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COMPTROLLER CALLS ON COUNTY EXECUTIVE TO STOP WASTING ALMOST ONE MILLION DOLLARS

Mark Poloncarz stubbornly refuses to stop playing politics with the people's money by forcing the county to borrow at higher interest rates, needlessly wasting taxpayer dollars

(Buffalo, New York) – “Contrary to published reports, what occurred at the Erie County Legislature’s special session did not save taxpayers \$220,000. The Legislature met for two issues in a special session. One: to approve a new union contract that our hard working employees deserved and one that taxpayers can afford. The other was to vote on a Declaration of Need for a Revenue Anticipation Note (RAN). **A Declaration of Need was not approved for capital borrowing.**

The Declaration of Need is an instrument used by the County Executive that allows the Erie County Fiscal Stability Authority (ECFSA) to borrow on behalf of the county utilizing its lower interest rate. The Comptroller’s Office hands are tied. The county cannot borrow at a lower rate unless the County Executive gives authorization through a Declaration of Need. That’s the law.

The process by law gives the County Executive the sole authority to waste money by forcing the county to borrow at higher rates. That is what Mark Poloncarz is stubbornly doing.

Before the county today there are two borrowings. One is approximately \$33,007,842 for capital borrowing, which takes place annually.

The other borrowing is for a \$110 million Revenue Anticipation Note (RAN). This is essentially a short-term cash advance because the county traditionally receives most revenue earlier in the year. Although the RAN is for a larger dollar amount, more money will be wasted by not issuing a Declaration of Need for the capital borrowing.

This is because the life of the bond for capital borrowing is much longer than the RAN. The bond for capital borrowing is 12 years, the RAN, ten months. Had Mark Poloncarz issued a Declaration of Need for capital borrowing, it would have triggered savings of approximately \$905,437. **This did not happen.**

What was approved yesterday by the Legislature was a Declaration of Need for the RAN, not one for the capital borrowing, which would have yielded larger savings. Using the Control Board to borrow for the RAN saves the county \$249,578.

As your Chief Financial Officer, it is hard for me to fathom that the Control Board's power is good in one instance, but not in another. Had the County Executive issued a Declaration of Need for capital borrowing it would have yielded additional savings and would not add a single day of life to the Control Board. It makes no sense.

It bothers me greatly the County Executive is forcing my hand and refuses to act.

I am deeply troubled with the County Executive's insistence to unnecessarily waste almost one million dollars by stubbornly refusing to issue a Declaration of Need for capital borrowing. We have not heard a rational reason for his decision.

This capital borrowing is entirely separate from the short term Revenue Anticipation Note (RAN) that is being executed by the Office of Erie County Comptroller.

Mr. Poloncarz bizarrely insists on forcing the county to borrow at higher interest rates. This will hurt already struggling taxpayers by wasting their hard earned money. The County Executive is thumbing his nose at taxpayers by purposely wasting almost one million dollars.

Because Mr. Poloncarz refuses to issue a Declaration of Need for capital borrowing, the County Executive will waste \$905,437 on higher interest rates. This is unconscionable and completely avoidable.

It is sad that the County Executive continues to play politics and not save money for the people he is supposed to serve. I stand with taxpayers and call on Mr. Poloncarz to stop his irresponsible zeal to 'have it his way' or the highway on borrowing.

Stefan I. Mychajliw
Erie County Comptroller

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