

COUNTY OF ERIE

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ERIE COUNTY COMPTROLLER



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Comptroller Mychajliw Releases Cash Flow and Short Term Borrowing Reports

Cash flow and borrowing details shared with the Budget Director last week show Erie County would be forced to borrow money at levels not seen since the Red/Green budget crisis of 2005 and 2006

(Buffalo) – Initial cash flow projections from the office of Erie County Comptroller show Erie County would have to borrow \$110 million to keep the 2013 budget balanced, a figure not seen since the Red/Green Budget Crisis years of 2005 and 2006.

“Pre-close 2012 Cash Flow and Projected 2013 Cash Flow” reports were shared with the Erie County Division of Budget and Management last week, on Thursday, January 10th, 2013. Erie County has not issued a Revenue Anticipation Note (RAN) as high as \$110 million since the “Red/Green” years when the Office of Comptroller issued a \$160 million RAN in 2005 and a \$110 million RAN in 2006:

<u>Year</u>	<u>RAN Amount</u>	<u>Year</u>	<u>RAN Amount</u>
2002	\$43 million	2008	\$75 million
2003	\$90 million	2009	\$65 million
2004	\$82.5 million	2010	\$65 million
2005	\$160 million	2011	\$88 million
2006	\$110 million	2012	\$75 million
2007	\$75 million	Projected 2013	\$110 million

Four fiscal factors already negatively impacted 2013 cash flow:

- 1) Delaying the \$29 million IGT payment from 2012 to 2013

Last year Erie County borrowed an additional \$35 million to pay a \$29 million Intergovernmental Transfer (IGT) payment to ECOM that was originally due in 2012. The county delayed that payment to 2013. It appears the revenue was spent in 2012, even though the \$29 million IGT bill still had to be paid in 2013.

“As the clock struck midnight to begin 2013 Erie County faced a cash crunch. When our office went to pay bills on ‘Day One’ there wasn’t enough money to do so,” said Comptroller Mychajliw.

- 2) Teamsters union signing bonus and back pay due January 18th, 2013: \$1,369,000.
- 3) Teamsters union raises for 2013 (does not include fringe benefits and overtime): \$1.3 million
- 4) CSEA raises for 2013 (does not include fringe benefits and overtime): \$770,692

“The first sign of potential budget problems are when a government entity experiences cash flow issues. These preliminary fiscal signals are not good. Spending needs to be kept to a minimum in order to keep borrowing as low as possible,” added Comptroller Mychajliw.

Initially the Office of Comptroller projected the 2013 RAN borrowing to be as high as \$125 million. In conjunction with the Erie County Division of Budget and Management, \$15 million in cash flow was identified that reduced the projected 2013 RAN to \$110 million.

The identified funds to be used for 2013 cash flow were \$7 million in CHIP's (Consolidated Local Street and Highway Improvement Program) claims, \$6 million in closed capital projects, and \$2 million in Federal FMAP (Federal Medicaid Assistance Percentage) aid.

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