



ECLEG NOV01 '16 #10126

## ERIE COUNTY COMPTROLLER

HON. STEFAN I. MYCHAJLIW

November 1, 2016

The Honorable  
Erie County Legislature  
92 Franklin Street, Fourth Floor  
Buffalo, New York 14202

**RE: Comments on Proposed 2017 County Budget**

Dear Honorable Members:

I am writing to present my thoughts on the 2017 county budget as proposed by County Executive Mark Poloncarz. While the budget has been marketed by the administration as “boring” and “steady as you go,” that is likely only a ploy to detract your, and the public’s attention, from the gimmickry used to keep the county “under” the state imposed property tax cap. In fact, the county isn’t under the cap at all this year and I believe excessive overspending over the past few years has forced us to exceed it by at least \$24 million.

This budget, as proposed, ignores the rules of the property tax cap, blatantly doesn’t budget for known and actual expenses, and leaves 3500 county employees whose contracts will all be expired without a cost of living adjustment for at least four years.

In this report, I will address the following topics for your consideration as you deliberate on the adoption of the 2017 Erie County Budget:

- Understanding the Property Tax Cap
- Conversion of Sewer Taxes to Fees
- Consequences of changing from Taxes to Fees
- Improperly changing Sewer District “Taxes” to “Fees”
- ECMCC IGT
- Sales Tax Revenue Estimates
- Lack of Funding for Contract Settlements
- Underfunding Risk Retention
- Underfunding the Board of Elections
- Elected Official and Departmental Spending

### UNDERSTANDING THE PROPERTY TAX CAP

Most counties in New York State were assigned a tax base growth factor for 2017. The counties of New York City are not subject to the real property tax rate cap, and are therefore not assigned a growth rate factor for purposes of the tax cap law. For 2017, the tax base growth factor for Erie County is 1.0079. This allows the tax levy to grow by a factor greater than the rate of inflation, due to its increasing

tax base. Amongst New York State counties, there are ten counties with a higher tax base growth factor. This puts Erie County in the top quarter of counties in New York State allowed to increase their tax cap threshold beyond the rate of inflation.

Within Erie County, each city and town is also assigned a tax base growth factor. These factors are related to the county tax base growth factor in that it provides an indication where growth is occurring in the county, contributing to the county's own growth factor. The seven towns or cities assigned the highest growth factors were Lancaster, Orchard Park, Newstead, Elma, Clarence, Aurora and Eden. Each of these towns were assigned a higher tax base growth factor than Erie County. The City of Buffalo ranked thirteenth of the 28 cities and towns in Erie County. Two towns, Collins and Evans, were assigned a growth factor of 1, which indicates that its tax base did not grow by an amount significant enough to reflect property tax base growth, if at all.

Continued tax base growth allows the tax levy to grow in an amount greater than the rate of inflation. Seventeen of the 28 towns and cities in Erie County, almost two-thirds, achieved a tax base growth factor greater than the average for counties (except for New York City) across New York State. As such, the county has more flexibility to remain under the real property tax cap while assigning its spending priorities than it would if the cap was tied to inflation alone.

### **CONVERSION OF SEWER TAXES TO FEES**

Publication 1000 (10/11), published by the New York State Department of Taxation and Finance and the New York State Department of State, is informative on the subject of the real property tax cap. In particular, it states:

“• Special Districts (including, but not limited to sewer, water, library and fire protection districts). In the case of special districts the tax cap applies as follows:

→ The tax levy of a special district (such as a water or sewer district) that (i) has a separate independent elected board, and (ii) has the authority to levy a tax, or can require a municipality to levy a tax on its behalf, is subject to the tax levy limit.

→ The tax levy of a special district that (i) has a separate independent board appointed by the governing body of another local government, and (ii) has the authority to levy a tax, or can require a municipality to levy a tax on its behalf, is subject to the tax levy limit.

To the extent the budget of a special district, such as a library district, is comprised of revenues generated by its own taxing authority, or by a tax levy of another local government that the local government is required to impose on behalf of that special district, those tax revenues fall within the tax levy limit of the special district. To the extent the budget of that special district is comprised of revenues generated by the taxing authority of another local government (such as a town or village), and that local government is not required to impose that tax levy on behalf of the special district, those tax revenues fall within the tax levy limit of the town or village.

→ A tax levy that supports the operations of a special district that is established, administered and governed by the governing body of another local government— such as a tax levy imposed by a town or county board, under its authority, to support an improvement district created, administered and governed by that town or county board - is part of that town or county's tax levy, and is to be applied to the tax levy limit of that town or county – it is not to be separately reported by the special district.

→ A special district that raises revenue solely through fees based on use is not subject to the tax levy limit.

Stated simplistically, if a county taxes for sewer districts, the revenue counts toward the levy limit. If the sewer districts raise revenue solely through fees based on use, the revenue does not count toward the tax levy limit.

Erie County administers and operates seven sewer districts through its Division of Sewerage Management. The Division of Sewerage Management is part of the Department of Environment and Planning. The sewer districts are governed by Boards of Managers, whose members are appointed by the County Executive. According to the Division, “[t]he Sewer Districts are self-supporting entities with the power to assess appropriate service fees and levy local sewer charges. Their annual revenues, which are sufficient to cover all operating costs and capital debt service, are generally derived from a combination of flat rate charges, parcel charges, footage charges, user charges, and sewer charges based on the assessed value of real property.”

Below are the budgeted revenues for real property taxes and user charges for all of the sewer districts within the Division of Sewerage Management for 2015-2017:

<b><u>ECSD1</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Real Property Taxes	\$6,444,732	\$3,354,062	\$3,408,445
User Charges	\$743,961	\$433,002	\$4,102,748
<b><u>ECSD2</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Real Property Taxes	\$6,595,130	\$6,766,075	\$6,895,284
User Charges	\$251,695	\$251,695	\$214,114
<b><u>ECSD3</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Real Property Taxes	\$14,279,845	\$14,756,127	\$6,962,207
User Charges	\$1,083,567	\$1,083,567	\$9,182,725
<b><u>ECSD4</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Real Property Taxes	\$5,841,510	\$2,313,079	\$2,125,264
User Charges	\$594,707	\$4,082,905	\$4,307,390
<b><u>ECSD5</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Real Property Taxes	\$1,512,615	\$1,108,613	\$962,797
User Charges	\$305,154	\$704,954	\$700,829
<b><u>ECSD6</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Real Property Taxes	\$2,644,240	\$2,776,198	\$2,784,494
User Charges	\$1,744,508	\$1,763,634	\$1,863,453
<b><u>ECSD8</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Real Property Taxes	\$1,316,763	\$1,334,000	\$1,194,127
User Charges	\$633,206	\$633,206	\$766,436

For budget purposes, the shift from revenues called taxes to revenues called fees appears to have been through the addition of a line titled “User Charge – Flat Usage Charge.” The budget lines referring tax levy and user charges for Sewer Districts 1 and 4 for the years 2015 are as follows:

**ECSD 1**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total Tax Levy	\$6,450,788	\$3,354,062	\$3,408,445
User Charge	\$1,116,856	\$1,137,002	\$923,948
User Charge – Flat Usage Charge	n/a	\$3,196,000	\$3,178,800

**ECSD 4**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total Tax Levy	\$4,100,538	\$2,313,079	\$2,125,264
User Charge	\$420,557	\$414,503	\$397,950
User Charge – Flat Usage Charge	n/a	\$3,668,402	\$3,909,440

The documentation provided in the budget book does not define “User Charge – Flat Usage Charge.” Presumably, a flat charge would impose an equal charge upon each parcel in the district, and not a charge based on assessed value (which would, by definition, be an ad valorem property tax) or on actual usage.

The change in reporting charges in the budget was not transparent to rate payers in ECSD 1 and ECSD 4. For purposes of this report, the tax bills from a sample of twenty properties in ECSD 4 and five properties in ECSD 1 were reviewed. The properties in ECSD 4 were mostly from Lombardy Street in the Town of Lancaster, so that similar properties from a same section of the district could be compared.

The sewer district portion from a typical property tax bill from the sample in ECSD 4 in 2015 reads:

<u>Levy Description</u>	<u>Total Levy</u>	<u>%Change</u>	<u>Taxable</u>	<u>Rate/\$1000</u>	<u>Tax Amount</u>
EC Sewer Dist 4	0	0.00	1	180.000000	\$180.00
EC Sewer Dist 4	5,833,727	4.70	109,000	0.599536	\$65.35
EC Sewer Dist 4	5,833,727	4.70	109,000	0.088942	\$9.69

The sewer district portion from the same property in ECSD 4 in 2016 reads:

<u>Levy Description</u>	<u>Total Levy</u>	<u>%Change</u>	<u>Taxable</u>	<u>Rate/\$1000</u>	<u>Tax Amount</u>
EC Sewer Dist 4	0	0.00	1	180.000000	\$180.00
EC Sewer Dist 4	2,313,079	-60.30	109,000	0.652223	\$71.09
EC Sewer Dist 4	2,313,079	-60.30	109,000	0.096759	\$10.55

Several items from these two bills are notable. In each year, there is a flat charge to the parcel of \$180.00. The charge was the same in 2015, before the shift from taxes to fees, as it was in 2016, after the shift from taxes to fees. The charge appears to be some sort of flat fee that did not change despite the budget changes. The \$180.00 charge was observed in all of the tax bills examined.

Further, for the other two lines, the tax amount can be easily computed by multiplying the rate/\$1000 times the assessed value. This can be done in both 2015 and 2016. It appears that these two lines are based solely on assessed value, which, again, is the definition of an ad valorem property tax.

The bill in 2016 indicates that the total levy in 2016 decreased 60.3% from 2016. However, the Rate/\$1000 actually increased. As such, a taxpayer without reviewing his or her 2015 property tax bill in 2016 would likely be pleased to see that taxes decreased 60.3% and not realize that the actual tax amount increased 8.08%. The rates were the same for each of the twenty properties reviewed. Of course, the taxable values of the property were different. As such, from every property tax bill examined, it appears

that the bills in both 2015 and 2016 were based on the same rate applied to the taxable value of a property, resulting not in a 60.3% decrease, but a 8.08% increase in their sewer tax bill.

Of course, it is possible, albeit extremely unlikely, that each and every household and business in the properties sampled in ECSD 4 used exactly the same amount of water which coincided with the assessed value of their property. As such, further review of documents was in order.

The Annual Report of the Department of Real Property Tax Services for 2014-2015 and 2015-2016 were considered. The relevant sections of each report, which apply to the properties examined in ECSD 4, are:

#### 2014-2015

<b>SWIS Code</b>	<b>District Description</b>	<b>Taxable Value</b>	<b>Tax Rate</b>	<b>Tax Levy</b>
52700	EC Sewer District 4			
	Capital Value	533,521,912	0.088942	47,451.94
	Maintenance Value	486,197,507	0.599536	291,493.14

#### 2015-2016

<b>SWIS Code</b>	<b>District Description</b>	<b>Taxable Value</b>	<b>Tax Rate</b>	<b>Tax Levy</b>
52700	EC Sewer District 4			
	Capital Value	533,565,790	0.096759	51,627.20
	Maintenance Value	486,241,385	0.652223	317,137.50

There are several items notable in reviewing these sections from the two reports. The rates in these reports correspond to the rates in the lines described above on each and every property tax bill examined in ECSD 4. Perhaps more interestingly, the total tax levies listed above increased 8.08%, the same amount that the sewer tax bills increased on each and every bill reviewed in ECSD 4.

It is clear that the method of calculating sewer tax bills in ECSD 4 did not change from 2015, when the bulk of revenues were called a tax, to 2016, when the bulk of revenues were called a user fee. The flat \$180 charge billed to each property remained the same in 2015 and 2016. The rest of the bill was still computed based on the assessed value of the property. The limited sample from ECSD 1 shows similar and consistent observations as those in ECSD 4.

The observations are important, because they relate to the New York State real property tax cap. The sewer levy is included in computing Erie County's real property tax cap. For 2015, Erie County has reported the following sewer levies to New York State for purposes of computing the tax cap:

2015	\$38,706,049
2016	\$32,464,716
2017	\$24,332,618

During the same period, fees have increased for all districts as follows:

2015	\$5,356,798
2016	\$12,852,963
2017	\$21,137,695

As discussed above, the reason for the shift in tax levy revenues from 2015 to 2016 were the changes in ECSD 1 and ECSD 4. The reason for the further shift from 2016 to 2017 is that in addition to maintaining the changes in ECSD 1 and ECSD 4, ECSD 3 has also voted to switch from labeling a significant portion of their revenues from taxes to user fees.

**As quoted earlier, sewer district taxes are to be applied to the tax levy limit. The exception to that rule is that a sewer district “that raises revenue solely through fees based on use is not subject to the tax levy limit.”**

The Property Tax Cap Legislation can be found in Laws of New York, 2011, Chapter 97 (Part A). It states that for purposes of the tax cap, taxes shall include “special ad valorem levies and special assessments as defined in subdivisions fourteen and fifteen of section one hundred two of the real property tax law” s. 3-c(2)(h)(ii).

Real Property Tax Law s. 102 includes the following definitions:

“14. “**Special ad valorem levy**” means a charge imposed upon benefited real property in the same manner and at the same time as taxes for municipal purposes to defray the cost, including operating and maintenance, of a special district improvement or service, but not including any charge imposed by or on behalf of a city or village.

15. “**Special assessment**” means a charge imposed upon benefited real property in proportion to the benefit received by such property to defray the cost, including operation and maintenance, of a special district improvement or service or of a special improvement or service, but does include a special ad valorem levy.”

**Applying the law to sewer districts, fees charged to sewer district users based on their assessed value would be subject to the tax cap. Fees based solely upon individual quantity usage would not be subject to the tax cap. Other fees may or may not be subject to the tax cap.**

In the present situation, it seems clear that although the budget indicates taxes were shifted to a line called “User Charge – Flat Usage Charge,” the method used to bill the property owners was in the form of a tax. As such, sewer levy for purposes of the property tax cap for 2016 would have been \$39,672,356. It was reported to the state as \$32,464,736. The difference between these two amounts is \$7,207,620. Instead of being \$1,068,079 under the cap in 2016, this would make the county \$6,139,541 over the cap for 2016.

Of course, such an overage would have consequences. Despite the budget passing unanimously, the Erie County legislature did not pass a law prior to the budget vote authorizing them to exceed the real property tax cap. However, intent to exceed the cap should not be presumed in a budget that was described as being under the cap. Even if presented to the body for approval, which it was not, the law would have had to pass the legislature with the votes of seven of the members, and be signed by the County Executive. Because such a law was not passed, and if the cap was illegally exceeded, the county would have to take steps which would have the effect of reducing the property tax cap limit by the amount of the overage for the 2017 budget.

The most recent calculations available indicate that the property tax levy limit for 2017, as reported by Erie County to New York State, is projected to be \$312,642,895. This includes the \$1,068,079 carried forward from 2016. Since that may not be the case, the new limit would be

\$311,574,816. Deducting the amount of overage from 2016 would bring the limit to \$305,435,275. This would make the proposed 2017 county budget \$7,049,416 over the tax levy cap.

Unfortunately, that assumes that the “User Charge – Flat Usage Charge” was billed incorrectly and differently than was voted upon by the members of the sewer districts and that the method of computing and allocating bills to property owners can be changed for 2017. If indeed the bills were assessed as agreed upon by the sewer districts, the amount over the tax cap limit as proposed for 2017 is even larger. Using a revised sewer levy of \$41,552,586, the amount over the tax cap as proposed for 2017 will be \$24,269,384.

### **CONSEQUENCES OF CHANGING FROM TAXES TO FEES**

It should be noted that switching to a flat fee for sewer district users would spread the cost equally among property owners. As such, a single elderly individual living alone in a small home, who may not even reside in the home during winter months, would pay the same fee as a family of eight with high water usage, who would pay the same as a business with even higher sewage needs. This would likely have a significant impact on the amounts paid by current sewer district property owners.

Further, exceeding the property tax levy cap for 2016 may have negative consequences for homeowners throughout the county. On October 21, 2015, the County Executive announced that an efficiency plan was approved pursuant to New York State’s Property Tax Freeze Credit. The efficiency plan, which combined the efforts of 38 towns and villages to identify efficiencies in government, allows home owners to receive a rebate of property tax amounts that may increase for two years if certain criteria are met. The County Executive stated that approval of the plan, combined with the 2016 budget which was under the real property tax cap for 2016, “has guaranteed that all home owners will receive a rebate check on at least their county property taxes....” On January 22, 2016, the County Executive announced that the 2016 rebate checks should be sent out in fall, 2016.

If the conditions of the program were met, home owners are due possibly millions of dollars in rebates. If the tax cap was exceeded, will home owners now not receive these checks which were promised to them? Will the checks be sent out and later reclaimed? Will the county face repercussions for reporting compliance with the tax cap if it is ultimately decided that it did not?

Final determination as to whether Erie County met its obligations pursuant to the New York State property tax cap law is needed. Users in the Erie County Sewer Districts need to be assured that they are being billed accurately and appropriately. Qualifying homeowners throughout Erie County need to know whether or not they will be receiving a rebate pursuant to the New York State Property Tax Freeze Credit. Taxpayers in Erie County need to know whether their county government complied with New York State law. Assurance needs to be provided not just at the local level, but at the state level as well.

### **ECMCC IGT**

On Friday, October 28, 2016 the County Executive and ECMCC clocked in a joint letter to address the future of intergovernmental transfer payments to the hospital and the makeup of a proposed “credit” the county will use to defer these payments in exchange for managing the borrowing for a new trauma center and other capital improvements. The letter was intended to clear up misconceptions created when “incomplete information was informally given to the legislature” during a meeting between the leadership of your honorable body and the CEO, CFO, Board President and Incoming Board President of the hospital. From my perspective, the letter doesn’t change my understanding of this proposed

borrowing scheme but I hope it was helpful to you. What it does do, however, is highlight the ongoing and critical flaws of this proposal.

The hospital and the county are trying to put together an agreement that would defer IGT payments in exchange for the county handling the borrowing of \$100 million in capital projects at the hospital. The logic behind the transaction is sensible. The county is affiliated with the hospital and can borrow money more affordably because of a better bond rating. The hospital wants to use that better bond rating and will credit the county the money they save against our owed IGT payments.

Unfortunately, this deal only comes together in a fantasy land that willfully ignores the following:

- The hospital does not currently have a credit rating, so there is no way to determine the actual amount of the credit.
- Not knowing the actual amount of what the county would save conducting the borrowing, instead of the hospital, makes it impossible for the county to settle on and contractually agree to a credit amount.
- Despite repeated requests, the hospital still has not provided the county an opinion from their outside auditors that they can credit savings they will realize over a 30 year period against expected revenue in the first four to five years of the bond.
- The county's recording of this transaction is fully within the purview of the Erie County Comptroller, who is responsible for setting accounting policy.
- ECMCC administrators have stated clearly that they cannot afford the payments to the county on any new debt unless they are able to refinance \$46 million in debt relating to the nursing home on their campus. That debt is held by the Erie County Fiscal Stability Authority (ECFSA) and the authority to refinance it remains with them, and not the county or the hospital. The first step in this entire discussion should be the ECFSA's formal indication that they are in support of letting the county refinance their debt and they are willing to call the bonds.
- If the ECFSA permits the refinancing, the term of that debt will be extended from its remaining 9 years to 30. This will lower the hospital's payment, but add more than \$40 million in interest expense over the life of the loan. This additional and unnecessarily created expense will be funded by taxpayers.
- Both the hospital and the county are using different numbers in terms of projecting the future cost of IGT. According to ECMCC's estimate, 2017 IGT will be \$63,717,000. The county is responsible for half that amount, or \$31,858,500. The budget, as proposed, allocates \$23,051,114 for IGT, a budget shortfall of \$8,807,386.
- ECMCC's IGT estimates show the county's liability growing to over \$42 million in 2022. The credit is rumored to expire in 2020.

It is also important to note that the total project cost for capital improvements at the hospital is \$120 million, with ECMCC responsible for raising \$20 million. If ECMCC is unable to raise that \$20 million, or pay for it out of their operating budget, the county will ultimately be liable. The failure of the affordable care act will continue to increase our financial obligations to the hospital beyond what this proposed credit will contain.

With that said, I understand the importance of this project and, in principle, I support it. However, I can never support marrying the hospital's needs with a scheme to bail out the county's unrelated fiscal problems. The county has clear estimates for what IGT costs will be and the current administration refuses to budget for them. At the same time the Affordable Care Act is increasing our obligations to the hospital, it is saving us millions in Medicaid expense, which has yielded the county



record surpluses over the past three years. Rather than appropriate these record surpluses to this known expense, each year the County Executive has asked the Legislature to spend it on various projects.

The county is not in a financial position to serve as the hospital's banker in this transaction. It is for situations like this that the state created and empanelled the control board and their superior credit rating should be utilized to save taxpayers millions of dollars.

### **SALES TAX REVENUE ESTIMATES**

The county has officially received the data from the state on the first eight months of sales tax collections in 2016. Collections were only up \$25,854 from last year which represents 0.00893% growth in 2016. The collections have shown negative or zero growth for most months thus far. If this trend continues in the last four months of the year, the county will be facing a \$6.7 million hole in the 2016 operating budget. In order to avoid that, revenues will have to grow by 4.5% for the remainder of the year to meet budget. It is highly unlikely that will happen.

According to the sales tax revenue estimates in the 2017 budget, the administration expects it to grow 0.68%, or \$3,022,211, from the 2016 budget. While this may seem suitable, it is not. It completely ignores the fact that sales tax revenue in 2016 is currently growing at 0.00%, with 2016 revenue currently outpacing 2015 revenue by only \$25,854.

Therefore, the administration expects it to grow 2.17% from this year's actuals. While I appreciate the optimism and hope that happens, for the purpose of setting the taxpayer's budget it is irresponsible to assume that sales tax revenue will be \$9,724,755 higher in 2017 than it was in 2016. It is also misleading to have last year's budgeted sales tax number serve as the basis for determining the growth rate, rather than use data based on actuals which is readily available to the administration. As legislators, it is important for you to be mindful of the difference.

### **NO FUNDING FOR CONTRACT SETTLEMENTS**

On December 31, 2016 all major bargaining units that comprise Erie County's almost 4000 employees will be without a contract. The proposed 2017 budget has no provisions to fund raises/cost of living adjustments for any of them. Additionally, increased employment costs detailed in the four year fiscal plan only account for automatically earned longevity/step increases and not newly negotiated pay scales.

The 2017 budget designates \$189,030,109 for salaries. Assuming \$1.1M of that is turnover expense, a 2% across the board raise for employees would cost approximately \$3.75M. Budgeting for this known expense might be inconvenient but would be responsible, unless it is the County Executive's plan to leave the workforce without new contracts for at least four years. If that is the case, this budget proposal and four year plan is honest in this regard. If that's not the case, next year's budget and the four year plan are out of balance and are being misrepresented to both you and the control board.

### **INTENTIONALLY UNDERFUNDING RISK RETENTION**

The Department of Law manages the county's risk retention fund. The county is self-insured and uses this fund to pay the costs of outside counsel to defend ourselves and pay for settlements and judgments. Occasionally the fund is used to finance the County Executive's political witch hunts against

legislators he opposes. In any event, on average the fund spends \$3,978,434 per year. The County Attorney recognizes this and requested \$4 million in the 2017 budget. The County Executive designated only \$2 million to the fund.

Historically, the fund has spent:

2010: \$4,106,303  
2011: \$8,993,251  
2012: \$3,035,883  
2013: \$2,221,931  
2014: \$1,869,317  
2015: \$3,643,920  
2016: \$2,254,554 (YTD)

This is an irresponsible and intentional underfunding of a known expense that creates a multi-million dollar hole in the proposed budget.

### **INTENTIONALLY UNDERFUNDING THE BOARD OF ELECTIONS**

The department request relating to staff costs of the Board of Elections is misrepresented in the budget. Ordinarily it would be hard to notice this because the board is not required to fund individual positions, but rather appropriate the same amount of staff funding for both the Republican and Democratic operations. However, documentation provided by the Board of Elections, shows their department funding request for personal services (staff) was \$4,645,541. In the proposed budget, their staff funding request is listed as \$3,350,000 which is notably the same amount the County Executive recommends.

This is a decrease of \$1,295,541 from what they asked for. It is also substantially less than what they are currently spending. The budget as proposed by the County Executive does not provide enough funding for the current (week of 10/17/16) staffing levels of the Board of Elections should all of their employees carry into next year. With no known plans for layoffs, this is another area where next year's known expenses will exceed budget. It is unknown why the actual request numbers of the Board of Elections were not used in the compilation of the 2017 budget.

### **SPENDING SNAPSHOT**

Below is a quick comparison of departmental spending that your honorable body adopted in 2016 compared against what the County Executive is proposing for 2017. These figures represent total department spending. Departments/Offices highlighted in green signify areas where costs went down.

Department	2016 Adopted	2017	Difference
Legislative Branch	3,273,130	3,299,688	26,558
County Executive	1,356,100	1,432,611	76,511

Division of Budget & Management	952,653	957,488	4,835
Comptroller	3,833,690	3,788,699	(44,991)
Dept. of Real Property Tax Services	1,462,744	1,203,928	(258,816)
Law	16,129,771	17,556,087	1,426,316
Personnel	2,635,260	2,801,045	165,785
Office of Public Advocacy	137,203	131,239	(5,964)
Division of Purchase	(128,014)	(64,781)	63,233
Department of Labor Relations	297,989	301,889	3,900
DISS	(312,174)	(917,250)	(605,076)
Division of EEO	281,360	282,332	972
Department of Social Services	586,505,797	591,084,381	4,578,584
Youth Services	12,994,341	13,067,414	73,073
Youth Bureau	2,060,220	2,307,072	246,852
Department of Senior Services	2,815,566	2,834,793	19,227
Mental Health Program Admin	44,719,791	47,056,477	2,336,686
Mental Health Forensic Clinics	2,684,063	2,866,930	182,867
Health	83,678,411	85,704,123	2,025,712
Office of Veteran's Affairs	116,393	95,117	(21,276)
District Attorney	16,000,658	16,451,605	450,947
Sheriff	121,265,803	124,361,580	3,095,777
Central Police Services	2,368,464	2,473,304	104,840
Stop DWI / Traffic Safety Office	1,531,016	1,382,467	(148,549)
E-911 Fund	7,784,054	7,702,047	(82,007)

Probation	11,646,457	11,936,396	289,939
Emergency Services	1,367,506	1,424,936	57,430
Dept. of Environment and Planning	2,045,672	2,044,929	(743)
Buffalo and Erie County Public Library	27,261,091	27,550,344	289,253
Erie Community College	23,054,317	23,221,866	167,549
County Clerk	10,304,471	10,478,964	174,493
Parks, Recreation and Forestry County Parks	6,536,073	6,560,403	24,330
Department of Public Works	82,731,408	80,932,591	(1,798,817)
Board of Elections	11,007,104	8,720,705	(2,286,399)

The work before you is not easy. This budget exceeds the tax cap by more than \$24 million and blatantly refuses to fund millions more in known expenses. My office and I are here to help you with whatever you need to get the job of adopting a budget done.

Thank you for taking the time to review this report. Should your honorable body have any questions about it, my staff and I will be available at any time to answer them before the Finance, Management and Budget Committee.

Sincerely,



STEFAN I. MYCHAJLIW  
Erie County Comptroller

cc: Erie County Fiscal Stability Authority  
Robert Keating, Dir. Of Management and Budget