

October 15, 2015

Erie County Legislature
Attn: Hon. John J. Mills
92 Franklin Street
4th Floor
Buffalo, NY 14202

Dear Chairperson Mills:

I am writing to you today in my capacity as Chair of the Erie County Citizens' Budget Review Commission, which was created by Local Law No. 3-2006 and amended by Local Law No. 2-2012. Beginning in 2013, the Commission was convened with 11 voting members and 3 ex-officio members.

Pursuant to Section 2618e of the Erie County Charter, the Commission 'shall hold quarterly meetings to review Erie County finances and budgets.' On May 14, 2015 a resolution submitted and adopted by the Erie County Legislature appointed the following nine individuals on a volunteer basis and three ex officio members to comprise the Erie County Citizens' Budget Review Commission for a term that will expire on December 31, 2015:

1. Jorge S. deRosas, Esq.
2. Elias Farah
3. R.J. Friedman, Esq.
4. Joseph Hanna, Esq.
5. Ed Kumrow
6. Kevin Leffler
7. Jud Payne
8. Thomas Webb, Jr., Esq
9. Joseph F. Winter, CPA
10. Jeremy Toth, Erie County Attorney's Office (ex officio)
11. Timothy Callan, Erie County Office of Budget & Management (ex officio)
12. Stefan Mychajliw, Erie County Comptroller's Office (ex officio)

We conducted our meetings on May 27, 2015 and October 2, 2015, thus far and minutes are attached for your review. We plan to conduct an additional meeting in the fourth quarter of 2015 around the middle of November 2015 to coincide with the Erie County Legislative Budget Hearings and will forward minutes of that meeting to you accordingly.

The goal of the Commission is to 'assist and advise the Erie County Legislature about the oversight of the County's budget' and the intent of this correspondence is to serve as the Commission's 2015 annual report, in accordance with the intent in Section 2618 (b), which states that the Commission 'shall submit an annual report which shall include its findings, conclusions and recommendations for the appropriate budgetary action to the County Legislature.

Our recommendations are as follows:

1. Attempt to appoint the volunteer Commission members earlier in the calendar year if possible.

The appointment of volunteer members has been completed during the month of May the last two years. An earlier appointment could allow for a meeting in the first quarter and perhaps curtail scheduling issues for Commission meetings.

2. Erie County's material reliance on sales tax dollars to the overall budget.

It appears that Erie County's budget is materially reliant on overall sales tax revenues. The gross amount of sales tax dollars collected, including the shared amount to local governments, comprises approximately 70% of local source budgeted revenue and approximately 53% of overall County budget revenue in 2015. It appears the County receives these funds in lump sum from New York State with little information about how or from whom amounts were collected. This heavy reliance and limited information could make budgeted revenues difficult to predict month to month and year to year. Additionally, when events like a major snowstorm occur; such as in 2014, planning and analysis to gauge the timing, impact and resource availability could be a fiscal management tool. Perhaps a study or an undertaking by the Legislature could be completed to assess sources of sales tax revenue such as Canadian shoppers, effects of motor fuel prices, utility rates or large dollar purchase items to better predict trends, patterns and ability to promote the area accordingly.

3. Erie Community College's (ECC) budget concerns.

It appears that the County is being negatively affected financially as Erie County residents attend community colleges in other nearby counties. While the cost of this negative spending variance seems minor in the current year, it appears that requests from ECC for additional yearly operating and capital amounts could be problematic in the future. We recommend investigating this matter closely and assessing the 3 campus approach to other community colleges in New York State as a matter of comparison for delivery of services and cost of sponsorship.

Thank you in advance for your time and consideration.

Very truly yours,

Joseph F. Winter, CPA
Chair of the Erie County Citizens'
Budget Review Commission

ERIE COUNTY CITIZENS' BUDGET REVIEW COMMISSION

INFORMATIONAL NOTES FROM May 27, 2015 MEETING

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ATTENDEES: Kevin Leffler, Jud Payne, Edward Kumrow, Jorge deRosas, Elias Farah,  
Timothy Callan, Jeremy Toth and Joseph Winter  
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Discussion of Budget Monitoring Report for period ended 3.31.15:

Mr. Winter asked Mr. Callan to review the most recent Budget Monitoring Report for the Committee. A discussion started with Mr. Callan pointing out that total year to date revenues exceeded total budgeted revenues by approximately \$5 million. The increase in revenue is primarily related to program specific sources amounting to approximately \$8.4 million; it is worth noting that the manner of accounting for this revenue will have an offsetting program service expense as a result of government accounting standards reimbursement reporting.

Mr. Callan also noted that sales tax collections were off by approximately \$1.6 million compared to budgeted amounts. The Division of Budget was going to continue to closely monitor sales tax collections to ascertain the overall financial impact to the County as well as budget implications.

In addition it was noted and further discussed the sensitive nature of the reliance of sales tax dollars to the overall budget along with some of the economic issues that drive sales tax amounts; notably at this point in time the depreciation of the Canadian dollar and its related purchasing power of Canadian shoppers and tourists at various Erie County retailers.

Next Mr. Callan discussed that year to date expenses exceeded budgeted expenses by approximately \$5 million net. It was noted that there is a positive variance (less spending) in personnel related costs of approximately \$2.1 million attributed to budgeted amounts which was caused by attrition and some budgeted positions that have remained unoccupied. Mr. Callan then directed the Committee to program specific expenses which amounted to approximately \$8.8 million more than budget; however as noted in program service revenues this is to be expected in light of reimbursement reporting methodology.

Lastly, Mr. Callan noted that year to date through March 31, 2015 that Erie County has a positive net budget variance of approximately \$79,000 and therefore it seems that fiscal management is being executed.

Mr. Callan indicated this year mid- year budget committee meetings with the Erie County Legislature will be held earlier and take place on June 15 – June 17, 2015

A discussion ensued about other Erie County fiscal and operating measures notably: Mr. Payne inquired about the possibility of a downtown stadium analysis noting the positive and negatives of such an undertaking as compared to the current use Ralph Wilson Stadium

The cost and maintenance of roadways and in particular the bridge along Route 219 in Springville was also discussed by the Committee members

The cost of child and family services along with juvenile children was also discussed among the Committee members.

ERIE COUNTY CITIZENS' BUDGET REVIEW COMMISSION

Minutes of Meeting from October 2, 2015

FOR INFORMATIONAL PURPOSES

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ATTENDEES: Jud Payne, Edward Kumrow, Timothy Callan, and Joseph Winter

INVITEES: Robert Lennartz

ABSENT: R.J. Friedman, Kevin Leffler, Jorge deRosas, Elias Farah, Joseph Hanna, Thomas Webb, Jr., Jeremy Toth and Stefan Mychajliw

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Call to Order:

Session commenced at approximately 8:45 am.

Prior Meeting Minutes:

In light of an absence of a quorum, the review of the prior meeting minutes was moved to a subsequent meeting.

Discussion of Budget Monitoring Report for period ended 7.31.15:

Mr. Winter asked Mr. Callan to review the most recent Budget Monitoring Report for the Committee. A discussion started with Mr. Callan pointing out that total year to date surplus through July 2015 was approximately \$6.1 million compared to the budget for the corresponding period.

Mr. Callan also noted that sales tax collections were off by approximately \$4.5 million compared to budgeted amounts. The Division of Budget was going to continue to closely monitor sales tax collections to ascertain the overall financial impact to the County as well as budget implications. It was noted and further discussed the sensitive nature of the reliance of sales tax dollars to the overall budget along with some of the economic issues that drive sales tax amounts. The Canadian dollar, drop in the price of motor fuel and less sales tax receipts associated with utilities were also contributing factors to the decrease in sales tax revenue compared to the 2015 budget. It was discussed that overall sales tax revenue increased by approximately 1% year to date actual compared to year to date actual to the prior year.

Further revenue topics were discussed including the costs and revenue reimbursement for children attending OCF schools, the Governor providing positive mandate relief and the State Comptroller upgrading the reimbursement to Department of Social Services on a per student basis.

Next Mr. Callan discussed that year to date expenses were approximately \$5.7 million less than budgeted expenses. It was noted that there is a positive variance (less spending) in personnel related costs of approximately \$4.6 million attributed to budgeted amounts that has been caused by attrition and budgeted positions that have remained unoccupied throughout the year.

A discussion then ensued about costs and capital funding pertaining to Erie Community College (ECC). As one example, Mr. Callan directed the Committee members to the County Resident Enrollment Community College account in which a negative variance of approximately \$420 thousand was noted compared to budget through July 2015. This account is used to help track the cost of Erie County residents attending other county community colleges, most notably Niagara County Community College. A request by administration of ECC for additional operating budget amounts along with capital budget amounts was raised for informational purposes.

Mr. Callan then indicated that the 2016 Budget prepared by the County Executive will be submitted to the Legislature by October 15, 2015 and that this year's Legislative budget hearings are scheduled to take place in the middle of November 2015.

Other Business Matters:

A discussion ensued about the State Comptroller Report on Fiscal Stress. Mr. Callan helped to inform the Committee the approach and manner of scoring Erie County's financial measures in the view of an independent state agency. It was noted that County finances for susceptibility to fiscal stress has improved consistently the past 4 years.

It was also noted that the rating agency, Fitch recently upgraded the County's credit rating from 'A' to 'A+' and Standard and Poor's affirmed the 'AA-', ' rating assigned to the County.

The Committee Opened Questions to the Public:

A representative from The League of Women Voters made note of the lack of a quorum at this meeting and brought up the topic of a similar event for the undertaking of a meeting during the Summer of 2014.

No other matters were discussed at this session.

Next Meeting:

Will be determined by Committee consensus with the goal to be around the middle of November 2015 and in conjunction with the Erie County Legislature Budget Hearings

Adjourn:

Session was adjourned at approximately 10:00 am

Chairman:

Joseph Winter