

COUNTY OF ERIE



Popular Annual Financial Report

Erie County, New York

Fiscal Year Ended December 31, 2017

Stefan I. Mychajliw
Erie County Comptroller

Information

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Recognition for Financial Reporting

The Government Finance Officers Association (GFOA) of the United States and Canada has given the Award for Outstanding Achievement in Popular Annual Financial Reporting to the County of Erie, New York for its Popular Annual Financial Report for the fiscal year ended December 31, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to earn an Award for Outstanding Achievement in Popular Annual Financial Reporting, a governmental unit must publish a Popular Annual Financial Report that conforms to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report conforms with the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA for consideration.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to
**County of Erie
New York**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Merrill
Executive Director/CFO

About This Report

Message From the Comptroller

As Erie County's Chief Financial Officer, I fully understand the importance of being open, honest, and transparent with the taxpayers in our community. This Popular Annual Financial Report (PAFR) is intended to demonstrate governmental accountability to the citizens of the County of Erie, New York (County) in a format that is clear, concise, and easy to read.



Most of the information in this report has been taken from the 2017 Erie County Comprehensive Annual Financial Report (CAFR) that was prepared in conformance with Generally Accepted Accounting Principles (GAAP), which contains full financial statements and note disclosures for all activities, funds, and component units. The CAFR was then audited by the County's independent external auditor, Drescher & Malecki LLP, and received an unmodified opinion. An unmodified opinion is issued when the independent external auditor believes that the entity's financial statements present fairly, in all material respects,

the entity's financial position and the respective changes in financial position, that is, the statements are free from material misstatements. The PAFR is unaudited and not presented in conformity with GAAP. This is a summarized report that presents selected primary government and statistical information. This report does not include the County's discretely presented component units, or legally separate entities that the County is considered to be financially accountable for, enterprise funds or fiduciary funds information.

The CAFR and PAFR are available at www.erie.gov/comptroller. There you can also find historical CAFR and PAFR documents as well as other audits, reviews, and information you might find interesting.

To obtain a print version of the material, please contact the Erie County Office of the Comptroller at (716) 858-8400, or write us at 95 Franklin Street, Room 1100, Buffalo, New York 14202.

You may also e-mail your comments concerning this report, or any other aspect of the operations of the Erie County Comptroller's Office, to comptroller@erie.gov.

Sincerely,

A handwritten signature in blue ink that reads "Stefan I. Mychajliw".

Stefan I. Mychajliw
Erie County Comptroller

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County of Erie Background



Erie County is a metropolitan center covering 1,043 square miles that is located on the western border of New York State, adjacent to Lake Erie. Situated within the County are three cities, twenty five towns, and sixteen villages, including the City of Buffalo, which serves as the County seat and is the State's second most populous and largest city. The County provides and facilitates to its residents a number of discretionary and mandated services. These services and functions include: culture, parks and recreation, social services, public safety, youth, health, senior services, roads, mental health, probation, corrections, emergency services, license bureau and sanitary sewerage systems. Additionally, the County operates a community college, which is not included in this report.

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

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

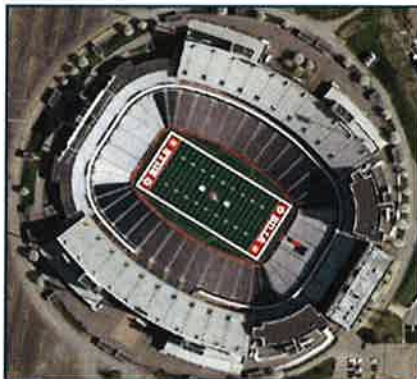
In addition to the Legislature, there are five County-wide elected officials, each elected to four-year terms: County Executive, County Comptroller, County Clerk, District Attorney, and Sheriff. The County Comptroller serves as the County's chief fiscal, accounting, financial reporting and auditing officer.



Recreational Activities

Museums

A variety of museums located in Erie County will satisfy the interests of most visitors. Plan a trip to the Albright-Knox Art Gallery for art exhibits, the Buffalo & Erie County Naval and Military Park for a tour of US Naval vessels, the Pierce-Arrow Museum to view vintage automobiles, or the Buffalo Museum of Science.

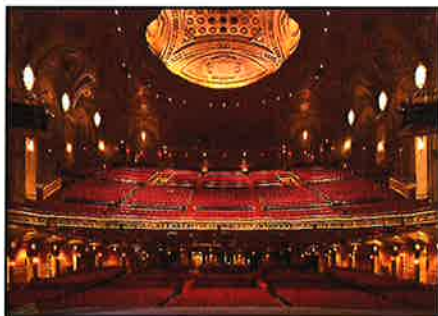


Professional Sports

Erie County hosts a number of professional sports teams including the Buffalo Bills of the National Football League, The Buffalo Sabres of the National Hockey League, and the Buffalo Bisons of the AAA Baseball International League. These and other area sports teams provide year-round sports entertainment options for residents and visitors. Professional sports provide favorable economic impact and enhance the quality of life in the region.

Waterfront Access

Erie County is situated along the southeastern section of Lake Erie, providing residents and visitors access to miles of lakefront shoreline, marinas, and close proximity to Canada by water. The extensive access to Lake Erie and the Niagara River provide opportunities for waterfront housing, and water activities such as boating, sailing, kayaking, fishing, and wind surfing.



Arts & Cultural

The County is home to numerous venues which support the arts including Kleinhans Music Hall (permanent home to the Buffalo Philharmonic Orchestra), Shea's Performing Arts Center, a collection of three theaters which present Broadway and Off-Broadway productions, and the Burchfield Penney Art Center, which features the work of artists from the Western New York region.

Financial Summary

Revenues - Where the County Gets Money to Pay Its Bills

The revenues presented are for the total governmental funds reported in the 2017 CAFR's Statement of Revenues, Expenditures, and Changes in Fund Balances. The three largest revenue sources, Sales and Use Taxes, Intergovernmental (Federal & State aid), and Real Property Taxes provided 91% of the total revenues.



Revenue Source	2017	2016	% Change	Description
Real Property Taxes	\$ 291,149	\$ 283,732	2.6	Tax levied on real property.
Sales and Use Taxes	779,855	756,591	3.1	Tax imposed on goods & services.
Transfer & Other Taxes	13,167	14,054	-6.3	Tax imposed by the County on real estate transactions. Tax is restricted to funding road and bridge projects.
Intergovernmental	409,571	423,586	-3.3	Revenue received primarily from New York State and Federal governments for services provided by Erie County.
Departmental	96,226	83,086	15.8	Fees collected for various services provided to the general public.
Interest	12,195	4,965	145.6	Interest earned on County money.
Miscellaneous	28,440	23,408	21.5	Various sources of revenue.
Total Revenues	\$ 1,630,603	\$ 1,589,422	2.6	Revenue from all sources.

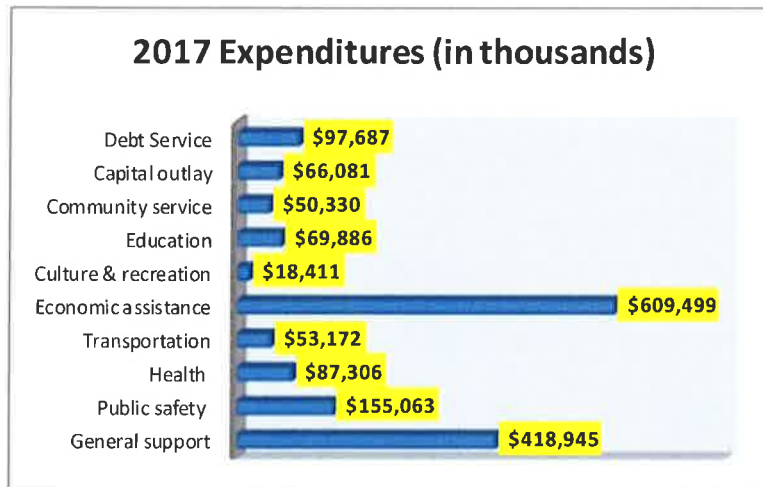
Source: Erie County CAFR, 2017 and 2016. All data presented in thousands, USD.

1. Miscellaneous Revenue includes interfund revenue of \$299 K and \$730 K, for 2017 and 2016, respectively.
2. Sales and Use Taxes includes sales tax to be shared with other municipalities.

Financial Summary

Expenditures - Where the County Spends Its Money

The expenditures presented below are for the total governmental funds reported in the 2017 CAFR's Statement of Revenues, Expenditures, and Changes in Fund Balances. The three largest expenditures, Economic Assistance, General Support, and Public Safety, included 73% of the total expenditures.



Expenditure Use	2017	2016	% Change	Description
General Support	\$ 418,945	\$ 407,302	2.9	Services to the general public and sales tax payments to municipalities.
Public Safety	155,063	158,624	-2.2	Protection of people and property.
Health	87,306	76,812	13.7	Prevention and treatments.
Transportation	53,172	52,425	1.4	Services provided for the safe flow of vehicles and pedestrians.
Economic Assistance	609,499	602,921	1.1	Services provided for the welfare of individuals and the community.
Culture & Recreation	18,411	17,333	6.2	Support for leisure activities.
Education	69,886	70,846	-1.4	Support for educational services.
Community Service	50,330	50,360	-0.1	Services for the general community.
Capital Outlay	66,081	72,025	-8.3	Infrastructure, machinery & equipment.
Debt Service	97,687	120,331	-18.8	Principal and interest on County bonds.
Total Expenditures	\$ 1,626,380	\$ 1,628,979	-0.2	Expenditures for all purposes.

Source: Erie County CAFR, 2017 and 2016. All data presented in thousands, USD.

Financial Summary

Fund Balance - How Much is Left After Paying the Bills

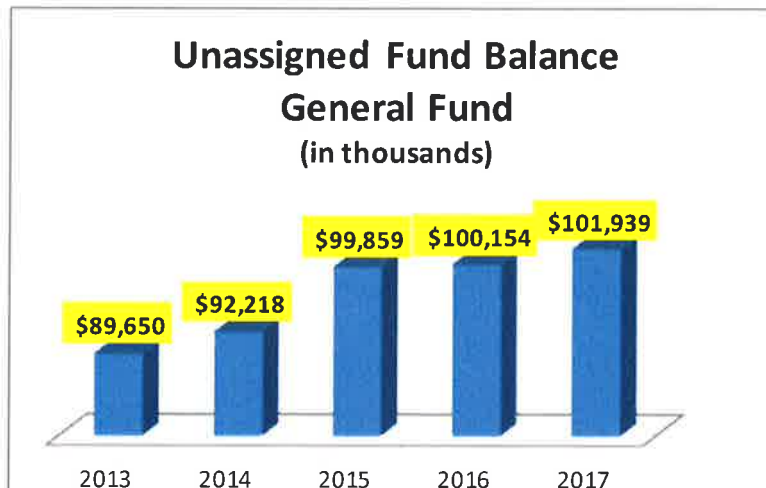
The fund balance is the amount of money available after paying all the bills. This is similar to the available balance in a checking account. Governments calculate the fund balance by netting all revenues and financing sources against all expenditures and financing uses. The difference equals the net change in fund balance. The net change is added to the beginning of year fund balance, and the result is the end of year fund balance. The calculation of the end of year fund balance is presented in the table below.

Total Governmental Funds	2017	2016	% Change
Revenues	\$ 1,630,603	\$ 1,589,422	2.6
Less: Expenditures	(1,626,380)	(1,628,979)	- 0.2
Plus: Other Financing Sources	44,241	27,903	58.6
Net Change in Fund Balance	48,464	(11,654)	515.9
Beginning of Year Fund Balance	309,620	321,274	- 3.6
End of Year Fund Balance	\$ 358,084	\$ 309,620	15.7

Source: Erie County CAFR, 2017 and 2016. All data presented in thousands, USD.

Unassigned Fund Balance in General Fund - "Rainy Day Fund"

The fund balance in the general fund may include four components, including nonspendable, restricted, assigned and unassigned. Unassigned fund balance provides a financial safety net since it is the only category that is available (with Legislative approval) for unexpected events such as a budget shortfall. Bond rating agencies consider fund balance when evaluating the credit rating of a government. Erie County has maintained a responsible fund balance for the last five years as shown in the graph below.



Source: Erie County CAFR, 2017, Statistical Section, "Fund Balances of Governmental Funds."

Financial Summary

Sales Tax - How Much You Pay and How It is Distributed

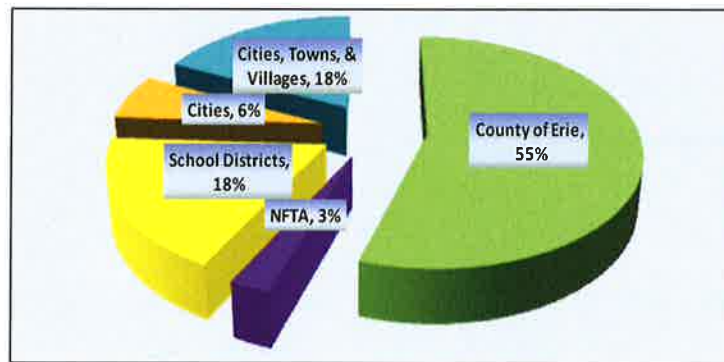
Total Sales Tax Paid on Purchases (8.75%)

A sales and use tax of 8.75% is applied to retail sales of certain goods and services in Erie County. The 8.75% tax includes a 4.00% rate imposed by New York State and a 4.75% rate imposed by Erie County. New York State retains its share of the sales tax as revenue, and returns the 4.75% share to Erie County, for local distribution. Sales tax rates are by established by law at the State and County level. Refer to www.tax.ny.gov for details about State sales tax regulations.

Distribution of County Share of Sales Tax (4.75 %)

The County share of sales tax is 4.75%, which is comprised of a fixed component of 3.00%, and renewable components of 1.00% and 0.75%, both requiring legislative re-authorization. The tax is distributed among the County of Erie, towns, villages, school districts, the Niagara Frontier Transportation Authority (NFTA), and the Cities of Buffalo, Lackawanna and Tonawanda, according to sales tax sharing agreements. The table below provides details of the cost-sharing components, and the pie chart illustrates the distribution of total sales tax by group. Sales tax provided 48% of the total County revenue for 2017. (Reference: Erie County 2017 CAFR, and Erie County 2018 Budget Message)

Distribution of Sales Tax (Weighted)



Municipality	3.00 %	1.00 % ⁽¹⁾	0.75 % ⁽¹⁾	Weighted %
County of Erie	31.1389 %	100 % (less \$ 12.5 M)	100 %	55
NFTA	4.1666 %	-	-	3
School districts	29.0000 %	-	-	18
Cities	10.0087 %	-	-	6
Cities, Towns & Villages	25.6858 %	\$ 12.5 M	-	18

⁽¹⁾ Sales Tax authorization expires November 30, 2020.

Local Data & Construction Projects

Largest Employers	Employees
State of New York	23,400
Federal Government	9,000
Kaleida Health	8,113
Buffalo City School District	7,552
Catholic Health System	7,347
M&T Bank	7,000
University at Buffalo	6,992
Tops Friendly Markets	5,423
Erie County	4,084
Seneca Gaming Corp.	4,000

Largest Colleges	Enrollment
University at Buffalo	25,142
SUNY Buffalo State	8,015
SUNY at Fredonia	4,405
Alfred State College	3,447
Niagara University	3,400

Demographic Data	
Land Border	County of Erie
Land Area	1,043 square miles
Population	925,528
Median Housing Value	\$ 134,600
Median Household Income	\$ 52,744
Average Household Size	2.34
Bachelor's Degree or Higher	32.2%
Unemployment Rate :	
Erie County (1)	5.2%
New York State (1)	4.7%

(1) Source: NYS Dept. of Labor

(2) Source: U.S. Dept. of Labor

Source: Demographics - U.S. Census Bureau

Source: Colleges & Employers,

Buffalo Business First, *Book of Lists*, 2018.

Erie County Employment, Erie County

Comptroller's Office.

Construction Projects:

The "Buffalo Billion Development Plan" is a \$1 billion investment in the Western New York area by New York State. The plan is intended to provide incentives for private investment in multiple industries and generate new jobs for the future. Visit www.buffalobillion.ny.gov.

Economic development initiatives continue to progress on the Buffalo Niagara Medical Campus, such as Kaleida Health's \$270 million John R. Oishei Children's Hospital. New York State provided \$35 million for the project to close a funding gap, including \$15 million from the Buffalo Billion, and \$20 million from other State resources. The hospital opened in 2017. (Source: buffalobillion.ny.gov)

Nearby the Oishei Children's Hospital, the new \$375 million Jacobs School of Medicine and Biomedical Sciences building for the State University of New York at Buffalo, an eight-story, 628,000-square-foot building was completed in 2017. The move into the new downtown building began in November, 2017. (Source: buffalo.edu)

Krog Corporation has completed the purchase of the former Trico Products Corporation plant on Goodell Street in the City of Buffalo. The former windshield wiper manufacturing plant will be converted into a mixed-use facility. The redevelopment project, expected to cost approximately \$80 million, will include a boutique hotel, residential apartments, a restaurant and retail space. (Source: *Buffalo Business First*, October 20, 2017)

County Government

Elected Officials

County Executive

Mark C. Poloncarz
95 Franklin St.
Buffalo NY 14202
716.858.8500

County Comptroller

Stefan I. Mychajliw
95 Franklin St.
Buffalo NY 14202
716.858.8400

District Attorney

John J. Flynn
25 Delaware Ave.
Buffalo NY 14202
716.858.2400

County Clerk

Michael P. Kearns
92 Franklin St.
Buffalo NY 14202
716.858.8785

Sheriff

Timothy B. Howard
10 Delaware Ave.
Buffalo NY 14202
716.858.7618



Erie County Legislature

District 1

Barbara Miller-Williams
716.842.0490

District 2

April N. Baskin
716.858.8869

District 3

Peter J. Savage, III
716.832.0493

District 4

Kevin Hardwick
716.858.8672

District 5

Thomas A. Loughran
716.836.0198

District 6

Edward A. Rath III
716.858.8676

District 7

Patrick B. Burke
716.823.0752

District 8

John Bruso
716.681.2071

District 9

Lynne Dixon
716.858.8671

District 10

Joseph C. Lorigo
716.858.8922

District 11

John J. Mills
716.858.8850

Clerk (Appointed)

Robert M. Graber
716.858.8527

*Source: Erie County Board of Elections.
Listing effective 01.01.2018.*

Research Erie County Government Information Online:

www.erie.gov



The Erie County Whistleblower Hotline is a telephone and e-mail tip line by which County employees, County contractors or members of the public can anonymously report possible abuse in county government.

If you see or suspect waste, fraud or abuse of county resources, don't ignore it! Please take a minute and report your suspicions to our Erie County Whistleblower Hotline.

All calls or e-mails to the tip line go directly to the Comptroller's Division of Audit and Control, where professional career auditors will investigate every report or allegation.

This Report was Prepared and Distributed by the Office of:

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