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# COUNTY OF ERIE

**MARK C. POLONCARZ**  
COUNTY EXECUTIVE

September 23, 2015

Erie County Legislature  
92 Franklin Street, 4<sup>th</sup> Floor  
Buffalo, New York 14202

**Re: State Comptroller Report on "Fiscal Stress"**

Dear Honorable Legislators:

Today, the Office of New York State Comptroller Thomas DiNapoli ("OSC") issued his annual report updating his Fiscal Stress Monitoring System with their analysis of Erie County. I am delighted to report that for the second year in a row, Erie County has "no designation" which means OSC has determined that the County is not susceptible to fiscal stress.

Importantly, since OSC issued its first fiscal stress report on Erie County in September 2013, the County has consistently improved our standing and score.

The OSC system uses weighted points to determine a score; municipalities with a score of 65%-100% are considered to be in significant stress, 55%-64.9% as moderate stress and 45%-54.9% as susceptible to stress. The State Comptroller's rating system uses a complex matrix to determine a score. The factors driving the system are:

- Total fund balance for combined principal operating (General, Road, Sewer and Utility) funds
- Total fund balance for the General Fund
- Total unassigned fund balance for combined principal operating funds
- Total unassigned fund balance for the General Fund
- Operating deficit: looking at the past three fiscal years (2012, 2013 and 2014) and whether the combined funds had an operating deficit
- Cash ratio and cash position at year end as well as the cash available monthly compared to monthly expenditures

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- Short term debt issuance in the prior fiscal year as well as the prior three years
- Trends in, and costs as a percentage of the budget of personal services and fringe benefits expense for the prior three years
- Debt service expense as a percentage of revenue for the prior three years

In 2011 and 2012, Erie County's score was 48.3%, meaning that we were just slightly above the level at which we would receive "no designation" and OSC would consider the County to have no fiscal stress. The 2011 and 2012 scores meant that OSC considered the County to be susceptible to fiscal stress. In 2013, the County's score dropped to 38.3%, or no designation, which meant that the County was not susceptible to fiscal stress. **For 2014, our score improved once again, to 31.7%.**

The key drivers of the improved scores were our consistent annual surpluses (and no operating deficit), increases in the County's fund balance, and a positive cash ratio. OSC's report is a validation of the County's solid fiscal performance and discipline. As you know, Fitch Ratings just upgraded the County's credit rating from "A" to "A+" and Standard and Poor's affirmed our AA- rating. These independent findings demonstrate the Poloncarz Administration's commitment to improving the County's finances while providing services to the residents of our community in a prudent manner.

If you have any questions concerning the OSC report please do not hesitate to contact me.

Sincerely yours,



Robert W. Keating  
Director of Budget and Management

RWK/tcc

cc: Erie County Executive Mark C. Poloncarz  
Erie County Comptroller Stefan Mychajliw  
Erie County Fiscal Stability Authority