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ERIE COUNTY COMPTROLLER

HON. STEFAN I. MYCHAJLIW

August 24, 2016

FOR IMMEDIATE CONSIDERATION

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

RE: Transfer of Unanticipated Revenue

Dear Honorable Members:

Attached for your consideration is a resolution requesting a transfer of unanticipated revenue within my office budget. Also included is a detailed memorandum that outlines the request.

In short, New York State made a regulation change on how long my office must hold onto surplus court account funds before turning them over to the State Comptroller. They decreased the length of time from 5 years to 3, and made the change effective immediately. Doing so forced us to turn over 5 years-worth of accounts in one year, instead of our usual 3, which increased the maintenance fee revenue we charge on the transfer transaction.

This unanticipated revenue will not be a reoccurring theme within our budget, and therefore I am hoping to use the funds to purchase some needed office equipment. Using these funds will prevent me from having to build the costs into the operating budget. None of the expenses are reoccurring, and all of them have a multi-year shelf life, so this revenue windfall is our desired avenue to fund the expenses.

Thank you for your consideration of this request. My staff will be present at the Majority Caucus meeting to answer any questions you may have.

Sincerely,

STEFAN I. MYCHAJLIW
Erie County Comptroller

cc: Office of Budget and Management

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MEMORANDUM

To:	Honorable Members of the Erie County Legislature
From:	Erie County Comptroller Stefan I. Mychajliw
Re:	Transfer of Unanticipated Revenue
Date:	August 24, 2016

SUMMARY

This resolution seeks authorization to transfer unanticipated revenue for the purpose of purchasing computers and office equipment in the Erie County Comptroller's Office. By mid-year the Comptroller's Office has already exceeded its $55,000 budget for Treasurer Fees by more than $40,000. This influx in revenue will be a onetime occurrence, as it is the result of the state changing regulations regarding how long our office holds onto surplus funds relating to the sale of foreclosed property. Before the change, the county held onto these funds for 5 years, and now we are only required to hold it for 3 years. Therefore, in 2016 we turned over an additional 2 years in funds to the state, and were able to re-coup and additional 2 years' worth of fees for managing the accounts. Since this money is a one shot, we are seeking your authorization to purchase office equipment with a multi-year shelf life, rather than incorporate that expense into our operating budget in 2017.

FISCAL IMPLICATIONS

No negative impact on the 2016 budget because the revenue being appropriated is unanticipated.

REASONS FOR RECOMMENDATION

The Comptroller's Office intends to purchase a check printer, 28 new computers and reserve funds in our office supplies account for the purchase of other office equipment.

CHECK PRINTER – Last year, the Comptroller's Office purchased a new check printer to replace the 12 year old machine we had previously been using. We did so for a few reasons. The main reason was that the Department of Personnel replaced their check printer that they used for payroll checks. Our offices back each other up in the event that one of the check printers goes out of service for any reason. Additionally, the operational cost of the 12 year old machine was no longer sensible, so we cancelled the service contract and are in the process of using up the last of the available toner we have on hand. The new printer came with a service contract/warranty, whereas the old one was costing us hundreds per year. The toner for the old check printer is no longer manufactured and we are purchasing it through a specialty contract at almost $500 a cartridge. The new printer's toner costs are less than half of the old machine. The new machine also prints much faster, but a drawback is it does not hold the same amount of check stock as the old machine. An additional machine of the same model will allow us to hold more secure check stock on hand, complete our weekly check run process faster, and synchronize the model of the backup machine for both our office and personnel.

COMPUTERS – Last year, the Comptroller's Office used surplus funds from vacancies in our office to purchase new computers for our Audit Division. We worked with DISS to do upgrades to the RAM and operating system of some of our computers in the Accounting Division, but didn't have the funds available to replace them all. Computers in the Audit Division are over 10 years old and have been upgraded from time to time when needed, but are in bad need of replacement. We are regularly getting calls from banking institutions asking us to upgrade our operating systems in order to continue using their software, online applications and secure

banking programs. Our 10 year old fleet of computers simply does not have the processing abilities to keep up with these demands, and they need to be replaced.

BACKGROUND INFORMATION

The State of New York changed its regulation for how long a municipality must hold the surplus funds from the sale of foreclosed properties from 5 to 3 years. Our office holds these funds for properties sold at both the county and city auction. When our office turns these funds over to the state as abandoned funds, we charge a 2% fee for the maintenance of the accounts. Changing the regulation from 5 to 3 years forced us to turn over an extra 2 years of funds, which afforded the county a onetime windfall of revenue. Our office knows that we have technology and equipment needs which are challenges for our operational budget, and feels strongly that it is best to address them all at once with unanticipated revenue that will have no impact on the adopted budget.

CONSEQUENCES OF NEGATIVE ACTION

The Comptroller's Office will not be able to purchase new computers, office equipment or a back-up check printer with unanticipated revenue, and will have to build those costs into our operating budget in future years, including 2017.

STEPS FOLLOWING APPROVAL

The County Comptroller's Office will work with the Office of Budget and Management to transfer the unanticipated revenue to the appropriate accounts, and staff will work with the Department of Information and Support Services to complete the purchases and installation

A RESOLUTION SUBMITTED BY:
Erie County Comptroller Stefan I. Mychajliw

RE: Transfer of Unanticipated Revenue

WHEREAS, the State of New York changed a regulation regarding how long the Comptroller's Office must maintain control of court funds from 5 years to 3 years, and

WHEREAS, when the Comptroller's Office relinquishes control over these accounts and transfers the money to the State Comptroller, a 2% service fee is retained to compensate the work done maintaining the accounts, and

WHEREAS, this revenue is deposited in the 'Treasurer Fees" account managed by the Comptroller's Office, and

WHEREAS, this regulation change forced our office to turn over an additional 2 years of court accounts to the state in 2016 which nearly doubled the revenue from the expected 2% transaction fee, and

WHEREAS, this unanticipated revenue can help our office improve our technology and office equipment without having a negative impact on the operating budget of future years, and

NOW, THEREFORE, BE IT

RESOLVED, that this honorable body authorizes the allocation of the following funds from unanticipated revenues to adjust the Comptroller's 2016 budget as follows:

2016 Budget – County Comptroller, Business Area 112, Fund Center 11200

REVENUE	*INCREASE*
415050 Treasurer Fees	$21,540

EXPENSE	*INCREASE*
561410 Lab & Technical Equipment	$18,040
505000 Office Supplies	$3500

And, be it, further

RESOLVED, that certified copies of this resolution be forwarded to the Erie County Comptroller and the Director of Budget and Management.