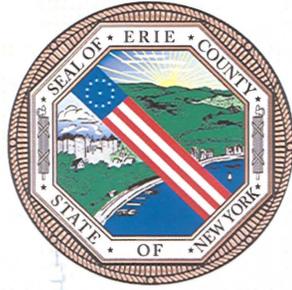
## County of Erie 2016-2019 Four-Year Financial Plan

Fund 110 - General	Account Type	2014 Actual	2015 Adopted Budget	2016 Executive Recommended Budget	2017 Projection	2018 Projection	2019 Projection
<b>Expense</b>							
<b>Personal Service Related Expense</b>							
Personal Services							
	Full-Time Salaries	162,459,307	176,635,234	182,111,550	184,843,223	187,615,872	190,430,110
	Part-Time Wages	2,560,748	3,341,858	3,183,832	3,231,589	3,280,063	3,329,264
	Regular Part Time Wages	1,310,590	1,624,824	1,539,438	1,649,196	1,673,934	1,699,043
	Seasonal Emp Wages	546,719	751,040	812,862	762,306	773,740	785,346
	<b>Personal Services Total</b>	<b>166,877,364</b>	<b>182,352,956</b>	<b>187,647,682</b>	<b>190,486,315</b>	<b>193,343,609</b>	<b>196,243,764</b>
Employee Payments non-salary							
	Shift Differential	997,822	1,069,265	1,124,309	1,141,174	1,158,291	1,175,666
	Uniform Allowance	888,000	901,000	913,200	913,200	913,200	913,200
	Holiday Worked	1,544,937	1,665,340	1,715,634	1,741,369	1,767,489	1,794,001
	Line-Up	1,880,737	1,907,938	2,032,836	2,063,328	2,094,277	2,125,692
	Other Employee Pymts	1,448,718	1,279,911	1,373,998	1,394,608	1,415,527	1,436,760
	Overtime	15,296,900	13,919,364	14,483,145	14,741,392	14,962,513	15,186,951
	<b>Employee Payments non-salary Total</b>	<b>22,057,114</b>	<b>20,742,818</b>	<b>21,643,121</b>	<b>21,995,070</b>	<b>22,311,298</b>	<b>22,632,269</b>
Fringe Benefits							
	Fringe Benefits- FICA	14,184,416	15,082,183	15,850,621	16,254,826	16,497,600	16,744,017
	Fringe Benefits-Medical Insurance	40,636,271	40,926,051	45,177,246	48,169,530	50,851,427	53,668,403
	Fringe Benefits-Workers Compensation	4,829,578	4,846,305	5,836,121	5,982,225	6,090,228	6,203,175
	Fringe Benefits-Unemployment Insur.	354,768	410,394	416,171	446,211	474,441	503,415
	Fringe Benefits-Retiree Med Insur.	22,068,856	23,958,291	31,801,510	34,382,055	36,976,454	39,875,052
	Fringe Benefits-Retirement	35,406,545	33,879,389	29,343,798	28,854,972	28,121,400	27,403,279
	<b>Fringe Benefits Total</b>	<b>117,480,434</b>	<b>119,102,613</b>	<b>128,425,467</b>	<b>134,089,819</b>	<b>139,011,550</b>	<b>144,397,341</b>
Countywide Personnel Adjustments							
	Reductions (Vacancy Savings)		(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
	MC Compensation						
	<b>Countywide Personnel Adjustments</b>	<b>0</b>	<b>(2,000,000)</b>	<b>(2,000,000)</b>	<b>(2,000,000)</b>	<b>(2,000,000)</b>	<b>(2,000,000)</b>
<b>Personal Service Related Expense Total</b>		<b>306,414,912</b>	<b>320,198,387</b>	<b>335,716,270</b>	<b>344,571,203</b>	<b>352,666,457</b>	<b>361,273,374</b>
<b>Other Departmental Expense</b>							
Supplies & Repairs							
	Auto Supplies	1,989,459	2,455,225	2,139,750	2,171,848	2,204,424	2,237,490
	All Other	7,704,943	7,668,474	7,137,972	7,245,042	7,353,717	7,464,023
	<b>Supplies and Repairs</b>	<b>9,694,403</b>	<b>10,123,699</b>	<b>9,277,722</b>	<b>9,416,888</b>	<b>9,558,141</b>	<b>9,701,513</b>
Other							
	Risk Retention	1,880,667	2,000,000	2,000,000	3,000,000	3,000,000	3,000,000
	Control Board	498,239	495,000	495,000	495,000	495,000	495,000
	Rental	4,387,453	4,639,431	4,953,097	5,027,393	5,102,804	5,179,346
	DSS Pivot Wages/Chargebacks/Training	5,217,608	5,358,120	5,411,668	5,492,843	5,575,236	5,658,864
	Utility Charges	2,372,495	2,838,150	2,881,897	2,925,125	2,969,002	3,013,537
	All Other	5,890,114	5,659,532	5,804,967	5,892,062	5,980,443	6,070,149
	<b>Other Total</b>	<b>20,246,574</b>	<b>20,990,233</b>	<b>21,546,649</b>	<b>22,832,424</b>	<b>23,122,485</b>	<b>23,416,897</b>
Contractual							
Sales Tax as Aid to Local Governments							
	Sales Tax Distrib.to Cities, Towns & Sch Dist. fro	297,962,111	308,613,200	307,179,419	313,323,007	319,589,468	325,981,257
	Sales Tax Flat Distrib.to Cities and Towns from 1	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
	Sales Tax Distributed to NFTA	19,190,330	19,874,789	19,783,973	20,179,652	20,583,246	20,994,910
	Sub Total - Local Gov. Sales Tax	329,652,441	340,987,989	339,463,392	346,002,660	352,672,713	359,476,167
Other Agency Contractual or Mandated Payments							
	Indigent Defense - Legal Aid/Bar Assoc.	11,586,005	11,848,613	12,024,312	12,204,677	12,387,747	12,573,563
	NFTA Sec 18 B	3,657,200	3,657,200	3,657,200	3,657,200	3,657,200	3,657,200
	Contractual-ECMCC Healthcare Network	4,632,591	7,459,848	7,408,433	7,517,529	7,630,292	7,744,747
	Cultural Agencies	5,687,079	5,855,798	6,043,351	6,134,001	6,226,011	6,319,401
	Botanical Gardens Renovation		0		0		0
	Buffalo Bills Game Day Expense	2,092,582	2,189,616	2,273,277	2,341,475	2,411,720	2,484,071
	Stadium - Working Capital Assistance	1,344,321	1,409,245	1,447,068	1,490,480	1,535,194	1,581,250
	Social Services/Youth/Mental Health Agencies	68,728,789	71,279,922	72,148,876	73,229,079	74,327,515	75,442,428
	Visit Niagara (CVB) Subsidy	3,233,283	3,300,000	3,354,500	3,404,818	3,455,890	3,507,728
	Bfo Niagara Film Comm WNED	131,950	133,929	182,938	138,682	140,762	142,874
	Convention Center Subsidy	1,674,750	1,699,871	1,725,369	1,751,250	1,777,518	1,804,181
	County Residents at Other Community Colleges	6,389,662	5,890,000	6,800,000	6,850,000	6,987,000	7,126,740
	All Other Contractual Accounts	18,371,635	17,604,517	21,303,733	21,623,289	21,947,638	22,276,853
	<b>Contractual Total</b>	<b>457,182,288</b>	<b>473,314,548</b>	<b>477,828,449</b>	<b>486,345,140</b>	<b>495,157,202</b>	<b>504,137,204</b>
	<b>Equipment</b>	<b>1,381,446</b>	<b>1,545,442</b>	<b>1,385,639</b>	<b>1,413,352</b>	<b>1,441,619</b>	<b>1,470,451</b>

**County of Erie**  
**2016-2019 Four-Year Financial Plan**

Fund 110 - General	Account Type	2014 Actual	2015 Adopted Budget	2016 Executive Recommended Budget	2017 Projection	2018 Projection	2019 Projection
<b>Allocation</b>							
	Interfund-Erie Community College	15,629,317	15,754,317	16,000,000	16,000,000	16,000,000	16,000,000
	Interfund-Utilities Fund	4,609,350	4,935,249	4,971,315	5,070,741	5,172,158	5,275,599
	County Share - Grants	5,386,178	4,361,351	5,484,263	5,621,370	5,761,904	5,905,951
	Interfund-Road	18,120,497	15,118,038	16,818,436	17,238,897	17,669,869	18,111,616
	Interfund -Library Subsidy	58,689					
	Interfund E911 Subsidy	2,792,501	3,422,148	3,713,047	3,787,308	3,863,054	3,940,315
	Interdepartmental Billings	(3,204,480)	(3,284,087)	(3,103,368)	(3,149,919)	(3,197,167)	(3,245,125)
	All Other Allocation Accounts	6,782,294	93,992	86,670	87,970	89,290	90,629
	<b>Allocation Total</b>	<b>50,174,346</b>	<b>40,401,008</b>	<b>43,970,363</b>	<b>44,656,367</b>	<b>45,359,108</b>	<b>46,078,986</b>
<b>Program Related</b>							
	UPL Expense	15,224,488					
	DSH Expense	<u>20,697,415</u>	<u>16,200,000</u>	<u>16,200,000</u>	<u>16,200,000</u>	<u>16,200,000</u>	<u>16,200,000</u>
	Sub Total UPL/DSH ECMCC Subsidy	35,921,903	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000
	MMIS-Medicaid Local Share	211,425,799	211,425,799	205,528,355	206,064,748	208,674,198	210,558,847
	Family Assistance	46,702,843	51,574,441	47,169,442	47,958,115	48,748,465	49,539,165
	CWS - Foster Care	63,284,933	62,286,462	67,803,015	70,090,689	72,487,791	74,990,794
	Safety Net Assistance	49,759,033	55,701,333	51,900,527	53,254,612	54,605,682	55,958,265
	Child Care-DSS	26,078,954	30,806,877	29,435,497	30,136,798	31,200,627	31,550,232
	Children With Special Needs Program	55,877,540	59,700,240	61,418,480	62,646,850	63,899,787	65,177,782
	State Training School	7,145,483	5,705,474	1,311,279	2,031,250	2,482,634	3,034,325
	All Other Program Related Accounts	4,353,529	5,062,392	4,205,258	4,268,616	4,332,645	4,397,635
	<b>Program Related Total</b>	<b>500,550,017</b>	<b>498,463,018</b>	<b>484,971,853</b>	<b>492,651,677</b>	<b>500,631,829</b>	<b>511,407,045</b>
<b>Debt Service</b>							
	Interest-Revenue Antic Notes		376,683	400,000	410,000	420,250	430,756
	Interfund Debt Service Subsidy	60,798,788	63,733,627	64,476,926	67,623,989	65,042,966	62,643,542
	<b>Debt Service Total</b>	<b>60,798,788</b>	<b>64,110,310</b>	<b>64,876,926</b>	<b>68,033,989</b>	<b>65,463,216</b>	<b>63,074,298</b>
	<b>Other Departmental Expense Total</b>	<b>1,100,027,862</b>	<b>1,108,948,258</b>	<b>1,103,857,601</b>	<b>1,125,349,837</b>	<b>1,140,733,597</b>	<b>1,159,286,395</b>
	<b>Total Fund 110 Expense</b>	<b>1,406,442,774</b>	<b>1,429,146,645</b>	<b>1,439,573,871</b>	<b>1,469,921,040</b>	<b>1,493,400,054</b>	<b>1,520,559,769</b>
	<b>Revenue Less Expense - Surplus/(Gap)</b>	<b>8,797,131</b>	<b>0</b>	<b>0</b>	<b>(3,683,881)</b>	<b>(1,868,005)</b>	<b>(1,285,353)</b>



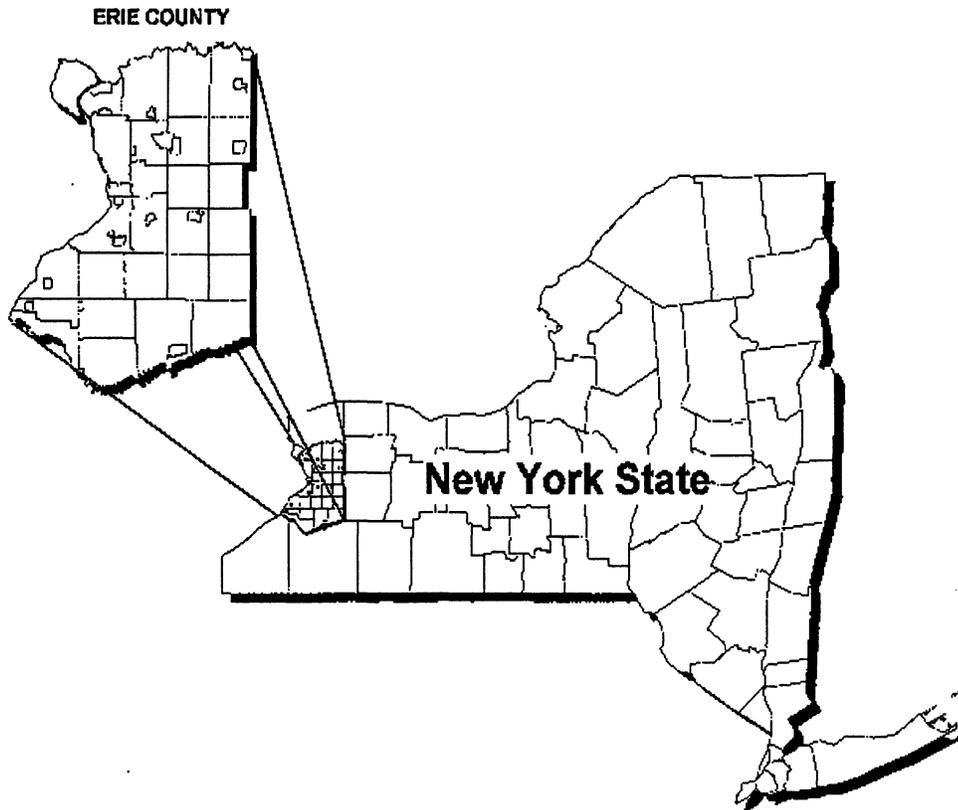


# OVERVIEW



# SNAPSHOT OF ERIE COUNTY

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## Geographic Size

Erie County is a metropolitan center located on the western border of the State covering 1,058 square miles. The County is bounded by Lake Erie to the west, Niagara County and Canada to the north, Genesee County and Wyoming County to the east, and Cattaraugus and Chautauqua Counties to the south. Forty percent of the population in both countries as well as half of the personal income created by the United States and Canada are within 500 miles of Erie County. In addition, three-quarters of Canada's manufacturing activity and 55% of the United States' manufacturing activity fall within that radius. Located within the County are three cities and 25 towns, including the City of Buffalo, the second largest city in the State, which serves as the County seat.

## Government

Erie County is governed under a home rule charter which provides for the separation of legislative and executive functions. The County Executive, elected to a four year term, is the chief executive officer and chief budget officer of the County. The County Legislature consists of eleven (11) members elected to two year terms and is the County's governing body. Other elected positions are Comptroller, County Clerk, District Attorney, and Sheriff.

## Population

The Bureau of Census population statistics for Erie County are as follows:

<u>Year</u>	<u>Population</u>
1970	1,113,491
1980	1,015,472
1990	968,532
2000	950,265
2010	919,040

The population of the cities and five largest towns are as follows:

<u>Municipality</u>	<u>2010 Population</u>
Buffalo, City	261,310
Lackawanna, City	18,141
Tonawanda, City	15,130
Amherst, Town	122,366
Cheektowaga, Town	88,226
Tonawanda, Town	73,567
Hamburg, Town	56,936
West Seneca, Town	44,711

## Economy

Erie County is a major New York industrial and commercial center. The following tables illustrate the major components of the Buffalo-Niagara Falls Metropolitan Statistical Area economy.

### Ten Largest Employers in WNY

<u>Organization</u>	<u>FTE Employees</u>
State of New York	15,085
United States Government	10,000
Kaleida Health	10,000
University at Buffalo	6,790
Catholic Health	6,575
M&T Bank	6,500
Tops Markets LLC	5,772
City of Buffalo Schools	4,949
County of Erie	4,251
Seneca Gaming Corporation	4,000

Sources: 2014-2015 *Business First* Book of Lists and Department of Personnel

### Ten Largest Taxpayers (As of July 1, 2015)

	<u>Equalized Taxable Valuation</u>
National Fuel Gas	\$728,186,743
National Grid/Niagara Mohawk	723,172,034
Benderson Development Co.	545,789,471
Pyramid Company of Buffalo	276,409,845
NYSEG	249,843,155
Verizon	249,065,508
BG – Various Properties	199,625,383
Norfolk Southern/Conrail/CSX	182,697,684
Uniland Development	142,996,408
Ellicott Group, LLC	<u>127,618,810</u>
<b>TOTAL</b>	<b><u>\$3,425,405,041</u></b>

Source: Erie County Department of Real Property Tax Services, 2015 Annual Report

### Total Market Value of Erie County Real Estate

Year	Equalized Full Market Value Tax Base	Percentage Change from Prior Year
2008	42,821,245,989	5.79%
2009	44,382,615,356	3.56%
2010	46,120,909,337	3.92%
2011	46,738,119,990	1.34%
2012	47,235,307,041	1.06%
2013	47,138,287,212	(.21)%
2014	47,996,864,239	1.82%
2015	49,214,694,098	2.54%
2016	51,916,959,788	5.49%

Source: Erie County Department of Real Property Tax Services

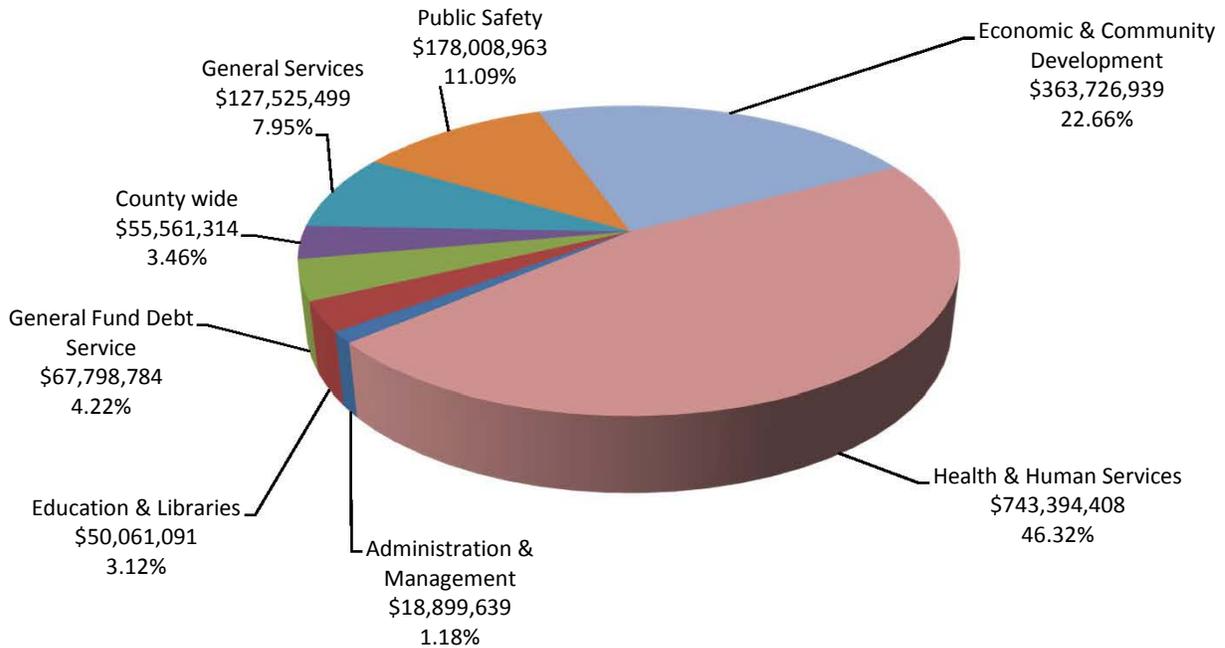




# **UNDERSTANDING THE 2016 ERIE COUNTY BUDGET**

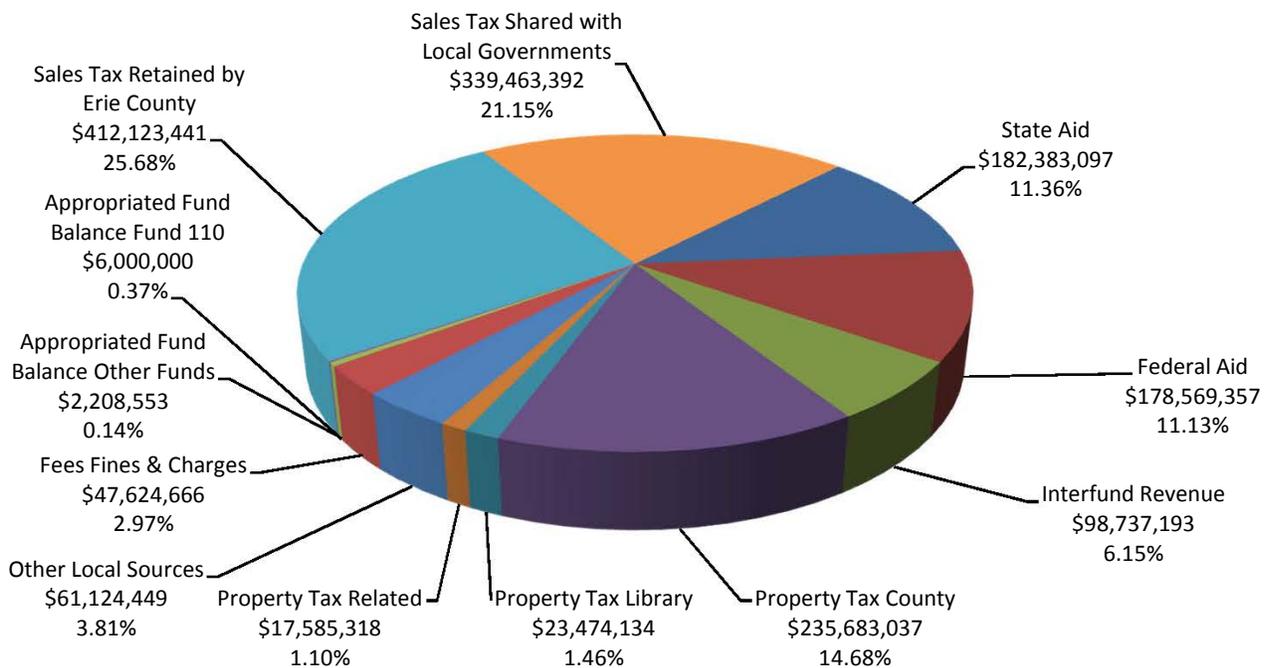
**UNDERSTANDING THE 2016 COUNTY BUDGET**

**Where the Funding Goes**



**The Total 2016 Budget for All Operating Funds is \$1,604,976,637**

**Where the Revenue Comes From**



**UNDERSTANDING THE 2016 COUNTY BUDGET**

**Summary of Unassigned/Undesignated Fund Balances for All Funds 2005-2014**  
*(amounts in thousands)*

<b>Fund Name</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>110 General</b>	4,647	23,069	32,961	45,389	74,045	66,904	83,489	88,332	89,650	92,218
<b>210 Road</b>	(7,898)	(6,911)	(6,977)	(4,000)	0	60	0	0	0	0
<b>230 E-911</b>	0	0	0	0	0	0	0	0	0	(96)
<b>820 Library</b>	629	2,216	2,599	2,342	3,311	27	1,726	2,942	3,296	2,773
<b>310 Debt Service</b>	0	0	0	0	0	124	0	0	0	0
<b>Total</b>	<b>(2,622)</b>	<b>18,374</b>	<b>28,583</b>	<b>43,731</b>	<b>77,356</b>	<b>67,115</b>	<b>85,215</b>	<b>91,274</b>	<b>92,946</b>	<b>94,895</b>

**Source: County of Erie Comprehensive Annual Financial Reports**

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## UNDERSTANDING THE 2016 COUNTY BUDGET

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### Overview of All Operating Funds in the 2016 Proposed Budget

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<b>110 General</b>	<b>\$1,439,573,871</b>
<b>140 Utility Fund</b>	<b>26,330,401</b>
<b>210 Road Fund</b>	<b>36,628,436</b>
<b>230 E-911 Fund</b>	<b>7,784,054</b>
<b>310 Operating Fund Debt Service</b>	<b>67,398,784</b>
<b>820 Library</b>	<b>27,261,091</b>
<hr/>	
<b>Total All Operating Funds</b>	<b>\$1,604,976,637</b>

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### Additional Funds in the 2016 Proposed Budget

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<b>220 Sewer Districts</b>	<b>\$57,796,163</b>
<b>281 Grant Fund</b>	<b>29,055,211</b>
<b>290 Community Development Fund</b>	<b>5,264,916</b>
<b>310 Sewer District Debt Service</b>	<b>7,486,131</b>
<b>821 Library Grants</b>	<b>655,994</b>
<hr/>	
<b>Total</b>	<b>\$100,258,415</b>
<hr/>	
<b>Total All Funds</b>	<b>\$1,705,235,052</b>

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# OVERVIEW OF REVENUES

# PROPERTY TAX LEVY

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2015 Budget: \$245,876,811  
2016 Proposed: \$259,157,171

The County property tax levy represents the total amount of real property revenue to be raised by the County for County and Library purposes. The amount of the real property tax levy is the difference between total expenses and all other projected revenue sources, including sales tax. The proposed 2016 County property tax levy totals \$259,157,171.

A breakout of the total property tax levy into two required reporting categories for 2015 and 2016 totals:

	<u>2015 Budget</u>	<u>2016 Proposed</u>
General Fund	\$222,862,954	\$235,683,037
Library Fund	\$ 23,013,857	\$ 23,474,134
<b>Total Property Tax Levy</b>	<b>\$245,876,811</b>	<b>\$259,157,171</b>

## New York State Property Tax Cap Law

On June 24, 2011 New York Governor Andrew M. Cuomo signed the state's new property tax cap legislation into law (Chapter 97 of the NYS Laws of 2011). Under the law, which took effect for Erie County in its 2012 budget year, the tax cap law establishes a limit on the annual growth of property taxes levied by the County to two percent (2%) or the rate of inflation, whichever is less. The County may also carry over "tax cap credits" from a prior year. The County's property tax levy cannot exceed the cap unless 60 percent (60%) of the total voting power of the local governing body approves such increase. For Erie County, a 60% vote by the County Legislature requires that 7 out of 11 legislators must vote to raise property taxes beyond the cap.

For the County's 2016 Budget, the cap, based on the rate of inflation as identified by the consumer price index, is 0.73%. Overall taxes are under the cap limit by approximately \$450,000. Under the law, the cap amount includes other elements such as the Buffalo and Erie County Public Library real property tax levy and the County's independent sewer districts' property tax levies, and not just the County-purposes property tax levy.

The share of the tax levy for each jurisdiction is based on its percentage of the County's total equalized full value. For example, if 16.8 percent of the County's equalized full value is located in the Town of Amherst, then Amherst would be responsible for 16.8 percent of the total County property tax levy.

An eighteen-year history on the amount of Erie County's annual property tax levy is shown below.

**Eighteen-Year History  
Erie County Property Tax Levy**

<u>Year</u>	<u>Amount of Property Tax Levy</u>	<u>Tax Rate/Per \$1,000 Assessed Value</u>
2016	259,157,171	4.99
2015	245,876,811	4.99
2014	241,721,087	5.03
2013	237,270,828	5.03
2012	237,692,831	5.03
2011	235,182,208	5.03
2010	232,413,974	5.03
2009	223,306,326	5.03
2008	211,837,793	4.94
2007	200,031,205	4.94
2006	188,094,445	4.94
2005	157,641,229	4.34
2004	152,529,551	4.42
2003	152,529,551	4.54
2002	152,529,551	4.74
2001	152,529,551	4.78
2000	181,766,441	5.60
1999	221,666,391	6.85

**Average County Full Market Value Property Tax Rate**

When the operating budget is presented to the County Legislature, the average tax rate is expressed in terms of a rate per thousand dollars of equalized full value.

The average County property tax rate is calculated by dividing the tax levy by the total amount of County Equalized Full Market Value expressed in thousands:

	Total Equalized		Average County Full	
County Tax Levy	÷ Full Market Value	=	Market Property Tax Rate	
\$259,157,171	÷ \$51,916,959,788	=	\$4.99 per \$1,000 Assessed Value	

## Equalized Full Market Value

In 2016, the County's equalized full market value tax base will increase by \$2,702,265,690. The amount of equalized full value is determined as follows:

	Total Taxable Assessed Value	÷	Equalization Rate (rounded)	=	Equalized Full Market Value
2015	\$39,239,438,635	÷	.7973	=	\$49,214,694,098
2016	\$40,302,829,874	÷	.7763	=	\$51,916,959,788

A nine-year history of Erie County's equalized full value property tax base is shown below:

Year	Equalized Full Market Value Tax Base	Percentage Change From Prior Year
2008	42,821,245,989	5.79%
2009	44,382,615,356	3.65%
2010	46,120,909,987	3.92%
2011	46,738,119,990	1.34%
2012	47,235,307,041	1.06%
2013	47,138,287,212	(.21)%
2014	47,996,864,239	1.82%
2015	49,214,694,098	2.54%
2016	51,916,959,788	5.49%

## Constitutional Tax Margin

The constitutional tax margin of the County is determined in accordance with Section 10 of Article VII of the New York State Constitution. This limits the amount counties may raise in real estate taxes in any fiscal year, exclusive of debt service, to 1.5 percent (1.5%) of the five-year average full value of taxable real estate of the County.

The computation of the County's constitutional taxing power for 2016 is set forth below:

### Estimated Computation of Constitutional Tax Power for 2016

2011	46,738,119,990
2012	47,235,307,041
2013	47,138,287,212
2014	47,996,864,239
2015	49,214,694,098
Total <sup>(a)</sup>	\$238,323,272,580
Five-Year Average Full Valuation	\$47,664,654,516
Tax Limit (1.5%)	714,969,818
Total Exclusions	<u>72,514,068</u>
<b>Total Taxing Limit</b>	<b>787,483,886</b>
<b>Less Total Tax Levy for 2016<sup>(b)</sup></b>	<b><u>272,386,652</u></b>
<b>Unused Tax Limit</b>	<b>\$515,097,234</b>

<sup>(a)</sup>The County's Constitutional Tax Limit is computed utilizing five years of full value as adjusted and provided by the NYS Comptroller's Office.

<sup>(b)</sup>Includes County and Library property taxes, taxes for certain election expenses and community college chargebacks totaling \$13,229,481.

## One-Percent Tax Cap

On November 13, 1978, the County enacted a local law limiting its property tax levy to one percent (1%) of the five-year average of full valuation, exclusive of debt service.

Pursuant to the terms of this local law, Erie County's estimated 1% property tax limit, adjusted for debt service, is \$549,160,613 leaving an unused tax margin of \$276,773,961.

The one-percent property tax limit is calculated as follows:

Five-Year Average Full Valuation	\$47,664,654,516
Tax Limit (1.0%)	476,646,545
Total Exclusions	<u>72,514,068</u>
<b>Total Taxing Power</b>	<b>549,160,613</b>
<b>Less Total Levy for 2015<sup>(a)</sup></b>	<b><u>272,386,652</u></b>
<b>Projected 1% Unused Tax Margin</b>	<b>\$276,773,961</b>

<sup>(a)</sup> Includes County and Library property taxes, taxes for certain election expenses and community college chargebacks.

## SALES TAX REVENUES

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### SALES TAX REVENUES

#### 2016 Budget

Sales Tax Retained by Erie County	\$412,123,441
Shared with Cities, Towns, Villages, School Districts, NFTA	\$339,463,392
<b>Total Sales Tax Revenues</b>	<b>\$751,586,833</b>

#### Distribution

A general sales and compensating use tax of 8.75 percent is levied on all taxable retail sales in the County. Of the total 8.75 percent tax collected by New York State, 4.00 percent is retained as State revenue and 4.75 percent is returned to the County. In accordance with the sales tax sharing agreements, the 4.75 percent returned to the County is divided between the County and the Cities of Buffalo, Lackawanna, and Tonawanda; the towns, villages, school districts and the NFTA, with the County retaining approximately 55 percent of the total.

#### Sales Tax Sharing Formulas 4.75% Sales Tax

	3%	1% <sup>(1)</sup>	.75% <sup>(2)</sup>
<b>County of Erie:</b>	<b>31.1389%</b>	<b>100% (less \$12.5M)</b>	<b>100%</b>
NFTA:	4.1666%	—	—
School Districts:	29.0000%	—	—
Cities:	10.0087%	—	—
Cities, Towns, Villages:	25.6858%	\$12.5 million	—

<sup>(1)</sup> 1% Sales Tax authorization expires November 30, 2017

<sup>(2)</sup> .75% Sales Tax authorization expires November 30, 2017

## SALES TAX SHARED WITH OTHER LOCAL GOVERNMENTS

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The following table indicates 2016 estimated sales tax to Erie County and the amount of sales tax passed through to local jurisdictions.

	<b>2016 Estimated Collections</b>
<b>County Share of Sales Tax</b>	
3% Sales Tax	\$147,851,962
1% Sales Tax	145,772,040
.75% Sales Tax	<u>118,499,439</u>
<b>Total 2016 Estimated County Share</b>	<b>\$412,123,441</b>
<b>Shared Sales Tax</b>	
3% Sales Tax Distributed to Cities, Towns and Schools	\$307,179,419
1% Sales Tax Distributed to Cities & Towns	12,500,000
3% Sales Tax Distributed to NFTA (1/24 <sup>th</sup> of 3%)	<u>19,783,973</u>
<b>Total 2016 to Other Jurisdictions</b>	<b>\$339,463,392</b>
<b>Total 2016 Estimated Sales Tax</b>	<b>\$751,586,833</b>

## ALL OTHER LOCAL SOURCE REVENUES

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2015 Budget:       \$ 99,694,657  
 2016 Proposed:    \$103,035,594

### 2016 Distribution of All Other Revenues

	<u>Total</u>
Property Tax Related	\$17,585,318
Welfare Recoveries/Repayments	17,365,816
Hotel Occupancy Tax	10,450,000
Election Expense Re-spread	6,839,440
Interest Earnings-General Investments	175,000
Fees, Fines, Charges	25,510,887
Appropriated Fund Balance	6,000,000
Interfund Revenue	1,797,388
All Other Source Accounts	17,311,745
Total	\$103,035,594

### Property Tax Related

2015 Budget:       \$16,937,437  
 2016 Proposed:    \$17,585,318

Property Tax Related revenue includes payments in lieu of taxes, revenue from property tax exemptions, interest and penalties on delinquent tax, provisions for uncollectable taxes, and real property deferred revenue adjustments.

### Welfare Recoveries/Repayments

2015 Budget:       \$16,003,780  
 2016 Proposed:    \$17,365,816

Welfare recoveries/repayments are revenues produced by the Department of Social Services (DSS) collection program. DSS recoups excess amounts paid to clients and maximizes collections on all accounts established by fraud, over-grant or assistance repayment requirements. The 2016 amount is based on recent collections and reflects a shift to direct collection by New York State of some repayments and recoveries previously passed through the Department.

### **Hotel Occupancy Tax**

2015 Budget:                   \$ 9,775,600  
2016 Proposed:               \$10,450,000

A Hotel Occupancy Tax ranging from 3% to 5% of room charges was enacted in 1975. This revenue helps to support tourism and convention operations and activities and along with the property tax and sales tax revenue, supports the total net County cost of all operations.

### **Board of Elections Respread Revenue**

2015 Budget:               \$6,282,847 – 2013 election expense  
2016 Proposed:           \$6,839,440 – 2014 election expense

This revenue is reimbursement from towns and cities for certain allowable expenses associated with the cost of conducting elections. The actual costs are billed back to the respective towns and cities two years later.

### **Interest Earnings-General Investments**

2015 Budget:               \$175,000  
2016 Proposed:           \$175,000

Interest earnings, as budgeted in Countywide Accounts–Comptroller, are revenue realized from the regular investment of available funds in certificates of deposit, treasury notes and repurchase agreements.

### **Fees, Fines, Charges**

2015 Budget:               \$25,638,026  
2016 Proposed:           \$25,510,887

Revenue is received by many departments from fees or charges for their services which are provided to the public, businesses, or other outside entities. These revenues are directly attributable to departmental operations and offset a portion of their costs of providing the service. Included in this category are such revenues as: County Clerk fees; license, permit and inspection fees; fines and penalties; tax assessment services; parks and recreation fees; public health clinic fees; and others.

### **Appropriated Fund Balance**

2015 Budget: \$8,005,000  
2016 Proposed: \$6,000,000

The 2016 budget utilizes \$6,000,000 of unassigned fund balance

### **Interfund Revenue**

2015 Budget: \$ 923,086  
2016 Proposed: \$1,797,388

The 2016 budget utilizes \$1,797,388 of residual equity transferred to the general fund. The revenue is based on available balances derived from the closing of dormant capital projects whose related debt service has already been paid off.

### **All Other Source Accounts**

2014 Budget: \$15,953,881  
2015 Proposed: \$17,311,745

Other items such as Gaming Facilities Aid, Off Track Betting revenue, Mortgage Tax, sale of scrap, Community College chargeback, and a wide variety of cash receipts are also included in the category.

## STATE AID

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2015 Budget:       \$170,752,758  
2016 Proposed:     \$170,699,050

### 2016 Distribution of State Aid Operating Fund

	<u>Total</u>
Social Services	\$82,649,912
Youth Services	5,302,831
Youth Bureau	1,467,046
Health Department	3,716,406
Early Intervention/Special Needs	35,645,289
Mental Health	37,591,217
Probation	1,226,102
Sheriff/Jail	434,649
Buildings and Grounds	2,419,600
All Other Departments	245,998
Total	\$170,699,050

### Department of Social Services

2015 Budget:       \$84,366,050  
2016 Proposed:     \$82,649,912

Revenue is received by the Department of Social Services for the State share of Public Assistance and supportive social services programs including Temporary Assistance to Needy Families (TANF), known as Family Assistance in New York State, Safety Net Assistance, Child Care subsidies through the Child Care Development Block Grant (CCDBG), Child Welfare Services, Emergency Assistance, Handicapped Children and Medical Assistance.

Changes in State law revised long standing reimbursement percentages for major programs and further revision may occur as a result of annual State budget action. Family Assistance is now 100 percent Federal, and Safety Net Assistance is 29 percent State and 71 percent local. Child day care subsidies for families in receipt of Family Assistance are reimbursed at 75 percent of total cost from the CCDBG.

The State share for administration of child support was eliminated in 2012. Increases in the local retention of the former State share of collections offset the State share administrative loss.

State reimbursement is also provided for some categories of administrative costs at varying rates, depending on the program administered.

Administrative costs for Medical Assistance continue to be a component of the Medicaid Cap in 2016. Because the local share costs of Medical Assistance administration are included in the Medicaid Cap chargeback, the State will reimburse the non-federal share of Medical Assistance administration in the separate administrative claim. An administrative cap on the non-federal share of Medicaid was newly implemented in 2012 restricting the reimbursement of Medicaid administrative cost to the amount received in calendar year 2010. The Medicaid administrative cap amount will not be exceeded in 2015 or 2016. This cap creates a future concern about cost shifts to the County.

State reimbursements for all foster care services and administration are capped in a Foster Care Block Grant (FCBG) in 2016. Uncapped 62 percent State reimbursement is available for child protection services and for foster care prevention, adoption administration and independent living services. Enhanced funding for adoption subsidies was eliminated in 2011 and these program expenses are now also 62 percent State-funded.

State funding for Community Optional Preventive Services (COPS) programs is included for a portion of the Operation Prime Time and Full Service Schools' programs in the 2016 proposed budget.

### **Youth Services**

2015 Budget:	\$5,674,436
2016 Proposed:	\$5,302,831

State revenues are received to offset the operating costs of the secure and non-secure programs at the Youth Services Center. Services for Erie County youth in these programs are reimbursed at 49 percent of costs, while services for youth from other counties are reimbursed at 100 percent. The State share of Detention is now subject to a capped allocation. Additionally, reimbursement is received from the New York State Department of Education for the breakfast and lunch program provided at the Detention Facility.

## **Youth Bureau**

2015 Budget: \$1,405,043  
2016 Proposed: \$1,467,046

State revenues are received from the State Office of Children and Family Services for Youth Development and Delinquency Prevention, Runaway and Homeless Youth, the Partnership for Youth and for the Special Delinquency Prevention program (SDPP). The Supervised Treatment Services for Juvenile Program (STSJP) is included in the Youth Bureau Budget with 62 percent State funding. These programs are aimed at creating a healthy community environment for positive youth development as well as establishing recreational programs in an effort to deter delinquent behavior. A majority of the State revenues are redirected to other municipal and community-based agencies whose programs are monitored for effectiveness by the department. Additionally, State reimbursement is received for 49 percent of the Youth Bureau's administrative costs. Amounts budgeted reflect the impact of state reimbursement reductions expected to continue on an ongoing basis and are consistent with current actual allocations.

## **Health Department**

2015 Budget: \$3,873,616  
2016 Proposed: \$3,716,406

The Health Division is reimbursed at 36 percent of net operating costs for State mandated public health functions including health education, disease control, environmental health, family health and community health assessment services. State reimbursement to the Division of Emergency Medical Services, the Public Health Lab and the Medical Examiner is budgeted at 36 percent of net operating costs.

## **Early Intervention/Pre-K/Special Education/Administration**

2015 Budget: \$34,689,703  
2016 Proposed: \$35,645,289

Revenues are received by the Department of Health from the State Education Department to support State mandated education and therapeutic services for 3 and 4 year old children with developmental delays. Reimbursement is budgeted at 59.5 percent of the eligible costs incurred for evaluations and corresponding services provided to children. Administrative costs for the 3 and 4 year old program are reimbursed at \$75 per child served and/or evaluated. Other administrative costs are reimbursed at 30 percent by the State Health Department. Additionally, State revenues are received to support the Early Intervention Case Management Program serving infants and toddlers ages birth through 2 with developmental delays and their families. This program provides early intervention therapeutic services at home or in a day care

center rather than at a facility-based program. Payments made by the department for screenings/evaluations, case management, and early intervention services such as speech or physical therapy are reimbursed at 50 percent by the State Health Department.

**Department of Mental Health (*including Forensic Services*)**

2015 Budget:       \$37,134,972  
2016 Proposed:     \$37,591,217

Reimbursement is received by the Department of Mental Health in four different disability program areas and administration. This revenue includes a combination of 100 percent State funding for many program services and 50 percent deficit funding for other services and administration.

The State Office of Mental Health provides the majority of total funding. It supports Department services aimed at prevention and early detection of mental illness, and the maintenance of a comprehensive system of care, treatment and rehabilitation for the mentally ill. State funds from the Office of Mental Retardation and Developmental Disabilities are received to provide services designed to maintain the independence of mentally retarded or developmentally disabled clients in the least restrictive setting. Funds from the State Office of Substance Abuse Services support services and rehabilitation programs for clients who abuse drugs and for clients who experience the problems of alcoholism and alcohol abuse. Additionally, State revenues are received to support one-half of the cost of forensic mental health services provided to adults and children involved with the criminal court or family court systems. Increased Medicaid billing by community based contract agencies for clinic treatment and other services substantially offsets the expenses that would otherwise be directly claimed for State Mental Health reimbursement.

**Probation Department**

2015 Budget:       \$1,197,377  
2016 Proposed:     \$1,226,102

Reimbursement is received from the NYS Division of Criminal Justice Services, Office of Probation and Correctional Alternatives for expenses incurred by the Probation Department.

## **Sheriff's Division and Jail Management**

2015 Budget: \$424,593

2016 Proposed: \$434,649

The Sheriff's Division is reimbursed for expenses related to the patrol and enforcement of navigation and snowmobile laws in Erie County. The jail receives reimbursement for the provision of court attendants for the Office of Court Administration.

## **Buildings and Grounds**

2015 Budget: \$1,768,470

2016 Proposed: \$2,419,600

State revenues are for the reimbursement of the operation and maintenance of court facilities and interest costs associated with court improvements.

## **All Other Departments**

2015 Budget: \$218,498

2016 Proposed: \$245,998

Other county departments receive minor state reimbursement for items such as burial costs of indigent veterans, handicapped parking surcharges, the district attorney's salary and octane testing.

## FEDERAL AID

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2015 Budget:       \$180,694,074  
2016 Proposed:     \$178,569,357

### 2016 Distribution of Federal Aid Operating Fund

	<u>Total</u>
Social Services	\$170,211,841
Youth Detention	47,000
Early Intervention/Pre-K/Special Ed	2,009,166
Sheriff/Jail	148,722
Emergency Services	350,801
Mental Health	5,770,327
District Attorney	31,500
Total	\$178,569,357

### Department of Social Services

2015 Budget:       \$172,529,814  
2016 Proposed:     \$170,211,841

Reimbursement is received by the Department of Social Services for the federal share of public assistance and supportive social services programs. These programs include Temporary Assistance to Needy Families (TANF) known as Family Assistance in New York State, Child Day Care subsidies through the Child Care Development Block Grant (CCDBG), Medical Assistance, Foster Care and Adoption for children who qualify, and Social Services Block Grant (SSBG) supportive services under Title XX of the Social Security Act. For most of these programs, the Federal reimbursement was historically based on one-half of the total cost, but this is no longer the case, as New York State has changed reimbursements for several programs. Family Assistance is now reimbursed at 100 percent Federal share. Child day Care subsidies for low income families are reimbursed at 100 percent of cost from the CCDBG up to a fixed allocation ceiling. SSBG services are reimbursed at 100 percent of cost up to a fixed ceiling. Federal reimbursements are also received for administrative costs for programs such as TANF/Family Assistance, Employment program administration, Medical Assistance, Food Stamps, Foster Care and Adoption, and Child Support.

Reimbursement of some TANF-funded administrative, transitional services and employment programs is consolidated in the Flexible Fund for Family Fund for Family Services (FFFS).

The 2016 budget reflects the continued recovery of prior-year Food Stamp administrative reimbursements due to retroactive changes in the federal cost allocation methodology.

### **Youth Services**

2015 Budget: \$44,700  
2016 Proposed: \$47,000

Federal revenue received in the Detention Facility is reimbursement for meals under the School Food Programs.

### **Early Intervention/Pre-K/Special Education**

2015 Budget: \$2,023,476  
2016 Proposed: \$2,009,166

The revenue budgeted represents the county's Federal share of Medicaid partial reimbursement for services given to children in the Preschool Program, ages 3 and 4 and to children in the Early Intervention Program, ages birth through two. The Preschool Program portion is \$1,800,000 and represents the county's 40.5% share of this Federal revenue for the medical component of the various special education services.

### **Sheriff's Division and Jail Management**

2015 Budget: \$152,808  
2016 Proposed: \$148,722

Federal revenue is received from the Social Security Administration through the prisoner reporting incentive program. In addition, some federal aid is provided in the Sheriff Division for drug enforcement activities.

**Department of Emergency Services**

2015 Budget: \$351,834  
2016 Proposed: \$350,801

Revenues are received from the Federal Emergency Management Agency to support the planning and coordination of emergency response activities.

**Department of Mental Health**

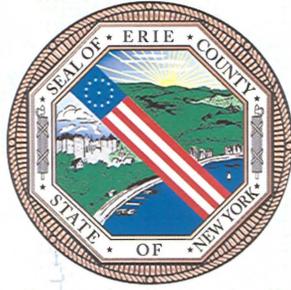
2015 Budget: \$5,555,567  
2016 Proposed: \$5,770,327

Revenues are received from the Department of Housing and Urban Development to support housing costs and supportive costs to enable consumers of mental disability and chemical dependency services to be maintained in the community. Where required, these costs are matched by state aid and by the valuation of other community-provided services.

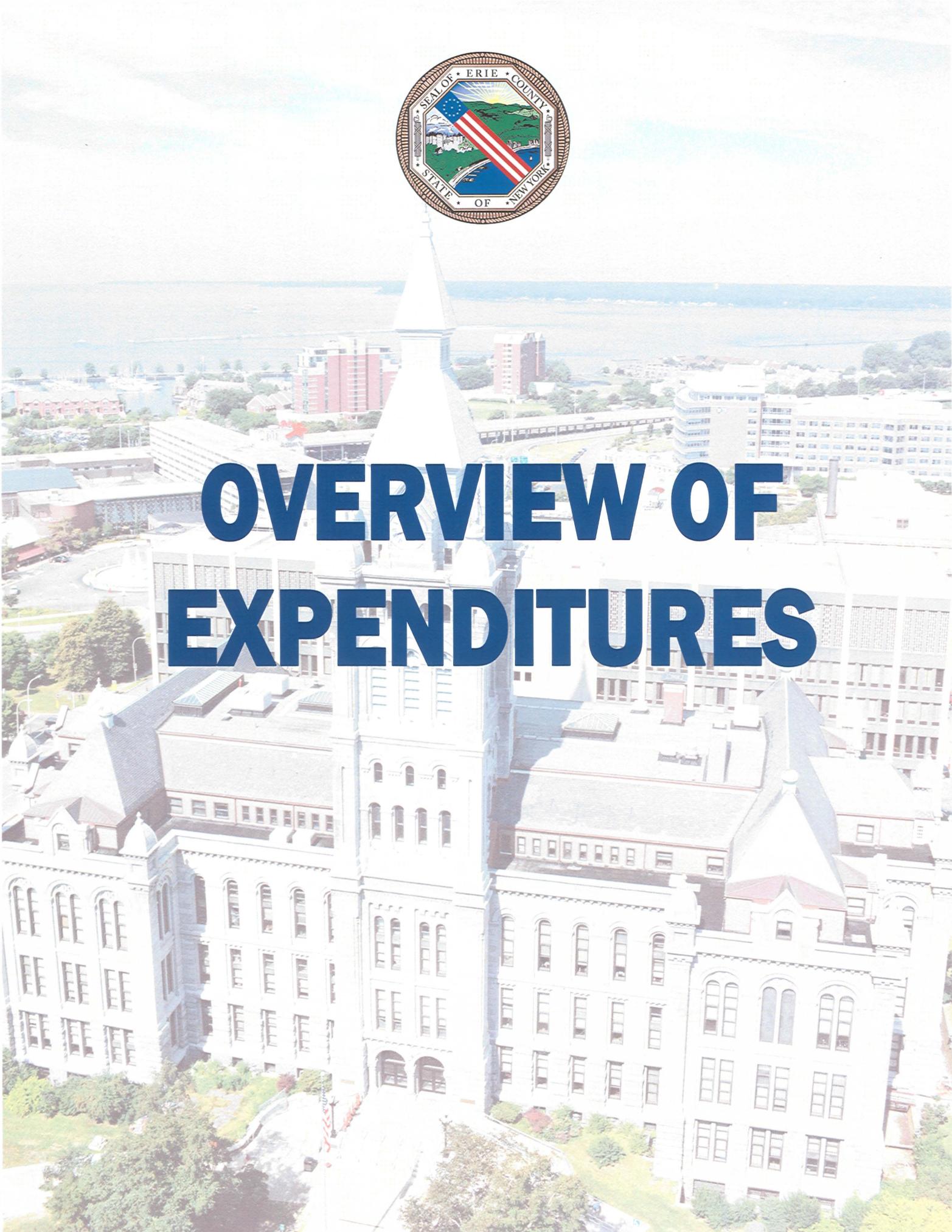
**District Attorney**

2015 Budget: \$35,875  
2016 Proposed: \$31,500

Federal money is allocated to the District Attorney's Office for activities associated with the City of Buffalo Police Department.



# OVERVIEW OF EXPENDITURES



## GENERAL FUND EXPENDITURES

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### TOTAL GENERAL FUND EXPENSES FOR COUNTY DEPARTMENTS

2015 Budget:       \$1,429,146,645  
2016 Proposed:     \$1,439,573,871

#### 2016 Distribution of General Fund Expenses

	<u>Total</u>
Personal Services	\$207,290,803
Fringe Benefits	128,425,467
Supplies and Repairs	9,277,722
Sales Tax to Local Governments	339,463,392
Contractual Expense	138,364,554
ECMCC Subsidy	16,200,000
Social Services Assistance & Programs	407,343,373
Early Intervention/Pre-K/Special Ed	61,418,480
Interfund Transfers (County Share)	47,073,731
Debt Service	64,876,926
All Other Expenses	19,839,423
Total	\$1,439,573,871

#### Personal Services

2015 Budget:       \$201,095,774  
2016 Proposed:     \$207,290,803

Personal Service appropriations cover salary for full-time positions and all other payroll related wage items such as overtime and part-time expenditures budgeted in the General Fund.

#### Fringe Benefits

2015 Budget:       \$119,102,613  
2016 Proposed:     \$128,425,467

Fringe benefit expenses are budgeted at the department level in the operating fund.

## Supplies and Repairs

2015 Budget: \$10,123,699

2016 Proposed: \$ 9,277,722

This expense category includes general office, medical, repair and maintenance supplies; in addition to food for inmates at the Jail and Correctional Facility. It also includes the purchase of fuel for vehicles countywide.

## Sales Tax to Local Governments and NFTA

2015 Budget: \$340,987,989

2016 Proposed: \$339,463,392

The County shares sales tax collection with cities, towns, villages, school districts and the NFTA. Details can be obtained in the revenue section of this document.

## Contractual Agency Payments

2015 Budget: \$132,326,559

2016 Proposed: \$138,364,554

The major accounts comprising this appropriation include: Social Services contractual agencies - \$22,034,440; and \$1,871,351 for payments to various youth programs such as Operation Prime Time. Mental Health contractual agency payments total \$51,248,025. A repayment to ECMCC under the 2012 credit mechanism totals \$2,000,000.

Other major agency contractual expense includes: Community College payments for residents enrolled in other Community Colleges \$6,800,000; Convention & Visitors Bureau/Convention Center \$5,079,869; Buffalo Niagara Film Commission-WNED \$182,938; Greater Toronto Area economic development office \$100,000; cultural/community/neighborhood development support totaling \$6,437,900; Indigent Defense \$12,024,312; and for NFTA 18-b support \$3,657,200.

### Note on NFTA payments:

County support for the NFTA not only includes the State-mandated 18-b subsidy of \$3,657,200, equal to 89.2% of the State appropriation (currently \$4,100,000), but also a dedicated portion of Sales Tax.

<b>NFTA</b>	<b>Sales Tax</b>	<b>County Subsidy (18-b)</b>	<b>Total</b>
2015 Budget:	\$19,874,789	\$3,657,200	\$23,531,989

2016 Proposed: \$19,783,973      \$3,657,200      \$23,441,173

**ECMCC Subsidy**

2015 Budget:      \$16,200,000  
2016 Proposed:    \$16,200,000

The County budgets a net appropriation on behalf of ECMCC of \$16,200,000 for the cost for State mandated supplemental Medicaid payments. Supplemental Medicaid payments are periodically received by the Erie County Home and the Erie County Medical Center which are designed to draw down the maximum possible federal reimbursement to those public facilities in recognition of their high proportions of Medicaid and indigent care. Payments to the Erie County Home are known as Upper Payment Limit (UPL) supplements, while payments to the Erie County Medical Center are known as Disproportionate Share (DSH) supplements. These payments require a 50 percent local share match, the costs of which are excluded from the Medicaid Cap.

**Social Services Assistance Payments and Program Expenses**

2015 Budget:      \$422,552,778  
2016 Proposed:    \$407,343,373

The majority of Social Services Fund expenditures are for assistance payments made to or on behalf of eligible families or individuals. There are seven major assistance programs and a number of other smaller programs:

***Family Assistance (Account 525040)***

2015 Budget:      \$51,574,441  
2016 Proposed:    \$47,169,442

Public assistance benefit payments are made for basic needs, shelter and utilities, etc., to families eligible for this Federal/State/local program. Welfare reform at the Federal level replaced Aid to Families with Dependent Children (AFDC) with Temporary Assistance to Needy Families (TANF) in August 1996. In New York State, TANF is known as Family Assistance.

Federal Welfare Reform legislation enacted in December 1996 ended the Federal entitlement to public assistance. It provides funding to the states in the form of fixed block grants to cover temporary assistance to families. Limits are placed on the length of time families may receive Federal TANF (Family Assistance) benefits, and new work requirements are imposed for nearly all adults in Family Assistance (TANF) cases. There is a five-year (60-

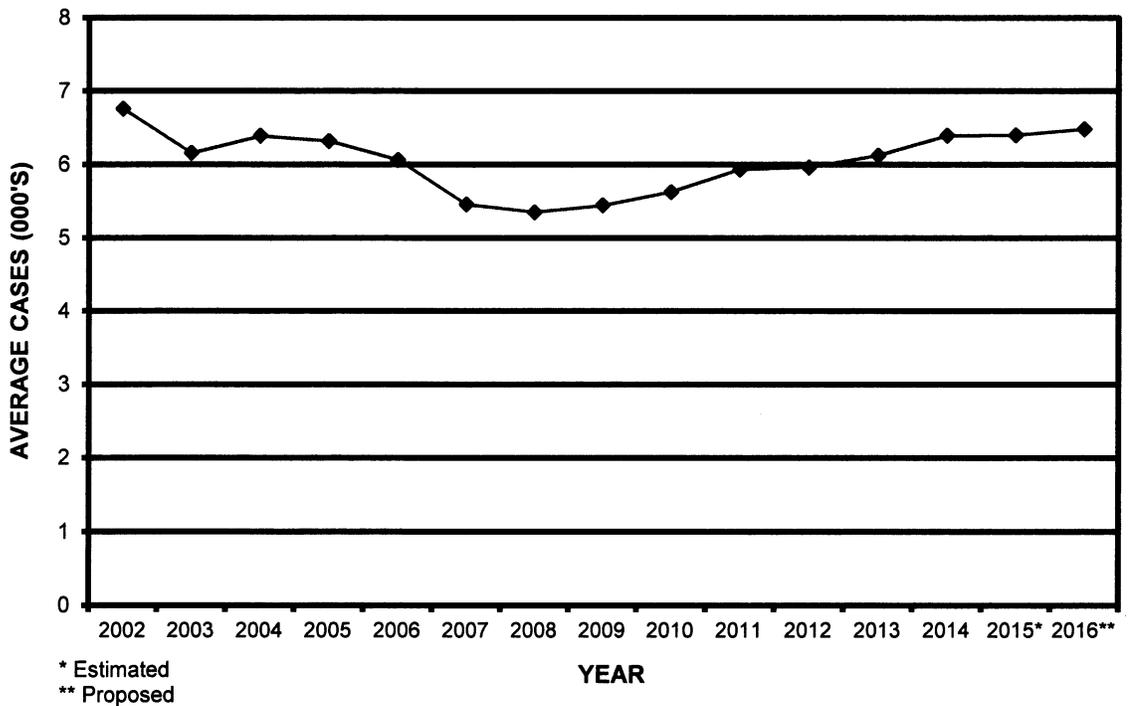
month) lifetime limit on Family Assistance benefits. For cases in which individuals fail to comply with drug or alcohol dependency assessment and treatment requirements, benefits must be restricted to non-cash voucher payments to landlords and utility companies with only a small personal needs allowance.

Benefits are also restricted to non-cash voucher payments and small personal needs allowances when the five-year (60-month) lifetime limit on Family Assistance eligibility is reached. This occurred for the first cases in December 2001, and additional cases reach their limit each month thereafter.

Caseloads are funded at an average level of 6,483 cases per month in 2016 with an average base monthly cost per case of \$548.61, including the three 10 percent annual benefit increases enacted by the state in 2009.

The 2016 caseload estimate reflects caseload trends that have occurred to date. It assumes that the current base caseload will continue to increase for the balance of 2015 and 2016 at a monthly rate of 45 cases. This produces a beginning trend caseload estimate for 2016 that averages 6,711 cases per month.

### TREND OF FAMILY ASSISTANCE CASES (With Time Limit Shifts)



This beginning caseload estimate must, however, be reduced to reflect the transfer of currently active cases to Safety Net Assistance when they reach their 60-month lifetime federal eligibility limit. Another 420 cases are expected to reach their time limits and to be shifted to Safety Net Assistance by the end of 2016 at the current rate of 35 new cases shifted per month. In all, a monthly average of 228 time limit cases are subtracted from the trend estimate of 6,711 cases to arrive at the budgeted monthly average caseload of 6,483 which accounts for the cases that will move to Safety Net Assistance.

The 2016 monthly base cost per case estimate of \$548.61 is consistent with current actuals with adjustments to provide for voucher fuel cases.

The appropriation includes added amounts for utility emergency assistance, \$1,524,536; for supplemental payments to clients as required in an annual reconciliation of fuel allowances to actual costs, \$217,666; and \$2,746,941 for non-utility emergency assistance (formerly EAF). These amounts are consistent with current costs and cost trends.

There is no local County Share cost of the Family Assistance program.

***Safety Net Assistance (Account 525060)***

2015 Budget:	\$55,701,333
2016 Proposed:	\$51,900,527

Public Assistance benefit payments are made for basic needs, shelter and utilities, etc., primarily to single individuals or childless couples who are eligible for this State/local general assistance program. Formerly known as Home Relief, this program now incorporates a two-year lifetime limit on cash benefits. After two years, and for those cases with individuals exempted from work activities because they are in drug or alcohol rehabilitation, or for those failing to comply with assessment and treatment requirements, benefits must be restricted to non-cash direct voucher payments to landlords and utility companies with only a small personal needs allowance.

Welfare reform and the creation of the new Safety Net Assistance program has affected caseloads and costs per case in much the same way as described above for the Family Assistance Program.

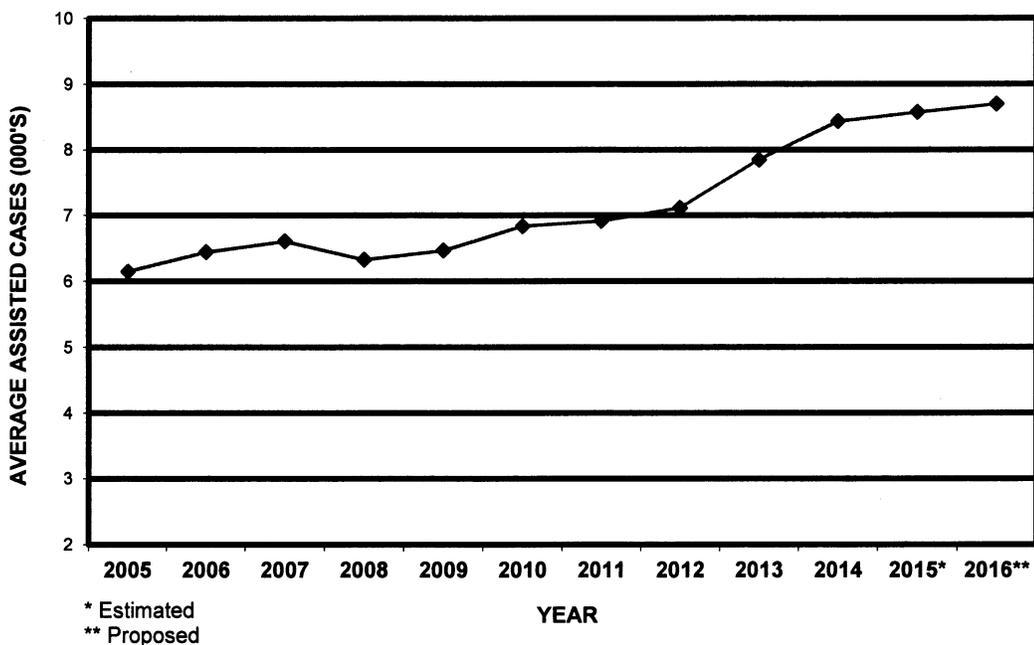
Caseloads are funded at an average level of 8,696 cases per month in 2016, with an average base monthly cost per case of \$489.06, including the three 10 percent annual benefit increases enacted by the state in 2009.

The 2016 caseload estimate is based on caseload trends that have occurred to date. It assumes that the current base caseload will continue to increase for the balance of 2015 and 2016 at a monthly rate of 18 cases. This produces a trend caseload estimate for 2016 that averages 8,683 per month.

To this beginning caseload estimate must be added those new cases that will transfer to Safety Net Assistance when they reach their 60-month federal eligibility time limit in Family Assistance. As indicated earlier, a monthly average of 228 new cases are expected to be shifted into Safety Net Assistance. Many of these and previously transferred clients, however, are employed and case closings due to employment and income are expected to result in smaller net increase in the number that will actually be maintained in Safety Net Assistance in 2016.

In all a monthly average of 13 of these cases are added to the trend estimate of 8,683 cases to arrive at the budgeted average monthly caseload of 8,696.

**TREND OF SAFETY NET ASSISTANCE CASE**  
(With Time Limit Shifts)



The 2016 base monthly cost-per-case estimate of \$489.06 is consistent with current actuals with adjustments to provide for voucher fuel cases. The appropriation includes an additional \$588,707 for utility emergency assistance and \$227,221 for supplemental payments to clients as required in an annual reconciliation of fuel allowances to actual costs.

The County share cost of the Safety Net Assistance program is \$33,001,708 in 2016 after subtracting client repayments, 29 percent State reimbursements and other revenues from the gross appropriation. This is a decrease of \$3,296,751 compared to the 2015 Adopted Budget amount.

**Medicaid – MMIS Local Share (Account 525000)**

2015 Budget:	\$211,425,799 (52 weekly payments)
2016 Proposed:	\$205,528,355 (52 weekly payments)

This appropriation is the County's net local share of all Medicaid – related costs under the State's Local Share Medicaid Cap which was effective beginning January 2006 and a subsequent State phase out of the local share increases starting in 2015. There will be no increase to the statutory cap in 2015 and beyond, as currently legislated. The statutory caps have also been reduced in the past several years by the State to reflect enhanced federal reimbursement under the Affordable Care Act. In any year, if actual local share costs are lower than the Medicaid Cap amount, counties will be refunded the overpayment.

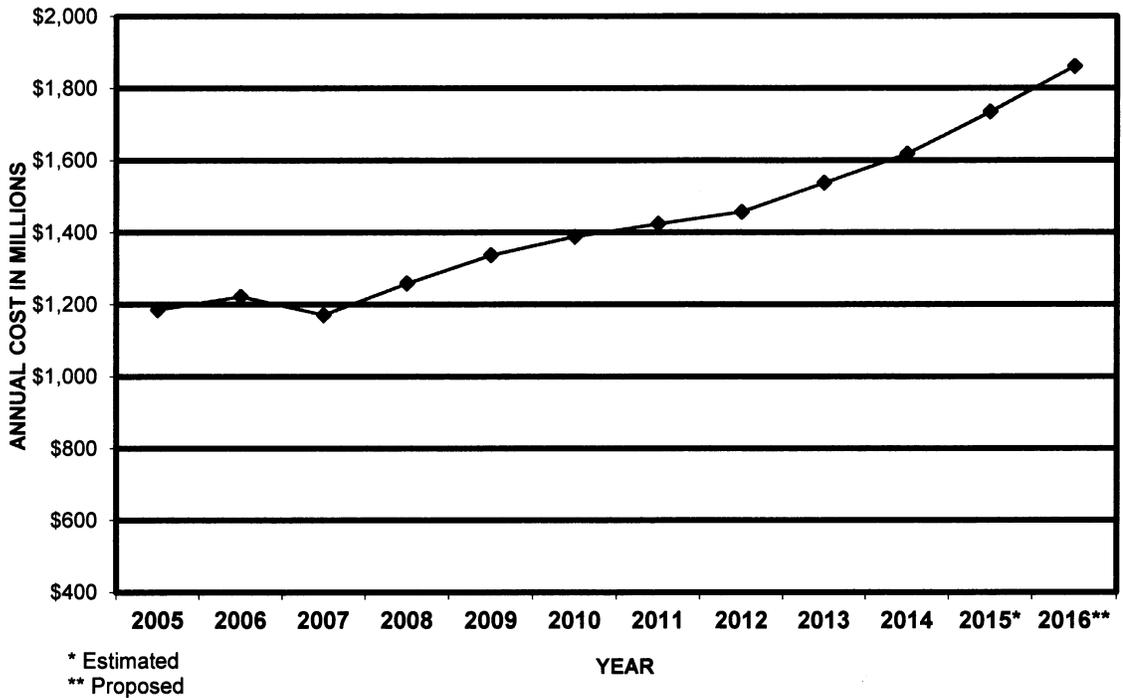
The Medicaid Cap is all inclusive, covering the local share costs of the following components:

- Payments made to providers through the State MMIS billing/payment system (now known as eMedNY) for services rendered to eligible persons. Total medical bills are paid by the eMedNY system and the County is charged back only the local share of the gross payments made.
- Payments made locally by Erie County to insurance companies and other client medical expense reimbursement that are claimed for reimbursement of Federal and State shares.
- Medicaid program administration costs that are part of the monthly reimbursement claim. The non-federal share of Medicaid administration is now capped at 2011 expense amounts. The Department is monitoring this expense and the expectation at this time is that neither 2015 nor 2016 will result in cap overage.
- All revenues associated with Medicaid programs such as repayments.
- Medicare Part A and B premium and copayments and Part B charges that are charged quarterly to Medicaid.

- Other “off line” payments such as bad debt pool and similar quarterly payments to providers.

Excluded entirely from the Medicaid Cap are costs associated with the Family Health Plus program. The local share of Family Health Plus is entirely assumed by the State. Also excluded from the Medicaid Cap are annual Indigent Care adjustment payments to providers that total \$4,063,000 local share.

**TREND OF MEDICAID COST (Gross Cash Basis)**



The 2016 appropriation is the amount of the 2016 Erie County Local Share Medicaid Cap plus the local share of the Indigent Care adjustment payments. It totals \$205,528,355 for all of the components listed above.

The calculation of the required appropriation starts from the total of cash payments required in calendar year 2016. This amount is \$201,465,355. The Indigent Care adjustment adds another \$4,063,000 for a total of \$205,528,355.

The amount required for the 2016 calendar year reflects weekly cash payments for the 2015-2016 State Fiscal Year and the 2015-2016 State Fiscal Year Medicaid caps that are both calculated based on the State’s payment cycles and are apportioned to the County’s 52 weekly payment cycles. The State Fiscal Year Caps reflect adjustments made by the State for additional federal aid related to the Affordable Care Act.

Elsewhere in the budget is a separate appropriation in the amount of \$16.2 million for the local share of supplemental federal payments to the Erie County Medical Center – for Disproportionate Share (DSH). These supplemental payments are specifically excluded from the Medicaid Cap.

**Medicaid - Gross Local Payments (Account 525030)**

2015 Budget:           \$1,934,350  
2016 Proposed:       \$ 973,611

Certain Medicaid payments are made directly to providers by the Erie County Department of Social Services, rather than through the State MMIS (eMedNY) system. Services paid locally from this appropriation include medical insurance premiums when private insurance coverage is available and cost-effective, and other miscellaneous medical expenses. All medical transportation services previously paid locally from this account were shifted to the State MMIS payment system.

The 2016 appropriation includes \$847,759 for insurance premiums and \$125,853 for other expenses. The 2016 reduction reflects impacts of the Affordable Care Act on private insurance coverage.

Because of the Medicaid Cap which includes the local share of these local payments there is no separate local share associated with this appropriation. Repayment and other revenues received locally and applied against these costs in the past will be returned to the State in claiming adjustments.

**Child Welfare Services (Account 525050)**

2015 Budget:           \$62,286,462  
2016 Proposed:       \$67,803,015

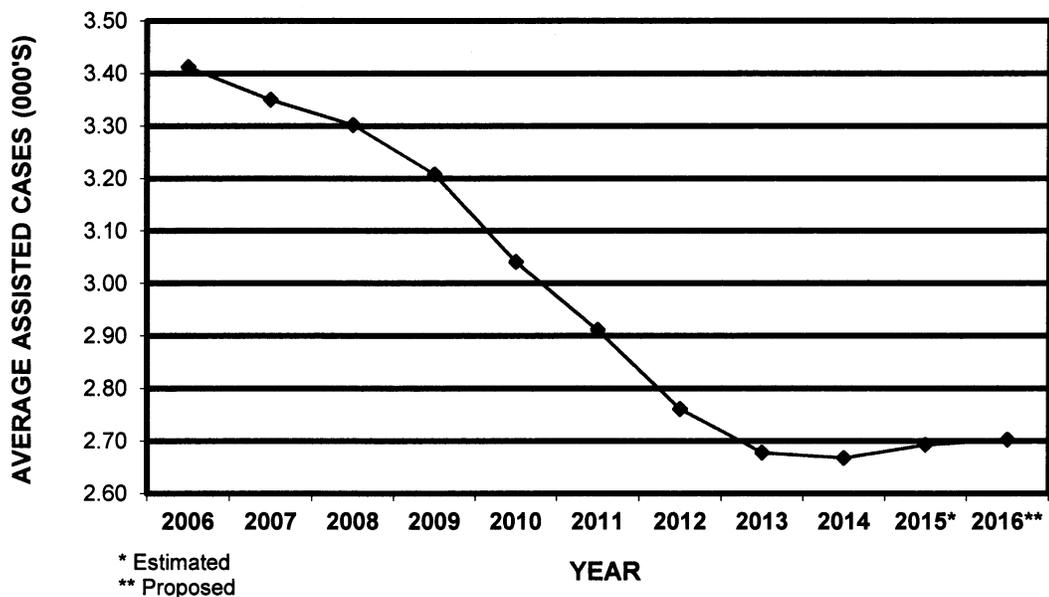
This appropriation is used to pay for the costs of the care of children placed by the Family Court into the custody of the Commissioner of Social Services. These children reside in foster homes, group homes and in child caring institutions. A majority of children are in foster home placements in connection with child protection cases. Placements in group homes and institutions are ordered primarily for Persons in Need of Supervision (PINS) or for Juvenile Delinquents (JD's).

Appropriations in the 2016 budget are estimated based on analyses of historical and current trends of expenditures, children in care, monthly costs per child, and changes in per diem board, tuition and other rates.

Children assisted are funded at an average level of 2,703 per month in 2016, with an overall average monthly cost per child of \$2,090.36.

Based on present trends, the average monthly number of children funded in 2016 is maintained at the 2015 level of children in care, which is currently 7 children below 2015 budgeted levels. The ability to hold the total number of children served relatively steady over the last ten years is a major accomplishment after years of steady growth and given recent increases in Child Protection activity that often lead to placement. This reflects final assessment reform, enhanced front door strategies and expanded preventive services options. The benefits of special initiatives to reduce placements and lengths of stay in costly institutional settings are expected to continue to favorably impact both the number of children in care and overall costs in 2016.

**TRENDS OF CWS ASSISTED CHILDREN  
(Foster Care and Institutional Care)**



Costs per child assumed in 2016 incorporate regular congregate care rate increases of 1.95 percent in July 2015 and July 2016, as compared to current actual rates, as well as a 3.2 percent added cost of living (COLA) increase required by the State effective in April 2016. The 2015 base includes two 2 percent COLA's required by the state that were paid to foster and adoptive parents as well as to congregate care agencies. The average monthly cost per child also reflects changes in the distribution of children among the various levels of care, as well as the expected continued moderation in institutional care lengths of stay.

The County share cost of Child Welfare Services is \$18,792,734 in 2016 after subtracting client repayments and Federal and State reimbursements from the gross appropriation. Federal TANF/EAF revenues for foster care and PINS/JD institutional costs are budgeted at the current estimated ceilings.

Child Welfare Services costs, including foster care and PINS/JD institutional costs which cannot be claimed for federal TANF/EAF reimbursement, are included, along with Foster Care administrative costs, in the State's Foster Care Block Grant (FCBG). The FCBG covers 100 percent of non-federal costs up to the Block Grant ceiling, after which non-federal costs become 100 percent local share. Adoption Subsidy expenses are reimbursed separately from the FCBG with a (net of Federal) State share of 62 percent. There is no fixed cap to adoption subsidy reimbursement.

***Child Care Development Block Grant (Account 525092)***

2015 Budget:	\$27,992,196
2016 Proposed:	\$26,161,143

Child care (daycare) subsidies are provided to low income families and those in receipt of Public Assistance through the Child Care Development Block Grant (CCDBG) to enable them to maintain employment or to engage in work activities. Low income families with incomes below 200 percent of the Federal Poverty Level are eligible for subsidies in that vary, depending on the daycare setting. Child care subsidies are provided for families in receipt of Public Assistance to enable the parent to accept and retain employment or to participate in required work activities. The amount of the subsidy varies with the daycare setting.

The 2016 budgeted amount is based on recent trends in the number of children subsidized in the various daycare settings and payments to providers. A monthly average of 3,011 children in low income families are expected to receive subsidies in 2016. Children in Public Assistance families receiving subsidies are estimated at 1,806 on average each month, a number necessary to support the level of work activity participation required of parents. The 2016 total cost of low income subsidies is budgeted at \$16,045,947. These costs are 100 percent reimbursed with federal funds through the Child Care Development Block Grant. The budget includes \$10,115,196 for mandated subsidies to children in Public Assistance Families. These costs are reimbursed with state funds through the Block Grant at 75 percent of cost. The 25 percent local share cost for Public Assistance children is \$2,568,799 in 2016.

### **Other Programs**

2015 Budget:           \$11,638,197  
2016 Proposed:       \$ 7,807,280

In this category are appropriations for a number of smaller programs administered by the Department of Social Services. These include: Account 525070 – Emergency Assistance to Adults, \$2,225,002; Account 525080 – Education of Handicapped Children in residential schools, \$591,199; Account 525130 State Training School chargebacks, \$1,311,279; Accounts 525100 and 525110 – expenses for housekeeping and home-delivered meal assistance, \$103,136; and Account 525120 – expenses for the special needs of individuals in Adult Family Homes, \$2,310. Amounts budgeted in 2016 reflect current trends in utilization. The State Training School appropriation reflects a new \$55 million statewide cap on the chargebacks to counties.

Child care funded by Title XX, in cases of child protection and for purposes of foster care prevention, totals \$3,274,354 for 442 children in Account 525091 in 2016, and Home Energy Assistance Program (HEAP) benefit costs total \$300,000 (account 525140).

### **Early Intervention/Pre-K/Special Ed**

2015 Budget:           \$59,700,240  
2016 Proposed:       \$61,418,480

Developmental and special education programs are administered by the Department of Health, Division of Services to Persons with Special Needs. Children, birth through two years old, are identified, evaluated and placed in developmental programs by the County's Early Intervention Case Management program. Children three and four-years old are identified, evaluated and placed in special education programs by the local school districts. Eligible service costs for three and four-year old children are paid by the County and are reimbursed partially by the State Education Department. Some services to eligible three and four-year-old children also may be claimed for the Federal share of Medicaid.

Under Chapter 243 of the laws of 1989, the County also is responsible for a 10 percent share of the cost of the school age (ages five to twenty-one) summer program which is billed to the County on a net basis at the end of each school year. In addition, the County is responsible for a portion of the cost of the special committees of local school districts which place children in preschool programs.

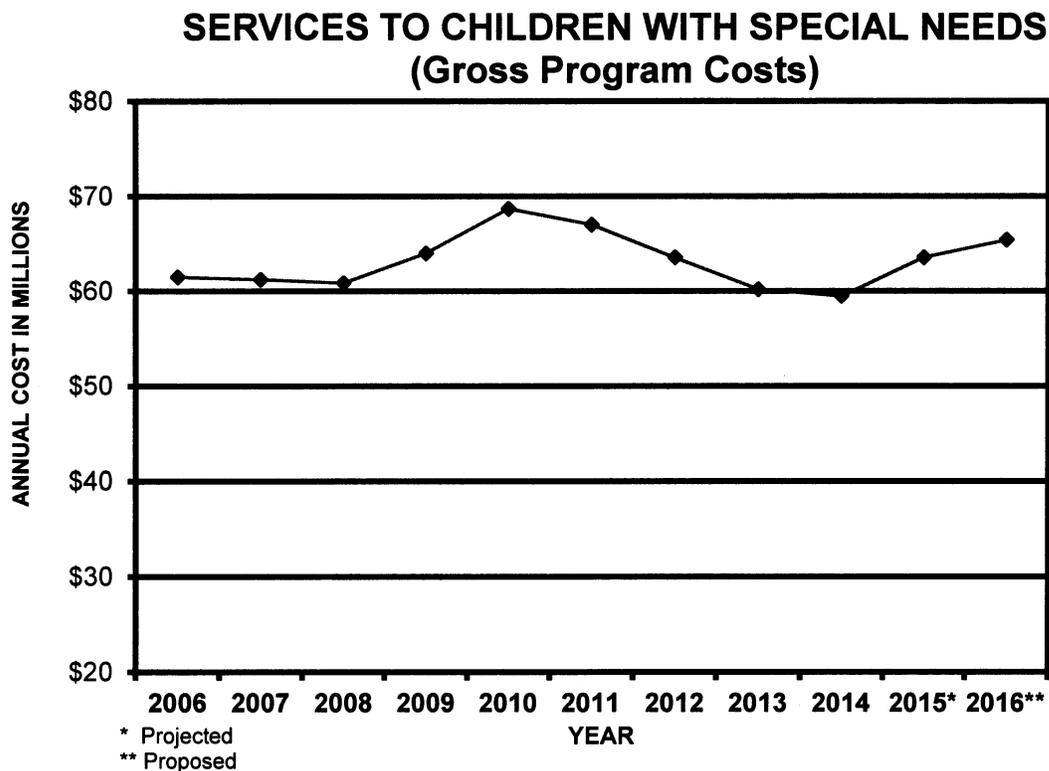
Under 1993 State legislation, the County is responsible for the provision of various developmental services such as occupational therapy, physical therapy, speech

therapy and pre-school education in the Early Intervention Program for infants and toddlers with developmental delays and their families. Services are based on an Individual Family Service Plan developed by the family, an evaluator, a County case manager and the County local early intervention official (designated by the County Executive). The County cost is offset by Medicaid and third-party insurance reimbursement for eligible children. Remaining eligible service costs are paid by the County and are reimbursed partially by the State Health Department.

The 2015 appropriation for the Children with Special Needs and Early Intervention agency program payment is \$61,418,480. Other program and administrative expenses totaling \$3,994,882 are included elsewhere in the budget summary, in the personal services, ECMCC contractual, interdepartmental payments and all other expense categories.

In the 3 and 4 year old Preschool program, County representatives participate in Committee on Preschool Education (CPSE) meetings and are part of the decision making process regarding services for children in the program. However, school districts, although paying nothing toward the cost of the programs, make the final decisions regarding entrance into and the services provided by the program.

The County administers this program and has implemented a methodology that has improved the quality and lowered the cost of the services provided.



**Comparison of 2016 Proposed Budget to the 2015 Adopted Budget  
Early Intervention and Preschool Special Education Programs**

	<b>Birth-Two Year Old Early Intervention Program</b>	<b>Three &amp; Four Year Old Preschool Program</b>	<b>Administration All Programs</b>	<b>Total</b>
<b>2015 Adopted Budget</b>				
<b>Expense</b>	\$6,653,071	\$54,692,219	\$2,205,793	\$63,551,083
<b>Revenue</b>	<u>3,478,124</u>	<u>32,261,400</u>	<u>1,054,967</u>	<u>36,794,491</u>
<b>Net County Cost</b>	\$3,174,947	\$22,430,819	\$1,150,826	\$26,756,592
<b>2016 Proposed Budget</b>				
<b>Expense</b>	\$7,130,750	\$56,033,949	\$2,248,663	\$65,413,362
<b>Revenue</b>	<u>3,774,285</u>	<u>32,950,857</u>	<u>1,036,921</u>	<u>37,762,063</u>
<b>Net County Cost</b>	\$3,356,465	\$23,083,092	\$1,211,742	\$27,651,299
<b>Variance 2015 to 2016</b>				
<b>Expense</b>	\$477,679	\$1,341,730	\$42,870	\$1,862,279
<b>Revenue</b>	<u>296,161</u>	<u>689,457</u>	<u>(18,046)</u>	<u>967,572</u>
<b>Net County Cost</b>	\$181,518	\$652,273	\$60,916	\$894,707

**Interfund Transfers (Allocation)**

2015 Budget:       \$43,785,280  
2016 Proposed:    \$47,073,731

This includes allocations for County share of the Road Fund \$16,818,436; County share of grants \$5,484,263; County share of Utility Fund totals \$4,971,315, County share of the E-911 Fund which equals \$3,713,047, \$50,000 for a Parks Department capital project and \$36,670 for a Department of Social Services project. Also included is a payment to Erie Community College of \$16,000,000.

## **Debt Service**

2015 Budget: \$64,110,310

2016 Proposed: \$64,876,926

This includes \$64,476,926 for General Obligation Bond Debt Service and \$400,000 for interest on Revenue Anticipation Notes.

## **All Other Expenses**

2015 Budget: \$19,291,588

2016 Proposed: \$19,839,423

Included in the Other Expense category is \$495,000 of operational expense for the Erie County Fiscal Stability Authority (Control Board).

The balance covers all other remaining expenses in the 2016 Budget for the Operating Fund including interdepartmental billings, telephone charges, rentals, risk retention and equipment.

# FRINGE BENEFITS EXPENDITURES

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## FRINGE BENEFITS – ALL FUNDS

Fringe benefits are provided for County employees based on the provisions of the various collective bargaining agreements and/or Federal, State, and local laws. The County is required to provide appropriations for FICA, medical and hospitalization insurance, dental insurance, unemployment insurance and workers' compensation. An appropriation is also provided for retired County employees eligible to participate in a joint retiree-County funded medical and hospitalization insurance program. The basis of the appropriation for each fringe benefit category is explained below.

### **Federal Insurance Contributions Act - FICA**

The FICA contribution totals 7.65% of wages with 6.2% applied toward Social Security and 1.45% for Medicare. The Social Security portion, 6.2%, is applied toward total salary up to a maximum wage base capped at \$118,500 in 2015. The Medicare portion, 1.45%, has no cap. In developing FICA appropriations for 2016, the portion of salaries exceeding the maximum wage base for Social Security was included up to the expected Social Security Administration's maximum wage base for 2016 of \$118,500. The 1.45% Medicare 2016 estimate is applied to all wages.

### **Workers' Compensation**

Workers' Compensation payments are set with a \$844/week maximum for claims paid July 1, 2015 - June 30, 2016. The proposed 2016 appropriation for workers' compensation accounts for increases and were based on the current year's activity, adjusted for anticipated medical costs. The appropriation provides funding for medical and indemnity payments, mandated state assessments and administration fees. The total appropriation is normally budgeted through the various funds and is charged through the payroll system as expenses are incurred.

### **Unemployment Insurance Coverage**

The 2016 appropriation for unemployment insurance anticipates an outlay of approximately \$416,171 based on the continuation of 2015 trends.

## **Medical and Hospitalization Insurance - Active Employees**

The 2016 budget estimate for active employees' medical and hospitalization insurance is based on the County's one source health insurance plan and was adjusted for estimated increases in premium costs for the various plans with an adjustment for those employees enrolled in the waiver program. These estimates were obtained in coordination with our consultant to the Labor-Management Health Care Fund, the entity that manages health insurance for the County.

## **Dental Insurance**

The estimated cost for dental insurance for County employees in 2016 is based on the current premium for all employees, the number of funded positions and the current family/single coverage ratio. A separate ratio was used for each fund.

## **Retirement/Pension**

The 2016 employer rate is projected by the Employees' Retirement System to decrease for the third time since 2010. Rates for Tier 4 employees, the single-largest category for Erie County, are projected to decline from 18.8% to 16.0% for the annual payment that will be due February 1, 2017 (or December 15, 2016, if the County elects to pre-pay). The pension retirement expenses for 2016 were calculated for the 2016 components of the April 1, 2015 through March 31, 2016 and April 1, 2016 through March 31, 2017 billing periods. Growth factors for each tier and year were based on rates supplied by the Office of the State Comptroller.

## **Medical and Hospitalization Insurance - Retirees**

The County's projected contribution toward retirees' medical and hospitalization insurance is based on expected 2015 costs and was adjusted for estimated increases in premium costs. The County currently expenses retiree health costs on a "pay-as-you-go" basis. The unfunded future retiree health costs are described under the GASB 45 Section.

## **GASB 45**

GASB 45 is an accounting standard that requires governments to reflect in their financial statements the estimated future cost of paying for benefits, such as retiree health insurance, that has been earned due to the service years provided to-date by existing retirees and current employees.

# UNION CONTRACTS

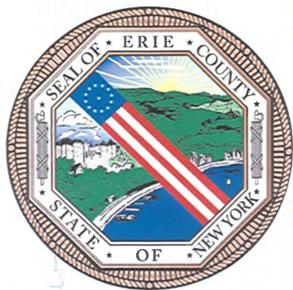
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## UNION CONTRACTS

The table below details the status of all County union contracts, contract expiration dates and membership.

At present, all union contracts under the exclusive control of the County are settled and in effect. Union contracts for Erie Community College are being handled by their management, with the County playing a coordinating role.

Union Name	Date Contract Expires/Expired	Represents
CSEA	12/31/16	White Collar
AFSCME	12/31/15	Blue Collar
NYSNA	12/31/17	Nurses
CSEA Correction Officers	12/31/16	Sheriff-Correction Officers and Medical Staff
Teamsters	12/31/16	Sheriff-Holding Center Deputies and Medical Staff
PBA	12/31/16	Sheriff-Police Division
Librarian	12/31/17	BECPL Professional Librarians
Faculty	12/31/09	ECC Faculty
Administrator	08/31/11	ECC Administration



# **BUDGET PROCESS AND FINANCIAL STRUCTURE**

# BUDGET PROCESS

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## Dynamics of Budgeting

Budgeting is a dynamic process. It demands continuous monitoring of actual expenses and revenues. It involves ongoing study to determine the accuracy of budget estimates and the need for corrective action. And, it requires periodic forecasting to determine how changes in the fiscal environment, revisions to County policies and new service demands will impact future budgetary needs.

While budgeting is a year-round process, the development of the annual budget usually commences eight months prior to the start of the new fiscal year. The procedures governing the preparation, submission and adoption of Erie County's annual budget are prescribed in Article 25 of the Erie County Charter and Article 18 of the Erie County Administrative Code.

## Budget Preparation Calendar

**May:** Budget planning for the County's next fiscal year begins in a concrete manner once the state budget has been finalized. By law the state budget must be adopted by April 1. Budget forecasts and targets are developed and evaluated based on County budget monitoring data, state budget impact data, estimates of inflationary cost increases needed to maintain current service levels, and estimates of the costs associated with new service needs.

**July:** Detailed budget instructions are issued to department heads to guide the preparation of department budget requests.

**August:** Departments submit their detailed budget requests to the County Executive for consideration in mid-August.

**September:** Departmental budget requests are analyzed in detail by staff in the Division of Budget and Management. Each expenditure and revenue account is evaluated to determine the best estimates of revenue available and the most accurate estimates of necessary and optional expenses.

Proposed budget recommendations and alternatives are prepared by the Budget Division for review and consideration by the County Executive. The County Executive's budget decisions are then incorporated by Budget staff into a proposed budget document.

## **Budget Adoption Process**

The County Executive is required by the Erie County Charter and the Administrative Code to submit a proposed budget for the next fiscal year to the Erie County Legislature on or before October 15. The proposed budget contains estimates of operating revenues and expenses for each administrative unit of County government, a capital budget and a six-year capital program. It must be presented in the form of a line-item budget.

The proposed budget is accompanied by the County Executive's Budget Message. The message highlights important features of the Proposed Budget and outlines the key assumptions, policies and initiatives on which it is based.

After receiving the proposed budget, the Legislature holds public hearings and considers whether proposed budget items should be amended. They may add, delete, increase or decrease items of expense (appropriation), except for those items required by law or for repayment of debt.

The 2015 budget must be adopted by the Legislature by the first Tuesday in December (December 1, 2015). An annual budget adoption meeting is held for this purpose, at which time the Legislature votes on any changes to be incorporated into the Adopted Budget.

If the Legislature fails to approve changes to the proposed budget, it is considered to have been adopted with no further action required by the County Executive. If the budget adopted by the Legislature does contain additions or increases, it must be presented to the County Executive by the first Wednesday following the first Tuesday of December (December 2, 2015) for consideration of vetoes.

The County Executive may veto any items added or increased by the Legislature to which he objects. Deletions or decreases are not subject to veto. If items are vetoed by the County Executive, a statement indicating the vetoed items and the reason for each veto must be returned to the Legislature by the Monday preceding the second Tuesday in December (December 7, 2015).

The Legislature may override the County Executive's vetoes by a two-thirds majority vote. This must be done on the second Tuesday of December (December 8, 2015).

The budget, incorporating any legislative changes, executive vetoes, and legislative veto overrides is considered adopted in final form as of the second Tuesday in December (December 8, 2015).

## **Revisions after Budget Adoption**

Once adopted, no County department may spend funds in excess of the amount appropriated for each line-item of expense. Occasionally, it is necessary to revise the Adopted Budget during the year to adjust appropriations to match actual spending requirements. This is done either by transferring funds from one appropriation to another within the same administrative unit, or by appropriating unanticipated revenue that has been received.

The County Executive may transfer part or all of the unencumbered appropriation balance between line-items of expense within the same administrative unit if the amount for a given line-item transfer is \$10,000 or less. Approval of the Legislature is required, in the form of a legislative resolution, if the transfer exceeds \$10,000 or if it would affect any salary rate or salary total.

The appropriation of any unanticipated revenue requires the approval, by resolution, of the Erie County Legislature, as does the creation or deletion of any staff position associated with an appropriation revision.

Resolutions which seek approval to revise the Adopted Budget are submitted to the Legislature by County administrative units through the County Executive's Office. They are considered by the Legislature throughout the year at their bi-monthly legislative sessions.

## **Budget Monitoring Process**

The Division of Budget and Management produces monthly Budget Monitoring Reports ("BMR"). The BMR reports on appropriation and revenue accounts critical to maintaining a balanced budget. The report also contains impact statements on the local effects of federal and state policies.

The BMR is designed to give management a measurement tool for determining if actual revenues and expenditures are in line with estimated amounts. This timely information allows the County to detect problems and take corrective budgetary action, if required.

In addition to the BMR, other reports are generated periodically to evaluate budget performance, including:

- on-going tracking and analysis of personnel matters including overtime usage, full-time position vacancies and part-time employee accounts;
- on-going tracking and analysis of local share Medicaid expenditures, as well as Safety Net Assistance and Family Assistance caseloads; and
- tracking of all revenues.

# BUDGET CALENDAR

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## January

County fiscal year began January 1, 2015.

Division of Budget and Management (DBM) works with Comptroller's Office to close prior year books.

Tax bills sent to taxpayers in the City of Buffalo and first class towns.

## February

DBM reviews impact of Governor's Proposed Budget.

DBM develops monthly budget allotments for current year budget.

Subjects identified for special studies on cost containment and revenue enhancement.

Tax bills sent to 2<sup>nd</sup> class towns.

## March

Special studies continue.

## April

DBM begins development of ensuing year budget forecast.

## May

Special studies continue and following year.

Capital Budget process begins.

## June

DBM assembles ensuing year budget instructions including appropriation and revenue worksheets and preliminary personal services data runs.

Special studies are concluded.

DBM begins to develop budget targets for departments.

## July

Budget instructions sent to departments.

Year-end projection instructions sent to departments.

## August

Departments complete submission of personnel change requests to Personnel Department and DBM.

Departments prepare ensuing year budget requests and submit to DBM.

Capital Budget process is concluded.

## September

County Executive and DBM review and make recommendations on requests from Departments and community agencies.

Special studies are incorporated into Proposed Budget.

County Executive and DBM finalize recommendations for Proposed Budget.

## October

Major revenue and expenditure projections transmitted to Comptroller by October 1, 2015.

County Executive submits Proposed Budget to Legislature by October 15, 2015.

## November

Legislature reviews Proposed Budget and conducts hearings.

Legislature holds public hearings.

## December

Deadline for Legislature to Adopt 2016 Budget – Tuesday, December 1, 2015.

Deadline for Legislature to return Budget to County Executive if any increases – Wednesday, December 2, 2015.

Deadline for County Executive to veto any increases – Monday, December 7, 2015.

Deadline for Legislature to meet and consider County Executive vetoes – Tuesday, December 8, 2015.

Final equalized tax rates are determined. Legislature adopts final real property tax levies.

# FINANCIAL STRUCTURE

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## **Fiscal Year**

The County's fiscal year begins January 1 and ends on December 31 of each calendar year.

## **Fund Structure**

The County's budgetary and accounting systems are organized and operated on a "Fund" basis. Each fund is considered a separate entity and is made up of a set of inter-related and self-balancing accounts. Together, these accounts comprise a fund's assets, liabilities, fund/balance/retained earnings, revenues and expenditures/expenses.

The accounts in a fund are segregated and related to one another for the purpose of carrying out specific activities or attaining certain objectives. They are created and operated in accordance with law and/or special regulations, restrictions or limitations, or as dictated by generally accepted accounting principles (GAAP).

Erie County utilizes the funds described below. All funds are included in the County's General Purpose Financial Statements.

**General Fund (Budget Fund 110):** the principal operating fund which includes all operations, activities and resources not required to be recorded in other funds. Funding Sources: Real property taxes; Sales taxes; Departmental charges; State and Federal partial reimbursements; Client recoveries; Fees, Fines and Other Charges; and Hotel Occupancy Tax.

**Special Revenue Funds:** The following funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes and are shown in the same manner in the County's annual financial statements.

**Grant Fund (Budget Fund 281 and Budget Fund 821 – Library)**

Funding Sources: Transfer payments and/or subsidy from General Fund; State and Federal full or partial reimbursement; grant income.

**Community Development (Budget Fund 290)**

Funding Source: Federal Reimbursement.

**Sewer Fund (Budget Fund 220)**

Funding sources: Sewer Real Property Tax; user fees.

**Road Fund (Budget Fund 210)**

Funding Sources: Subsidy payment from General Fund; partial State reimbursement; Real Estate Transfer Tax; charges.

**E-911 Fund (Budget Fund 230)**

Funding Sources: Telephone access line surcharge; State reimbursement; subsidy payment from General Fund.

**Public Library Fund (Budget Fund 820)** This Special Revenue Fund is included in the County's annual financial statements as a component unit.

Funding Sources: Real Property tax; State reimbursement; library charges.

**Debt Service Fund (Budget Fund 310):** used to account for current payments of principal and interest on general obligation long-term debt (bonds) and for financial resources accumulated in reserve for payment of future principal and interest on long-term indebtedness.

Funding Sources: Transfers from other funds; interest earnings on reserves.

**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. *This fund is not included in the Budget documents.*

Funding Sources: Special district assessment.

**Capital Projects Funds (Budget Funds 410-490):** used to account for the financial resources to be used for the acquisition, construction or reconstruction of major permanent facilities having a relatively long useful life and for equipment purchased from the proceeds of long-term debt (other than those financed by the Enterprise Fund).

Funding Sources: Proceeds from bonds issued; State reimbursement.

**Enterprise Fund:** used to account for ongoing organizations or activities that are similar to those found in the private sector which provides goods or services to the general public. The costs of providing goods or services to the public on a continuing basis are financed or recovered primarily through user charges.

**Utilities Fund (Budget Fund 140)**

Funding Sources: Utility user charges.

**Erie Community College:** used to account for the resources received and used to operate the Community College. The State mandates a fiscal year ending August 31<sup>st</sup> for the Community College. For this reason, and also because of differences in accounting principles for colleges and those for local governments,

the Community College budget and financial statements are separate. The Community College budget is adopted in July of each year.

Funding Sources: State reimbursement; student tuition; County subsidy from the County budget in the General Fund.

### **Accounting and Budgeting Principles**

The Erie County Charter and Administrative Code require a line-item budget organized or classified on the basis of administrative units. The budget, accounting and reporting system are structured to support this requirement on an ongoing basis for local purposes.

The accounting and budget structure required by the local Charter and Code is not consistent with the Uniform System of Accounts for Counties (USAC) structure required by the State for financial reporting purposes. Specialized account coding is used to convert detailed County accounting data to the USAC structure as required for financial reporting and for the preparation of the annual financial statements.

The County's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities, and are presented in the USAC format.

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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 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** – 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.

**Modified Accrual Basis** – 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. 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, claims and judgments, 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.

In the County's Comprehensive Annual Financial Report ("CAFR"), the government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statement. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property taxes 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.

### **Budgets and Budgetary Data**

Annual appropriated budgets are adopted and employed for control of the General Fund; the Road; Sewer, 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, as well as in the year of expenditure if the expenditure occurs in a fiscal year subsequent to the commitment in the General and the enumerated Special Revenue Funds. All unencumbered appropriations lapse at the end of the fiscal year. Annual appropriated budgets are not employed for the Grants and Community Development Special Funds. A reconciliation to convert GAAP basis data to the budgetary basis is provided in the financial statements.

### **Account and Budget Codes**

Account and budget codes classify expenditures/appropriations and revenues by category. The structure of account and budget codes used by Erie County is consistent with the local Charter and Code requirements for a line-item budget organized by administrative unit.

**Administrative Unit Codes:** The budget and accounting systems are structured so that budgeting and accounting can be controlled at the fund, business area/fund center and department level as appropriate. Budgets are usually

adopted at the department level in the General Fund including Social Services, the Utilities Fund (Enterprise Fund) and Special Revenue Funds. Budgets are adopted for grants and Community Development projects. The Debt Service Fund is adopted at the fund level.

Administrative Unit coding in the budget and accounting systems is categorized according to Fund, Department, and Fund Center (Business Area).

Fund center coding is used to identify separately budgeted administrative units. A three digit Fund Center designates the overall department level. If divisions within a department are separately budgeted, they are designated with a five digit fund center code.

**Account Codes:** Account codes are used to identify expenditures/appropriations and revenues.

Revenues and expenditures are appropriated and adopted by the Legislature at the account level, which is indicated by a six-digit account code in the budget. All accounts are part of a hierarchy which serves to group accounts into like categories.

Expenditures/appropriation and revenue coding in the budget and accounting systems is generally categorized according to the following structure:

Expenditure/Appropriation Codes		Revenue Codes	
Account*	Description	Account*	Description
500000-500350	Personal Services	400000-400070	Real Property Tax Revenues
501000	Overtime	402000-402700	Local Source Revenues
502000-502140	Fringe Benefits	405000-409040	State or Other Partial Reimbursement
504992	Contractual Salary Reserve	410000-414190	Federal or Other Partial Reimbursement
504990-504998	Reductions for Turnover Service Restoration	415000-480030	Fees, Other Taxes
505000-507000	Supplies & Repairs	450000-486040	Interfund Revenues
510000-555050	Other		
516000-520110	Contractual		
525000-530020	Assistance Payments		
561100-561460	Equipment		
550000-551600	Debt Service		
559000-575040	Interfund		
910100-980000	Interdepartmental		

\*Specific descriptive account titles and codes are provided throughout the budget documents for each account.

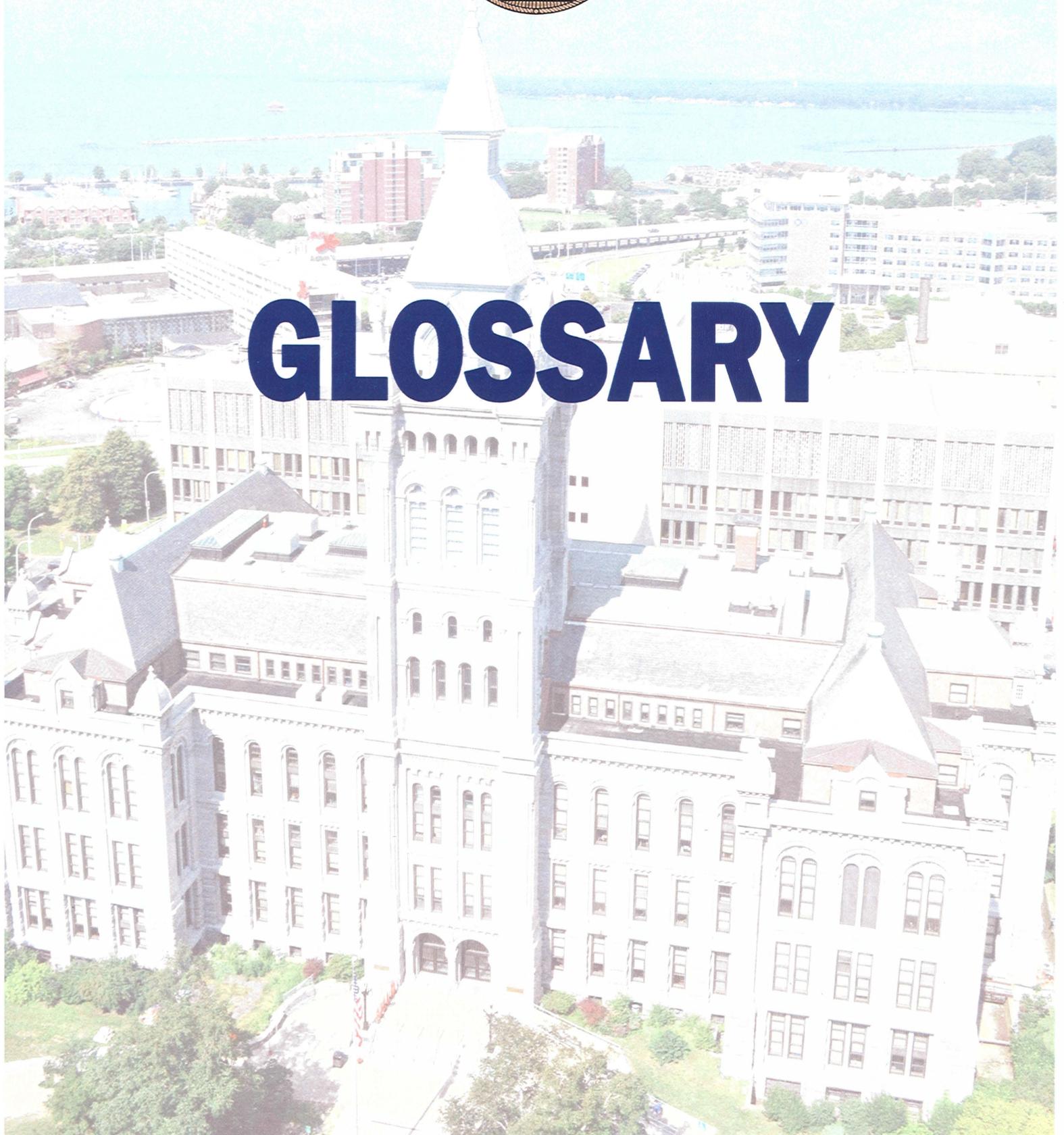
## **Budgeting for Fringe Benefits**

Fringe benefits are appropriated separately in each fund included in the budget which also has budgeted employees and authorized payroll expenses.

Fringe benefits are budgeted at the department level in the operating fund. Fringe Benefits are budgeted at the individual project level for grants and community development projects.



# GLOSSARY



# GLOSSARY

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## **Account**

A category of expense, such as office supplies, personal services, or utilities.

## **Accrual**

Recognition and recording of accounts receivable as revenue and accounts payable as expenditures in the current period, but for which cash receipts or disbursements have not yet occurred.

## **Accrual Accounting**

A basis of accounting in which expenditures and revenues are recorded at the time they are incurred or are available, as opposed to when cash is actually received or spent.

## **Adjusted Budget**

The adopted budget as modified by all changes to budgeted revenue and appropriation accounts approved and processed.

## **Adopted Budget**

The budget plan for the next fiscal year, which has been formally approved pursuant to the provisions of Article 25 of the Erie County Charter.

## **Appropriated Fund Balance**

The amount of unassigned fund balance available from previous years designated for use in the current year.

## **Appropriation**

A specific amount of money authorized by the Legislature for the purchase of goods and services.

## **Assessed Valuation**

The value set upon real property by local tax assessors and the state as the basis for levying real property taxes.

### **Board of Election Re-Spread**

Reimbursement from towns and cities for certain allowable expenses associated with the cost of conducting elections. The actual costs are billed back to the various towns and cities where elections are held and recorded as revenue in the operating fund.

### **Capital Budget/Expenditures**

Budgets/expenditures in the Capital Projects Fund for major physical improvements and construction, or for purchase of equipment having a useful life of at least five years. The Capital Budget is included in the annual budget documents, as required by the County Charter, but is not a part of the operating budget, nor is it considered part of the operating fund.

### **Community College Respread**

Revenue that is attributed to reimbursement from towns and cities for tuition payments made by the County for town and city residents who are enrolled in community colleges outside of Erie County. The tuition costs are billed back to the various towns and cities in the county for the town/city residents for whom tuition was paid.

### **Community Development Fund**

A Special Revenue Fund used to assist participating municipalities in the development of locally approved community or economic development activities, including housing programs, which are eligible under Federal program regulations. This fund is included in the County's annual budget documents in order to secure legislative authorizations, but it is not a part of the operating budget nor is it considered an operating fund.

### **Contingency**

An appropriation of funds to cover unforeseen events that may occur during the fiscal year, or reserved to cover future events, which can be foreseen.

### **County Share**

The amount of support required from general county resources (e.g., property or sales taxes); after all other revenue sources attributed to the operations of a department or division are subtracted from total appropriations or expenditures.

### **Countywide Appropriations/Revenues**

Appropriations and revenues, such as debt service expenditures or sales tax revenues, which cannot be directly attributed to the operations or operational responsibilities of specific departments.

### **Debt Service**

The county's obligation to pay the principal and interest on all bonds and other debt obligations according to a predetermined payment schedule.

## **Debt Service Fund**

A special fund established to account for the payment of interest and principal on long-term debt. The Debt Service Fund is a part of the operating budget and is considered an operating fund.

## **Deficit**

The excess of expenditures over revenues during an accounting period.

## **Downtown Mall Fund**

A Special Revenue Fund used to account for revenues raised through a special district charge and the subsequent expenditure of these monies for the operation and maintenance of a downtown pedestrian/transit mall. This fund is not included in the county's annual budget documents, nor is it considered an operating fund.

## **ECIDA**

The Erie County Industrial Development Agency (ECIDA) is a public benefit corporation which coordinates economic development for Erie County. It authorizes industrial revenue bonds for eligible projects and administers a revolving loan program for businesses in specific county areas.

## **Encumbrance**

Financial commitments related to unperformed contracts for the purchase of goods and services. Purchase transactions which are not yet completed, but for which funds have been designated and specifically reserved (encumbered) for future payment when the purchase transaction is completed. Outstanding encumbrances at year-end are reported as assignments of fund balance because the commitments will be honored during the subsequent year.

## **E-911 Fund**

A self-balancing Special Revenue Fund for appropriations and revenues associated with the operation of the Enhanced 911 emergency telephone system as required by State law when a telephone surcharge is utilized to offset E-911 service cost. The E-911 Fund is part of the operating budget and is considered an operating fund.

## **Enterprise Funds**

Self-supporting governmental funds in which the services provided are financed and operated similarly to those of a private business, with user charges providing the majority of the revenues necessary to support operations. The Utility Fund is budgeted as an Enterprise Fund. The Enterprise Fund is a part of the operating budget and is considered part of the operating funds.

## **Equalized Full Valuation of Taxable Property**

The term used to indicate the value of all real property in a taxing jurisdiction, appraised at 100% of market value at a specified prior point in time, which has been adjusted by a factor to reflect different rates of housing market price change from area to area. The equalization factor allows comparison of full valuation on an equal dollar basis for all areas and for all time periods.

## **Equalized Full Value Tax Rate**

The amount of property tax levied for each \$1,000 of equalized full valuation for all non-exempt property in the county. It is calculated by dividing the equalized full valuation of taxable property by \$1,000 and then dividing the county property tax levy by the result. This rate is used for all comparisons of property tax growth or reduction.

## **Full Valuation**

The term used to indicate a real property appraisal at 100% of market value at a specified prior point in time.

## **Fund**

A set of inter-related accounts to record revenues and expenditures associated with a specific purpose. Funds are self balancing. The Erie County budget includes ten (10) funds: General Fund, E-911 Fund; the Utilities Enterprise Fund; Grant Fund; Capital Fund; Sewer Fund; Road Fund; Community Development Fund; the Debt Service Fund; and the Public Library Fund.

## **Fund Balance**

The section of the financial statement that reports the results of operations. It can include restricted amounts such as prepaid items along with assignments such as judgments and claims. The remainder of fund balance is the unassigned portion which is available for appropriation when necessary.

## **GASB 45**

GASB 45 is an accounting standard that requires governments to reflect in their financial statements the estimated future cost of paying for benefits, such as retiree health insurance, that has been earned due to the service years provided to-date by existing retirees and current employees.

## **Gain**

A position and/or job title not currently authorized in a department, which is transferred in from another department or budget entity.

**General Fund**

The principal operating fund of the county, which includes the budgets, revenues and expenditures for most county departments.

**Generally Accepted Accounting Principles (GAAP)**

Conventions, rules and procedures that define accepted accounting and financial reporting practice, including broad guidelines and detailed practices. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Grant**

A contribution by a government or other organization to support a particular function, service or program.

**Grant Budget/Expenditures**

Budgets/expenditures in the Grant Special Revenue Fund related to defined projects funded by contributions from other governments or organizations to support particular functions, services or programs. The Grant Fund is not a part of the operating budget but appears in the budget documents in order to secure necessary legislative authorizations.

**Indirect Costs**

Costs associated with, but not directly attributable to, the operation of county departments. These "overhead" costs are usually incurred by other departments in support of all operating departments.

**Interdepartmental Billing**

The reimbursement received by a division, such as Information and Support Services, for services provided to other county departments within the same fund. Interdepartmental billings are quasi-revenues budgeted as negative appropriations.

**Interdepartmental Payment**

An appropriation of funds for reimbursing other county departments, such as Information and Support Services, for services provided by departments within the same fund.

**Interfund Transfers/Revenue**

Amounts transferred from one fund to another.

**Job Group**

The grouping of similar position classifications and their assignment to a range of salaries within a county pay scale.

### **Line-Item Budget**

A budget that lists each expenditure and revenue category separately, along with the amount budgeted for each specified category.

### **Local Source Revenue**

Funds that the county receives as income from local sources, such as property and sales taxes, service fees, and interest income, as opposed to funds received from other governments.

### **New Position**

A new position in an existing job title and/or a new job title not previously budgeted.

### **NFTA**

The Niagara Frontier Transportation Authority, created in 1967 as a public benefit corporation under the Public Authorities Law of the State, administers the regional transit system in Erie and Niagara Counties which includes a transit line, public buses and airport facilities. The NFTA receives a portion of the county sales tax plus a subsidy from the county general fund.

### **OTB Revenues**

Revenues received from a portion of profits of the Western Regional Off-Track Betting ("OTB") Corporation from a pari-mutuel wagering tax.

### **Other than Personal Services**

Expenditures for all non-personal services, goods and services including supplies, equipment, contractual services, utilities, rental and repairs.

### **Personal Services**

Expenditures for salaries and wages for full-time and part-time employees, overtime costs, shift differential, and holiday pay, etc.

### **Project**

A project is a distinct organizational unit with a separate budget which is identified by a unique name usually used in the capital fund.

### **Proposed Budget (Tentative Budget)**

The budget plan for the upcoming fiscal year recommended to the County Legislature by the County Executive for its formal approval. The Erie County Charter designates this as the "Tentative Budget". It is popularly known as the "Proposed Budget".

## **Public Library Fund**

The Public Library Fund is used to record transactions of the Buffalo and Erie County Public Library which is supported, in whole or in part, by real property taxes. The use of the Library Fund assures compliance with Education Law, Section 259, which provides that all monies received from taxes or other public sources for library purposes shall be kept in a separate fund.

The Public Library Fund is a special revenue fund. The accounting is the same as the General Fund including the use of budgetary, revenue, expenditure and fund balance accounts. It is a part of the county's operating budget and is considered an operating fund.

## **Re-allocation**

A change in job group but not in position title for a currently authorized position; an upgrading of a position.

## **Real Property Tax**

The net County tax requirement determined by subtracting the total estimated revenues from the total proposed expenditures as set forth in the budget (Erie County Charter, Article 26, Financial Procedures, Section 2609).

## **Reclassification**

A change in position title which may or may not change the job group for a currently authorized position.

## **Reductions from Personal Services Account**

The Reductions from Personal Services account is a net savings calculated by estimating the impact on all personal services budgets caused by employee turnover, vacancies, increased overtime or other personnel transactions. The savings estimate is then adjusted for any negative impact on associated budgeted revenue calculations. The final net savings calculation is budgeted in the form of a negative appropriation.

## **Reserve**

Funds which are accumulated, held and set-aside for future use or the payment of some future obligation. Funds held in reserve may be restricted to particular uses or they may be unrestricted.

## **Revenue**

Funds that the county receives as income, including tax payments, service fees, receipts from other governments, fines, forfeitures, grants, and interest income, etc.

**Road Fund**

A Special Revenue Fund used to account for all revenues and expenditures related to the maintenance of county roads and bridges, snow removal, and the construction and reconstruction of county roads not required to be recorded in the Capital Projects Fund. The Road Fund is a part of the operating budget of the county and is considered an operating fund.

**Transfer**

A currently authorized position and/or job title in a department, which is transferred to another department or fund.

**Sales Tax**

A charge placed on certain goods when they are purchased from a vendor. Sales Tax revenue accounts for a considerable portion of the discretionary budget. Erie County's local sales tax rate is 4.75%.

**Sewer District Budgets/Expenditures**

Budgets/expenditures in the Sewer Special Revenue Fund related to the annual program and spending plan for sewer facility operations, services and normal maintenance. Sewer districts are self-supporting entities with a separate property tax levy. The Sewer Fund is not a part of the operating budget, nor is it considered an operating fund.

**Source**

A category of revenue, such as local source, state aid, or federal aid.

**Surplus**

The excess of revenues over expenditures during an accounting period.

**Taxable Assessed Valuation**

The value of non-exempt (taxable) real property in a taxing jurisdiction on which the jurisdiction's portion of the County real property tax levy is spread.

**Taxable Assessed Value Tax Rate**

The amount of property tax levied for each \$1,000 of taxable assessed valuation of real property in each taxing jurisdiction. It is calculated by dividing each jurisdiction's share of the County real property tax levy by the taxable assessed valuation of all non-exempt (taxable) real property in the jurisdiction, and dividing the result by 1,000.

**Utilities Fund**

An Enterprise Fund created to provide financial accounting and support necessary for the operation of the Erie County Utilities Aggregation. This fund allows members of the aggregation (cities, towns, villages, and authorities in Erie and neighboring counties) to

jointly purchase natural gas, heating oil and electric utilities at reduced cost. The Utilities Fund is part of the operating budget and is considered an operating fund.

### **Variable Minimum**

A request to hire an employee at a pay step higher than the normal entry level step. Variable Minimums are often requested to appropriately compensate potential job candidates who possess qualifications and experience in excess of what a position normally requires, and are subject to the approval of the Erie County Legislature.

### **Visit Buffalo Niagara**

Visit Buffalo Niagara, formerly known as the Convention and Visitors Bureau, is an organization funded with taxpayer dollars and organized to serve as the county's marketing arm to the nation and world. Visit Buffalo Niagara is tasked with attracting visitors and conventions to the Buffalo Niagara region.

