



Office of Erie County Comptroller  
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**FOR IMMEDIATE RELEASE**

August 4<sup>th</sup>, 2014

## COMPTROLLER MYCHAJLIW RELEASES 2<sup>nd</sup> QUARTER FINANCIAL REPORT

*County Executive also faces a Tuesday deadline of 10:00 AM to issue a “declaration of need” in order to appear on Legislature agenda. If not, Mark Poloncarz risks wasting \$1 million*

(Buffalo, New York) – Erie County Comptroller Stefan I. Mychajliw completed his review of the financial health of the County for the six-month period ending June 30<sup>th</sup>, 2014. The county’s Chief Financial Officer’s review consisted of multiple elements including financial statements, a report on investments, cash flow statements and a summary of tax revenue.

In addition to releasing the 2<sup>nd</sup> Quarter Financial Report, Comptroller Mychajliw once again called on Erie County Executive Mark Poloncarz to issue a “declaration of need” that would give the county the option to borrow through the Erie County Fiscal Stability Authority (ECFSA). This procedural declaration by the County Executive simply gives the Office of Erie County Comptroller the option to save money and borrow through the Control Board.

The Erie County Executive has a deadline of 10:00 AM, Tuesday, August 5<sup>th</sup>, 2014 to issue a “declaration of need” that can be approved by the Erie County Legislature during its upcoming special session. Agenda items must be submitted 48 hours before the start of the meeting in order to appear. The County Executive must issue his “declaration of need” Tuesday morning in order to appear on the agenda of the special session that takes place at 10:00 AM on Thursday, August 7<sup>th</sup>, 2014.

“The clock is ticking. If the County Executive does not act quickly, he risks wasting \$1 million. Time is of the essence. Mr. Poloncarz must act quickly. There is a genuine concern that the county could run out of cash by the end of September. This borrowing addresses that cash flow need. In the meantime, the County Executive should move swiftly for this item to appear on the Legislature’s agenda,” said Erie County Comptroller Stefan I. Mychajliw.

Without a “declaration of need,” Mr. Poloncarz forces Erie County to borrow on its own. In the past this has unnecessarily punished already struggling property taxpayers by forcing the county to borrow at its much higher interest rate.

“Borrowing through the Control Board will save taxpayers approximately \$1 million. Utilizing the ECFA to borrow has consistently saved taxpayer dollars. It is unfathomable that the County Executive would purposely choose to waste that kind of money. It is irresponsible of the County Executive to go down this route when significant savings are on the line,” said Comptroller Mychajliw.

The Erie County Legislature has approved a 2014 Revenue Anticipation Note (“RAN”) resolution, which authorizes the County to borrow up to \$110 million to cover short-term cash flow needs. The final amount that is borrowed, as well as the time it is issued, is determined by the cash position the County is in along with the latest adjusted projections, collected throughout the year.

In March, the Legislature approved the County Executive’s Consolidated Bond Resolution for capital projects amounting to \$38 million, of which almost \$30 million was approved to be bonded.

“My hands are tied. By state law, the Office of Erie County Comptroller cannot save \$1 million by borrowing through the Control Board without the County Executive issuing a ‘declaration of need.’ I share taxpayer’s frustration with Mr. Poloncarz’s zeal to waste \$1 million,” added Comptroller Mychajliw.

As far as the 2<sup>nd</sup> Quarter Financial Report is concerned, sales tax is slated to be the County’s largest source of revenue. Despite warnings from Wall Street ratings agencies and the Office of Erie County Comptroller, the county continues to rely heavily on the sales tax revenue, even though it is highly volatile.

The County’s Division of Budget and Management in their 2014 Adopted Budget anticipated a sales tax revenue increase of 3.42%. Unfortunately, through this quarter, relative to 2013, the increase in revenue the County experienced is 2.89%.

Regarding property taxes, the County has received 90.8% of the over \$300 million that was levied, which is a tenth of a percent higher than the collections at this juncture in 2013. There are almost \$30 million in property taxes that remain to be collected.

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