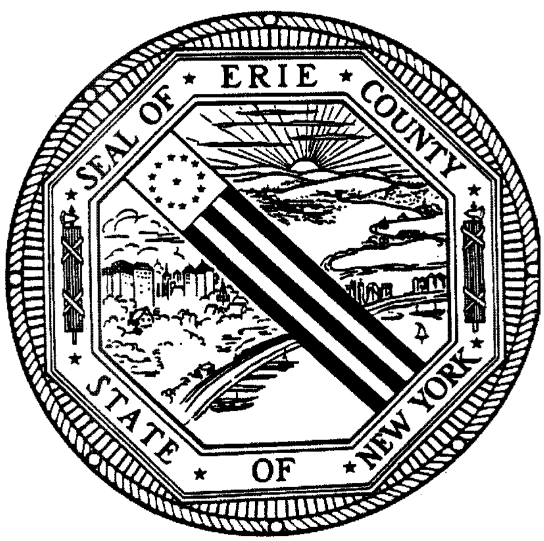
# COUNTY OF ERIE, NEW YORK
# OFFICE OF THE COMPTROLLER




## COMPTROLLER'S REVIEW OF THE COUNTY EXECUTIVE'S PROPOSED 2012 BUDGET AND FOUR YEAR FINANCIAL PLAN

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**Erie County Comptroller**

**October 21, 2011**

# Erie County Comptroller's Review of the Erie County Executive's Proposed 2012 Budget and Four Year Financial Plan


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## Executive Summary

On September 30, 2011, Erie County Executive Christopher C. Collins issued his Fiscal Year 2012 Proposed Budget ("FY 12 Proposed Budget") – except the proposed 2012 Sewer District Budgets – along with the new Four Year Financial Plan for fiscal years 2012-2015 ("Four Year Plan").

The aforementioned proposed 2012 Sewer District Budgets were submitted to the Erie County Legislature ("Legislature") on October 5, 2011; however, the Erie County Comptroller's Office ("Comptroller's Office") did not receive the set of proposed 2012 Sewer Fund Appropriations/Revenues until Monday, October 17, 2011.

The Erie County Comptroller's Office has reviewed the FY 12 Proposed Budget and new Four Year Plan. This report is not a line-by-line review of the proposed budget; rather it highlights significant revenue and expense items and areas of potential significant risk.

With respect to the Collins Administration's estimated surplus for fiscal year end 2011 and the new Four Year Plan, to-date the Office of Budget & Management has not met its obligation under Erie County Code ("Code") Section 18.04 (g) for the submission of its required Budget Monthly Report ("BMR") for the months of July and August 2011. The Code states that BMR's must be filed with the County Legislature monthly, on or before the last calendar day of the subsequent calendar month. This is a significant omission, as in past years the July BMR has contained the first projection for year-end surplus and provides insight into the projection.

Any reference to or consideration of Erie County's (or "County") 2011 Adopted Budget is incorrectly termed the "2011 Adopted Budget" (or "FY 11 Adopted Budget") since it has not been formally approved by the Legislature. Although the 2011 proposed budget was submitted to the Legislature on October 1, 2010 and the "adopted" budget was established on December 14, 2010, the adopted budget is subject to two New York State Civil Law and Rules Article 78 procedures presently pending before the Hon. Joseph R. Glownia, Justice of the New York State Supreme Court.

One legal challenge procedure is in relation to the powers of the County Executive to declare certain cuts made by the County Legislature to the County Executive's tentative budget. The other procedure is in relation to the County Executive's ability to control the hiring or firing or the allocation of staffing of employees employed in the office of another independently elected County official (County Comptroller, County Clerk, County Sheriff and County District Attorney).

The FY 12 Proposed Budget does not include Federal Medical Assistance Percentage ("FMAP") assistance from the federal government as the program concluded June 30, 2011 with funding projected to total $17.5 million in FY 2011 (subject to finalization of most recent FMAP accrual). No FMAP funding will be provided in FY 2012. This places a strain on the FY 2012 Budget, particularly since the budget surpluses for FY '09, '10 and estimated for '11 are virtually derived from this funding.

The County Executive has repeatedly stated that Erie County is "out of the hospital business" and mandated payments to the Erie County Medical Center Corporation ("ECMCC") will be capped at $16.2 million annually. This is false. Beginning in 2010 and into perpetuity, the County's best case scenario will be to pay ECMCC $16.2 million annually, while likely paying more. Specifically, in 2011 Erie County will remit more than $39 million in payments to ECMCC in relation to the County's Disproportionate Share Hospital ("DSH") and Upper Payment Limit ("UPL") obligations. However, the net cost to the County will be reduced by $15.2 million to a total of $23.9 million by exhausting the Excess Operation Support ("EOS") credit. While the specific cost to the County for FY 2012 remains uncertain, our office believes the cost <u>will exceed</u> the budgeted amount of $16.2 million.

We recommend the next county executive revisit the master agreement and renegotiate with ECMCC the specification pertaining to annual mandated payments. Specifically, considering occasions in which annual mandated payments exceed $16.2 million, the County should have some means of reimbursement for an amount equal to the excess costs. In the 2010 agreement, the EOS credit was used to reduce net County costs in 2010 and 2011. Since at fiscal year-end 2011 the EOS credit will be exhausted, the County will likely see significant increase in the annual subsidy unless a new offset credit is established.

Sales tax revenues are the County's single largest and most volatile revenue source. The FY 12 Proposed Budget calls for a 3% increase over 2011 projected amounts. Given recent trends in sales tax receipts, this forecast appears reasonable yet must continue to be monitored closely. Any negative deviation from this forecasted growth rate could lead to significant gaps for FY 12 and out year budgets.

For the first time in Erie County's history, the County's total property tax revenue will be regulated by the Property Tax Cap law (Chapter 7 of NYS Laws of2011). The taxes levied pursuant to the FY 12 Proposed Budget are within the calculated allowable limit for 2012 as specified by the Property Tax Cap law.

As our Office has noted in previous years, again for the FY 12 Proposed Budget, the Collins Administration has improperly calculated the 5% Fund Balance excess for the General Fund. For FY 2010, the Administration improperly added back a substantial pension payment to the General Fund Undesignated Fund Balance. In addition, the Administration incorrectly bases its calculation on the FY 12 Proposed Budget, rather than the 2011 Budget, and incorrectly uses the "Operations Budget" (which includes the Library budget of $18.17 million) rather than the required General Fund budget. The effect of these miscalculations is a net overstatement of the 5% Excess Fund Balance available for appropriation by $5.09 million from the $19.99 million balance reported in the 2012 Budget Message to the correct amount of $14.90 million.

The FY 12 Proposed Budget appropriates $7.4 million of fund balance. This is the second straight year fund balance reserves have been used to plug budget gaps, a practice consistently used in the years leading to the disastrous "Red-Green" budget crisis in 2004-2005.

The FY 11 Adopted Budget appropriated $16.7 million of fund balance, while an additional $16.7 million has been appropriated through the year for a total of $33.4 million for FY 11. The use of fund balance reveals the precarious nature of the County's 2012 and out year budgets and confirms our belief that the Collins Administration will utilize fund balance to cover gaps.

Considering the improper restatement of General Fund "fund balance" in the Executive's Budget Message, our office anticipates the Collins Administration would appropriate additional amounts of fund balance to plug holes in the FY 13 Budget if he should be reelected.

While the County Executive boasts of the savings associated with the elimination of hundreds of jobs in his Budget Message, these cuts appear to be arbitrary in some cases and do not lead to significant dollar savings. Although the FY 12 Proposed Budget eliminates 300 positions, it also creates 89 additional positions (including the $116,000 Six Sigma position) for a net of only 211 deletions. Additionally, the majority of these eliminated positions benefit from substantial State and Federal reimbursements. Specifically, 218 positions within the Department of Social Services were eliminated—all of which received at least 50% State and Federal reimbursement. Therefore, $7.8 million in salary cuts will only lead to approximately $1.9 million in County savings, while the remainder ($5.9 million) will benefit the State and Federal governments, but not the County. While specific calculations regarding the impact on fringe benefits are more difficult, the same percentage is reimbursed by State and Federal share dollars as is for salaries, so the actual savings to the County would appear similar. This is a matter of cutting a lot to only save a little.

The Collins Administration's proposed 2012 appropriation to cultural agencies is indicative of the County Executive's continued emphasis on substantially reducing funding to arts and cultural organizations. Compared to the FY 2010 Adopted Budget amount of $6,512,086 to 49 organizations, the FY 12 Proposed Budget appropriates $4,490,000 to the "top ten" cultural agencies; i.e., a total reduction of $2,022,086 (31 %).

After cutting County support substantially to the Buffalo and Erie County Public Libraries ("Library System") in the FY 11 Adopted Budget, the Collins Administration has proposed to save them from this manufactured financial crisis through the creation of a Special Taxing District by 2015, which could be delayed further. Meanwhile, the Collins Administration plans to provide the Library System with $18,171,833 in support through the property tax levy while providing an additional $2 million in subsidies from fund balance each of the next three years.

As noted throughout our review, we recognize many instances in which appropriations or revenues appear to be under-budgeted, while others appear to be over-budgeted. For example, Jail Management overtime expenses appear to be underfunded by at least $2.5 million while the $3 million appropriation to the Risk Retention Fund appears to be unnecessary considering its standing balance could be carried over. Such "under and over" funding examples can balance. As such, our office cannot definitively say that this budget is structurally balanced.

The County Executive's FY 12 Proposed Budget once again, as in 2010 and 2011, alters or deletes many Budget Resolutions which provide important Legislature oversight on the

Executive. For instance, among these checks and balances are restrictions prohibiting the Executive from increasing salaries of county employees without prior legislative approval. If the budget is approved without any amendments, significant checks and balances on Executive power which have existed for years will be eliminated.

With respect to the new Four Year Plan for 2012-2015, as stated above, the July and August 2011 BMR's have not been issued by the Office of Budget & Management. Therefore, the Comptroller's Office is able to review but not comment: the new Four Year Plan reports a 2011 budgeted use of fund balance in the amount $16.72 million. The Adjusted Budget for 2011 shows budgeted use of fund balance of $33.43 million.

The 2012-2015 Four Year Plan estimates a 2011 surplus of the identical $16.72 million figure (but there is not a BMR to substantiate it). If this estimate actually occurs, net use of fund balance will be $16.71 million, not $0.

This Office has made several comments on the proposed Four Year Plan for 2012-15. The comments are located in the section titled Comment on Four Year Plan Projections (2012 - 2015) contained herein.

## 2012 Proposed Budget

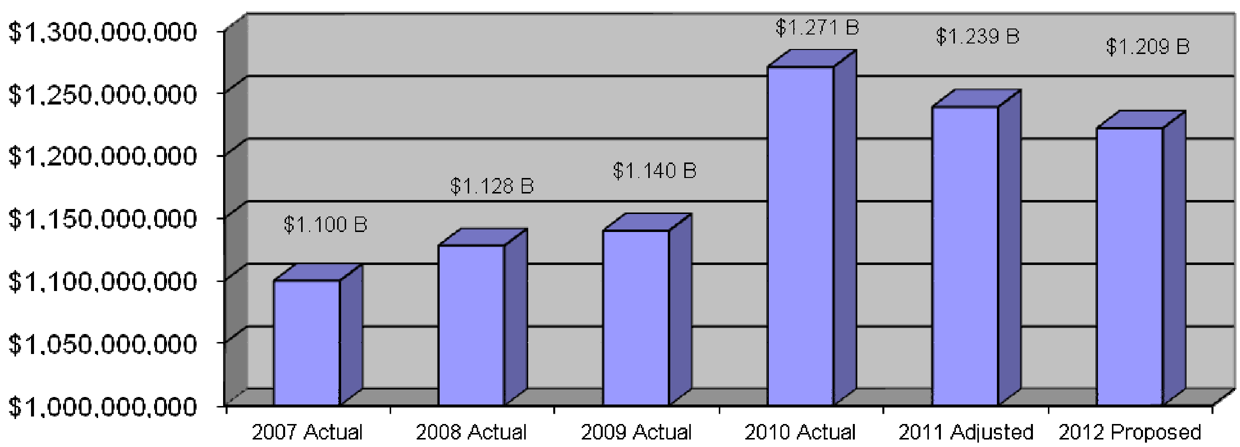
The FY 12 Proposed Budget for all funds, except Sewers, Grants and Community Development, is $1,523,883,080. This compares to $1,511,552,403 for the 2011 Adopted Budget and $1,536,118,728 for the 2011 Adjusted Budget. By comparison, actual expenditures for the 2010 fiscal year amounted to $1,565,800,482. County spending for 2012 is proposed to decrease by $12.24 million compared to the 2011 adjusted amount. The major decreases in spending are for personal services in the General Fund, Debt Service and Utility Charges.

The following table is a summary by fund:

| Fund | 2011 Adopted | 2011 Adjusted | 2012 Proposed |
|---|---|---|---|
| General | 1,337,623,425 | 1,358,430,769 | 1,354,619,656 |
| Utilities | 41,583,046 | 41,453,593 | 37,718,101 |
| Road | 27,501,718 | 27,501,718 | 29,721,616 |
| E-911 | 7,134,649 | 7,134,649 | 7,298,303 |
| Debt Service | 74,885,257 | 74,885,257 | 70,891,751 |
| Library | 22,824,308 | 26,712,742 | 23,633,653 |
| | 1,511,552,403 | 1,536,118,728 | 1,523,883,080 |

The chart below reflects the County's budget and spending since 2004 for all funds after deducting sales tax shared with local governments, school districts, and the NFTA.

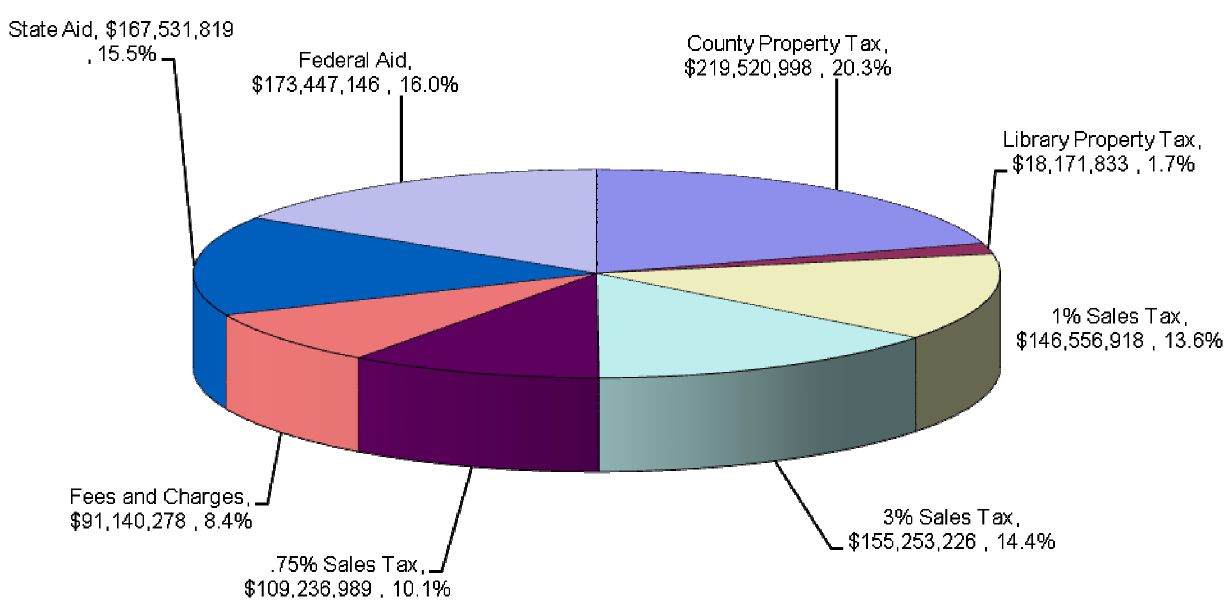
**Recent County Spending***




* Chart adjusted by removing sales tax shared with local governments, school districts and the NFTA.

## Proposed 2012 Revenues – "Operations Budget"

**2012 Revenues by Source***

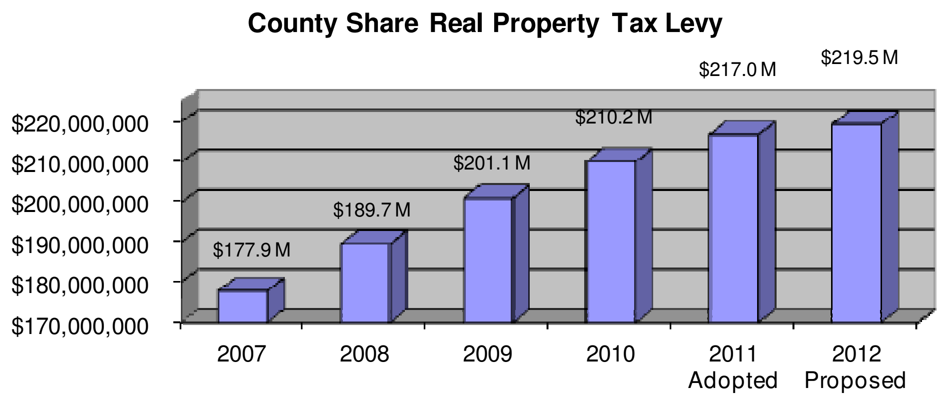



* Note: After subtracting (1) the sharing of $12.5 million with cities, towns and villages from the 1% sales tax and (2) the County's $18,322,596 subsidy to the NFTA, the above amounts to $1,050,036,611; i.e., the "operations budget" for 2012. This compares to the 2011 adopted budget of $1,041,523,223 and actual revenues of $1,061,753,518 in 2010.

## Property Tax

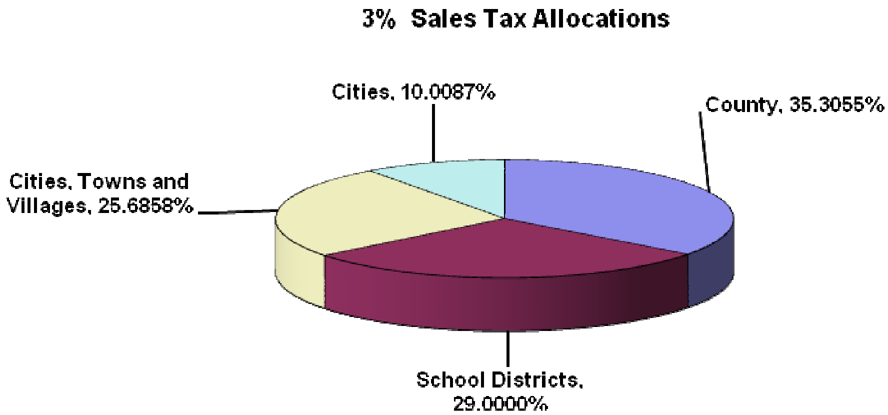
Erie County's property tax rate in the FY 12 Proposed Budget remains at $5.03 per $1,000 of equalized taxable full value. The Collins Administration proposes increasing the total property tax levy from $235,182,208 in FY 2011 to $237,692,831 in FY 2012, an increase of $2,510,623 (approximately 1.1%) as a result of assessment growth. The general government ("County share") property tax levy for 2012 is $219,520,998, an increase from $217,010,375 in 2011. The (proposed) Library tax levy remains at $18,171,833, the same as in 2011.

For the first time in Erie County's history, in 2012 the County's total property tax revenue will be regulated by the Property Tax Cap Law (Chapter 7 of NYS Laws of 2011). The taxes levied pursuant to the 2012 Proposed Budget are within the calculated allowable limit for 2012 as specified by the Property Tax Cap Law.




## Sales Tax

A sales and compensating use tax of 8.75% is levied on applicable products and services in Erie County. Of that total, 4% is levied and allocated to the State and 4.75% is the County share. Of the 4.75%, 3% is allocated as revenue between the County, cities, towns, villages and school districts in Erie County according to a 1977 sales tax sharing agreement entered into by the County and the Cities of Buffalo, Lackawanna and Tonawanda. The 3% allocation formula is as follows:

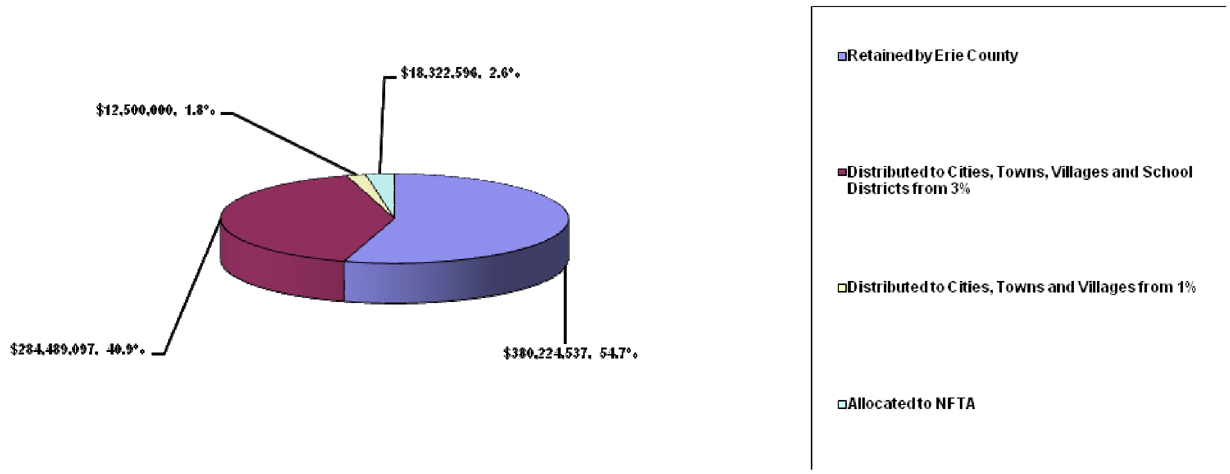



The County retains 35.3055% of the total revenue derived from the 3% sales tax. 10.0087% is allocated to the Cities of Buffalo, Lackawanna and Tonawanda on the basis of population. 25.6858% is divided among the Cities of Buffalo, Lackawanna, Tonawanda and the towns on the basis of population. The amount belonging to the towns is divided on an alternating basis of full value and population. Full value is used to distribute the receipts for the quarters beginning January 1 and July 1, and population is used for the quarters beginning October 1 and April 1. Villages receive a portion of the town amount based on the ratios that the full valuation of real property in such village or portion thereof within the town and the full valuation of real property in the portion of the town outside of such village or villages, respectively bear to the aggregate full valuation of the entire town. 29.0000% is divided among all the school districts with territory in the County on the basis of the average daily attendance of public school pupils who are residents of the County.

In 2006, the New York State Legislature reauthorized the 1.00% sales tax for a two-year period, expiring on February 29, 2008. However, the state legislature required the County to share $12,500,000 of revenues derived from the 1.00% sales tax with the cities, towns and villages (but not the school districts) for this period. In 2008, 2010 and again in 2011, the 1% sales tax was reauthorized now until November 30, 2013 with the provision for sharing $12,500,000 continuing in perpetuity as long as the County imposes the 1.0% tax.

In June 2005, due to the County's budget crisis, and pursuant to Home Rule Requests of the Erie County Legislature and the approval of enabling legislation by the New York State Legislature, an additional 0.25% sales tax was instituted for County purposes. In November 2005, the Erie County Legislature approved a further additional 0.5% sales tax for County purposes, with that 0.5% sales tax commencing on January 15, 2006. The 0.75% sales tax revenue is retained exclusively for the County. The 0.75% sales tax was reauthorized in 2007, 2009 and 2011 and is set to expire on November 30, 2013. The Four Year Plan assumes the Erie County Legislature and State Legislature will approve the renewal of the 0.75% sales tax for the future years.

2012 Total Sales Tax Allocations



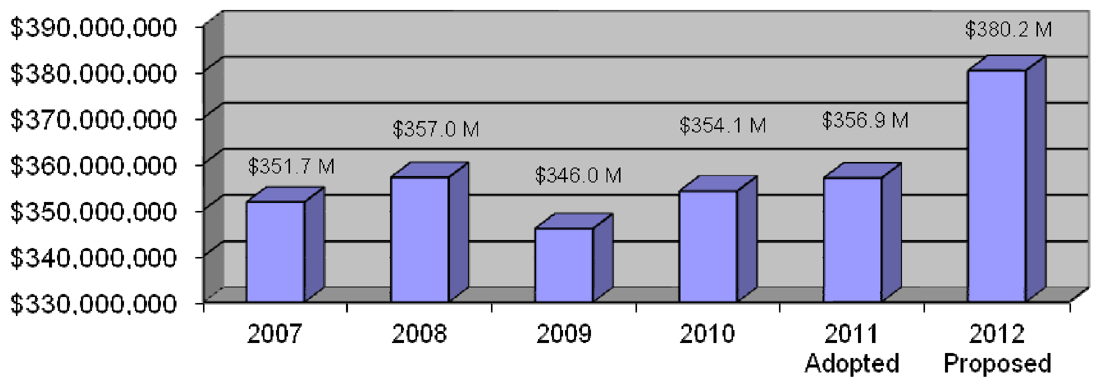

Total revenue generated by the sales tax in the FY 12 Proposed Budget is $695,536,230, a 6.3% increase from the Adopted 2011 Budget amount of $654,398,283.

Eliminating the $315,311,693 of sales tax shared with local governmental entities leaves $380,224,537 in sales tax budgeted for County purposes in 2012 compared to $356,942,508 in sales tax for County purposes in the 2011 Adopted Budget.

The FY 2012 Proposed Budget predicates 3% sales tax growth over 2011 projected actual amounts. The new Four Year Plan (for 2012-15) calls for sales tax revenues to increase by 4% in 2011 as compared to the 2010 actual and 3% each year thereafter. Through finalized August 2011 YTD revenue data (4.24% Aug YTD sales tax revenue increase as compared to August 2010 YTD), the 4% increase for 2011 appears reasonable.

With respect to the FY 12 Proposed Budget, the 3% increase over 2011 projected as well appears reasonable. Since sales tax revenue is the County's largest and a volatile revenue source, it must continue to be closely monitored.

County Share Sales Tax




## Federal Aid

Although Federal Aid is expected to decrease by a total of $1.27 million in FY 2012, it supplants State Aid as the third largest revenue source to the County. As a direct result of the recent recession, beginning in 2009 Federal Aid increased significantly. The single-largest component of this assistance was FMAP: the County received approximately $41.1 million in 2009 and $33.1 million in 2010. Further, for FY 2011, while the County budgeted to receive $13 million in FMAP assistance into July 2011, our best estimate is the County will receive $16.7 million in FMAP funding in 2011. Federal Aid for Social Services in 2012 is budgeted to increase by approximately $9.96 million primarily as a result of changes in State law that regulate Federal, State and Local reimbursement rates for various programs. Federal Aid for other programs is also budgeted to increase by about $1.77 million.

## State Aid

For 2012, State Aid will be the fourth largest revenue source for the County. The FY 12 Proposed Budget includes State Aid of $167.5 million, down from $187.8 million in 2011 and $176.4 million actual in 2010. The main component of the 2012 decrease is cuts to Social Services programs approximating $23.92 million. Some of this decrease will be offset by Federal Aid increases for these programs as noted in the prior section.

## Proposed 2012 Expenditures

### Overview of Personal Services

The FY 12 Proposed Budget includes a net reduction in positions in the County workforce. The Comptroller's Office has analyzed personal services by position and determined the following aggregate data which differs from the County Executive's Executive Summary:

| | | | | | |
|---|---|---|---|---|---|
| **General Fund** | | | | | |
| Occupied Positions Deleted: | 123 | 115FT | 3RPT | 3PT | 2Sea |
| Vacant Positions Deleted: | 167 | 137FT | 2RPT | 25PT | 3Sea |
| New Positions Created: | 81 | | | | |
| **Grant Fund** | | | | | |
| Occupied Positions Deleted: | 4 | 4FT | | | |
| Vacant Positions Deleted: | 6 | 4FT | 2PT | | |
| New Positions Created: | 8 | | | | |
| **Sewerage Management** | | | | | |
| Occupied Positions Deleted: | 0 | | | | |
| Vacant Positions Deleted: | 0 | | | | |
| New Positions Created: | 0 | | | | |

| | |
|---|---|
| **Total Occupied Positions Deleted:** | **127** |
| **Total Vacant Positions Deleted:** | **173** |
| **Total New Positions Created:** | **89** |

In his Executive Summary, the County Executive represents that a total of 308 positions will be eliminated (153 occupied and 155 vacant); our analysis shows a total of 300 positions will be eliminated (127 occupied and 173 vacant) since eight (8) eliminated jobs cannot be accounted for in the FY 2012 Proposed Budget. In addition, our calculation for the number of eliminated vacant or occupied positions differs from that of the Administration's; however, this can be explained by, in several instances, multiple positions under the same job title are targeted to be eliminated. We presume that vacant positions will be eliminated before occupied positions which can skew results towards vacancy deletions.

Although a total of 300 positions are proposed to be eliminated, 89 new positions are slated to be created, so the County will experience a net decrease of 211 positions. Many of the deleted positions in a myriad of departments are clerical and support titles, including receptionists, and clerks/typists/stenographers.

**Department of Social Services**

The greatest number of proposed deletions is in the Department of Social Services with 228 positions slated to be eliminated (a net of 218). In addition to a number of clerical and support positions, many of the proposed deletions are to positions such as Caseworker, Social Welfare Examiner and Medicaid Reform Specialist. These positions are directly responsible for the provision of public assistance benefits to recipients and, in many cases, responsible for identifying waste, fraud and abuse of public assistance.

According to SAP, every proposed eliminated position is partially or entirely funded through federal/state share funds. The County's share ranges from 0% to 49.92%, and across all 228 cuts, averages approximately 25%. Sixty-three (63) of the proposed eliminated positions receive 100% reimbursement. Specifically, the $7,883,016 in total salary that is proposed to be cut through the elimination of these 228 positions is broken down with a projected $1,962,716 county share and $5,920,300 federal/state share. While specific calculations regarding the impact on fringe benefits are more difficult, the same percentage is reimbursed by State and Federal share dollars as is for salaries, so the actual savings to the County would appear similar. Citing the County Executive's Executive Summary, if his intention is to provide services with the fewest possible number of taxpayer-supported positions, we question his efforts to target positions for which the County receives substantial reimbursement from federal/state share dollars. This is a specific example of cutting a lot in order to only save a little.

**Department of Health and Division of Buildings and Grounds**

Of the proposed creation of 89 jobs, most additions are proposed to be provided to the Department of Health and the Division of Buildings and Grounds. Specifically, the Administration proposes adding 38 full-time, five regular part-time and one part-time position in the Department of Health and adding six full-time and 17 part-time positions to the Division of Buildings and Grounds.

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Full-time salary expenditures for the General Fund (Fund 110) are proposed to increase $4.2 million (2.7%) from $156,068,503 in the FY 11 Adopted Budget to $160,278,604 in the FY 12 Proposed Budget. This full-time salary increase is almost fully attributable to reclassification of many former regular part-time positions to full-time positions in accordance with a ruling by the New York State Public Employment Relations Board against the Collins Administration. Specifically, in the FY 11 Adopted Budget, $10,522,961 is appropriated for regular part-time salary expense while in the FY 12 Proposed Budget only $1,972,889 is appropriated. Total personal services expenses (salary and other wages) are proposed to decrease by $5.45 million (2.95%) from $184,935,060 in the FY 11 Adopted Budget to $179,479,054 in the FY 12 Proposed Budget.

For the fourth consecutive year, we note a significant discrepancy. One Accountant FT and six Public Safety Incident Response Monitor FT titles from the Department of Emergency Services do not appear in Book A or Book B. Additionally, in the FY 12 Proposed Budget, one

Emergency Services Coordinator FT and one Interoperable Emergency Communication Consultant PT do not appear. If the proposed budget is adopted without adding these positions, then they will not exist as paid positions.

Please reference Appendix A for more details on other significant proposed adjustments, positions, upgrades and deletions to 2012 personal services compared to the FY 11 Adjusted Budget.

Budgets for previous years included significant turnover amounts that did not meet targets and helped contribute to budget deficits and financial pressure on the County. The FY 12 Proposed Budget includes no turnover account. While we estimate 167 currently vacant positions have been deleted in the Proposed Budget, there are many vacant positions which have not been deleted in many departments, not just the Department of Social Services. In recent years, we estimate vacancy savings to have totaled approximately $6.3 million in 2009, $5.8 million in 2010 and an expected $6.6 million in 2011. It is reasonable to expect that even with the vacancy deletions within the FY 12 Proposed Budget, that the County will realize several million dollars in savings through the year. As such, it is a certainty that there will be some form of a turnover savings, although we do not necessarily recommend the addition of a turnover account by the Legislature with any significant amount.

The FY 11 Adopted Budget includes a $942,000 appropriation for “contractual union salary reserve” for the Sheriff’s PBA bargaining unit for the road patrol. The Four Year Plan for 2012-15 reports no evidence of the General Fund maintaining such an account for this or any other bargaining unit through 2015.

**Proposed and Anticipated Overtime**

In prior years, unbudgeted overtime costs were a significant challenge, particularly for the Sheriff’s Division of Jail Management and the Department of Public Works’ Divisions’ of Highways and Buildings and Grounds. For many years, County adopted budgets routinely under-budgeted for overtime expenses in Jail Management and we reported on that in our past four budget reports.

Recently the Comptroller’s Office issued a review of overtime expenses within Jail Management which emphasizes that hiring an additional 67 deputies and corrections officers will enable the County to dramatically reduce overtime expenses and save $2.9 million over the next five years. As noted in Appendix A, no additional deputies or corrections officers are included in the FY 2012 Proposed Budget.

In the FY 12 Proposed Budget, Jail Management overtime is proposed to be decreased by $400,000 (to $8,127,498) from $8,527,498 in the 2011 Adopted Budget. Year-to-date overtime expense is $8,678,383 and we project final 2011 overtime at approximately $11,126,132. Based on this projection, budgeted overtime for Jail Management is significantly understated.

The FY 11 Adopted Budget appropriated $1,250,000 for overtime expense in the Department of Public Works' Division of Highways. Year-to-date overtime expense is $1,657,470 and we project final 2011 overtime to be more than $2,124,000. Again the FY 12 Proposed Budget appropriates $1,250,000 for overtime. Based on results in recent years, this estimate is significantly understated.

Since 2005 unbudgeted overtime expense in the Division of Buildings and Grounds has also been problematic. Despite a Six Sigma project in the division which allegedly resulted in savings on overtime expense, we have not determined such savings (in SAP) and actual costs continue to exceed budget. Year-to-date overtime expense is $293,590 and we project final 2011 overtime at approximately $377,000. The FY 12 Proposed Budget appropriates $270,000 for overtime ($17,132 below the $287,132 included in the FY11 Adopted Budget). Based on recent years' results, this estimate is understated.

**Fringe Benefits**

Across departments, there appears to be overstatements and understatements of fringe benefits. Generally, fringe benefits proportionally increase or decrease with increases or decreases in funds appropriated for wages. However, there are examples of multi-million dollar changes to wage appropriations that either result in little change to fringe benefits or an opposite change than would be expected.

In one example, cuts to personnel within the Department of Social Services reduce personnel expenses within the department (wages, overtime, other payments, ect.) by nearly $7.7 million while the appropriation for fringe benefits is only reduced from $38,321,059 in the FY 11 Adjusted Budget to $37,973,888 (a $347,171 reduction) in the FY 12 Proposed Budget. Our office projects that fringe benefits should be reduced to approximately $35,900,000, which would mean a reduction of approximately $2.1 million. And, after taking into consideration revenue impact, which would reduce the net County savings by approximately $1.6 million, we still believe the net fringe benefit-related accounts have been over-budgeted by about $500,000.

In our 2009 budget review report, we noted a $3 million increase in the proposed 2009 budget in fringe benefits expense in Jail Management which did not correspond to 2007 and 2008 results. During the FY 2009 budget process, the Collins Administration and Sheriff's Office failed to provide information explaining this significant increase, and the adopted 2009 budget included $20.4 million while the actual 2008 expense was $16,022,841. Final 2009 expense was $16.3 million. This over-budgeting of fringe benefit expense helped to generate positive variances and a budget surplus in 2008 and 2009.

In the FY 10 Proposed Budget, the Sheriff requested a fringe benefit appropriation of $20,376,185 and the Collins administration increased it to $22,370,284. In the FY 11 Proposed Budget, the Sheriff requested $19,692,112 and the Collins administration increased it to $21,631,684. However, in the FY 2012 Proposed Budget, we recognize a curious departure from this previous trend.

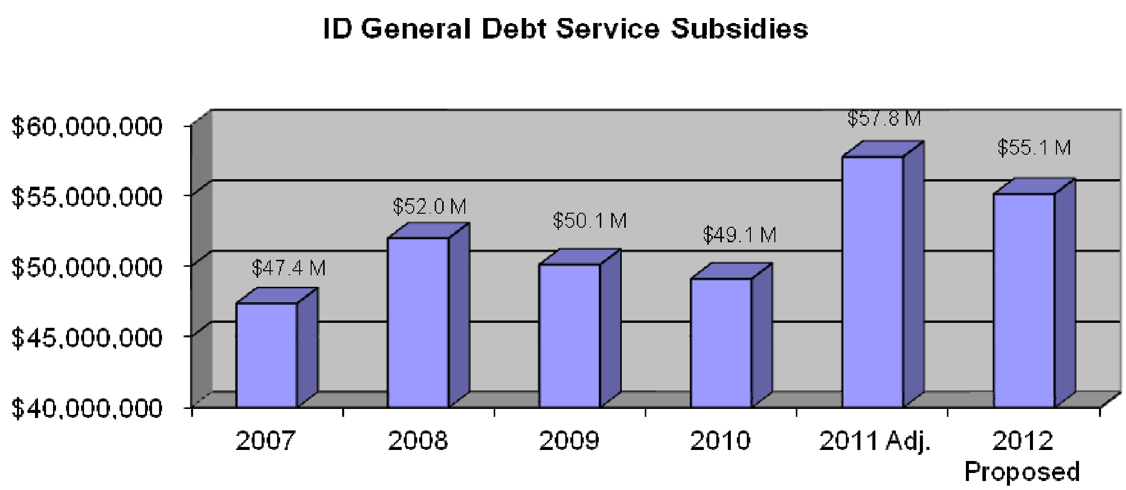
In the FY 12 Proposed Budget, the Sheriff requested a fringe benefit appropriation of $30,849,851 but the Collins Administration reduced it to $21,647,496. We question what led the Sheriff to request more than $9.2 million in additional fringe benefits considering there are no other substantial increases to any other personal services expenses.

## Debt Service

The County's total net indebtedness, after statutory exclusions (self-financing Sewer Districts), will decrease from $524.9 million at YE 2007 to $511.6 million at YE 2011; i.e., $13.3 million (2.5%) reduction. The primary reason for the decrease is the Collins Administration's decision to implement the Comptroller's recommendations specified in last year's and prior years' budget reviews admonishing the Administration to make a conscious effort to reduce the County's debt.

Initially, the projected borrowing for 2011 was approximately $40.0 million and the amount actually borrowed was $16.8 million. This is a positive development considering total net indebtedness had previously increased by $21.0 million (4.0%) from YE 2007 to YE 2010. Based on the County's plan to limit borrowings to $20.0 million for the years 2012-2015 (as opposed to $40.0 million per year from 2012-2014 in the 2011 initial Four Year Plan for 2011-14 submitted in October 2010), total net indebtedness will continue to decrease.

The General Fund county-wide subsidy (Fund Center 140020) for General Debt Service (excludes departmental subsidies for DISS, Youth and Tourism projects) in the FY 12 Proposed Budget is $55,133,553 which is a 16.35% increase over the amount appropriated in 2007 ($47,386,133), but less than the 2011 adjusted appropriation of $57,771,572.




Total General Fund subsidy for debt service is projected to decrease from $62.2 million in the FY 12 Proposed Budget to $59.8 million in 2015, or $2.4 million, as presented in the new/proposed Four Year Plan for 2012-15.

Payments from the Debt Service Fund for General Debt have also increased since 2007. The total appropriation (principal, interest and bond issue costs) rose from $58,921,506 in 2007 to $68,543,110 in 2011, primarily as a result of the 2010 ECFSA bond sale executed on behalf of the County. With only $16.8 million of bonds issued for capital projects in 2011, this expenditure will decrease to $63,959,379 in the FY 12 Proposed Budget.

## Capital Budget

The FY 12 Proposed Budget includes a Capital Budget amounting to $49,571,826, a decrease from $85,047,400 in the FY 11 Budget. Twenty ($20) million of the 2012 Capital Program would be bonded, $6.4 million would be pay-as-you-go, and Federal, State and other local source funding would be $23.2 million.

Significant proposed changes from the prior year's Budget include:

- Pursuant to the 2010 Master Agreement between the County and ECMCC, the County is required to remit $11.5 million to the hospital corporation by January 31, 2012 for construction of a new Erie County Home at the Grider Street campus. The amount was included in the 2011 Capital Budget and accounts for most of the decrease in 2012 General Projects.
- The County will bond $2.9 million for improvements to Ralph Wilson Stadium, an increase from $2.8 million in 2011. However, unlike prior years, in the years 2013-2017 of the Capital Program, the Collins Administration makes no projections of any capital funds for the stadium, and instead states "Unknown" for the estimates. The lease with the Buffalo Bills expires on July 31, 2013.
- Only $222,350 is allocated for Sheriff's projects with only $150,000 earmarked for Holding Center improvements. No additional funds are planned to be spent on Sheriff's projects for the years 2013-2017.
- Capital funds in the amount of $3,000,000 for the Buffalo and Erie County Botanical Gardens in the 2011-2016 Capital Program, scheduled to be spent in 2013, have been eliminated. Pursuant to the approved Four Year Plan for 2011-14, the County's capital commitment has been completed.
- Capital funds, amounting to $15,500,000 for the period 2012-2017 for County parks, have appeared after no funds were allocated in the 2011-2016 Capital Budget.
- $1,365,000 is provided for the Sherwood Greenway Trail project and the Black Rock Canal Park Improvements project in 2012.
- There are no capital funds for the Library system.
- Road and bridge reconstruction is decreased by $13,990,042 in 2012.
- In the 2011 Capital Budget, the Collins Administration planned to spend $11,354,000 for ECC improvements and $60,804,000 in total from 2011-2016. The 2012-2017 Capital Program projects spending only $1,800,000 per year and only for college-wide equipment. Previous plans for New York State to contribute with the County towards a new academic health sciences building at the college's north campus have not occurred.

## Employee Health Insurance Costs

During the past several years, the County has not fully expended all available annual appropriations for health insurance for active employees. For instance, the Adjusted 2009 Budget provided $37.3 million for active County employee health insurance expense, and the actual expense was $34.7 million. The Adopted 2010 Budget provided $41.4 million for active County employee health insurance expense, and the actual expense was $37.2 million.

Much of this reduced expense was due to lower actual use by County employees thereby resulting in fewer claims. The net effect of this occurrence is to help create positive variances in the General Fund resulting in budget surpluses. The Adopted 2011 Budget provided for $37.6 million for this expense. Through September 2011, year-to-date estimated expense is $26.4 million, approximately the same amount for the same period in 2010. Therefore, if the trend continues to mimic last year's results, we project possible final 2011 expense of approximately $37.2 million, a small positive variance in this account.

The FY 12 Proposed Budget appropriates $35.0 million for active employee health insurance expense which is lower than the Adopted 2011 Budget and the projected 2011 actual results. We presume most of this reduced expenditure is due to the elimination of more filled positions in the FY 12 Proposed Budget. We also note the assumption for health insurance growth drops to 6% from the 8% used in previous years.

While retiree health insurance costs have increased significantly in recent years, thereby creating pressure on the General Fund, the Collins Administration over-budgeted for this expense in 2009 and 2010. The Adjusted 2009 Budget appropriated $18.2 million and actual expense was $16.7 million. The Adopted 2010 Budget provided for $20.3 million and actual expense was $18.6 million. The Adopted 2011 Budget provides for $18.2 million for this expense. If trends continue as in 2010, we project a possible 2011 retiree healthcare expense at $19.1 million. The FY 12 Proposed Budget appropriates $18.5 million. Given projected 2011 results and projected health insurance growth of 6%, we assert this FY 12 Proposed Budget appropriation for retiree healthcare is underestimated.

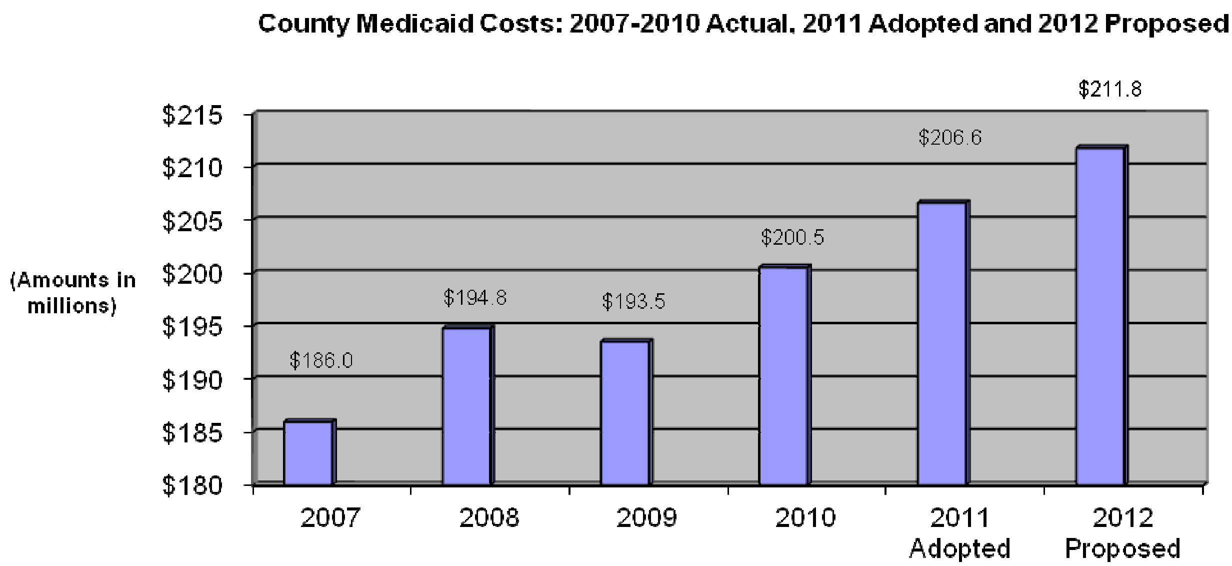
## Pension Costs

The County's General Fund recurring pension costs for New York State and Local Employees' Retirement System ("System") billings increased from $13.84 million in 2009 to $20.2 million in 2010. Due in large part to the 2008-09 financial meltdown and the related negative effects on the State pension fund earnings, the County's local contributions continue to rise with a projected 2011 expense of $ 27.8 million. The cost will increase significantly again in 2012. The FY 12 Proposed Budget includes $34.05 million for 2012 costs; this estimate is reasonable.

The 2012-2015 Four Year Plan projects no material increase in 2013 and out-years cost growth of 1.5% for 2014 and 2.05% for 2015. The amounts stated in the 2012-2015 Four Year Plan are reasonable.

## Medicaid-MMIS

In 2006, following legislation enacted by the State in 2005, county governments across New York State experienced a cap on their local share of Medicaid spending, with limited growth in Medicaid spending and the State absorbing more of the cost burden. Erie County benefited from the cap in Medicaid spending growth. Actual 2008 Medicaid expense was $194.8 million, the 2009 expense was $193.2 million, and the 2010 expense was $200.5 million. The FY 2011 Adopted Budget appropriation was $206.6 million and we project the actual expense to be $206.4 million. The FY 12 Proposed Budget appropriation is $211.8 million. Based on available information, this appropriation is reasonable.

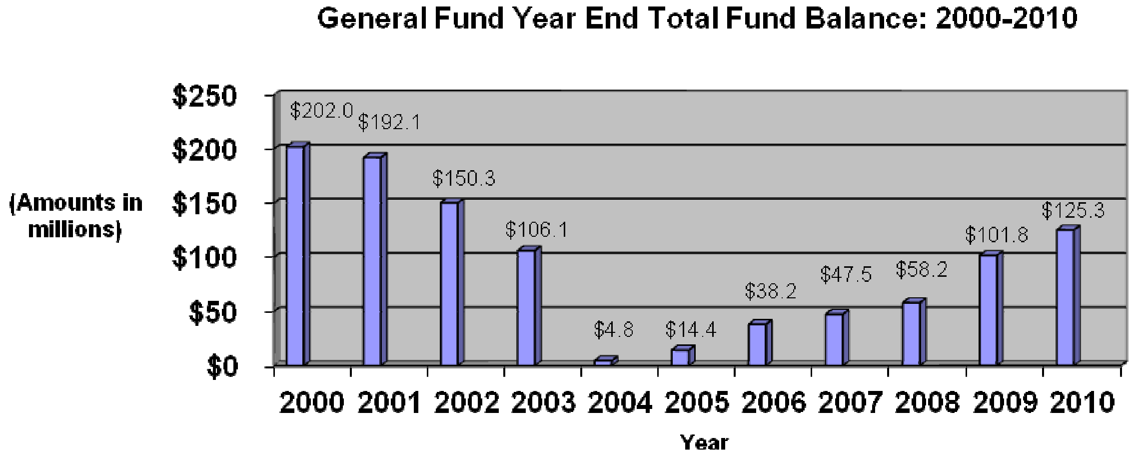



## Fund Balance

After the 2004-2005 “Red - Green” budget crisis, subsequently five consecutive years of rebuilding and not appropriating General Fund undesignated fund balance, the FY 11 Adopted Budget appropriated $16.72 million, the FY 11 Adjusted Budget appropriates an additional $16.71 million, and the FY 12 Proposed Budget appropriates $7.4 million to cover gaps in the respective budgets. This development is significant.

FY 06 results generated a $23.83 million surplus, FY 07 results generated a $9.31 million surplus, FY 08 results generated a $10.65 million surplus, FY 09 results generated a $43.65 million surplus, and FY 10 results generated a $23.48 million surplus. This translates to a total General Fund Balance of $125.31 million at fiscal year-end 2010, of which $66.90 million was undesignated and unreserved. Given the requirements of the Four Year Financial Plan, as well as sound municipal finance practice and the Government Finance Officers Association’s

("GFOA") recommendations, the replenishment of fund balance is a positive and necessary development.




Beginning January 1, 2007, the County Charter requires the maintenance of a fund balance equal to or greater than 5% of the amount contained in the budget of each fund in the immediately preceding fiscal year. This means for 2012, based on the adopted 2011 General Fund budget of $1.040 billion, undesignated fund balance for the General Fund should be approximately $52.0 million. At year-end 2010, total undesignated unreserved General Fund balance was $66.9 million resulting in an excess of $14.9 million over the 5% requirement.

**Collins Administration's Miscalculation of the 5% Fund Balance Excess**

In the FY 12 Proposed Budget, the Collins Administration improperly calculates the 5% Fund Balance excess for the General Fund. Considering their calculation, for 2010 they improperly add back a $5.58 million pension payment to the General Fund Undesignated Fund Balance. In addition, the Administration incorrectly bases its calculation on the 2012 Budget, rather than the 2011 Budget, and incorrectly uses the "Operations Budget" (which includes the Library budget of $18.17 million) rather than just the General Fund budget. The effect of these miscalculations is a net overstatement of the 5% Excess Fund Balance available for appropriation by $5.09 million.

We recognize the Collins Administration intentionally uses these calculations to make additional fund balance available as a potential revenue source to cover budget gaps – likely in 2013. Recognizing that the Administration uses $7.44 million of General Fund fund balance in 2012 clearly reveals its intentions.

## Risk Retention Fund

The FY 12 Proposed Budget again appropriates $3 million for the Risk Retention Fund, the same amount as fiscal years 2009 through 2011. In addition, previously $5.31 million of 2010 unexpended risk retention funds were re-appropriated making these funds available for use in 2011. As of September 30, 2011, $6.88 million remains available in the Fund. All or a portion of unexpended balances in the Fund have been carried forward annually since 2006. This practice will likely continue at year-end 2011.

Based on these considerations, we recognize the prudent value of eliminating or at least reducing this appropriation from the $3 million amount. The $6.8 million available balance appears to more than satisfy remaining anticipated 2011 and FY 2012 risk retention needs; i.e., dating back to FY 2004, the greatest annual expenditure from the Risk Retention Fund was $4.1 million.

## Workers Compensation

The FY 12 Proposed Budget appropriates $13,899,300 for Workers Compensation claims through the County Attorney's Office. Actual 2010 expenditure was $11,202,284. The Adopted 2011 Budget appropriated $13,008,210, and through September 2011, year-to-date expenditure is $8.82 million. We project a final 2011 expense of $11.3 million. As such, there is likely a positive variance in this area for 2011 and likely an overestimation of expenditures for 2012.

## Erie County Medical Center Corporation ("ECMCC")

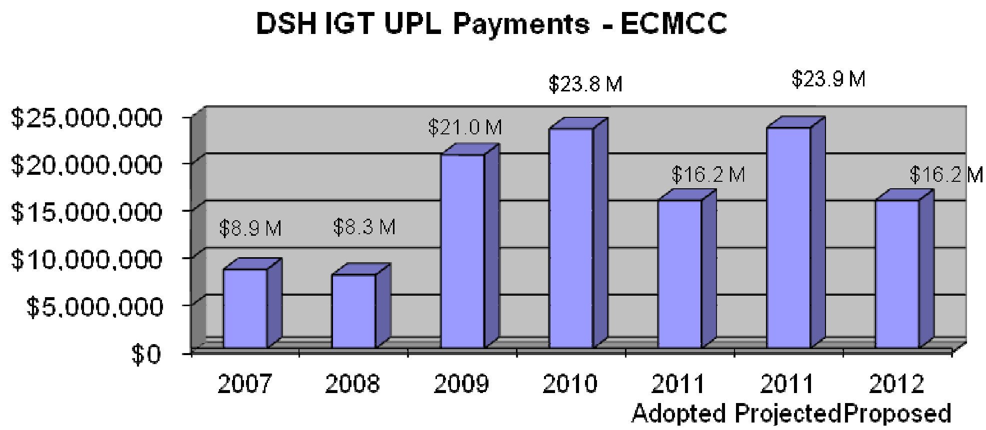
The FY 12 Proposed Budget includes four (4) separate fund centers with appropriations to or related to ECMCC. In the ECMC fund center, $8,136,389 is appropriated for retiree health insurance and workers compensation expenses related to the pre-2004 operations at the hospital. In the Erie County Home fund center, $2,001,306 is appropriated for retiree healthcare and workers compensation expenses. In the Countywide Budget Accounts fund center, $1,431,180 is appropriated to ECMCC as "department payments to ECMCC" for School 84. The payment for School 84 has been unchanged since 2003. It is likely that costs for School 84 have increased since then and ECMCC might seek a greater County payment. Total 2011 County payments associated with ECMCC in these accounts total $11,568,875.

In 2010, the County and ECMCC agreed to a master settlement agreement specifying the County's financial obligations to the hospital corporation. The largest component is an annual County payment which is the larger of either (1) an annual County operating subsidy to ECMCC totaling $16.2 million, or (2) the combined amount owed under the State-mandated Disproportionate Share Hospital ("DSH") and Upper Payment Limit ("UPL") payments to the New York State Department of Health ("NYSDOH"). Under the agreement, if the County's DSH/UPL expenses exceed the $16.2 million annual subsidy, the master agreement allows the County to access, with ECMCC permission and a "satisfactory" outside legal opinion, an ECMCC-controlled credit balance called the Excess Operating Support ("EOS") Credit. The EOS Credit balance is presently $15.2 million.

The process works as follows: the County annually pays NYSDOH for the annual DSH/UPL obligation and the County is then allowed under the agreement to ask ECMCC in December to refund the difference between $16.2 million and the higher DSH/UPL amount to the County by January. This creates a potential temporary cash flow issue for the County but not a budget issue – only as long as the EOS Credit balance exists to cover the difference. The problem with this process is that once the EOS Credit Balance expires, the County will have to pay the higher combined DSH/UPL payments while the 2012-2015 Four Year Plan only projects $16.2 million annual payments.

**Based on known DSH and UPL charges, the entire EOS credit balance of $15 million will be exhausted in 2011. The net cost to fund the DSH and UPL programs will exceed the budgeted $16.2 million by $7.7 million. For 2012 and future years, the EOS credit will no longer be a safety net to limit county costs.**

For FY 12, it is expected that DSH/UPL payments will be approximately $21.3 million, which is $5.1 million above than the budgeted $16.2 million. We believe, based on the past years' DSH/UPL payment obligations that 2013 – 2015 DSH/UPL payments will also likely be higher than $16.2 million and as such, this account in the Four Year Plan is understated.




* The 2011 Projected column reflects the Comptroller's Office's estimate of the final 2011 net cost to the County.

## Erie Community College

On May 9, 2011, Erie Community College's ("ECC") Board of Trustees adopted its budget for fiscal year 2011-2012 ( ECC's fiscal year is September 1 through August 31), with a County-sponsored contribution of $15,629,317, which was unanimously approved by the County Legislature on June 30, 2011. This was to be paid by the County in its 2012 budget. However, the County Executive's 2012 Proposed Budget reduced the funding to $15,420,778 which is a $208,539 or 1.3% decrease. The Four Year Plan continues this funding level through 2015.

Similarly, on May 4, 2010, ECC's Board of Trustees adopted a 2010-2011 budget with a County sponsor contribution of $15,629,317. This was to be paid by the County in its 2011 Budget. In late May 2010 the County Executive submitted that budget request to the County Legislature and reduced the County contribution by $208,539, making the subsidy $15,420,778 – the same as 2008 and 2009. Despite resolutions on June 24, 2010 and again on June 30, 2011, where the County Legislature voted unanimously to make the 2011 appropriation $15,629,317, the funding released so far by the County in 2011 is only $15,420,778.

During the FY 10 Proposed Budget process in late 2009, the Legislature appropriated $15,629,317. After the County Executive initially refused to release the additional $208,539, ECC received $15,629,317 in 2010.

## Community College Chargebacks

Community college sponsors; i.e., county governments, in New York State are required to pay community colleges in other counties a fee for local residents attending the community college in the other county. For example, Erie County is required to pay a fee to Niagara County Community College ("NCCC") for each Erie County resident-student attending NCCC. This process is referred to as the "chargeback" and the formal name of the account is "County Residents Enrolled Community College."

Through 2010, annual Erie County chargeback costs increased as more of our residents attend community colleges beyond Erie County, particularly NCCC. However, the State University of New York's reductions in the NCCC chargeback rate for the 2010-2011 and 2011-12 school years have reversed this trend. NCCC's rate declined from $2,460 per full-time equivalent for the 2009-10 school year to $1,970 for 2010-11 and, as we learned in late September 2011, to $1,540 for the 2011-12 school year. Therefore we currently project 2011 expenditures to be $4.5 million, or $1.1 million under the budgeted amount. The FY 12 Proposed Budget provides $4,526,640 for this expenditure. Based on the information available to the Comptroller's Office, this estimate is reasonable.

## Tourism, Visitors and Convention Services

Erie County owns the Buffalo/Niagara Convention Center. Visit Niagara Buffalo, formerly the Buffalo Niagara Convention and Visitors' Bureau, operates and manages the complex for the County. Under the terms of the Hotel Occupancy Tax Law, a special tax is levied on all guests at overnight accommodations establishments in the County. The tax revenue is partially used to offset debt service expenses at the Convention Center, as well as to promote tourism in Erie County.

Since 2005, the County has increasingly used revenue from the tax to support the County's operations. In recent years, the County has appropriated funds for tourism and convention services against budgeted revenues as follows:

| Year | Appropriations | Revenues |
|---|---|---|
| 2008 | $4,250,000 | $7,001,000 |
| 2009 | $4,250,000 | $7,300,000 |
| 2010 | $5,000,000 | $7,752,000 |
| 2011 | $4,900,000 | $7,752,000 |
| 2012* | $4,950,000 | $8,400,334 |

*Proposed

The Proposed 2012 Budget projects Hotel Occupancy Tax revenue of $8,400,334, which is an 8.4% increase from the 2011 budgeted amount, and a total of $4,950,000, which is a 1% increase from the 2011 budgeted amount, to be appropriated to the Buffalo Convention Center and the Buffalo Niagara Convention and Visitors' Bureau. In addition, the Proposed 2012 Budget allocates $2,883,037 to pay down County debt service associated with prior year bonded capital projects at the Convention Center.

In a departure from prior years, to-date in 2011 the Collins Administration has declined to request legislative approval to appropriate additional revenue from the Hotel Occupancy Tax for tourism/convention purposes. In the Proposed 2012 Budget Resolutions, the Collins Administration deleted the customary annual resolution permitting the administration to designate a Tourism Promotion Agency for Erie County and enter into contracts to allocate hotel occupancy taxes.

The agreement for 2008 and 2009 between the County and Visit Buffalo Niagara includes a provision requiring Visit Buffalo Niagara to refund any surplus or unappropriated funds to the County. In March 2011 the Comptroller's Office completed an Audit of Visit Buffalo Niagara. In the Audit, the Comptroller contends that because the contract was poorly written, specifically with respect to the way a surplus would be calculated, Visit Buffalo Niagara may have had surpluses in previous years and failed to reimburse the County.

## Dedicated Cultural Funding

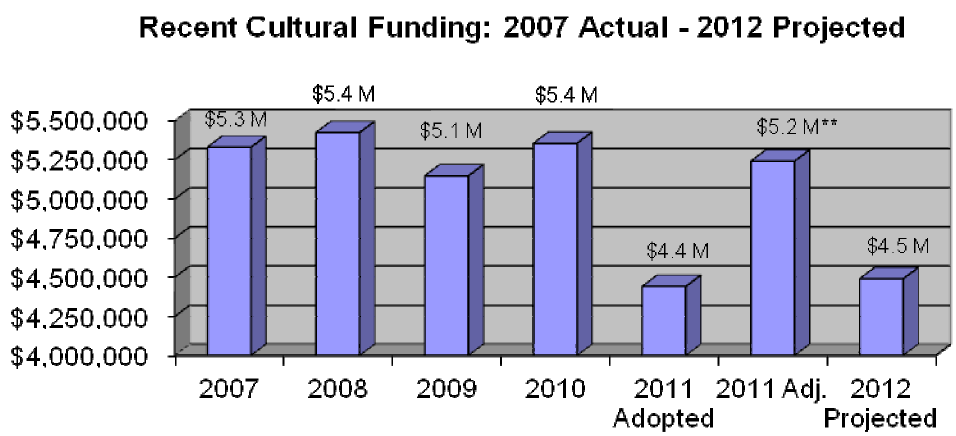
The 2012 Proposed Budget appropriates a total of $4,490,000 for the same 10 cultural organizations that were funded in the 2011 Adopted Budget, which is $451,000 (9.1%) less than the County's total appropriation in the 2011 Adjusted Budget. There are two key differences between the 2012 Proposed Budget and the 2011 Adjusted Budget: the $500,000 adjusted (additional) appropriation in 2011 to the Darwin Martin House Restoration project and the proposed $49,000 increase in 2012 in appropriation to the Hamburg Natural Historical Society; i.e., the only proposed increase in appropriation in 2012 to a cultural organization.

In addition, in September 2011 the County Executive announced an additional $300,000 in funding to the County's cultural and arts organizations for capital projects and improvements; the funding was issued on October 3, 2011 against the County's fund balance.

All other proposed appropriations to cultural organizations are identical to 2011.

The 2012 Proposed Budget total appropriation is indicative of the Collins Administration's continued emphasis on substantially reducing funding to cultural organizations. In the 2010 Adopted Budget, 49 organizations were to be appropriated a total of $6,512,086; however, only $5,355,443 was actually remitted. Altogether the Collins Administration proposes $2,022,086 (31%) in total reduction from the 2010 Adopted Budget as compared to the 2012 Proposed Budget.

The Erie County Cultural Resources Advisory Board ("CRAB") review, recommendation and appropriation process appears to have been terminated by the Collins Administration.




**Includes $300,000 in funding for capital projects and improvements in October 2011.

## Road Fund/CHIP/Highway Funding

In the FY 12 Proposed Budget, the Administration proposes to increase the General Fund subsidy to the Road Fund from $12.9 million (budgeted) in 2011 to $14.0 million in FY 2012. The FY 12 Proposed Budget also provides $29.7 million for Road Fund spending, an increase from $27.5 million in 2011. Actual spending in 2010 was $ 27.0 million, and $1.0 million of the proposed 2012 spending increase relates to the additional transfer of Consolidated Highway Improvement Program (CHIPS)-related funding to the Capital Fund. Since the majority of CHIPS reimbursement relates to Capital expenditures, we support this action. CHIPS-budgeted 2012 revenue from the State is identical to the 2011 expected actual revenue, both of which are $7.5 million.

A positive development in 2011 for the Road Fund is the increase in Transfer Tax revenue. We project 2011 revenue to be $ 8.8 million which is $1.5 million greater than the 2011 budgeted amount. Potentially this excess can be used to reduce the amount of required 2011 General Fund subsidy. The FY 12 Transfer Tax in the Proposed Budget is $8.0 million, which is a reasonable amount.

## Miscellaneous Items

## Buffalo Lockup

In 2011, the Collins administration announced that it would terminate the 2003 agreement with the City of Buffalo to provide its cellblock function under contract at the Erie County Holding Center ("Agreement") effective October 1, 2011. However, as stated in 2012 Proposed Budget Resolution #34 in Book B, this termination has been delayed and is now anticipated to occur in March 2012. As part of a 2007 audit of the Erie County Holding Center, the Comptroller's Office noted that the cost to the County for maintaining the Lockup exceeded the City's payments for the service by more than $1.6 million from 2003-2006 and recommended that the Agreement be renegotiated under threat of termination. Since that time, the cost to the County has continued to increase. The Comptroller's Office believes that if the agreement had been terminated as of October 1, 2011, the total cost to the County would be more than $4.8 million. However, now we project that this Agreement will cost the County approximately $61,000 for every month its termination is delayed. If the March 2012 projection is realized, then we project it will cost the County an additional $308,000 for a total of $5.1 million over the lifetime of the Agreement.

Although the 2012 Budget Resolution #34 allows the County Executive to take actions to terminate the 18 deputies and one clerk in the Buffalo Lockup Security cost center without legislative approval upon the termination of the Agreement, funding for these positions is included in the FY 12 Proposed Budget for a total of $891,529.

## Library Funding

In 2011, the County Executive cut the Buffalo and Erie County Public Library's ("Library System") property tax levy by $4 million from $22,171,833 down to $18,171,833. However, amid pressure from the public, during the year an additional $3 million in fund balance was allocated to offset much of what had been cut (total of $21,171,833). Additionally, $250,000 was designated in 2010 Fund Balance for the reconfiguration of space at the Central Library. Despite the restoration of some County funding, the Library System was forced to increase Appropriated Fund Balance mid-year from the FY 11 Adopted Budget appropriation of $1,574,126 up to $5,626,138 to cover operations. The Library's continued use of Fund Balance to cover operations is a serious issue with consequences once fund balance is no longer available.

The 2012-2015 Four-Year Plan calls for the end of County support of the Library System through the property tax levy by 2015, in favor of a special taxing district. As part of this plan, the County Executive will keep the Library System's property tax levy static at $18,171,833, while also providing a $2 million subsidy from fund balance each of the next three years. While the plan includes transferring the costs of maintenance and utilities for 22 contracting member libraries (28 library locations) to the local municipalities, the County would take on those costs associated with the Central Library and eight branches in the City of Buffalo.

To effectuate this plan, the FY 12 Proposed Budget allocates $18,171,833 from the property tax levy, while providing the Library System an additional $2 million in fund balance. In contrast to the FY 11 Adopted Budget which allocated for $1,574,126 in Appropriated Fund Balance (which was later increased to mover $5.6 million), the FY 12 Proposed Budget allocates $537,954. The Library System's utility appropriation has decreased from $1,129,270 in the FY 11 Adopted Budget (later adjusted to $1,060,580) to $567,001 in the FY 12 Proposed Budget. This $493,579 difference represents the County's commitment to absorbing utility costs as noted above. Additionally, The Department of Public Works' Division of Buildings and Grounds created 22 new positions ($482,506 in salaries) which accounts for similar reductions within the Library System effectively transferring maintenance costs for the Central Library and city branches to the County.

## ETCC

The County entered into four Purchase and Sale Agreements with the Erie Tax Certificate Corporation ("ETCC"), under which ETCC acquired all of the County's rights, title and interest to certain outstanding tax liens. The Agreements executed in 2003, 2004 and 2005 relate to outstanding tax liens for the fiscal years 2005 and prior. ETCC's right to receive collections relating to the tax liens is its most significant asset and is providing funding for all its obligations. ETCC is a special purpose local development corporation organized under the Not-for-Profit Corporation Law of the State and is an instrumentality of, but separate and apart from, the County. ETCC has been reported as a component unit of the County in its financial statements beginning with the year ending December 31, 2004.

Although ETCC's Board of Directors voted in 2010 to terminate its purpose and dissolve ETCC effective December 31, 2010, operations continued into fiscal year 2011 due to identification of a substantial number of properties held in tax foreclosure.

Beginning June 1, 2011, full responsibility for delinquent property tax collection and servicing returned to the County. Further, ETCC's tax liens were transferred to Erie County and recorded in the Erie County Clerk's Office on July 8, 2011.

ETCC's operations continued until all of ETCC's identifiable and invoiced liabilities were paid. The County filed the Certificate of Dissolution with the New York State Attorney General's Office on October 12, 2011 and, subsequently ETCC's operations terminated.

## Interest on 2011 Revenue Anticipation Note

The appropriation for 2011 Revenue Anticipation Note interest in the Comptroller's Office Countywide fund center is overstated by $594,877. The amount of $1,074,231 should be $479,354. The FY 12 Proposed Budget erroneously reflected the ECFSA interest amount.

## Budget Resolutions

Annually, the Proposed Budget includes a series of Budget Resolutions designed to address gaps in the adopted budget, and to codify certain issues. In addition to those Budget Resolutions we have previously remarked upon in this Report, we observed several noteworthy budget resolutions in the FY 12 Proposed Budget which we bring to your attention.

Similar to his actions in his FY 10 and FY 11 Proposed Budgets, in the 2012 Budget Resolutions, the Collins Administration has shifted resolutions around by number, deleted many important prior year resolutions or Legislature amendments to resolutions added to the FY 11 Adopted Budget, changed language (in most cases deleting any and all references to needing County Legislature approval before he undertakes actions) and otherwise engaged in actions which seem designed to avoid transparency and avert legislative oversight.

**NEW BUDGET RESOLUTIONS:**

**2012 Budget Resolution #7**

This new resolution authorizes $1,197,166 in Federal and State reimbursements received as a result of the October 2006 Storm to be utilized in the 2012 Budget. Additionally, it authorizes the Budget Director and Comptroller to transfer these funds from the Emergency Response Fund, Fund 250, to the General Fund 110. We recommend that use of this funding, or transfer to the General Fund be subject to legislative approval.

**2012 Budget Resolution #13**

This new resolution authorizes the Personnel Department to increase the hourly rate an additional 50 cents over the CSEA non-bargaining pay scale for several part-time and seasonal positions within the Parks Department.

**2012 Budget Resolution #26**

This new resolution authorizes Erie County to enter into contracts with NYSDOH and Susan G. Komen for the Cure for the provision of clinical services for the Partners for Prevention, Cancer Service Program. Additionally, it also authorizes the County to bypass the RFP procedures while entering into contracts with a number of organizations to provide public health services.

**2012 Budget Resolution #36**

This new resolution authorizes the Sheriff's Office to bypass RFP procedures and enter into contracts with individuals to act as NYS General Municipal Law Section 207-c hearing officers, to conduct polygraph exams and to provide psychological evaluations. Currently these activities require prior legislative approval and we believe this resolution is added to avoid this oversight function.

**DELETED BUDGET RESOLUTIONS:**

**2011 Budget Resolution #23**

This 2011 resolution authorizing the County to renew a $25,000 contract with James McGuinness and Associates, Inc., for work associated with the Preschool Program has been deleted. James McGuiness and Associates has, however, been added to the list of organizations the County can enter into contract with for various Public Health Services as part of 2012 Budget Resolution #24.

**2011 Budget Resolution #25**

This 2011 resolution authorizing the County to enter into a contract with James McGuinness and Associates in the amount of $12,000 to maintain a computerized management system for the billing and collecting of third-party insurance revenues has been deleted. James McGuiness and Associates has, however, been added to the list of organizations the County can enter into contract with for various Public Health Services as part of 2012 Budget Resolution #24.

**2011 Budget Resolution #42**

This 2011 resolution authorizing the Department of Mental Health to enter into language interpreter, psychiatrist and psychiatric nurse practitioner fee-for-service contracts has been deleted.

**2011 Budget Resolution #48**

This 2011 resolution noting the total 2011 appropriations, estimated revenues and tax levies for Sewer District Nos. 1-6 and 8 has been updated and included as Sewer Fund Budget Resolutions Amendment to the 2012 Executive Recommended Budget 1A.

**2011 Budget Resolution #49**

This 2011 resolution authorizing Erie County Sewer District No. 8 to establish a Capital Reserve Fund for the purpose of replacing equipment and making capital improvements to the sewerage facilities has been deleted.

**2011 Budget Resolution #71**

This 2011 resolution directing the County Commissioner of Personnel and Director of Budget and management to file monthly vacancy reports with the Legislature has been deleted once again by the Collins Administration. This resolution was previously restored to the FY 11 Adopted Budget by the Legislature as Amendment L.

**2011 Budget Resolution #72**

This 2011 resolution requiring the Erie County Legislature to hold mid-year budget hearings has been deleted once again by the Collins Administration. This resolution was previously restored to the FY 11 Adopted Budget by the Legislature as Amendment M.

**2011 Budget Resolution #73**

This 2011 resolution authorizing, among other directives, the County Executive to designate a Tourist Promotion Agency for Erie County and enter into contracts to allocate Hotel Occupancy Taxes, as well as limiting him from reducing funds to the Buffalo Niagara Convention and Visitors Bureau (now called Visit Buffalo Niagara) without Legislature approval has been deleted once again by the Collins Administration. This resolution was previously restored to the FY 11 Adopted Budget by the Legislature as Amendment N.

**2011 Budget Resolution #74**

This 2011 resolution authorizing the establishment of certain salary levels for Legislature District Office personnel has been deleted once again by the Collins Administration. This resolution was previously restored to the FY 11 Adopted Budget by the Legislature as Amendment O.

**2011 Budget Resolution #75**

This 2011 resolution demonstrating the Legislature's believe that the Prime Time Initiative is vitally important despite New York State's failure to provide matching funds has been deleted once again by the Collins Administration. This resolution was previously restored to the FY 11 Adopted Budget by the Legislature as Amendment P.

**2011 Budget Resolution #76**

This 2011 resolution directing $50,000 in Municipal Association Fees to be used to pay the 2011 NYSAC dues has been deleted. This resolution was previously restored to the FY 11 Adopted Budget by the Legislature as Amendment Q.

**2011 Budget Resolution #77**

This 2011 resolution opposing the direction of American Recovery and Reinvestment Act Federal Medicaid Assistance Percentage funding into undesignated reserves has been deleted.

This resolution was previously restored to the FY 2011 Adopted Budget by the Legislature as Amendment R.

## CHANGES TO CURRENT BUDGET RESOLUTIONS:

**2012 Budget Resolution # 3**

This resolution authorizing the Director of Budget and Management to accept, award and adjust grants has been amended to omit any reference to requiring prior legislative approval. This language requiring legislative approval was previously restored to the FY 2011 Adopted Budget by the Legislature as Amendment A to 2011 Budget Resolution #3. This resolution would allow the Administration to change grants without seeking legislative approval, which would deviate from the practice now in effect.

**2012 Budget Resolution #4**

Language in this resolution allowing the Director of Budget and Management to adjust interdepartmental billings has been amended to delete the 2011 requirement of prior legislative approval. This language was previously restored to the FY 2011 Adopted Budget by the Legislature as Amendment B to 2011 Budget Resolution #4. We believe this resolution allows the Administration to change budgeted expenses and revenues without legislative approval, which would deviate from the practice now in effect.

**2012 Budget Resolution #5**

Language in this resolution allowing the Director of Budget and Management to adjust fringe benefit accounts has been amended to delete the 2011 requirement of prior legislative approval. This language was previously restored to the FY 2011 Adopted Budget by the Legislature as Amendment C to 2011 Budget Resolution #5. We believe this resolution allows the Administration to change budgeted expenses and revenues without legislative approval, which would deviate from the practice now in effect.

**2012 Budget Resolution #10**

This resolution was previously combined with FY 12 Budget Resolution #11 as FY 11 Budget Resolution #9, the so-called “variable minimum” resolution. The resolutions have been divided and striped of all language requiring prior legislative approval for the County Executive to fill positions at a per diem or other rate.

As was the case in the FY 11 Proposed Budget, the FY 12 Proposed Budget does not include key paragraphs from 2009 Budget Resolution #3 and language in 2011 Budget

Resolution #9 which limit the administration's approval to award upgrades, conduct reallocations or reclassifications without prior Legislature approval, including properly-completed B-100s.

If this resolution is not changed back to the 2009 and/or 2010 language, the Collins Administration could – and would, given its past actions – award upgrades, make title changes, etc. to positions, including managerial-confidential titles without legislative approval. We recommend the language be amended back to the prior version.

**2012 Budget Resolution #11**

This resolution was previously combined with FY 12 Budget Resolution #11 as FY 11 Budget Resolution #9 as the so-called "variable minimum" resolution. The resolutions have been divided and stripped of all language requiring prior legislative approval for the County Executive to fill positions at a per diem or other rate.

**2012 Budget Resolution #12**

This resolution is amended to add for the use of Seneca Language Oral Proficiency Examiners for proficiency oral tests to qualified Spanish Language Oral Proficiency Examiners at a rate of $25 per hour—up from $20 per hour in 2011 (2011 Budget Resolution #10).

**2012 Budget Resolution #17**

This resolution authorizing contracts between towns and villages and Erie County for the purpose of ice and snow removal has been amended to increase the reimbursement rate per lane mile to $3,312.35 from $3,154.62.

**2012 Budget Resolution #20**

This resolution was previously combined with FY 12 Budget Resolution #21 as FY 11 Budget Resolution #9. Language from 2010 requiring the County to receive legislative approval before decreasing the amount of funds provided in any contract to service providers or cultural or public benefit agencies with ten days notice has not been restored. Additional 2010 language requiring reporting to the Legislature on delays in releasing funding of a contract to these agencies also was not restored.

**2012 Budget Resolution #21**

This resolution was previously combined with FY 12 Budget Resolution #20 as FY 11 Budget Resolution #9.

**2012 Budget Resolution #23**

This resolution authorizing the execution of various contracts without an RFP process in accordance to Department of Health appropriations for fee-for-services has been amended to delete certain contractual services, while adding others and amending certain rates.

**2012 Budget Resolution #24**

This resolution authorizing the Department of Health to enter into contracts and amend those contracts with several organizations to provide Public Health Services has been amended to add 17 new organizations. These include: American Heart Association, American Red Cross, Amherst Radiology/Diagnostic X-ray Services, Catholic Health System, ECC, FAST, James McGuinness and Associates, Kinney Drugs, New York State, Scientific Consulting of WNY, Sheehan Health Network, and several entities associated with the State University of New York at Buffalo.

**2012 Budget Resolution #25**

This resolution authorizing the County Executive to enter into Public Health Service contracts with grantors of various grants has been amended to include Healthy Neighborhoods, 127HLYTHYNEIGH1213.

**2012 Budget Resolution #27**

This resolution authorizing the County Executive to enter into contracts for the operation of the Early Intervention, Preschool and Children with Special Needs Program is amended to delete acknowledgement that necessary funds to cover the cost of these contracts have been appropriated.

**2012 Budget Resolution #29**

This resolution relating to the mileage rate of reimbursement paid to parents to transport their children to facility-based Preschool and Early Intervention Programs has been amended to increase the current rate for commercial busing services round-trip rate from $51.78 to $68.40. This increase is a result of Carrier Coach Inc. being re-awarded this contract at a higher rate because they were the only bidder on the County's RFP.

**2012 Budget Resolution #34**

This resolution announcing the Collins Administration has terminated the 2003 agreement with the City of Buffalo to provide its cellblock function under contract at the Erie County Holding Center has been amended to delay the transfer from October 1, 2011 to March 2012. Additionally, this resolution is amended to allow the Collins Administration to take actions to terminate the eighteen (18) deputies and one (1) clerk in that cost center on that date without any legislative approval. It has been estimated that the failure to terminate or renegotiate this agreement will cost the County an additional $61,000 a month.

**<u>While the County Executive has publicly attacked this office's audits and auditors as "political" as a basis for deleting funding for these positions and for FY 12 he refuses to restore many of their positions, he cites our office's January 2007 audit and review of the</u>**

**<u>Holding Center and Buffalo cellblock agreement to justify his actions in terminating the agreement due to the costs to the County.</u>**

**2012 Budget Resolution #35**

For a second year, this resolution allowing the County Executive to (1) contract with other counties to house prisoners from those counties at the Holding Center and Correctional Facility; (2) negotiate a rate increase for housing federal prisoners; and (3) contract with other counties to house Erie County's prisoners has been amended to delete any reference to legislative approval (2011 Budget Resolution #30).

**2012 Budget Resolution #38**

This resolution authorizing the Department of Social Services to transfer appropriations between the separate accounts budgeted to match actual case referrals and service delivered by multi-program agencies has been amended to include several additional agencies including Baker Victory Services, Hispanics United, and New Directions.

**2012 Budget Resolution #41**

This resolution noting the daily rates of reimbursement to foster boarding home parents for care of children has been amended to decrease the rates associated with care of children ages 0-3 as follows: Normal Rate - $15.95 from $16.12; Special Rate - $23.14 from $23.30; and Exception Rate - $30.31 from $30.47.

**2012 Budget Resolution #42**

This resolution authorizing the Department of Social Services to amend contracts and to make payments to certain providers for 100% State funded allowances to Mandated Preventative Services is amended to remove mention of Community Optional Preventative Services.

**2012 Budget Resolution #46**

This resolution is amended to note that New Directions and Gateway Longview have been selected by the RFP process to provide non-secure detention services for the Erie County Youth Detention.

**2012 Budget Resolution #47**

This resolution authorizing the County Executive to execute contracts with food service vendors to provide for nutritional needs of residents during their required stay at a Youth Detention Center has been amended to delete any reference to prior legislative approval.

**2012 Budget Resolution #48**

This resolution authorizing the County Executive to enter into contracts in accordance with several youth programs is amended to add the Supervision and Treatment Services for Juveniles Program.

**2012 Budget Resolution #49**

This resolution authorizing the County Executive to enter into contracts for certain mental health services has been amended to delete any reference of prior legislative approval. This language was previously restored to the to the FY 2011 Adopted Budget by the Legislature as Amendment H to 2011 Budget Resolution #41.

**2012 Budget Resolution #50**

This resolution authorizing the Department of Mental Health to enter into contracts for certain mental health programs has been amended to include interdepartmental funding and reimbursements, while removing any mention of 100% reimbursements.

**2012 Budget Resolution #52**

This resolution authorizing the County Executive to enter into contracts with certain agencies for the continuation of grants administered by the NYS Office of the Aging is amended to include the New York Connects Program Grant and remove the Housing Improvements for Older Adults Program and New York Connects Point of Entry Services.

**2012 Budget Resolution #53**

This resolution authorizing the County Executive to enter into contracts to operate congregate dining facilities under the Congregate Nutrition Dining Program grant has been amended to delete Baptist Manor as a contracting organization.

**2012 Budget Resolution #55**

This resolution authorizing the County Executive to enter into contracts with various townships for the operation of the Transportation for the Elderly Program has been amended to delete the City of Lackawanna.

**2012 Budget Resolution #58**

This resolution authorizing the County Executive to enter into a contract with Lisa Gebauer Smith for services at Congregate Dining sites is amended to omit any reference to legislative approval for a second straight year. This language was previously restored to the FY 2011 Adopted Budget by the Legislature as Amendment J to 2011 Budget Resolution #57.

**2012 Budget Resolution #59**

This resolution authorizing the County Executive to enter into contracts with various subcontractor agencies for the provision of aging services is amended to remove the Housing Improvements for Older Adults Program as a funding source and add Hearts and Hands: Faith in Action as an approved agency.

**2012 Budget Resolution #61**

This resolution authorizing the County Executive to enter into contracts with certain agencies is amended to include case management, information and referral, and chore as services to be provided, while added Expanded In-Home Service for the Elderly Program as an additional funding source. Lastly several subcontractor agencies have been added including, Catholic Charities, Community Concern of WNY, Concerned Ecumenical Ministry, North Buffalo Community Development Corporation, People Inc, South Buffalo Community Association, and the Town of Amherst by and through the Amherst Center for Senior Services.

**2012 Budget Resolution #62**

This resolution authorizing the County Executive to enter into contracts with certain organizations to provide home care services has been amended to remove Allstate Homecare of Buffalo and Mercy Homecare of WNY as approved organizations.

**2012 Budget Resolution #68**

This resolution authorizing the Department of Senior Services to transfer costs between grants based on changes in allocations has been amended to include negotiations with the grantors and subcontract agencies as a reason for such changes.

**2012 Budget Resolution # 72**

This resolution deletes language restored by the Legislature to the FY 11 Adopted Budget (Amendment S) directing the Director of Budget and Management to include and incorporate budget resolutions approved by the Legislature. We strongly recommend its inclusion. (2011 Budget Resolution #78)

## Comment on Four Year Plan Projections (2012 - 2015)

The new Four Year Plan projects a gap of $7,443,185 in 2012 (to be closed by use of fund balance) and surpluses of $888,657 in 2013, $6,140,165 in 2014 and $11,882,860 in 2015. The 2011-2014 Approved Four Year Plan projects a gap for 2012 of $3,015,681 (to be closed with use of fund balance) and surpluses of $1,997,435 in 2013 and $6,803,137 in 2014.

With surpluses projected for 2013-2015, the Four Year Plan does not include any line item accounts for appropriated fund balance in these years.

**Sales Tax**: While the growth in Sales Tax for 2012 appears reasonable, the continued growth for 2013-2015 at 3% is questionable. The County's 10-year average yearly increase for 2001 to 2010 is approximately 2.05%. The County's 3 year average growth since 2000 presuming 2011-2012 growth at 4%, is approximately 6.83% or 2.28% per year.

In addition, considering recent economic reports showing weakening consumer confidence and forecasting a reasonably strong likelihood of a double-dip recession, to project 3% annual sales tax growth through 2015 appears overly optimistic.

**Property Tax / Rate:** As discussed previously, property tax increases are now capped at 2% by New York State law. As previously discussed, the increase will only be 1.1% as a result of assessment growth. If increases to assessment growth remain at 1.1% along with the assumption that the property tax rate will not be changed, there would be a shortfall during the 3 out years of the plan.

**Health Insurance Growth**: Considering the County has reduced yearly health insurance growth from 8% to 6% and the fiscal year 2012 estimates are likely understated, we believe the 6% growth estimate for the out years of the plan is too low.

**Renewal of Buffalo Bills Lease**: The new Four Year Plan does not take into account likely improvements and upgrades to Ralph Wilson Jr Stadium. Recent reports estimate costs up to $100 million in improvements to enhance the stadium and keep the franchise in Erie County through a long-term lease.

The **pension rate** assumption of 19.06% for 2013-2015 appears reasonable at this time.

To manage growing costs, the 2012-2015 Four Year Plan mentions three questionable alternatives:

- Six Sigma savings that cannot be quantified in the County's SAP accounting system or in County budget documents;
- Access to and use of ECFSA efficiency grants where State funds are not presently available;

- Hypothetical reforms to the State's Medicaid system whereby the County's yearly Medicaid burden would be reduced to $0 within the next 8 years from $211.8 million in 2012.

In addition, we note that other major components in the out-years of the Four Year Plan for 2013-2015 includes future reductions in the County's workforce, schedules financial support to the Library System to end in 2015 (through the creation of a special taxing district), and no increases in County DSH obligations to ECMCC. We question the viability of some of these assumptions, especially no increase in County financial support to ECMCC given ongoing and increasing DSH payments, and as previously mentioned, use of the entire EOS credit by the end of 2011.

## Six Sigma Efficiency Measures

The Collins Administration claims that Six Sigma projects will save $5,340,527 in 2011 and they estimate Six Sigma projects will save $8 million in 2012 ($8,808,114 according to the Plan). Unfortunately, more than 42 months after Six Sigma projects commenced, and despite repeated requests from the County Legislature, this office, and ECFSA, we have yet to see any proven, quantifiable Six Sigma savings data that can be validated in SAP or County budget documents. To our knowledge, ECFSA, which was funding the Six Sigma initiative, has yet to receive quantifiable savings data and has expressed concerns about the alleged cost savings.

Based on the dearth of information provided in the Plan and no supporting documentation available to our office or the County Legislature, we cannot confirm these savings estimates and believe there are no realistic cost savings. The seeming inability or unwillingness of the Collins Administration to prove these savings claims raises fundamental questions about the reality of the Six Sigma program and whether it is actually generating savings, process improvements, or some other outcome.

## ECFSA Efficiency Grants

The Four Year Plan mentions creating new initiatives through "utilization of remaining State funded efficiency grants." However, as the Collins Administration acknowledges in its own budget message, there are currently no more ECFSA or State efficiency grants available to Erie County.

## Medicaid Relief from the Next Governor/Social Services Restructuring

The Four Year Plan contains an assertion that a bipartisan effort in Albany is currently working on legislation to transfer the entire Medicaid burden to New York State during the next eight years. This has no impact on the (proposed) Four Year Plan for 2012-15.

# Appendix A

**Significant Personal Services Changes from the FY 2011 Adjusted Budget to the FY 2012 Proposed Budget**

**Legislature:**

Pursuant to the Erie County Charter amendment approved by referendum vote in November 2010, the County legislature will be reduced from 15 to 11 legislative districts effective January 1, 2012. As such, four County Legislator and Administrative Clerk positions have been deleted, resulting in a savings of $310,736 in salary.

The position of Majority Administrative Clerk Legislature (JG 7) has been reclassified as Senior Administrative Clerk (JG 9), increasing the salary from $18,333 to $21,639. Also, the position of Majority Senior Clerk Typist (JG 4) has been reclassified to Senior Administrative Clerk (JG 9), increasing salary from $23,406 to $35,172.

**County Executive:**

The ECFSA efficiency grant-funded Senior Executive Assistant-CE title for Six Sigma Director, which had not appeared in any of the past three budgets, has now been added to the Department of Information and Support Services ("DISS") as a budgeted position at Job Group 22 with a salary of $116,308. This position has recently become vacant as of 10/8/2011. Since this position was previously funded by an ECFSA efficiency grant, it is appropriate to be noted in the FY 12 Proposed Budget for DISS as a "Gain." However, according to SAP records, this position is currently included under the County Executive's Department. If the intention is to fund this position within DISS then it needs to be transferred from the County Executive's Department to DISS. This should be noted in the FY 12 Proposed Budget as a "Gain/Transfer" under the County Executive's Department, and a "Gain" in DISS. We believe not properly accounting for the transfer of this position from the County Executive's Office to DISS is a blatant attempt to hide the true nature of this managerial-confidential position.

According to SAP records, the incumbent Junior Administrative Consultant (JG 9), which is the County Executive's Director of Community Relations position, began catastrophic sick leave on 6/3/11 and later resigned on 7/16/2011. This position had a refill date of 8/9/2011. An employee who was hired on 4/11/2001 to the Secretary Commissioner of Environment and Planning Position (JG 9) in the Division of Sewer Management was reappointed to the Junior Administrative Consultant position on 9/5/2011. It has come to the Comptroller's Office's attention that this person has publicly identified herself as the Director of Community Relations as early as 7/6/2011, while the incumbent was on catastrophic sick leave before resigning. We believe this person was hired on 4/11/2011 to serve as the County Executive's Director of Communications but was placed in the Division of Sewerage Management in the Secretary Commissioner of Environment and Planning position in order to avoid double-filling the Junior Administrative Consultant position. The Sewerage Management Division is funded through a special service district (the Sewer Fund, Fund 180) which has the power to assess appropriate service fees and levy local sewer taxes. We believe it is wholly inappropriate for the County Executive to have sewer taxpayers foot the bill for the salary of one of his political appointees.

**Comptroller:**

In the FY 11 Adopted Budget, 15 of 42 positions in the Comptroller's Office were eliminated. This included five of seven audit staff, all five finance/property tax collections staff, the County's sole accountant responsible for monitoring health/dental insurance, the County's sole employee responsible for collecting Hotel Occupancy Taxes, and the Office's Associate Deputy Comptroller and Secretary to the Comptroller. This represented a 36% reduction in staff – an unprecedented and targeted political attack on this office.

Through the use of a one year efficiency grant, the Erie County Fiscal Stability Authority ("ECFSA") restored 8 of the 15 deleted positions including, Senior Auditor, 3 Staff Auditors, 2 Accountant Auditors, Supervising Accountant and Junior Tax Accountant. In February, the Associate Deputy Comptroller title was restored with budget funding made available due to a retirement.

The Comptroller requested all eight (8) positions currently funded by the ECFSA's efficiency grant be restored, along with the Secretary to the Comptroller position deleted last year. Instead, only two (2) Staff Auditor (one of which monitors health/dental insurance as noted above) and the Junior Tax Accountant positions were restored. The Junior Tax Accountant, however, was transferred to the Department of Real Property Tax Services. Additionally, the Associate Deputy Comptroller position was deleted again.

Although the Comptroller's Office is proposed to gain one (1) net employee in the FY 12 Proposed Budget, in reality, because of the expiring efficiency grant, four (4) of six (6) audit staff and one (1) property tax collections staff will be eliminated.

If these cuts are not addressed, in 2012 the County will have only one staff member to collect, monitor and enforce the real property tax levy – a $217.5 million revenue source. This lone staff member would also be responsible for pursuing delinquent property taxes as well as ensure towns remit the correct and full amounts collected and due and owing to the County. Finally, the Comptroller, an independently elected representative, will no longer have the Associate Deputy Comptroller, which serves as the Comptroller's chief of staff, communications director, and intergovernmental liaison.

**Real Property:**

The occupied CSEA title of Junior Tax Accountant has been gained from a transfer from the Comptroller's Office. This was one of the 3 positions funded by an ECFSA efficiency grant in 2011 that were restored to the FY 12 Proposed Budget.

**Law:**

The County Attorney remains at a non-existent exempt job group with a salary of $149,831 despite legislative action to reduce the salary to $99,226. We recommend deletion of this upgrade.

Two (2) vacant Law Student Assistant PT positions are deleted. However, one new Assistant County Attorney FT position is created ($48,943).

**Division of Purchase:**

The AFSCME title of Surplus Assets & Warehouse Worker RPT has been reclassified to a full-time position increasing the salary from $35,709 to $38,762.

**Department of Labor Relations:**

The Secretarial Stenographer (Labor Relations) FT title has been reclassified to a regular part-time position, which decreases the salary from $40,945 to $30,000.

**Information and Support Services:**

The Senior Executive Assistant-County Executive title ($116,308) has been added. This title is the Six Sigma Director position which became vacant on 10/8/2011. Previously this position was funded through an ECFSA efficiency grant. It is important to note that this position should be recorded in the FY 12 Proposed Budget as a "Gain/Transfer" from the County Executive's Division and a "Gain" in DISS.

**Social Services:**

Two hundred and twenty-eight (228) of the 300 total jobs eliminated from the FY 12 Proposed Budget come from the Department of Social Services (the net loss to Social Services is 218 because 10 positions were transferred into the Department from Senior Services). These include an estimated 126 vacant and 102 occupied positions. In several instances, multiple positions under the same job title were eliminated. When this occurred an assumption was made that vacant positions would be eliminated before occupied positions, which could possibly skew results towards greater vacancy deletions than actually exist.

According to SAP records, every eliminated position is partially or entirely funded through federal/state share funds. Specifically, $7,883,016 in salary was cut through the elimination of 228 positions. However, the County's share is only $1,962,716, while the rest ($5,920,300) is reimbursed by the Federal or State Governments.

The eliminated positions come from many divisions across Social Services and while a number of the deletions are to clerical and support titles, many are also to titles directly responsible for the provision of public assistance benefits to recipients or responsible for identifying waste, fraud and abuse of benefits by recipients. Some of these titles include

Caseworker, Social Welfare Examiner, Medicaid Reform Specialist, Child Support Investigator, Employment Counselor and Social Services Program Specialist.

Additionally, 12 of the 22 New York Code - Section 55A titles were eliminated, 11 of which were occupied. These are positions that have been reclassified as non-competitive positions and are designated for persons with disabilities. Countywide there are a total of 30 such positions. All deletions occurred within Social Services.

Ten (10) Energy Crisis Assistance Worker # 1 Seasonal positions have been transferred from the Department of Senior Services' Senior HEAP to the Department of Social Services' HEAP.

**Youth Services:**

Four (4) Youth Detention Worker PT positions were created in the Secure Child Care Division. These titles are Job Group 6 and are budgeted for $4,145 in pay in 2012.

Eleven (11) Youth Detention Worker RPT titles have been reclassified as full-time positions, which will increase total salary expense from $331,892 to $374,932.

**Youth Bureau:**

The vacant Youth Services Planning Coordinator FT title has been deleted.

**Senior Services:**

The occupied Energy Crisis Assistance Worker # 4 FT title (JG 9) has been deleted, while one Energy Crisis Assistance Worker # 2 FT title (JG 5) was created. The deleted position's salary was $47,480 and the created position's salary will be $33,013.

Ten (10) vacant Energy Crisis Assistance Workers #1 Seasonal positions have been transferred into the Department of Social Services HEAP. A vacant Long Term Care Coordinator FT title and an occupied Senior Case Manager Senior Services FT title have been transferred from Long Term Care Point of Entry Program (General Fund 110) to the Area Agency Services' NY Connects grant program. Additionally, four (4) Case Manager – Senior Services FT titles have been transferred between Area Agency Services' grant funds.

**Mental Health Division:**

The vacant Assistant Coordinator Mental Disability Services FT title has been deleted.

The Mental Health Program Analyst PT position has been reclassified as a full-time position, which increases the salary from $24,123 to $37,690.

**Mental Health Forensic Clinics:**

The occupied Coordinator, Single Point of Accountability FT and vacant Forensic Mental Health Specialist 1 FT positions have been deleted.

An Assistant Coordinator-Child & Youth Services Integration FT position at JG 11 ($49,947) and a Coordinator of Child & Youth Services FT position at JG 14 ($72,888) have been created in Children's Mental Health Services.

**Health Division:**

Nine (9) vacant and 7 occupied titles have been deleted. The majority of the deleted titles are Mid-Level Practitioner PT in Jail Medical Services Administration and Registered Nurse FT in Holding Center Medical.

The Senior Nurse Practitioner RPT position deleted from Correctional Facility Medical Services does not appear in SAP. We are unsure whether this position exists or not.

The First Deputy Commissioner – Youth Services PT was transferred from Persons with Special Needs Division to Health.

Forty-four (44) new positions have been created, the majority of which are Registered Nurse FT, Holding Center Medical Aide FT and Correctional Facility Medical Aide FT positions.

**Emergency Medical Services:**

Seventeen (17) vacant and 3 occupied part-time titles were deleted including Certified Instruction Coordinators, Certified Laboratory Instructors, and Practical Work Instructors.

One (1) grant funded Lab Technologist Public Health FT was reclassified to regular part-time, which decreased salary from $32,537 to $19,522.

**Public Health Laboratory:**

Four (4) full-time grant positions have been deleted (2 vacant, 2 occupied).

One (1) Investigating Public Health Sanitarian was transferred from a Lead Poisoning Prevention grant to Child Lead Poisoning Grant. Two other Investigating Public Health Sanitarian positions were created in the Lead Poisoning Prevention grant.

**Persons with Special Needs:**

The Senior Case Manager Preschool Program FT position is created as a JG 9 at $46,556.

The First Deputy Commissioner – Youth Services PT was transferred from Persons with Special Needs Division to Health.

**District Attorney:**

The District Attorney requested an additional Assistant District Attorney IV position, which was not granted.

**Sheriff:**

Despite indicating otherwise while auditors performed a review of overtime at the Holding Center and Correctional Facility, the Sheriff did not request any additional positions for either the Sheriff or Jail Management Divisions.

Four (4) vacant Court Officer FT positions have been eliminated with a combined salary of $127,904.

Additionally, two (2) occupied Deputy Sheriff Criminal FT titles funded by an Impact Enhancement grant have been deleted, while one Detective Deputy FT position has been created. A Deputy Sheriff (Reserve) PT position funded by a Human Trafficking grant was created.

Nineteen (19) positions in the Buffalo Cellblock cost center remain funded. The County's 2003 agreement with the City of Buffalo to provide this function was supposed to end on October 1, 2011, however it is now believed the agreement will extend to early March 2012. Although in the past, a corresponding negative appropriation has been budgeted in the Jail Management budget to accommodate for the loss of County tax dollars associated with this failed agreement, none is made in the FY 12 Budget. Auditors estimate that the County will lose $60,000 every month it continues to maintain the Buffalo Cellblock.

**Central Police Services:**

One (1) vacant Forensic Chemist PT position was deleted and one (1) Firearms Examiner II was created. Both changes are made to Forensic Lab grant fund.

**Probation:**

Three (3) Probation Officer Positions are created with a combined salary of $126,375.

**Emergency Services:**

One occupied Sheriff Dispatcher position ($39,951) has been eliminated while one Senior Sheriff Dispatcher position has been created ($43,721).

As in 2009, 2010 and 2011, six (6) Public Safety Incident Response Monitor titles, and Accountant (JG 9) title, appear neither in Book A nor in Book B. Additionally this year, one (1)

Interoperable Emergency Communication Consultant PT and one (1) Emergency Services Coordinator FT do not appear in either Book.

**Environment and Planning:**

One (1) vacant Planner position is eliminated. Two (2) vacant Community Development grant positions are also eliminated: Contract Monitor FT and Senior Housing Rehab Specialist.

**County Clerk Registrar and Auto Bureau:**

The occupied Deputy County Clerk – Legal position is eliminated.

**Parks:**

One vacant Life Guard PT position located at Wendt Beach Park is proposed to be eliminated.

**Buildings and Grounds:**

One Account Clerk FT position is deleted; however, this position cannot be located in SAP.

Twenty-three (23) new positions are created in Building Maintenance Repair. Many of these are Caretaker PT and Cleaner PT positions and are effectively transfers from the Buffalo and Erie County Public Library System. As part of his proposal to turn the Library System into a special taxing district by 2015, the County Executive agreed to have the County take on the maintenance responsibilities at the Central Library and City Branches. The total addition to the FY 12 Proposed Budget is $482,506.

**Board of Elections:**

The Board requested an increase in FT salaries from $2,670,000 to $2,850,000. That request was denied.