



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

February 7, 2013

James Sampson, Chairman
Erie County Fiscal Stability Authority
295 Main Street, Room 946
Buffalo, New York 14203

Re: 2013-2016 Revised Erie County Four Year Financial Plan

Dear Chairman Sampson:

Pursuant to Public Authorities Law §3957, I hereby submit to the Erie County Fiscal Stability Authority ("ECFSA") the revised Four Year Financial Plan for Erie County for fiscal years 2013-2016 (the "Plan").

The Plan reflects certain adjustments and factors amending the original Plan which ECFSA approved on October 26, 2012. These adjustments are principally due to the Legislature's adoption of a 2013 Budget that does not include \$8.7 million of previously-anticipated property tax revenue in 2013 and in 2014-2016, as well as the modifications necessary due to the ratified Teamsters and CSEA Correction Officers Unit contracts.

The County is currently closing our 2012 fiscal year and final actual 2012 data is not yet available. Where ever possible, we have included actual data through November 2012 and projected year-end data.

Major Amended Assumptions

Unless otherwise indicated, the Plan includes the same assumptions as in the October 26th approved version. The revised Plan includes the following *amended* assumptions at this time:

- 1% Property Tax Assessment Growth in 2014, rising to 2% in 2015 and 2016
- No new Property Tax Revenue in 2014-2016 from a change in the Levy Rate

- Use of \$5 million in Appropriated Fund Balance in 2014, \$2 million in 2015 and zero in 2016
- Adjusted Personal Services expense to include the costs for Teamsters and CSEA Correction Officers Unit contracts but no other increases in Personal Services Expense other than Step Increments
- Reduction of 25 Full Time Positions per year via Attrition (adjusted for revenue)
- The return to a reasonable Turnover Account level in 2014, 2015 and 2016
- Reduced annual Capital Borrowings for construction projects

My administration believes these are realistic and reasonable assumptions based on the data available at this time and current trends. We note that some of these assumptions in this Plan version will change in the 2014 Budget version submitted in October 2013.

Potential Gap Closers

There are a number of potential "gap closers" available to the County to close the projected gaps in 2013, 2014, 2015 and 2016 as a result of the Legislature's amendments eliminating \$8.7 million in recurring property tax revenue. These gap closers can be utilized in a variety of ways and permutations and combinations. They include reductions in spending and revenue adjustments. They are difficult to enumerate in significant detail due to various scenarios in which they could be employed and the timing in which they were employed, as well as the need to seek Legislature approval for some of them and the uncertainty of legislative actions at a future date.

The administration will be canvassing members of the Legislature throughout the year to see if there is any possibility for a revenue enhancement for the following year. Without a significant revenue enhancement alternative, large, wholesale cuts to County services, including the elimination of some non-mandated services, would in all likelihood be required to balance the budget in 2014 and subsequent out years. Without a significant new revenue enhancement, the following gap closers (with their initial projected savings estimates) will be considered:

- Reducing Discretionary Spending on arts and cultural organizations, Visit Buffalo Niagara (CVB), Soil & Water Conservation, Operation Primetime and Cornell Cooperative Extension – \$2.75 million
- Reductions in Personal Services including non-mandated programs such as Sheriff road patrols, highways and parks – \$2 million
- Reducing Spending in the Road Fund/Interfund Transfer from the General Fund – \$1.9 million
- Reducing the Property Tax Levy and Appropriation for Buffalo and Erie County Public Library and Shifting the Revenue to County Purposes – \$1 million
- Issuing Refunding Bonds – \$300,000-\$500,000

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- Additional Use of Appropriated Fund Balance – To be Determined
- Utilizing the Existing Pension Amortization Process through the New York State and Local Retirement System – To be Determined

We lament our current inability, due to legislative uncertainty and the vagary of sales tax receipts to elaborate in greater detail on these gap closers and the manner and time in which they might be employed. That said, we reiterate our commitment to ensuring that the Budget and Four Year Plan are reasonably balanced and to regularly communicating with ECFSA concerning fiscal matters and changes in the County's fiscal situation.

The Division of Budget and Management is carefully reviewing all County operations and we are currently holding all requests from departments to fill vacant positions and only approving the filling of certain positions based on fiscal and life, safety and health considerations. We are also utilizing fund blocks to ensure fiscal stability in 2013. We retain the right to employ further control measures in 2013 as necessary and will continue our close monitoring through the Legislature's mid-year budget hearings in July 2013.

If you have any questions regarding the Plan or the potential gap closers and our control measures, please do not hesitate to contact Robert W. Keating, Director of Budget and Management. Thank you in advance for your assistance and courtesies.

Sincerely yours,



Mark C. Poloncarz, Esq.
Erie County Executive

MCP/tc
Enclosure

cc: Erie County Legislature
Erie County Comptroller Stefan Mychajliw
Robert W. Keating, Director of Budget and Management

County of Erie

2013-2016 Four-Year Financial Plan

Fund 110 - General Account Type	2011 YE Actual	2012 Adopted Budget	2013 Adopted Budget	2014 Projection	2015 Projection	2016 Projection
Revenue						
Local Source Revenue						
Property Tax Levy	217,010,375	217,820,374	215,098,371	217,249,355	221,594,342	226,026,229
Property Tax Related						
Sec 520 Exempt Removal	625,691	640,950	727,280	727,280	727,280	727,280
Gain Sale Tax Acquired Prop	28	20,000	20,000	20,000	20,000	20,000
Payments In Lieu Of Taxes	5,128,618	4,978,524	6,179,904	6,303,502	6,429,572	6,558,164
Interest & Penalties-Prop Tax	21,955,430	18,992,361	19,277,246	19,566,405	19,859,901	20,157,799
Omitted Taxes	23,343	3,000	3,000	3,000	3,000	3,000
Dec-Prop Tax Def Rev	(17,410,842)	(13,826,832)	(13,657,399)	(11,162,260)	(11,329,694)	(12,379,639)
Property Tax Related Total	10,322,268	10,808,003	12,550,031	15,457,927	15,710,059	15,086,604
Sales Tax						
Sales Tax Original 3%	151,242,861	155,253,226	160,687,222	163,909,564	168,417,077	173,048,546
1% Sales Tax	142,788,238	146,556,918	151,704,649	154,728,362	158,983,413	163,355,457
.50% Sales Tax	71,308,360	72,824,659	75,761,211	76,885,089	78,999,429	81,171,913
.25 % Sales Tax	35,654,180	36,412,330	37,880,605	38,442,545	39,499,715	40,585,957
Sales Tax Total	400,993,640	411,047,133	428,033,687	433,965,580	445,899,633	458,161,873
Sales Tax (Distrib. to Local Gov'ts)	277,140,425	284,489,097	294,861,414	300,351,142	308,610,799	317,097,596
Fees Fines or Charges						
Election Exp Other Govts	5,771,418	7,080,311	6,561,928	7,408,859	7,038,416	7,179,184
All Other Fees Fines or Charges	27,002,000	25,786,348	26,103,627	26,495,181	26,892,609	27,295,998
Fees Fines or Charges Total	32,773,418	32,866,659	32,665,555	33,904,040	33,931,025	34,475,183
Other Sources						
ECFSA CSEA CO's Reimbursement				300,000		
Interest & Earn - Gen Inv	567,012	717,200	511,200	516,312	521,475	526,690
Hotel Occupancy Tax Revenue	8,556,982	8,400,334	8,728,122	8,902,684	9,080,738	9,262,353
Community College Respreads	4,838,796	4,975,498	4,376,198	4,376,147	4,564,640	4,655,933
All Other Sources Accounts	53,440,771	31,900,418	30,608,688	30,914,773	31,223,921	31,536,160
Other Sources Total	67,403,561	45,993,450	44,224,206	45,009,916	45,390,774	45,981,135
Appropriated Fund Balance	33,435,065	7,443,185	5,405,000	5,000,000	2,000,000	0
Local Source Revenue Total	1,039,078,752	1,010,467,901	1,030,838,264	1,050,937,960	1,073,136,632	1,096,828,619
State Aid						
State Aid-Education Of Handicapped Children	31,194,399	34,621,294	33,787,609	34,463,361	34,980,312	35,330,115
State Aid-Mental Health	34,332,854	35,978,575	35,975,853	36,695,370	37,429,277	38,177,863
State Aid-Family Assistance (236,137)						
State Aid-Soc Serv Admin	29,085,972	28,047,081	29,771,147	30,756,475	31,741,378	32,713,932
State Aid-Safety Net Assistance	12,002,562	10,802,538	11,128,161	12,362,520	12,995,858	13,584,849
State Aid-Child Welfare Services	17,879,547	19,562,319	20,429,476	21,293,758	22,193,873	23,131,307
State Aid-Serv For Recipients	7,442,751	8,024,721	4,400,719	4,424,502	4,430,537	4,454,766
State Aid Day Care	7,226,440	7,315,103	7,359,158	7,544,241	7,648,257	7,840,611
All Other State Aid Accounts	21,686,304	25,180,188	24,590,327	25,397,430	25,616,499	25,837,409
State Aid Total	160,594,692	167,531,819	167,442,450	172,937,657	177,035,992	181,070,854
Federal Aid						
Federal Aid-Family Assistance	39,225,655	41,889,075	41,926,819	43,434,726	44,946,327	46,452,966
Federal Aid-Soc Serv Admin	26,901,599	30,361,519	30,364,685	32,016,946	33,668,558	35,299,585
Fed Aid Day Care	16,300,302	17,243,238	18,957,642	19,224,702	19,292,468	19,564,550
Federal Aid-CWS Foster Care	13,205,175	14,285,507	14,497,573	15,110,898	15,749,652	16,414,888
Federal Aid-Safety Net TANF Cases	820,923	826,719	783,764	833,827	877,069	917,283
Federal Stimulus Enhanced Medicaid	16,405,925					
All Other Federal Aid Accounts	62,433,180	68,841,088	71,143,822	72,566,698	74,018,032	75,498,393
Federal Aid Total	175,292,759	173,447,146	177,674,305	183,187,798	188,552,106	194,147,665
Interfund Revenue	68,319	1,472,166	0	0	0	0
Total Fund 110 Revenue	1,375,034,522	1,352,919,032	1,375,955,019	1,407,063,415	1,438,724,730	1,472,047,137

County of Erie 2013-2016 Four-Year Financial Plan

Fund 110 - General Account Type	2011 YE Actual	2012 Adopted Budget	2013 Adopted Budget	2014 Projection	2015 Projection	2016 Projection
Expense						
Personal Service Related Expense						
Personal Services						
Full-Time Salaries	155,013,930	162,601,396	164,277,358	167,500,679	169,469,869	170,857,164
Part-Time Wages	2,787,046	3,139,018	3,038,545	3,109,421	3,156,062	3,203,403
Regular Part Time Wages	4,052,430	2,020,737	1,497,752	1,526,666	1,549,566	1,572,809
Seasonal Emp Wages	310,550	315,899	315,899	320,637	325,447	330,328
Personal Services Total	162,143,956	168,077,050	169,129,554	172,457,403	174,500,944	175,963,705
Employee Payments non-salary						
Shift Differential	1,017,822	1,085,070	1,078,942	1,095,126	1,111,553	1,128,226
Uniform Allowance	606,688	616,500	656,250	709,250	719,250	719,250
Holiday Worked	1,524,657	1,642,349	1,649,774	1,718,242	1,744,015	1,770,175
Line-Up	1,603,100	1,621,037	1,764,235	1,849,632	1,877,376	1,905,537
Other Employee Pymts	948,487	327,624	321,890	366,718	372,219	377,802
Overtime	17,296,593	13,547,351	12,477,515	11,396,748	10,940,878	10,503,243
Employee Payments non-salary Total	22,997,347	18,839,931	17,948,606	17,135,715	16,765,291	16,404,233
Fringe Benefits						
Fringe Benefits- FICA	13,927,333	14,186,863	14,328,912	14,611,371	14,740,757	14,825,954
Fringe Benefits-Medical Insurance	37,248,315	37,513,102	42,788,144	46,001,534	49,681,656	53,656,189
Fringe Benefits-Workers Compensation	5,024,197	5,183,729	7,356,890	6,990,895	7,129,047	7,189,423
Fringe Benefits-Unemployment Insur.	900,106	907,460	765,247	900,000	900,000	900,000
Fringe Benefits-Retiree Med Insur.	18,421,283	18,553,767	22,008,369	25,636,593	28,041,836	30,722,042
Fringe Benefits-Retirement	26,496,592	33,339,816	37,497,756	41,567,486	41,841,734	42,342,714
Fringe Benefits Total	102,017,826	109,684,737	124,745,318	135,707,879	142,335,030	149,636,321
Countywide Personnel Adjustments						
Reductions (Vacancy Savings)		(598,474)	(1,787,585)	(650,000)	(650,000)	(650,000)
District Attorney - 4% MC Pay Raise		335,245				
Countywide Personnel Adjustments	0	(263,229)	(1,787,585)	(650,000)	(650,000)	(650,000)
Personal Service Related Expense Total	287,159,129	296,338,489	310,035,893	324,650,997	332,951,265	341,354,259
Other Departmental Expense						
Supplies & Repairs						
Auto Supplies	2,070,261	2,345,000	2,289,500	2,360,280	2,454,691	2,552,879
All Other	7,221,946	7,400,873	7,411,265	7,559,490	7,710,680	7,864,894
Supplies and Repairs	9,292,207	9,745,873	9,680,765	9,919,770	10,165,371	10,417,773
Other						
Risk Retention	8,993,251	0	69,498	3,000,000	3,000,000	3,000,000
Control Board	482,014	400,000	495,000	495,000	504,900	514,998
Rental	4,666,012	4,973,282	4,651,758	4,698,276	4,745,258	4,792,711
DSS Pivot Wages/Chargebacks/Training	5,163,702	5,752,420	5,752,420	5,809,944	5,868,044	5,926,724
Utility Charges	2,231,122	2,342,891	2,365,000	2,435,950	2,509,029	2,584,299
All Other	7,182,105	6,893,898	7,142,147	7,213,568	7,285,704	7,358,561
Other Total	28,718,206	20,362,491	20,475,823	23,652,738	23,912,935	24,177,294
Contractual						
Sales Tax as Aid to Local Governments						
Sales Tax Distrib.to Cities, Towns & Sch Dist. from	277,140,425	284,489,097	294,861,414	300,351,142	308,610,799	317,097,596
Sales Tax Flat Distrib.to Cities and Towns from 1%	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
Sales Tax Distributed to NFTA	17,849,304	18,322,596	18,963,903	19,344,195	19,876,161	20,422,755
Sub Total - Local Gov. Sales Tax	307,489,729	315,311,693	326,325,317	332,195,337	340,986,959	350,020,351
Other Agency Contractual or Mandated Payments						
Indigent Defense - Legal Aid/Bar Assoc.	11,031,586	11,286,460	11,484,866	11,714,583	11,948,855	12,187,832
NFTA Sec 18 B	3,657,200	3,657,000	3,657,200	3,657,200	3,657,200	3,657,200
Contractual-ECMCC Healthcare Network	19,319,701	8,488,460	7,190,236	7,405,943	7,628,121	7,856,965
Cultural Agencies	5,241,000	5,421,841	5,680,000	5,726,700	5,783,967	5,841,807
Buffalo Bills Game Day Expense	4,108,680	4,432,011	4,520,651	3,446,040	3,629,480	3,819,560
Social Services/Youth/Mental Health Agencies	55,471,359	71,379,462	71,326,968	72,020,038	72,740,238	73,467,640
Visit Niagara (CVB) Subsidy	3,250,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
Convention Center Subsidy	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
County Residents at Other Community Colleges	4,376,198	4,526,640	4,564,640	4,655,933	4,749,051	4,844,032
All Other Contractual Accounts	15,711,247	17,355,261	17,902,992	17,870,263	18,170,166	18,351,868
Contractual Total	431,306,700	446,808,828	457,602,870	463,642,017	474,244,038	484,997,255
Equipment	537,175	782,687	428,185	749,594	787,074	826,428

County of Erie
2013-2016 Four-Year Financial Plan

Fund 110 - General	Account Type	2011 YE Actual	2012 Adopted Budget	2013 Adopted Budget	2014 Projection	2015 Projection	2016 Projection
Allocation							
	Interfund-Erie Community College	15,429,317	15,629,317	15,629,317	15,629,317	15,629,317	15,629,317
	Interfund-Utilities Fund	4,051,050	4,738,110	3,388,160	3,489,805	3,594,499	3,702,334
	County Share - Grants	3,579,673	4,532,739	4,593,302	4,731,101	4,873,034	5,019,225
	Interfund-Road	12,847,215	13,961,616	13,831,236	14,107,861	14,390,018	14,677,818
	Interfund -Library Subsidy		2,000,000		0	0	0
	Interfund E911 Subsidy	2,557,336	2,707,161	2,775,741	2,775,740	2,831,255	2,887,880
	Interdepartmental Billings	4,802,300	(3,086,669)	(3,003,946)	(3,033,985)	(3,064,325)	(3,094,969)
	All Other Allocation Accounts	7,713,509	207,600	50,000	50,500	51,005	51,515
Allocation Total		50,980,400	40,709,874	37,263,810	37,750,338	38,304,802	38,873,121
Program Related							
	UPL Expense	6,034,557	0	0			
	DSH Expense	<u>34,396,729</u>	<u>16,200,000</u>	<u>16,200,000</u>	<u>16,200,000</u>	<u>18,200,000</u>	<u>18,200,000</u>
	Sub Total UPL/DSH ECMCC Subsidy	40,431,286	16,200,000	16,200,000	16,200,000	18,200,000	18,200,000
	MMIS-Medicaid Local Share	206,406,373	211,765,453	219,748,429	217,720,619	215,037,163	217,072,621
	Family Assistance	39,801,904	43,069,885	42,625,150	44,133,057	45,644,658	47,151,297
	CWS - Foster Care	53,823,814	56,917,848	57,357,913	59,735,972	62,212,625	64,791,960
	Safety Net Assistance	39,448,382	41,320,286	42,706,237	47,157,784	49,341,708	51,372,711
	Child Care-DSS	27,334,476	28,074,948	30,173,583	30,725,780	30,941,968	31,509,604
	Children With Special Needs Program	62,556,999	68,073,053	68,976,061	70,355,582	71,762,694	73,197,948
	State Training School	3,610,246	4,671,571	3,063,648	3,288,826	3,530,555	3,790,051
	All Other Program Related Accounts	5,076,809	5,421,745	4,973,316	5,072,782	5,174,238	5,277,723
Program Related Total		478,490,288	475,514,789	485,824,337	494,390,403	501,845,609	512,363,914
Debt Service							
	Interest-Revenue Antic Notes	403,209	479,354	367,234	500,000	500,000	500,000
	Interfund Debt Service Subsidy	63,982,310	62,176,647	54,276,102	60,235,984	64,876,914	66,632,712
Debt Service Total		64,385,519	62,656,001	54,643,336	60,735,984	65,376,914	67,132,712
Other Departmental Expense Total		1,063,710,496	1,056,580,543	1,065,919,126	1,090,840,845	1,114,636,743	1,138,788,496
Total Fund 110 Expense		1,350,869,626	1,352,919,032	1,375,955,019	1,415,491,841	1,447,588,008	1,480,142,755
Revenue Less Expense - Surplus/(Gap)		24,164,896	0	0	(8,428,427)	(8,863,278)	(8,095,617)