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COUNTY OF ERIE

CHRIS COLLINS

COUNTY EXECUTIVE

FM

March 30, 2011

The Honorable
Erie County Legislature
92 Franklin Street-4th Floor
Buffalo, New York 14202

RE: 2010 Year-End Designations

Honorable Members:

The attached resolution delineates the designations necessary to effectuate the 2010 year-end closing process.

Should your Honorable Body require any further information, I encourage you to contact the Director of Budget and Management. Thank you for your consideration on this matter.

Sincerely,

Chris Collins
Erie County Executive

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MEMORANDUM

To: Honorable Members of the Erie County Legislature
From: Division of Budget & Management
Re: 2010 Year-End Designations
Date: March 30, 2011

SUMMARY

Approval of the attached resolution is requested to designate 2010 available funds to pay certain expenditures in 2011 that were not included in the 2011 adopted budget.

FISCAL IMPLICATIONS

Positive. Funds are available in 2010 budget accounts and will be used to pay expenditures in 2011.

REASONS FOR RECOMMENDATION

Additional funds are available. The Division of Budget and Management has reviewed the preliminary year-end 2010 results and has identified funds available to fully fund a number of capital projects that were originally to be included in the 2011 and 2012 capital borrowing. Paying cash for these projects will save interest costs over the life of the project and reduce the County's outstanding debt.

BACKGROUND INFORMATION

The County has adopted a 2011 capital budget totaling \$40,000,000 in bonds and has committed \$7,500,000 in bonds to Erie Community College to assist in financing a new building on its North Campus. Utilizing 2010 surplus funds to pay cash for these projects will result in lowering the amount borrowed in 2011 and 2012 for the County's capital program and will save millions of dollars in debt service.

CONSEQUENCES OF NEGATIVE ACTION

The County's capital programs will not be fully funded and vital capital projects will not be undertaken.

STEPS FOLLOWING APPROVAL

The Comptroller's Office will set up designations in the County's 2010 financial statements for the above items and utilize these designations to fund those expenditures in 2011.

**A RESOLUTION SUBMITTED BY:
DIVISION OF BUDGET & MANAGEMENT**

RE: 2010 Year End Designations

WHEREAS, the preliminary 2010 financial results were announced by the County Comptroller indicating a year-end surplus of approximately \$23.8 million; and

WHEREAS, the preliminary 2010 financial results will result in an undesignated fund balance in excess of the five percent requirement in the County Charter, section 2605(b); and

WHEREAS, the 2011 capital budget contained \$40,000,000 in capital projects to be bonded; and

WHEREAS, in addition to the 2011 capital budget the County has committed \$7,500,000 to Erie Community College to fund its share of the planned North Campus Building project, and

WHEREAS, it is in the best interest of the County's taxpayers to reduce the County's dependence on borrowed funds and pay cash whenever possible, thus reducing the amount of outstanding debt; and

WHEREAS, the Erie County Fiscal Stability Authority has recommended numerous times to reduce planned County borrowing; and

WHEREAS, it is the policy of this administration to pay for non recurring expenditures with non recurring revenue; and

WHEREAS, the Four-Year Plan of the County anticipates minimal, if any, surpluses in the future; and

WHEREAS, reducing future debt service will aid in keeping the Four-Year Plan in balance; and

WHEREAS, after these designations the unreserved fund balance will still be in excess of the five percent Charter requirement; and

WHEREAS, the administration has identified the following capital projects to be funded on a pay-as-you-go basis rather than borrowing:

ECMCC Nursing Home	\$11,500,000
ECC North Campus New Building	7,500,000
2011 CHIPS Highway Program	800,000
2011 Countywide Highway Buildings	750,000
2011 EC Holding Ctr Improvements	700,000
2011 Fuel Tank Replacements	500,000
2011 Fuel Dispensing Fire Ext System	650,000

and;

WHEREAS, none of these were in the 2011 adopted budget as pay-as-you go projects;
and

WHEREAS, the County has announced a one-time allocation of \$500,000 to the Martin House Restoration Corporation, if the Corporation is able to raise another million dollars in private sector donations;and

WHEREAS, it is necessary for a designation of 2010 fund balance to pay for these expenses.

NOW, THEREFORE, BE IT

RESOLVED, that the Erie County Comptroller is authorized to establish designation of 2010 fund balance in the amount of \$22,400,000 to be used to fund the following capital projects:

ECMCC Nursing Home	\$11,500,000
ECC North Campus New Building	7,500,000
2011 CHIPS Highway Program	800,000
2011 Countywide Highway Buildings	750,000
2011 EC Holding Ctr Improvements	700,000
2011 Fuel Tank Replacements	500,000
2011 Fuel Dispensing Fire Ext System	650,000

and, be it further

RESOLVED, that the Erie County Comptroller is authorized to establish designation of 2010 fund balance in the amount of \$500,000 to be used to fund the challenge grant for the Darwin Martin House and the County Executive is hereby authorized to sign a contract with the Martin House Restoration Corporation; and be it further

RESOLVED, that the Director of Budget and Management in conjunction with the Office of Comptroller is authorized to make all the appropriate 2010 and 2011 budget and accounting adjustments and entries to effectuate this change; and be it further

RESOLVED, that certified copies of this resolution be forwarded to the County Executive's Office, the Division of Budget and Management, the Comptroller's Office, the Department of Law, the Department of Environment and Planning, and two copies to the Department of Public Works (Highways and REAM).