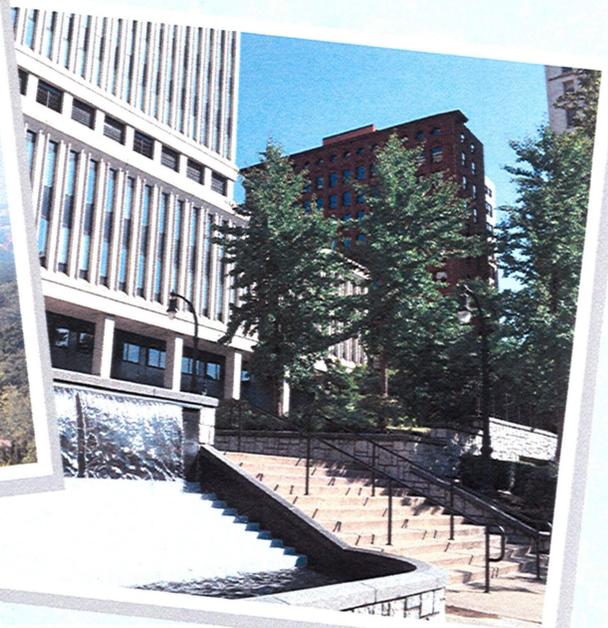


Greetings from
ERIE COUNTY, NY



Chestnut Ridge Park



Eternal Flame



Shark Girl

2015 BUDGET

ERIE COUNTY, BUFFALO, NEW YORK

County Executive's Budget Message & Summary

Including Four-Year Operations Plan Fiscal Years 2015-2018

Mark C. Poloncarz
COUNTY EXECUTIVE

Robert W. Keating
DIRECTOR
BUDGET AND MANAGEMENT

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COUNTY EXECUTIVE'S LETTER



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

October 15, 2014

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

Dear Honorable Legislators:

Please find enclosed my recommended 2015 Erie County Budget and the 2015-2018 Four Year Financial Plan for review and approval by your Honorable Body.

The recommended 2015 Budget is balanced and has reasonable and conservative assumptions for revenues and expenditures. For the third straight year since I took office, this Budget maintains and enhances critical health and human services and increases our investment in the County's infrastructure, while supporting the "people's mandated" cultural, educational and quality of life assets and organizations.

It has been a specific goal of my administration to foster partnership over partisanship, especially when it comes to my relationship with your Honorable Body. In addition to maintaining my commitment to hosting bi-monthly luncheons with both caucuses to initiate an informal dialogue on issues important to our community, over the last few months I solicited feedback from both caucuses of your Honorable Body and met with legislators to discuss 2015 priorities, needs and wants. I took those conversations to

"There is no change in the real property tax rate per thousand of assessed value and it remains at \$5.03, the same level since 2009 and one of the lowest county property tax rates in New York State"

heart. As you will see, the 2015 Budget addresses some issues and priorities communicated to me by your Honorable Body, making this a consensus and non-partisan budget. There is no change in the real property tax rate per thousand of assessed value and it remains at \$5.03, the same level since 2009 – and one of the lowest County property tax rates in New York State.

Positive Developments Happening in Erie County

This is an extraordinarily exciting time to be in Erie County. There are significant and positive economic development and community projects and activities underway. All you have to do is look at the numerous construction sites across the County to see the billions of dollars

of both public and private sector funds being invested in our region. This investment didn't happen on its own. Government, particularly the state, county and local municipalities have played a strong role.

One of the highlights has been the recent completion of the transfer of the ownership of the Buffalo Bills from Ralph C. Wilson, Jr's trust to the ownership of Terry and Kim Pegula. All Erie County residents owe the Wilson family a great debt of gratitude for the commitments that they have made to Erie County through the stewardship of the team for almost 55 years and the new philanthropic initiatives that will ensure that Ralph and Mary Wilson's legacy will live on through the good deeds that the Wilson Trust is now planning. We also look forward to the commencement of the Pegula era with the Bills. We are confident that there will be as strong a relationship with the Pegula's as has existed with Ralph Wilson. This budget makes provisions for the continuation of the County's commitments under the 2013 lease.

Last June, I announced my administration's economic plan, "Initiatives for a Smart Economy." This plan represents a comprehensive and innovative approach to economic development that effectively addresses our region's challenges, while shaping a stronger future. In formulating this plan we knew it did not make sense to start from scratch. Instead, we built upon the framework and direction presented by the Western New York Regional Economic Development Council and Governor Andrew Cuomo's "Billion for Buffalo" plans.

While this plan is very ambitious, we wanted it to be achievable, not just a plan you read today and put on the shelf tomorrow. In the year since it was announced, we've already made tremendous progress. Of the original 64 initiatives, we have begun more than 40, with some already completed and many more successes to be announced soon. We continue our commitment to fostering economic growth in Erie County by including funding for various initiatives included in "Initiatives for a Smart Economy" within the 2015 Budget such as:

- Continuing funding for the program in the Greater Toronto area that is to commence on November 1, 2014 to promote foreign direct investment in Erie County. Funding will be used in collaboration with New York State's renewed efforts under its Global New York program;
- Continuing funding for the Erie Community College "STEM" building. In late 2014 or early 2015 a project architect and a construction management firm will be engaged to move the project forward. When complete, the STEM building will be an important component in the development of the manufacturing workforce of the future;
- Continuing funding for the development of the Bethlehem Steel site. When matched with funding from the New York State CFA process, the County plans to move forward with the development of approximately 400 acres of land as the next great redevelopment location;

- Increasing funding for cultural organizations, including funding a number of new applicants and agencies that have never before been awarded funds through a non-partisan, rigorous and competitive process, and thereby strengthening the County's commitment to cultural, arts and educational agencies;
- Providing increases in funding to support the critical tourism promotion and related development initiatives promoted by Visit Buffalo-Niagara, the Convention Center Management Corporation and the Buffalo-Niagara Film Commission-WNED;
- Increasing the sponsor contribution to Erie Community College ("ECC") by \$125,000 – the first real increase in County operating support to ECC since 2008 – demonstrating our commitment to the college's educational mission, including in the science, technology, engineering and mathematics ("STEM") disciplines; and
- Providing funding for the Buffalo Erie Niagara Land Improvement Corporation ("land bank") to continue its solid work in acquiring and selling distressed, abandoned or foreclosed properties and helping return such parcels to productive use in our community.

We are beginning to see the fruits of our labor. Since January 2012, Erie County's unemployment rate has dropped from 8.9% to 6.1%. While this is definitely great news, percentages mean nothing if jobs haven't been created. The bigger news is that during the same period 18,000 more people are employed in Erie County. Lastly, between 2000 and 2010 our population declined by more than 30,000. Today, the most recent estimates show that not only have we come out of the tailspin, but we've actually made modest gains in population since 2010, a further indication of the strengthening local economy.

2015 General Fund Budget

The 2015 recommended Budget for the General Fund is \$1,431,234,808. This includes \$341 million of sales tax, which we collect but is required to be distributed to local governments, school districts and the Niagara Frontier Transportation Authority. The recommended 2015 Budget is \$39.7 million or 2.86% higher than the adopted 2014 Budget for the General Fund totaling \$1,391,497,375.

The largest factors driving the increase in the 2015 Budget are increases in spending for New York State-mandated health and human service programs and requirements, programs which we have very little or no authority over. These include:

- Increases in the caseloads and expense of the mandated New York State Constitutional Safety Net program;
- Increased costs mandated by New York State for the Erie County youths detained in New York State Office of Children and Family Services' Training Schools;

- Increased spending for child welfare services and foster care and child protective services; and
- Increased spending for the Family Assistance program.

In addition, there are other significant year-over-year increased costs borne by the County in 2015 including:

- Increases in the cost of personal services (salaries) under collective bargaining agreements unanimously approved by your Honorable Body in 2013 and 2014, particularly the CSEA contract;
- Increased funding for road and highway improvements and projects;
- Increases in debt service payment obligations related to the aforementioned road and highway improvements and projects;
- The new 2015 requirement to provide \$2 million annually to Erie County Medical Center Corporation under the 2012 credit mechanism; and
- Growth in sales tax sharing with other governmental entities.

As previously noted, there is no property tax rate increase in the 2015 Budget. However, the County will benefit from \$6.2 million more revenue from assessment growth, of which the Buffalo and Erie County Public Library will receive nearly \$452,000 (in addition to the 2014 shared assessment growth of \$416,000) and the County will retain \$5.76 million.

Rating Upgrade from Standard and Poor's in September 2014

“Standard and Poor’s (“S&P”) upgraded the County’s credit rating three steps to AA-.”

This administration has maintained a steady hand navigating the County’s finances. This administration’s sound management of the County’s finances was rewarded in September with a three step credit rating upgrade to ‘AA-’ by the Wall Street rating agency Standard and Poor’s (“S&P”) and an upgrade just last week in our outlook from “Stable” to “Positive” by Fitch Ratings.

In joining the ‘AA’ rating category, the County’s rating entered the ‘high grade, high quality’ category for the first time in over ten years, a remarkable achievement. This was the County’s first credit rating upgrade since December 2011 and took the County’s credit rating to the highest level since July 2004, prior to the Red-Green fiscal crisis. The County’s credit rating is now only two steps below that of the Erie County Fiscal Stability Authority, after being eight steps lower at one point in 2005.

In upgrading the County, S&P remarked on the County's "consistently strong budgetary performance," "strong budgetary flexibility", "strong management, with good financial policies and practices in place," and noted the County's "strong debt and contingent liability profile, with limited exposure to fixed costs associated with pension and other postemployment benefit ("OPEB") liabilities."

The S&P rating upgrade reflects the strong and effective financial management of this administration and our commitment to solid, conservative budgeting, fiscal controls, and judicious administration of taxpayer money in Erie County. The upgrade means the County's cost for borrowing, be it cash flow notes or bonds for capital projects, will be less costly. It is also an affirmation from an independent third party on the fiscal health of Erie County.

2015 Budget Positive and Negative Factors

Compared to 2014, the 2015 Budget features some positive trends and unfortunately, some negative fiscal trends.

In 2015, there will be a reduction in fringe benefit expense compared to the 2014 Adopted Budget. This is due, in part, to new employee contributions and payments for health insurance under recently-settled union contracts by this administration; retirements of high-seniority County employees in higher pension tiers; and a significant reduction in projected payments to the New York State and Local Retirement System. In addition, as the State's "hard cap" on the Medicaid-MMIS program goes into effect, the County projects \$5.7 million in lower expense in 2015 compared to 2014, which is helping our bottom line.

After many years in which all but one of the County's collective bargaining units were working under lapsed collective bargaining agreements, in 2013, with your unanimous approval, the County settled contracts with the Sheriff PBA, Teamsters, CSEA Correction Officers and medical staff, and NYSNA. In 2014, again with your unanimous approval, the CSEA contract was settled, thereby resolving all of the County's outstanding collective bargaining agreements for costs borne by the County proper. These positive developments generated significant intermediate and long-term savings to the County through work concessions and employee payments for health insurance but also require new cost of living adjustments for 2015 that place pressure on the Budget.

On the negative side, as in the past several years, the County continues to experience growing and very large caseloads in the Safety Net program, a State-mandated program. The Safety Net program is a State program that provides public assistance to single adults and childless couples, and families that include a minor child living with a parent after their federal assistance under the Temporary Aid to Needy Families program expires. Under the New York State Constitution, counties are required to fund and administer this program. In 2013 and 2014, Safety Net expense went over budget by millions of dollars; in 2015 there is a projected \$5 million increase in expense, based on current caseload trends.

As previously noted, due to a mid-year 2014 decision by the New York State Office of Children and Family Services (“OCFS”) for the State Residential Facility program, for those Erie County youth placed in OCFS’s custody and care by the family and criminal courts, there have been large increases in the daily cost charged to the County for housing and treating these youth. This is translating to a 2015 projected cost of \$2.7 million higher than budgeted in 2014 for this program.

Additionally, while sales tax revenue continues to grow, it is coming in at a lower growth rate than averaged over the last decade, necessitating a forecasted reduction in the growth of sales tax revenue in the 2015 Budget compared to prior years and ten year trends.

2015 Programs, Services and Initiatives

In 2015, continuing my administration’s commitment to vital services, community programs and initiatives, the County will provide modest increases in funding for a wide array of programs. This includes library, cultural, educational and anti-crime youth programming, Erie Community College, highway and road needs, capital projects and infrastructure improvements, support for working families, tourism promotion via Visit Buffalo-Niagara and the Buffalo Niagara Convention Center, the land bank, brownfield redevelopment, and Cornell Cooperative Extension, Erie County Soil and Water Conservation, and the Fisheries Advisory Board, among others. These increases, while modest, reflect this administration’s conservative budgeting approach while recognizing the need to continually invest in the areas that make our community strong and vibrant.

*\$451,766 more for the Libraries
\$2,000,000 more for
Roads and Bridges
\$125,000 more for ECC*

Among the key features of additional 2015 funding and priorities, I am continuing my commitment to investment in the “People’s Mandates” as follows:

- Continues a reinvestment in our libraries, adding \$451,766 in new 2015 operating funding for the Buffalo and Erie County Library system as part of my policy of support for community libraries as hubs for career development, youth programming and educational opportunities. This makes for a total increase in yearly funding for our libraries of nearly \$1.2 million since I took office;
- Allocates \$2 million in fund balance to conduct additional road and bridge work in 2015;
- Conducts \$51.2 million in capital projects, including \$21.1 million in infrastructure improvements on roads and bridges throughout Erie County and millions more in the Road Fund using County crews to conduct road work. As in 2013 and 2014, we will continue to utilize, where possible, inter-municipal cooperative agreements with towns

and villages for road and bridge repairs by sharing resources and working collaboratively to the benefit of our residents;

- Creates a new part-time position for the first time in a decade in the Office of Veterans Affairs to assist our veterans and provide support to the veterans seeking help with healthcare and medical care and navigating the often complex veterans benefits system;
- Provides funds for the third year in a row to purchase new vans for senior citizen transportation through the “Going Places” program, in coordination with town governments and non-profit organizations to help seniors recreate, attend medical appointments and visit stores and supermarkets;
- Includes eight (8) new part-time E-911 police complaint writers (dispatchers) in the Department of Central Police Services to provide support to our law enforcement agencies and police officers;
- In late 2013 and 2014, after the 2014 and 2015 Budgets were finished by the Division of Budget and Management, federal and state agencies declined to continue providing hundreds of thousands of dollars in funding for domestic violence programs in Erie County. These decisions terminated funding for four assistant district attorneys, three sheriff deputies, several confidential criminal investigators and caseworkers/advocates, and one probation officer that are working on domestic violence prevention, education, investigation, prosecution, and victim assistance. In addition, a state agency stopped funding assistant county attorneys who work exclusively in Family Court on juvenile delinquency and persons in need of supervision (“JD” and “PINS”) cases. Due to the seriousness of domestic violence and the importance this administration places on combatting this problem, the County is now paying for these programs with County funding;
- Includes four (4) new probation officers, one of whom is a supervisor, to handle the growing caseloads and to provide a mechanism for diversion programs to support alternatives to incarceration;
- Continues the County’s commitment through Operation Prime Time to neighborhood-centered not-for-profit youth organizations for summer youth educational, anti-crime, learning and sports/cultural development in cities and towns across Erie County;
- Includes new detectives in the Sheriff’s Division to investigate, in part, narcotics and drug crimes in Erie County;
- Provides new funds in the Department of Environment and Planning to conduct more Household Hazardous Waste Collection events in 2015 for electronics, computers, televisions, light bulbs, etc. to address consumer demand and willingness to recycle

these hazardous materials in a safe manner with our community and town government partners;

- Includes a new public health educator position in the Department of Health to help combat the growing heroin epidemic in our area; and
- Provides increased community development funding for Cornell Cooperative Extension and Erie County Soil and Water Conservation.

There are a modest number of new positions established in the 2015 Budget to address issues in some departments. For instance, in the Office of the Medical Examiner, two technicians have been added, allowing support staff to assist the medical examiners and alleviate the burden in the office. In the Department of Law, addressing the growing problem involving Article 7 assessment challenges filed by large commercial entities, as well as the foreclosure process, we are adding an assistant county attorney and paralegal, to provide assistance and address these challenges. In the Division of Correctional Health Services, to address union grievances, we have been compelled to add several nursing positions to resolve outstanding union charges against the County. Finally, while no new positions are added in the 2015 Budget at this time, there is a continued significant financial commitment and attention being given to the Child Protective Services unit in the Department of Social Services, with positions created in 2014 being maintained in 2015.

In 2015, the County will also be required to submit a plan to New York State indicating savings through collaborative efforts with other units of government. This requirement is in addition to the 2% real property tax cap imposed by the State Legislature. With a zero percent tax increase, the County will achieve the first of the two new requirements. Through the Department of Environment and Planning and Division of Budget and Management, the County will be working with the Association of Erie County Governments to meet the savings requirements contained in state law. We will be submitting the required plan in late spring 2015.

Four Year Financial Plan

In 2013, the Erie County Fiscal Stability Authority leadership clearly stated that they believed that the gaps projected in the County's Four Year Financial Plan were real and action needed to be taken to address those gaps. Like the 2013 and 2014 Budgets, the 2015 Budget and revised Four Year Financial Plan for 2015-2018 realistically addresses these gaps.

The recommended 2015 Budget includes a Four Year Financial Plan for fiscal years 2015-2018. The 2015 recommended Budget and projected 2014 year-end numbers form the basis for the 2015-2018 Four Year Plan with a number of assumptions and estimates which are detailed in the Executive Summary and Budget Message. Due to the structural issues facing the County, and as was the case with prior forecasts, the Plan forecasts modest, but lower out-year budget gaps in 2016-2018 that must and will be addressed moving forward.

Growth in reoccurring revenue has not kept pace with increases in mandated costs. Additionally, there is not the requisite support for either revenue enhancements or cuts to non-mandated services by your Honorable Body, which requires this administration to use other budget measures such as fund balance. The 2015 Budget and out-year budgets will continue to include a modest use of appropriated fund balance. This scenario is not sustainable over a long period, and as such, our Four Year Financial Plan projects to use less and less fund balance in 2016, 2017 and 2018.

At the same time, we are utilizing conservative and appropriate assumptions on property tax and sales tax revenues. We are using a 2.5% property tax assessment growth forecast in 2015, based on actual results, and a lower 2.0% assessment growth factor for 2016-2018. For sales tax, based on year-to-date actual growth in 2014, we are forecasting a 2.95% growth for 2015, followed by 2.75% for 2016-2018.

The 2015 Legislative Budget Process

Your Honorable Body and my administration must work closely together to ensure Erie County's budget is structurally sound now and in the future. During the 2015 Budget deliberations by your body I strongly encourage you not to engage in any legislative amendments that feature arbitrary reductions in appropriations, including mandated expenses and programs such as Safety Net and fringe benefits, which will not reflect reality or recent actual results. My administration would be happy to work with the Legislature to discuss amendments to the budget so long as they are reasonable and balanced. As long as I am county executive I will not allow the County to back-slide to the years leading up to the "Red-Green" budget or engage in improper budgeting. My administration is committed to working with the Legislature in this endeavor and look forward to the conversations over the next forty five days.

Conclusion

In closing, the 2015 Budget and the accompanying Four Year Financial Plan are balanced, reasonable and conscientious and both documents realistically address the challenges facing the County. The 2015 recommended Budget acknowledges the fiscal challenges facing the County amid dramatic increases in mandated spending and the desire not to negatively impact programs and services that our residents want and deserve.

"I am committed to maintaining the services that our residents expect while running a fiscally-stable government and providing transparency in budgeting."

I am committed to maintaining the services that our residents expect while running a fiscally-stable government and providing transparency in budgeting. I look forward to continuing to work in partnership with your Honorable Body and the Erie County Fiscal Stability

Authority on behalf of our community and I urge you to work cooperatively with me to continue the fiscal progress of the County in a responsible and non-partisan manner.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Mark C. Poloncarz", with a stylized flourish at the end.

Mark C. Poloncarz, Esq.
Erie County Executive

MCP/tcc

cc: Hon. Stefan Mychajliw, County Comptroller
Erie County Fiscal Stability Authority



**FOUR-YEAR
OPERATIONS PLAN
FISCAL YEARS
2015 - 2018**



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

FOUR YEAR FINANCIAL PLAN FOR FISCAL YEARS 2015-2018

Enclosed herein is the 2015-2018 Four Year Financial Plan ("Plan"). Section 2503 of the Charter specifies certain budget requirements, including submission of an annual budget proposal and a financial forecast for the next two years. In addition, Public Authorities Law §§3957 creating the Erie County Fiscal Stability Authority (ECFSA) requires that the County Executive submit a Plan with his proposed budget. The attached Plan satisfies both the Charter and ECFSA requirements.

The 2015 Proposed Budget and projected 2014 results form the basis for the 2015-2018 Plan.

In some respects, the 2015 Budget and Plan are reasonably similar to the amended 2014-2017 Plan which ECFSA approved in December 2013. However, due to a variety of 2014 State and Federal actions, County Legislature actions, changing fiscal conditions and mandated costs and programs, the 2015 Budget and 2015-2018 Plan differ as explained in greater detail in the County Executive's budget message and as noted below.

The Plan calls for 2.0% average annual growth in property tax revenue strictly due to assessment growth in 2016, 2017 and 2018. In 2015, the County projects to receive \$6.2 million in assessment growth, of which the County will share \$451,766 with the Buffalo and Erie County Public Library System.

The Plan calls for sales tax revenues to increase by 2.95% in 2015 from the 2014 projected actual (current trend) and by 2.75% each year thereafter.

The Plan is based on "reasonable assumptions" at the time of submission of the 2015 Budget and Plan on October 15, 2014.

Since 2012, the County has received ratings upgrades and/or recalibration of ratings from all three rating agencies, including a three-step upgrade from Standard & Poor's in September 2014. The County's current ratings are: Standard & Poor's AA-, Moody's A2 and Fitch Ratings A.

We believe that ECFSA will find the 2015 Budget and Plan to be reasonable and we expect ECFSA will approve both documents.

KEY ASSUMPTIONS IN FOUR YEAR FINANCIAL PLAN

Revenue	2016	2017	2018
Sales Tax Growth	2.75%	2.75%	2.75%
Real Estate Market Value Growth	2.0%	2.0%	2.0%
Property Tax Rate Increase	0%	0%	0%
Expense	2016	2017	2018
Personal Services Growth	3.1%	1.5%	1.5%
Health Insurance Growth ¹	8.5%	8.3%	8.2%
Pension Rate	16.6%	15.9%	15.5%

Personal services growth is driven by the cost of salaries for the bargaining units and the salary (and fringe) expense associated with settled union contracts in 2013 and 2014, especially CSEA. The pension rate is based on estimates from the New York State and Local Retirement System.

As has been the case for many years, the 2015-2018 Plan includes projected out-year gaps. There are a variety of potential mechanisms and initiatives available to the County to close the out-year gaps, including:

- Better than expected sales tax revenue;
- Better than expected property tax assessment revenue;
- Reductions in discretionary spending, including in personal services and deletions of positions;
- Expedited retirements of employees due to union contract provisions;
- Property tax revenue;
- The use of appropriated fund balance;
- Participation in the Employer Contribution Stabilization Program;
- Possible further reductions in Medicaid-MMIS expense;
- More favorable (lower) caseload trends in the Safety Net program than currently projected.

¹ Estimates provided by the consultant to the Labor Management Healthcare Fund.

County of Erie
2015-2018 Four-Year Financial Plan

Fund 110 - General Account Type	2013 Actual	2014 Adopted Budget	2015 Executive Recommended Budget	2016 Projection	2017 Projection	2018 Projection
Revenue						
Local Source Revenue						
Property Tax Levy	215,098,371	219,132,763	224,892,799	229,390,655	233,978,468	238,658,037
Property Tax Related						
Sec 520 Exempt Removal	731,975	780,838	906,328	758,250	758,250	758,250
Gain Sale Tax Acquired Prop	47,913	20,000	20,000	20,000	20,000	20,000
Payments In Lieu Of Taxes	6,252,293	6,091,126	6,075,000	6,105,375	6,135,902	6,166,581
Wind Power	60,605			0		
Interest & Penalties-Prop Tax	12,248,248	15,103,954	12,703,142	12,830,173	12,958,475	13,088,060
Omitted Taxes	3,865	3,000	3,000	3,000	3,000	3,000
Dec-Prop Tax Def Rev	(249,477)	(6,639,857)	(2,770,033)	(2,797,733)	(3,825,711)	(4,863,968)
Property Tax Related Total	19,095,422	15,359,061	16,937,437	16,919,065	16,049,916	15,171,924
Sales Tax						
Sales Tax Original 3%	158,430,837	163,927,022	168,405,444	173,036,594	177,795,100	182,684,465
1% Sales Tax	149,581,544	154,768,955	158,999,011	163,371,484	167,864,200	172,480,465
.25 % Sales Tax	37,356,278	38,580,732	39,708,182	40,800,157	41,922,161	43,075,021
.50% Sales Tax	74,712,556	77,161,464	79,416,365	81,600,315	83,844,324	86,150,043
Sales Tax Total	420,081,215	434,438,173	446,529,002	458,808,550	471,425,785	484,389,994
Sales Tax (Distrib. to Local Gov'ts)	290,334,126	300,383,134	308,613,200	317,100,063	325,820,315	334,780,373
Fees Fines or Charges						
Election Exp Other Govts	6,561,928	7,192,320	6,282,847	6,864,413	7,070,345	7,282,456
All Other Fees Fines or Charges	28,697,904	26,973,572	25,638,026	25,894,406	26,153,350	26,414,884
Fees Fines or Charges Total	35,259,832	34,165,892	31,920,873	32,758,819	33,223,696	33,697,340
Other Sources						
Interest & Earn - Gen Inv	361,957	409,000	181,200	182,106	183,017	183,932
Hotel Occupancy Tax Revenue	9,751,127	8,980,200	9,775,600	9,922,234	10,071,068	10,222,134
Community College Respreads	4,376,198	4,376,595	5,445,442	5,841,447	5,890,000	6,037,250
All Other Sources Accounts	34,396,045	22,377,789	26,506,019	26,903,609	27,307,163	27,716,771
Other Sources Total	48,885,327	36,143,584	41,908,261	42,849,396	43,451,247	44,160,086
Appropriated Fund Balance						
Appropriated Fund Balance County Purposes	0	5,405,000	6,005,000	6,005,000	4,005,000	2,005,000
Appropriated Fund Balance Road Repair			2,000,000			
Appropriated Fund Balance Botanical Gardens		2,000,000				
Appropriated Fund Balance	0	7,405,000	8,005,000	6,005,000	4,005,000	2,005,000
Local Source Revenue Total	1,028,754,293	1,047,027,607	1,078,806,572	1,103,831,548	1,127,954,427	1,152,862,754
State Aid						
State Aid-Education Of Handicapped Children	27,162,992	31,333,539	30,461,400	30,979,244	31,505,891	32,041,491
State Aid-Mental Health	27,736,790	33,721,009	34,582,109	35,273,751	35,979,226	36,698,811
State Aid-Family Assistance	37,911					
State Aid-Soc Serv Admin	31,565,402	28,450,862	27,673,744	28,793,197	29,320,157	29,886,606
State Aid-Safety Net Assistance	12,490,673	13,406,892	15,165,949	16,192,658	17,231,882	18,271,659
State Aid-Child Welfare Services	17,462,509	21,967,086	23,808,783	24,804,505	25,840,952	26,919,790
State Aid-Serv For Recipients	6,381,153	5,628,710	6,053,262	6,114,864	6,157,909	6,223,205
State Aid Day Care	7,694,158	7,868,204	8,801,761	9,112,463	9,329,568	9,658,902
All Other State Aid Accounts	24,432,703	23,002,353	24,264,068	24,628,029	24,997,449	25,372,411
State Aid Total	154,964,291	165,378,655	170,811,076	175,898,711	180,363,035	185,072,875
Federal Aid						
Federal Aid-Family Assistance	44,311,105	44,328,400	50,977,988	53,806,999	56,636,123	59,467,556
Federal Aid-Soc Serv Admin	25,508,809	26,694,530	23,754,315	25,682,229	26,590,660	27,567,178
Fed Aid Day Care	15,585,349	18,890,206	18,822,216	19,396,071	19,797,054	20,405,321
Federal Aid-CWS Foster Care	13,587,303	14,134,514	16,966,673	17,676,003	18,414,345	19,182,885
Federal Aid-Safety Net TANF Cases	773,295	884,779	831,969	886,101	940,893	995,714
Federal Stimulus Enhanced Medicaid	215,620					
All Other Federal Aid Accounts	73,103,946	70,246,350	69,340,913	70,381,027	71,436,742	72,508,293
Federal Aid Total	173,085,427	175,178,779	180,694,074	187,828,430	193,815,817	200,126,947
Interfund Revenue	11,730	3,912,334	923,086	0	0	0
Total Fund 110 Revenue	1,356,815,741	1,391,497,375	1,431,234,808	1,467,558,689	1,502,133,279	1,538,062,576

County of Erie

2015-2018 Four-Year Financial Plan

Fund 110 - General Account Type	2013 Actual	2014 Adopted Budget	2015 Executive Recommended Budget	2016 Projection	2017 Projection	2018 Projection
Expense						
Personal Service Related Expense						
Personal Services						
Full-Time Salaries	158,001,777	169,185,815	177,249,093	182,885,614	185,628,898	188,413,332
Part-Time Wages	2,603,187	3,158,356	3,357,247	3,464,007	3,515,968	3,568,707
Regular Part Time Wages	1,231,262	1,497,497	1,624,824	1,676,493	1,701,641	1,727,165
Seasonal Emp Wages	600,368	592,209	751,040	774,923	786,547	798,345
Personal Services Total	162,436,594	174,433,877	182,982,204	188,801,038	191,633,054	194,507,549
Employee Payments non-salary						
Shift Differential	1,011,668	1,088,606	1,069,265	1,103,268	1,119,817	1,136,614
Uniform Allowance	971,950	870,850	901,000	901,000	901,000	901,000
Holiday Worked	1,572,239	1,558,650	1,665,340	1,718,298	1,744,072	1,770,233
Line-Up	1,760,320	1,857,850	1,907,938	1,968,610	1,998,140	2,028,112
Other Employee Pymts	722,409	470,540	1,279,911	1,320,612	1,340,421	1,360,528
Overtime	16,706,884	14,268,275	14,034,020	13,893,680	14,102,085	14,313,616
Employee Payments non-salary Total	22,745,470	20,114,771	20,857,474	20,905,468	21,205,535	21,510,103
Fringe Benefits						
Fringe Benefits- FICA	13,880,455	14,799,296	15,175,255	15,937,694	16,175,733	16,417,342
Fringe Benefits-Medical Insurance	39,293,202	44,782,933	41,185,051	43,656,154	46,275,523	49,052,055
Fringe Benefits-Workers Compensation	6,647,375	6,970,353	5,294,872	5,427,244	5,562,925	5,701,998
Fringe Benefits-Unemployment Insur.	202,834	485,770	412,394	422,704	433,271	444,103
Fringe Benefits-Retiree Med Insur.	20,361,693	20,564,172	23,958,291	25,395,788	26,919,536	28,534,708
Fringe Benefits-Retirement	34,588,630	37,307,154	33,889,322	32,194,856	30,585,113	31,055,857
Fringe Benefits Total	114,974,189	124,909,678	119,915,185	123,034,441	125,952,101	131,206,063
Employer Contribution Stabilization (Retirement)	0	(8,600,000)	0	0	0	0
Countywide Personnel Adjustments						
Reductions (Vacancy Savings)	0	(990,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
MC Compensation	0	270,927	0	0	0	0
Countywide Personnel Adjustments	0	(719,073)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Personal Service Related Expense Total	300,156,253	310,139,253	322,254,863	331,240,946	337,290,690	345,723,715
Other Departmental Expense						
Supplies & Repairs						
Auto Supplies	2,012,644	2,364,650	2,455,225	2,492,053	2,529,434	2,567,376
All Other	7,686,040	7,658,657	7,728,474	7,844,401	7,982,067	8,081,498
Supplies and Repairs	9,698,684	10,021,307	10,183,699	10,336,454	10,491,501	10,648,874
Other						
Risk Retention	2,221,931	2,000,000	2,000,000	3,000,000	3,000,000	3,000,000
Control Board	480,793	495,000	495,000	495,000	495,000	495,000
Rental	4,354,774	4,666,537	4,654,431	4,724,247	4,795,111	4,867,038
DSS Pivot Wages/Chargebacks/Training	4,945,288	5,357,672	5,358,120	5,438,492	5,520,069	5,602,870
Utility Charges	2,332,842	2,424,500	2,853,150	2,895,947	2,939,386	2,983,477
All Other	6,644,500	7,410,380	5,659,532	5,744,425	5,830,591	5,918,050
Other Total	20,980,128	22,354,089	21,020,233	22,298,111	22,580,158	22,866,436
Contractual						
Sales Tax as Aid to Local Governments						
Sales Tax Distrib.to Cities, Towns & Sch Dist. from	290,334,126	300,383,134	308,613,200	317,100,063	325,820,315	334,780,373
Sales Tax Flat Distrib.to Cities and Towns from 19	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
Sales Tax Distributed to NFTA	18,697,610	19,346,256	19,874,789	20,421,346	20,982,933	21,559,963
Sub Total - Local Gov. Sales Tax	321,531,736	332,229,390	340,987,989	350,021,409	359,303,247	368,840,337
Other Agency Contractual or Mandated Payments						
Indigent Defense - Legal Aid/Bar Assoc.	11,484,866	11,586,005	11,846,613	12,024,312	12,204,677	12,387,747
NFTA Sec 18 B	3,657,200	3,657,200	3,657,200	3,657,200	3,657,200	3,657,200
Contractual-ECMCC Healthcare Network	6,317,728	5,714,620	7,459,848	7,571,746	7,685,322	7,800,602
Cultural Agencies	5,678,000	5,768,412	5,782,197	5,868,930	5,956,964	6,046,318
Botanical Gardens Renovation	0	2,000,000	0	0	0	0
Buffalo Bills Game Day Expense	2,734,862	2,123,121	2,189,616	2,320,993	2,460,253	2,607,868
Stadium - Working Capital Assistance	1,290,000	1,372,800	1,409,245	1,493,800	1,583,428	1,678,433
Social Services/Youth/Mental Health Agencies	65,756,491	67,786,050	71,235,242	72,303,771	73,388,327	74,489,152
Visit Niagara (CVB) Subsidy	3,300,000	3,233,283	3,281,783	3,331,010	3,380,975	3,431,690
Bflo Niagara Film Comm WNED	0	131,950	133,929	135,938	137,977	140,047
Convention Center Subsidy	1,650,000	1,674,750	1,699,871	1,725,369	1,751,250	1,777,518
County Residents at Other Community Colleges	5,445,443	5,722,459	5,890,000	6,037,250	6,188,181	6,342,886
All Other Contractual Accounts	18,355,646	18,169,909	17,582,517	17,846,255	18,113,949	18,385,658
Contractual Total	447,201,972	461,169,949	473,156,050	484,337,981	495,811,749	507,585,455
Equipment	953,358	1,010,961	1,545,442	1,576,351	1,607,878	1,640,035
Allocation						
Interfund-Erie Community College	15,629,317	15,629,317	15,754,317	15,754,317	15,754,317	15,754,317
Interfund-Utilities Fund	3,529,813	3,935,075	4,935,249	5,033,954	5,134,633	5,237,326

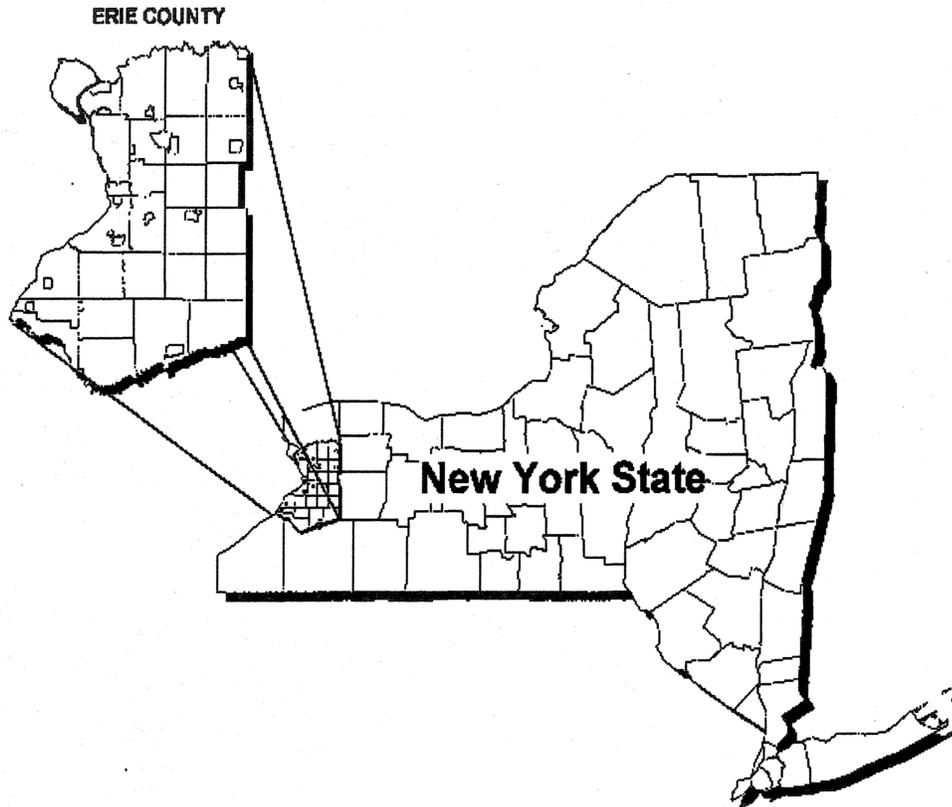
County of Erie
2015-2018 Four-Year Financial Plan

Fund 110 - General Account Type	2013 Actual	2015		2016 Projection	2017 Projection	2018 Projection
		Adopted Budget	Executive Recommended Budget			
County Share - Grants	4,438,063	4,832,399	4,361,351	4,470,385	4,582,144	4,696,698
Interfund-Road	13,924,682	13,118,038	15,118,038	15,495,989	15,883,389	16,280,473
Interfund -Library Subsidy						
Interfund E911 Subsidy	2,546,113	2,683,595	3,522,333	3,610,391	3,700,651	3,793,167
Interdepartmental Billings	(2,861,963)	(2,971,844)	(3,284,087)	(3,333,348)	(3,383,349)	(3,434,099)
All Other Allocation Accounts	8,247,641	50,000	93,992	95,402	96,833	98,285
Allocation Total	45,453,666	37,276,580	40,501,193	41,127,090	41,768,619	42,426,168
Program Related						
UPL Expense	6,268,015					
DSH Expense	15,350,774	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000
Sub Total UPL/DSH ECMCC Subsidy	21,618,789	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000
MMIS-Medicaid Local Share	217,880,408	217,160,208	211,425,799	217,072,613	218,090,342	218,090,342
Family Assistance	45,142,013	44,861,871	51,574,441	54,403,452	57,232,576	60,064,009
CWS - Foster Care	54,188,755	58,244,810	62,286,462	64,833,978	67,485,688	70,245,853
Safety Net Assistance	47,365,634	50,747,833	55,701,333	59,241,710	62,825,241	66,410,678
Child Care-DSS	26,698,512	30,445,359	30,806,877	31,894,360	32,654,244	33,806,939
Children With Special Needs Program	56,571,229	62,267,073	59,700,240	60,894,245	62,112,130	63,354,372
State Training School	2,896,560	3,051,702	5,705,474	6,424,364	6,856,081	6,922,801
All Other Program Related Accounts	5,022,184	4,873,202	5,062,392	5,138,328	5,215,403	5,293,634
Program Related Total	477,384,084	487,852,058	498,463,018	516,103,050	528,671,704	540,388,628
Debt Service						
Interest-Revenue Antic Notes	337,032	1,015,360	376,683	386,100	395,753	405,646
Interfund Debt Service Subsidy	54,445,019	60,657,818	63,733,627	63,606,972	66,125,553	66,530,565
Debt Service Total	54,782,051	61,673,178	64,110,310	63,993,072	66,521,306	66,936,211
Other Departmental Expense Total	1,056,453,943	1,081,358,122	1,108,979,945	1,139,772,110	1,167,452,915	1,192,491,808
Total Fund 110 Expense	1,356,610,196	1,391,497,375	1,431,234,808	1,471,013,056	1,504,743,605	1,538,215,523
Revenue Less Expense - Surplus/(Gap)	205,545	0	0	(3,454,367)	(2,610,326)	(152,947)



OVERVIEW

SNAPSHOT OF ERIE COUNTY



Geographic Size

Erie County is a metropolitan center located on the western border of the State covering 1,058 square miles. The County is bounded by Lake Erie to the west, Niagara County and Canada to the north, Genesee County and Wyoming County to the east, and Cattaraugus and Chautauqua Counties to the south. Forty percent of the population in both countries as well as half of the personal income created by the United States and Canada are within 500 miles of Erie County. In addition, three-quarters of Canada's manufacturing activity and 55 percent of the United States' manufacturing activity fall within that radius. Located within the County are three cities and 25 towns, including the City of Buffalo, the second largest city in the State, which serves as the County seat.

Government

Erie County is governed under a home rule charter which provides for the separation of legislative and executive functions. The County Executive, elected to a four year term, is the chief executive officer and chief budget officer of the County. The County Legislature consists of eleven (11) members elected to two year terms and is the County's governing body. Other elected positions are Comptroller, County Clerk, District Attorney, and Sheriff.

Population

The Bureau of Census population statistics for Erie County are as follows:

<u>Year</u>	<u>Population</u>
1970	1,113,491
1980	1,015,472
1990	968,532
2000	950,265
2010	919,040

The population of the cities and five largest towns are as follows:

<u>Municipality</u>	<u>2010 Population</u>
Buffalo, City	261,310
Lackawanna, City	18,141
Tonawanda, City	15,130
Amherst, Town	122,366
Cheektowaga, Town	88,226
Tonawanda, Town	73,567
Hamburg, Town	56,936
West Seneca, Town	44,711

Economy

Erie County is a major New York industrial and commercial center. The following tables illustrate the major components of employment in the Buffalo-Niagara Falls Metropolitan Statistical Area (MSA).

Ten Largest Employers in WNY

<u>Organization</u>	<u>FTE Employees</u>
State of New York	15,123
U.S. Government	11,183
Kaleida Health	10,000
SUNY at Buffalo	6,733
Catholic Health Systems	6,628
Employer Services Corporation (ESC)	6,363
M&T Bank	5,140
Tops Markets LLC	5,058
City of Buffalo Schools	4,949
County of Erie	4,203

Source: 2014 Business First Book of Lists

Ten Largest Taxpayers

(As of July 1, 2014)

	<u>Equalized Taxable Valuation</u>
National Fuel Gas	\$739,415,658
National Grid/Niagara Mohawk	702,758,277
Benderson Development Co.	526,771,540
Verizon	275,842,001
NYSEG	247,041,948
Norfolk/Conrail/CSX	175,498,661
Pyramid Co. of Buffalo	171,146,578
BG – Various Properties	164,281,596
Uniland Development	125,330,062
Ellicott Group, LLC	114,453,827
TOTAL	<u>\$3,242,540,148</u>

Source: Erie County Department of Real Property Tax Services, 2014 Annual Report

Total Market Value of Erie County Real Estate

Year	Equalized Full Market Value Tax Base	Percentage Change from Prior Year
2008	42,821,245,989	5.79%
2009	44,382,615,356	3.56%
2010	46,120,909,337	3.92%
2011	46,738,119,997	1.34%
2012	47,235,307,049	1.06%
2013	47,138,287,222	(.21)%
2014	47,996,864,240	1.82%
2015	49,256,505,163	2.62%

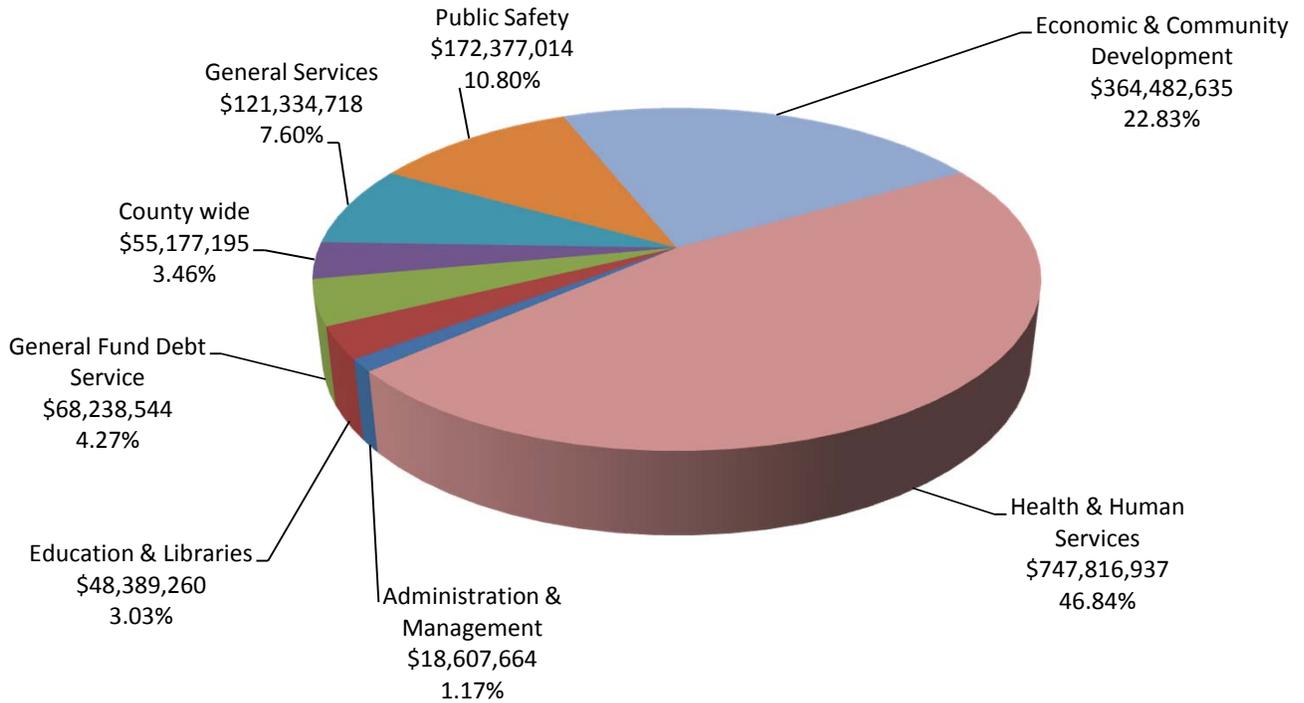
Source: Erie County Division of Real Property Tax Services



**UNDERSTANDING
THE 2015
ERIE COUNTY
BUDGET**

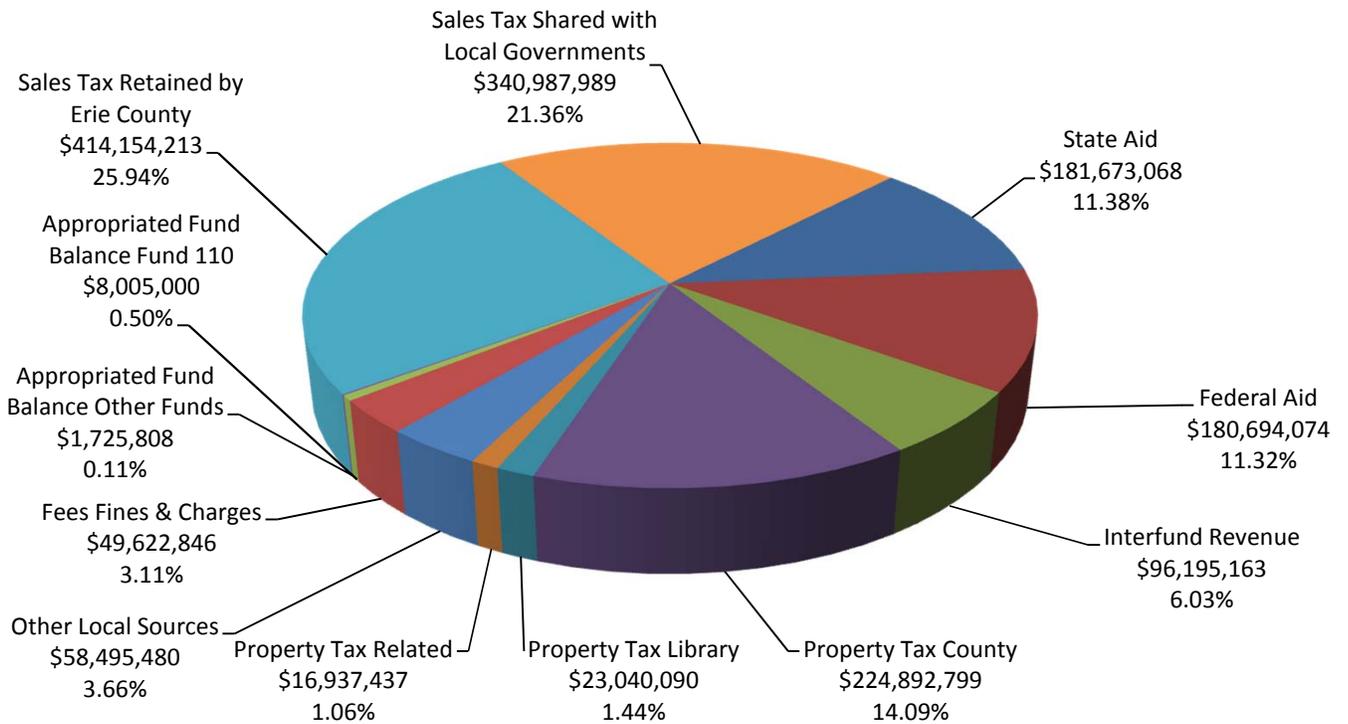
UNDERSTANDING THE 2015 COUNTY BUDGET

Where the Funding Goes



The Total 2015 Budget for All Operating Funds is \$1,596,423,967

Where the Revenue Comes From



UNDERSTANDING THE 2015 COUNTY BUDGET

Summary of Unassigned/Undesignated Fund Balances for All Funds 2004-2013 *(amounts in thousands)*

Fund Name	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
110 General	(10,774)	4,647	23,069	32,961	45,389	74,045	66,904	83,489	88,332	89,650
210 Road	(4,484)	(7,898)	(6,911)	(6,977)	(4,000)	0	60	0	0	0
230 E-911	0	0	0	0	0	0	0	0	0	0
820 Library	550	629	2,216	2,599	2,342	3,311	27	1,726	2,942	3,296
310 Debt Service	0	0	0	0	0	0	124	0	0	0
Total	(14,708)	(2,622)	18,374	28,583	43,731	77,356	67,115	85,215	91,274	92,946

Source: County of Erie Comprehensive Annual Financial Reports

UNDERSTANDING THE 2015 COUNTY BUDGET

Overview of All Operating Funds in the 2015 Proposed Budget

110 General	\$1,431,234,808
140 Utility Fund	28,988,006
210 Road Fund	34,178,038
230 E-911 Fund	7,416,311
310 Operating Fund Debt Service	67,861,861
820 Library	26,744,943
<hr/>	
Total All Operating Funds	\$1,596,423,967

Additional Funds in the 2015 Proposed Budget

220 Sewer Districts	\$56,849,460
281 Grant Fund	29,064,155
290 Community Development Fund	5,361,450
310 Sewer District Debt Service	7,364,792
821 Library Grants	619,911
<hr/>	
Total	\$99,259,768
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Total All Funds	\$1,695,683,735



OVERVIEW OF REVENUES

PROPERTY TAX LEVY

2014 Budget: \$241,721,087
2015 Proposed: \$247,932,889

The County property tax levy represents the total amount of real property revenue to be raised by the County for County and Library purposes. The amount of the real property tax levy is the difference between total expenses and all other projected revenue sources, including sales tax. The proposed 2015 County property tax levy totals \$247,932,889.

A breakout of the total property tax levy into two required reporting categories for 2014 and 2015 totals:

	<u>2014 Budget</u>	<u>2015 Proposed</u>
General Fund	\$219,132,763	\$224,892,799
Library Fund	<u>\$ 22,588,324</u>	<u>\$ 23,040,090</u>
Total Property Tax Levy	\$241,721,087	\$247,932,889

New York State Property Tax Cap Law

On June 24, 2011 New York Governor Andrew M. Cuomo signed the state's new property tax cap legislation into law (Chapter 97 of the NYS Laws of 2011). Under the law, which took effect for Erie County in its 2012 budget year, the tax cap law establishes a limit on the annual growth of property taxes levied by the County to two percent (2%) or the rate of inflation, whichever is less. The County may also carry over "tax cap credits" from a prior year. The County's property tax levy cannot exceed the cap unless 60 percent (60%) of the total voting power of the local governing body approves such increase. For Erie County, a 60% vote by the County Legislature requires that 7 out of 11 legislators must vote to raise property taxes beyond the cap.

For the County's 2015 Budget, overall taxes are under the cap limit by \$2.7 million. Under the law, the cap amount includes other elements such as the Buffalo and Erie County Public Library real property tax levy and the County's independent sewer districts' property tax levies, and not just the County-purposes property tax levy.

The share of the tax levy for each jurisdiction is based on its percentage of the County's total equalized full value. For example, if 16.8 percent of the County's equalized full value is located in the Town of Amherst, then Amherst would be responsible for 16.8 percent of the total County property tax levy.

A seventeen-year history on the amount of Erie County's annual property tax levy is shown below.

**Seventeen-Year History
Erie County Property Tax Levy**

<u>Year</u>	<u>Amount of Property Tax Levy</u>	<u>Tax Rate/Per \$1,000 Assessed Value</u>
2015	247,932,889	5.03
2014	241,721,087	5.03
2013	237,270,828	5.03
2012	237,692,831	5.03
2011	235,182,208	5.03
2010	232,413,974	5.03
2009	223,306,326	5.03
2008	211,837,793	4.94
2007	200,031,205	4.94
2006	188,094,445	4.94
2005	157,641,229	4.34
2004	152,529,551	4.42
2003	152,529,551	4.54
2002	152,529,551	4.74
2001	152,529,551	4.78
2000	181,766,441	5.60
1999	221,666,391	6.85

Average County Full Market Value Property Tax Rate

When the operating budget is presented to the County Legislature, the average tax rate is expressed in terms of a rate per thousand dollars of equalized full value.

The average County property tax rate is calculated by dividing the tax levy by the total amount of County Equalized Full Market Value expressed in thousands:

	÷	Total Equalized Full Market Value	=	Average County Full Market Property Tax Rate
\$247,932,889	÷	\$49,256,505,163	=	\$5.03 per \$1,000 Assessed Value

Equalized Full Market Value

In 2015, the County's equalized full market value tax base will increase by \$1,289,640,923. The amount of equalized full value is determined as follows:

	Total Taxable Assessed Value	÷	Equalization Rate (rounded)	=	Equalized Full Market Value
2014	\$37,038,326,362	÷	.7717	=	\$47,996,864,240
2015	\$39,275,355,063	÷	.7974	=	\$49,256,505,163

An eight-year history of Erie County's equalized full value property tax base is shown below:

Year	Equalized Full Market Value Tax Base	Percentage Change From Prior Year
2008	42,821,245,989	5.79%
2009	44,382,615,356	3.65%
2010	46,120,909,987	3.92%
2011	46,738,119,997	1.34%
2012	47,235,307,049	1.06%
2013	47,138,287,222	(.21)%
2014	47,996,864,240	1.82%
2015	49,256,505,163	2.62%

Constitutional Tax Margin

The constitutional tax margin of the County is determined in accordance with Section 10 of Article VII of the New York State Constitution. This limits the amount counties may raise in real estate taxes in any fiscal year, exclusive of debt service, to 1.5 percent (1.5%) of the five-year average full value of taxable real estate of the County.

The computation of the County's constitutional taxing power for 2015 is set forth below:

Estimated Computation of Constitutional Tax Power for 2014

2011	46,738,119,997
2012	47,235,307,049
2013	47,138,287,222
2014	47,996,864,240
2015	49,256,505,163
Total ^(a)	\$238,365,083,671
Five-Year Average Full Valuation	\$47,673,016,734
Tax Limit (1.5%)	715,095,251
Total Exclusions (Debt Bonds)	<u>67,140,761</u>
Total Taxing Limit	782,236,012
Less Total Tax Levy for 2015^(b)	<u>259,661,530</u>
Unused Tax Limit	\$522,574,482

^(a)The County's Constitutional Tax Limit is computed utilizing five years of full value as adjusted and provided by the NYS Comptroller's Office.

^(b)Includes County and Library property taxes, taxes for certain election expenses and community college chargebacks totaling \$11,728,641.

One-Percent Tax Cap

On November 13, 1978, the County enacted a local law limiting its property tax levy to one percent (1%) of the five-year average of full valuation, exclusive of debt service.

Pursuant to the terms of this local law, Erie County's estimated 1% property tax limit, adjusted for debt service, is \$543,870,928 leaving an unused tax margin of \$284,209,398.

The one-percent property tax limit is calculated as follows:

Five-Year Average Full Valuation	\$47,673,016,734
Tax Limit (1.0%)	476,730,167
Total Exclusions (Debt Bonds)	<u>67,140,761</u>
Total Taxing Power	543,870,928
Less Total Levy for 2015^(a)	<u>259,661,530</u>
Projected 1% Unused Tax Margin	\$284,209,398

^(a) Includes County and Library property taxes, taxes for certain election expenses and community college chargebacks.

SALES TAX REVENUES

SALES TAX REVENUES

2015 Budget

Sales Tax Retained by Erie County	\$414,154,213
Shared with Cities, Towns, Villages, School Districts, NFTA	\$340,987,989
Total Sales Tax Revenues	\$755,142,202

Distribution

A general sales and compensating use tax of 8.75 percent is levied on all taxable retail sales in the County. Of the total 8.75 percent tax collected by New York State, 4.00 percent is retained as State revenue and 4.75 percent is returned to the County. In accordance with the sales tax sharing agreements, the 4.75 percent returned to the County is divided between the County and the Cities of Buffalo, Lackawanna, and Tonawanda; the towns, villages, school districts and the NFTA, with the County retaining approximately 55 percent of the total.

Sales Tax Sharing Formulas 4.75% Sales Tax

	3%	1% ⁽¹⁾	.75% ⁽²⁾
County of Erie:	31.1389%	100% (less \$12.5M)	100%
NFTA:	4.1666%	—	—
School Districts:	29.0000%	—	—
Cities:	10.0087%	—	—
Cities, Towns, Villages:	25.6858%	\$12.5 million	—

⁽¹⁾ 1% Sales Tax authorization expires November 30, 2015

⁽²⁾ .75% Sales Tax authorization expires November 30, 2015

SALES TAX SHARED WITH OTHER LOCAL GOVERNMENTS

The following table indicates 2015 estimated sales tax to Erie County and the amount of sales tax passed through to local jurisdictions.

	2015 Estimated Collections
County Share of Sales Tax	
3% Sales Tax	\$148,530,655
1% Sales Tax	146,499,011
.75% Sales Tax	<u>119,124,547</u>
Total 2014 Estimated County Share	\$414,154,213
Shared Sales Tax	
3% Sales Tax Distributed to Cities, Towns and Schools	\$308,613,200
1% Sales Tax Distributed to Cities & Towns	12,500,000
3% Sales Tax Distributed to NFTA (1/24 th of 3%)	<u>19,874,789</u>
Total 2015 to Other Jurisdictions	\$340,987,989
Total 2015 Estimated Sales Tax	\$755,142,202

ALL OTHER LOCAL SOURCE REVENUES

2014 Budget: \$96,985,871
2015 Proposed: \$99,694,657

2015 Distribution of All Other Revenues

	<u>Total</u>
Property Tax Related	\$16,937,437
Welfare Recoveries/Repayments	16,003,780
Hotel Occupancy Tax	9,775,600
Election Expense Respread	6,282,847
Interest Earnings-General Investments	175,000
Fees, Fines, Charges	25,638,026
Appropriated Fund Balance	8,005,000
Interfund Revenue	923,086
All Other Source Accounts	15,953,881
Total	\$99,694,657

Property Tax Related

2014 Budget: \$15,359,061
2015 Proposed: \$16,937,437

Property Tax Related revenue includes payments in lieu of taxes, revenue from property tax exemptions, interest and penalties on delinquent tax, provisions for uncollectable taxes, and real property deferred revenue adjustments.

Welfare Recoveries/Repayments

2014 Budget: \$16,848,018
2015 Proposed: \$16,003,780

Welfare recoveries/repayments are revenues produced by the Department of Social Services (DSS) collection program. DSS recoups excess amounts paid to clients and maximizes collections on all accounts established by fraud, over-grant or assistance repayment requirements. The 2015 amount is based on recent collections and reflects a shift to direct collection by New York State of some repayments and recoveries previously passed through the Department.

Hotel Occupancy Tax

2014 Budget: \$8,980,200
2015 Proposed: \$9,775,600

A Hotel Occupancy Tax, currently ranging from 3% to 5% of room charges, was enacted in 1975. These are general County revenues, and along with the property tax and sales tax revenue supports the total net County cost of all operations.

Board of Elections Respread Revenue

2014 Budget: \$7,192,320 – 2012 election expense
2015 Proposed: \$6,282,847 – 2013 election expense

This revenue is reimbursement from towns and cities for certain allowable expenses associated with the cost of conducting elections. The actual costs are billed back to the respective towns and cities two years later.

Interest Earnings-General Investments

2014 Budget: \$400,000
2015 Proposed: \$175,000

Interest earnings, as budgeted in Countywide Accounts–Comptroller, are revenue realized from the regular investment of available funds in certificates of deposit, treasury notes and repurchase agreements.

Fees, Fines, Charges

2014 Budget: \$26,973,572
2015 Proposed: \$25,638,026

Revenue is received by many departments from fees or charges for their services which are provided to the public, businesses, or other outside entities. These revenues are directly attributable to departmental operations and offset a portion of their costs of providing the service. Included in this category are such revenues as: County Clerk fees; license, permit and inspection fees; fines and penalties; tax assessment services; parks and recreation fees; public health clinic fees; and others.

Appropriated Fund Balance

2014 Budget: \$7,405,000
2015 Proposed: \$8,005,000

The 2015 budget utilizes \$8,005,000 of unassigned fund balance. \$2,000,000 of this revenue is dedicated to road and bridge repair in the Highways Division.

Interfund Revenue

2014 Budget: \$3,912,334
2015 Proposed: \$ 923,086

The 2015 budget utilizes \$923,086 of residual equity transferred to the general fund. The revenue is based on available balances derived from the closing of dormant capital projects whose related debt service has already been paid off.

All Other Source Accounts

2014 Budget: \$ 9,915,366
2015 Proposed: \$15,953,881

This category of revenue includes a new revenue source of \$3,480,000 for Gaming Facilities Aid which is related to income from local casinos. Other items such as Off Track Betting revenue, Mortgage Tax, sale of scrap, Community College chargeback, and a wide variety of cash receipts are also included in the category.

STATE AID

2014 Budget: \$165,378,655
2015 Proposed: \$170,811,076

2015 Distribution of State Aid Operating Fund

	<u>Total</u>
Social Services	\$84,366,050
Youth Services	5,681,822
Youth Bureau	1,405,043
Health Department	3,895,823
Early Intervention/Special Needs	34,689,703
Mental Health	37,134,972
Probation	1,226,102
Sheriff/Jail	424,593
Law (Indigent Defense)	-0-
Buildings and Grounds	1,768,470
All Other Departments	218,498
Total	\$170,811,076

Department of Social Services

2014 Budget: \$78,757,560
2015 Proposed: \$84,366,050

Revenue is received by the Department of Social Services for the State share of Public Assistance and supportive social services programs including Temporary Assistance to Needy Families (TANF), known as Family Assistance in New York State, Safety Net Assistance, Child Care subsidies through the Child Care Development Block Grant (CCDBG), Child Welfare Services, Emergency Assistance, Handicapped Children and Medical Assistance.

Changes in State law revised long standing reimbursement percentages for major programs and further revision may occur as a result of annual State budget action. Family Assistance is now 100 percent Federal, and Safety Net Assistance is 29 percent State and 71 percent local. Child day care subsidies for families in receipt of Family Assistance are reimbursed at 75 percent of total cost from the CCDBG.

The State share for administration of child support was eliminated in 2012. Increases in the local retention of the former State share of collections offset the State share administrative loss.

State reimbursement is also provided for some categories of administrative costs at varying rates, depending on the program administered.

Administrative costs for Medical Assistance continue to be a component of the Medicaid Cap in 2015. Because the local share costs of Medical Assistance administration are included in the Medicaid Cap chargeback, the State will reimburse the non-federal share of Medical Assistance administration in the separate administrative claim. An administrative cap on the non-federal share of Medicaid was newly implemented in 2012 restricting the reimbursement of Medicaid administrative cost to the amount received in calendar year 2010. The Medicaid administrative cap amount will not be exceeded in 2014 or 2015. This cap creates a future concern about cost shifts to the County.

State reimbursements for all foster care services and administration are capped in a Foster Care Block Grant (FCBG) in 2015. Uncapped 62 percent State reimbursement is available for child protection services and for foster care prevention, adoption administration and independent living services. Enhanced funding for adoption subsidies was eliminated in 2011 and these program expenses are now also 62 percent State-funded.

State funding for Community Optional Preventive Services (COPS) programs is included for a portion of the Operation Prime Time and Full Service Schools' programs in the 2015 proposed budget.

Youth Services

2014 Budget:	\$6,165,458
2015 Proposed:	\$5,681,822

State revenues are received to offset the operating costs of the secure and non-secure programs at the Youth Services Center. Services for Erie County youth in these programs are reimbursed at 49 percent of costs, while services for youth from other counties are reimbursed at 100 percent. The State share of Detention is now subject to a capped allocation. Additionally, reimbursement is received from the New York State Department of Education for the breakfast and lunch program provided at the Detention Facility.

Youth Bureau

2014 Budget: \$ 952,127
2015 Proposed: \$1,405,043

State revenues are received from the State Office of Children and Family Services for Youth Development and Delinquency Prevention, Runaway and Homeless Youth, the Partnership for Youth and for the Special Delinquency Prevention program (SDPP). The Supervised Treatment Services for Juvenile Program (STSJP) is included in the Youth Bureau Budget with 62 percent State funding. These programs are aimed at creating a healthy community environment for positive youth development as well as establishing recreational programs in an effort to deter delinquent behavior. A majority of the State revenues are redirected to other municipal and community-based agencies whose programs are monitored for effectiveness by the department. Additionally, State reimbursement is received for 49 percent of the Youth Bureau's administrative costs. Amounts budgeted reflect the impact of state reimbursement reductions expected to continue on an ongoing basis and are consistent with current actual allocations.

Health Department

2014 Budget: \$3,641,500
2015 Proposed: \$3,895,823

The Health Division is reimbursed at 36 percent of net operating costs for State mandated public health functions, including health education, disease control, environmental health, family health and community health assessment services. State reimbursement to the Division of Emergency Medical Services, the Public Health Lab and the Medical Examiner is budgeted at 36 percent of net operating costs.

Early Intervention/Pre-K/Special Education/Administration

2014 Budget: \$35,462,654
2015 Proposed: \$34,689,703

Revenues are received by the Department of Health from the State Education Department to support State mandated education and therapeutic services for 3 and 4 year old children with developmental delays. Reimbursement is budgeted at 59.5 percent of the eligible costs incurred for evaluations and corresponding services provided to children. Administrative costs for the 3 and 4 year old program are reimbursed at \$75 per child served and/or evaluated. Other administrative costs are reimbursed at 30 percent by the State Health Department. Additionally, State revenues are received to support the Early Intervention Case Management Program serving infants and toddlers ages birth through 2 with developmental delays and their families. This program provides early intervention therapeutic services at home or in a day care

center rather than at a facility-based program. Payments made by the department for screenings/evaluations, case management, and early intervention services such as speech or physical therapy are reimbursed at 50 percent by the State Health Department.

Department of Mental Health (*including Forensic Services*)

2014 Budget: \$36,387,063
2015 Proposed: \$37,134,972

Reimbursement is received by the Department of Mental Health in four different disability program areas and administration. This revenue includes a combination of 100 percent State funding for many program services and 50 percent deficit funding for other services and administration.

The State Office of Mental Health provides the majority of total funding. It supports Department services aimed at prevention and early detection of mental illness, and the maintenance of a comprehensive system of care, treatment and rehabilitation for the mentally ill. State funds from the Office of Mental Retardation and Developmental Disabilities are received to provide services designed to maintain the independence of mentally retarded or developmentally disabled clients in the least restrictive setting. Funds from the State Office of Substance Abuse Services support services and rehabilitation programs for clients who abuse drugs and for clients who experience the problems of alcoholism and alcohol abuse. Additionally, State revenues are received to support one-half of the cost of forensic mental health services provided to adults and children involved with the criminal court or family court systems. Increased Medicaid billing by community based contract agencies for clinic treatment and other services substantially offsets the expenses that would otherwise be directly claimed for State Mental Health reimbursement.

Probation Department

2014 Budget: \$1,226,102
2015 Proposed: \$1,226,102

Reimbursement is received from the NYS Division of Criminal Justice Services, Office of Probation and Correctional Alternatives for expenses incurred by the Probation Department.

Sheriff's Division and Jail Management

2014 Budget: \$301,270
2015 Proposed: \$424,593

The Sheriff's Division is reimbursed for expenses related to the patrol and enforcement of navigation and snowmobile laws in Erie County. The jail receives reimbursement for the provision of court attendants for the Office of Court Administration.

Law (*Account 405210 Indigent Defense*)

2014 Budget: \$485,043
2015 Proposed: -0-

New York State will no longer provide operating funds for the expense incurred in providing legal defense for the indigent. State funding has decreased annually since 2008 for this mandated function.

Buildings and Grounds (*Account 405170*)

2014 Budget: \$1,800,000
2015 Proposed: \$1,768,470

State revenues are for the reimbursement of the operation and maintenance of court facilities and interest costs associated with court improvements.

All Other Departments

2014 Budget: \$199,878
2015 Proposed: \$218,498

Other county departments receive minor state reimbursement for items such as burial costs of indigent veterans, handicapped parking surcharges, the district attorney's salary and octane testing.

FEDERAL AID

2014 Budget: \$175,178,779

2015 Proposed: \$180,694,074

2015 Distribution of Federal Aid Operating Fund

	<u>Total</u>
Social Services	\$172,529,814
Youth Detention	44,700
Early Intervention/Pre-K/Special Ed	2,023,476
Sheriff/Jail	152,808
Emergency Services	351,834
Mental Health	5,555,567
District Attorney	35,875
Total	\$180,694,074

Department of Social Services

2014 Budget: \$164,624,770

2015 Proposed: \$172,529,814

Reimbursement is received by the Department of Social Services for the federal share of public assistance and supportive social services programs. These programs include Temporary Assistance to Needy Families (TANF) known as Family Assistance in New York State, Child Day Care subsidies through the Child Care Development Block Grant (CCDBG), Medical Assistance, Foster Care and Adoption for children who qualify, and Social Services Block Grant (SSBG) supportive services under Title XX of the Social Security Act. For most of these programs, the Federal reimbursement was historically based on one-half of the total cost, but this is no longer the case, as New York State has changed reimbursements for several programs. Family Assistance is now reimbursed at 100 percent Federal share. Child day Care subsidies for low income families are reimbursed at 100 percent of cost from the CCDBG up to a fixed allocation ceiling. SSBG services are reimbursed at 100 percent of cost up to a fixed ceiling. Federal reimbursements are also received for administrative costs for programs such as TANF/Family Assistance, Employment program administration, Medical Assistance, Food Stamps, Foster Care and Adoption, and Child Support.

Reimbursement of some TANF-funded administrative, transitional services and employment programs is consolidated in the Flexible Fund for Family Fund for Family Services (FFFS).

The 2015 budget reflects the continued recovery of prior-year Food Stamp administrative reimbursements due to retroactive changes in the federal cost allocation methodology.

Youth Services

2014 Budget:	\$44,700
2015 Proposed:	\$44,700

Federal revenue received in the Detention Facility is reimbursement for meals under the School Food Programs.

Early Intervention/Pre-K/Special Education

2014 Budget:	\$1,876,095
2015 Proposed:	\$2,023,476

The revenue budgeted represents the county's Federal share of Medicaid partial reimbursement for services given to children in the Preschool Program, ages 3 and 4 and to children in the Early Intervention Program, ages birth through two. The Preschool Program portion is \$1,800,000 and represents the county's 40.5% share of this Federal revenue for the medical component of the various special education services.

Sheriff's Division and Jail Management

2014 Budget:	\$110,808
2015 Proposed:	\$152,808

Federal revenue is received from the Social Security Administration through the prisoner reporting incentive program. In addition, some federal aid is provided in the Sheriff Division for drug enforcement activities.

Department of Emergency Services (Account 410500)

2014 Budget: \$295,000
2015 Proposed: \$351,834

Revenues are received from the Federal Emergency Management Agency to support the planning and coordination of emergency response activities.

Department of Mental Health

2014 Budget: \$5,880,946
2015 Proposed: \$5,555,567

Revenues are received from the Department of Housing and Urban Development to support housing costs and supportive costs to enable consumers of mental disability and chemical dependency services to be maintained in the community. Where required, these costs are matched by state aid and by the valuation of other community-provided services.

District Attorney

2014 Budget: \$36,500
2015 Proposed: \$35,875

Federal money is allocated to the District Attorney's Office for activities associated with the City of Buffalo Police Department.



OVERVIEW OF EXPENDITURES

GENERAL FUND EXPENDITURES

TOTAL GENERAL FUND EXPENSES FOR COUNTY DEPARTMENTS

2014 Budget: \$1,391,497,375
2015 Proposed: \$1,431,234,808

2015 Distribution of General Fund Expenses

	<u>Total</u>
Personal Services	\$202,339,678
Fringe Benefits	119,915,185
Employer Contribution Stabilization	-0-
Supplies and Repairs	10,183,699
Sales Tax to Local Governments	340,987,989
Contractual Expense	132,168,061
ECMCC Subsidy	16,200,000
Social Services Assistance & Programs	422,552,778
Early Intervention/Pre-K/Special Ed	59,700,240
Interfund Transfers (County Share)	43,785,280
Debt Service	64,110,310
All Other Expense	19,291,588
Total	\$1,431,234,808

Personal Services

2014 Budget: \$193,829,575
2015 Proposed: \$202,339,678

Personal Service appropriations cover salary for full-time positions and all other payroll related wage items such as overtime and part-time expenditures budgeted in the General Fund.

Fringe Benefits

2014 Budget: \$124,909,678
2015 Proposed: \$119,915,185

Fringe benefit expenses are budgeted at the department level in the operating fund.

Employer Contribution Stabilization

2014 Budget: \$(8,600,000)
2015 Proposed: -0-

In 2014, the county budget was adjusted to assume savings by participating in the New York State Employer Contribution Stabilization Program in the amount of (\$8,600,000). This represents retirement savings achieved through the amortization of a portion of the county pension obligation. This item will not be required in 2014 and is not included in the 2015 budget.

Supplies and Repairs

2014 Budget: \$10,021,307
2015 Proposed: \$10,183,699

This expense category includes general office, medical, repair and maintenance supplies; in addition to food for inmates at the Jail and Correctional Facility. It also includes the purchase of fuel for vehicles countywide.

Sales Tax to Local Governments

2014 Budget: \$332,229,390
2015 Proposed: \$340,987,989

The County shares sales tax collection with cities, towns, villages, school districts and the NFTA. Details can be obtained in the revenue section of this document.

Contractual Agency Payments

2014 Budget: \$128,940,559
2015 Proposed: \$132,168,061

The major accounts comprising this appropriation include: Social Services contractual agencies - \$18,968,169; and \$1,784,714 for payments to various youth programs such as Operation Prime Time. Mental Health contractual agency payments total \$50,667,359. A repayment to ECMCC under the 2012 credit mechanism totals \$2,000,000.

Other major agency contractual expense includes: Community College payments for residents enrolled in other Community Colleges \$5,890,000; Convention & Visitors Bureau/Convention Center \$4,981,654; Buffalo Niagara Film Commission-WNED \$133,929; Greater Toronto Area economic development office \$100,000;

cultural/community/neighborhood development support totaling \$6,157,197; Indigent Defense \$11,846,613; and for NFTA 18-b support \$3,657,200.

Note on NFTA payments:

County support for the NFTA not only includes the State-mandated 18-b subsidy of \$3,657,200, equal to 89.2% of the State appropriation (currently \$4,100,000), but also a dedicated portion of Sales Tax.

NFTA	Sales Tax	County Subsidy (18-b)	Total
2014 Budget:	\$19,346,256	\$3,657,200	\$23,003,456
2015 Proposed:	\$19,874,789	\$3,657,200	\$23,531,989

ECMCC Subsidy

2014 Budget:	\$16,200,000
2015 Proposed:	\$16,200,000

The County also now budgets a net appropriation on behalf of ECMCC of \$16,200,000 for the cost for State mandated supplemental Medicaid payments. Supplemental Medicaid payments are periodically received by the Erie County Home and the Erie County Medical Center which are designed to draw down the maximum possible federal reimbursement to those public facilities in recognition of their high proportions of Medicaid and indigent care. Payments to the Erie County Home are known as Upper Payment Limit (UPL) supplements, while payments to the Erie County Medical Center are known as Disproportionate Share (DSH) supplements. These payments require a 50 percent local share match, the costs of which are excluded from the Medicaid Cap.

Social Services Assistance Payments and Program Expenses

2014 Budget:	\$409,374,985
2015 Proposed:	\$422,552,778

The majority of Social Services Fund expenditures are for assistance payments made to or on behalf of eligible families or individuals. There are seven major assistance programs and a number of other smaller programs:

Family Assistance (Account 525040)

2014 Budget: \$44,861,871
2015 Proposed: \$51,574,441

Public assistance benefit payments are made for basic needs, shelter and utilities, etc., to families eligible for this Federal/State/local program. Welfare reform at the Federal level replaced Aid to Families with Dependent Children (AFDC) with Temporary Assistance to Needy Families (TANF) in August 1996. In New York State, TANF is known as Family Assistance.

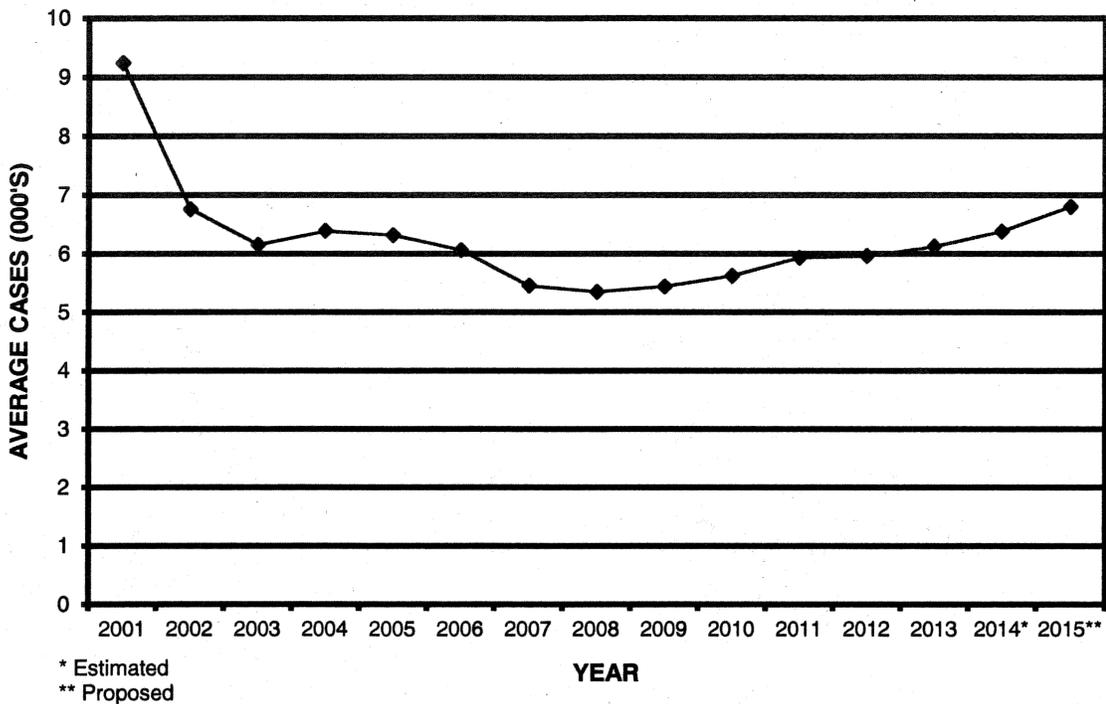
Federal Welfare Reform legislation enacted in December 1996 ended the Federal entitlement to public assistance. It provides funding to the states in the form of fixed block grants to cover temporary assistance to families. Limits are placed on the length of time families may receive Federal TANF (Family Assistance) benefits, and new work requirements are imposed for nearly all adults in Family Assistance (TANF) cases. There is a five-year (60-month) lifetime limit on Family Assistance benefits. For cases in which individuals fail to comply with drug or alcohol dependency assessment and treatment requirements, benefits must be restricted to non-cash voucher payments to landlords and utility companies with only a small personal needs allowance.

Benefits are also restricted to non-cash voucher payments and small personal needs allowances when the five-year (60-month) lifetime limit on Family Assistance eligibility is reached. This occurred for the first cases in December 2001, and additional cases reach their limit each month thereafter.

Caseloads are funded at an average level of 6,801 cases per month in 2015 with an average base monthly cost per case of \$561.42, including the three 10 percent annual benefit increases enacted by the state in 2009.

The 2015 caseload estimate reflects caseload trends that have occurred to date. It assumes that the current base caseload will continue to increase for the balance of 2014 and 2015 at a monthly rate of 70 cases. This produces a beginning trend caseload estimate for 2015 that averages 7,028 cases per month.

TREND OF FAMILY ASSISTANCE CASES (With Time Limit Shifts)



This beginning caseload estimate must, however, be reduced to reflect the transfer of currently active cases to Safety Net Assistance when they reach their 60-month lifetime federal eligibility limit. Another 420 cases are expected to reach their time limits and to be shifted to Safety Net Assistance by the end of 2015 at the current rate of 35 new cases shifted per month. In all, a monthly average of 227 time limit cases are subtracted from the trend estimate of 7,028 cases to arrive at the budgeted monthly average caseload of 6,801 which accounts for the cases that will move to Safety Net Assistance.

The 2015 monthly base cost per case estimate of \$561.42 is consistent with current actuals with adjustments to provide for voucher fuel cases.

The appropriation includes added amounts for utility emergency assistance, \$2,410,584; for supplemental payments to clients as required in an annual reconciliation of fuel allowances to actual costs, \$149,429; and \$3,195,645 for non-utility emergency assistance (formerly EAF). These amounts are consistent with current costs and cost trends.

There is no local County Share cost of the Family Assistance program.

Safety Net Assistance (Account 525060)

2014 Budget: \$50,747,833
2015 Proposed: \$55,701,333

Public Assistance benefit payments are made for basic needs, shelter and utilities, etc., primarily to single individuals or childless couples who are eligible for this State/local general assistance program. Formerly known as Home Relief, this program now incorporates a two-year lifetime limit on cash benefits. After two years, and for those cases with individuals exempted from work activities because they are in drug or alcohol rehabilitation, or for those failing to comply with assessment and treatment requirements, benefits must be restricted to non-cash direct voucher payments to landlords and utility companies with only a small personal needs allowance.

Welfare reform and the creation of the new Safety Net Assistance program has affected caseloads and costs per case in much the same way as described above for the Family Assistance Program.

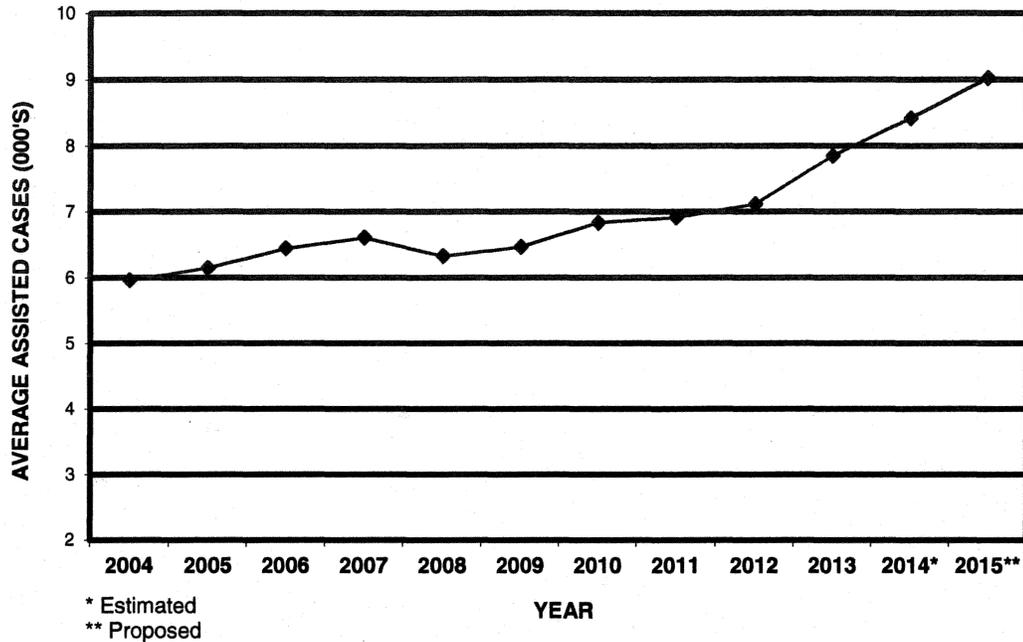
Caseloads are funded at an average level of 9,024 cases per month in 2015, with an average base monthly cost per case of \$504.79, including the three 10 percent annual benefit increases enacted by the state in 2009.

The 2015 caseload estimate is based on caseload trends that have occurred to date. It assumes that the current base caseload will continue to increase for the balance of 2014 and 2015 at a monthly rate of 45 cases. This produces a trend caseload estimate for 2015 that averages 8,991 per month.

To this beginning caseload estimate must be added those new cases that will transfer to Safety Net Assistance when they reach their 60-month federal eligibility time limit in Family Assistance. As indicated earlier, a monthly average of 227 new cases are expected to be shifted into Safety Net Assistance. Many of these and previously transferred clients, however, are employed and case closings due to employment and income are expected to result in smaller net increase in the number that will actually be maintained in Safety Net Assistance in 2015.

In all a monthly average of 33 of these cases are added to the trend estimate of 8,991 cases to arrive at the budgeted average monthly caseload of 9,024.

**TREND OF SAFETY NET ASSISTANCE CASE
(With Time Limit Shifts)**



The 2015 base monthly cost-per-case estimate of \$504.79 is consistent with current actuals with adjustments to provide for voucher fuel cases.

The appropriation includes an additional \$868,909 for utility emergency assistance and \$169,521 for supplemental payments to clients as required in an annual reconciliation of fuel allowances to actual costs.

The County share cost of the Safety Net Assistance program is \$ 36,298,459 in 2015 after subtracting client repayments, 29 percent State reimbursements and other revenues from the gross appropriation. This is an increase of \$4,241,163 (13.2 percent) compared to the 2014 Adopted Budget amount.

Medicaid – MMIS Local Share (Account 525000)

2014 Budget: \$217,160,208 (52 weekly payments)
2015 Proposed: \$211,425,799 (52 weekly payments)

This appropriation is the County's net local share of all Medicaid – related costs under the State's Local Share Medicaid Cap which was effective beginning January 2006.

Legislation establishing a Medicaid Cap was enacted in 2005. The legislation set 2005 actual cash local share costs as a base year, with costs in subsequent years fixed by an annual inflation factor. The State fiscal year 2012-2013 State Budget included a phase out of the local share increases. There will be no increase in 2015 and beyond, as currently legislated. In any year, if actual local share costs are lower than the Medicaid Cap amount, counties will be refunded the overpayment.

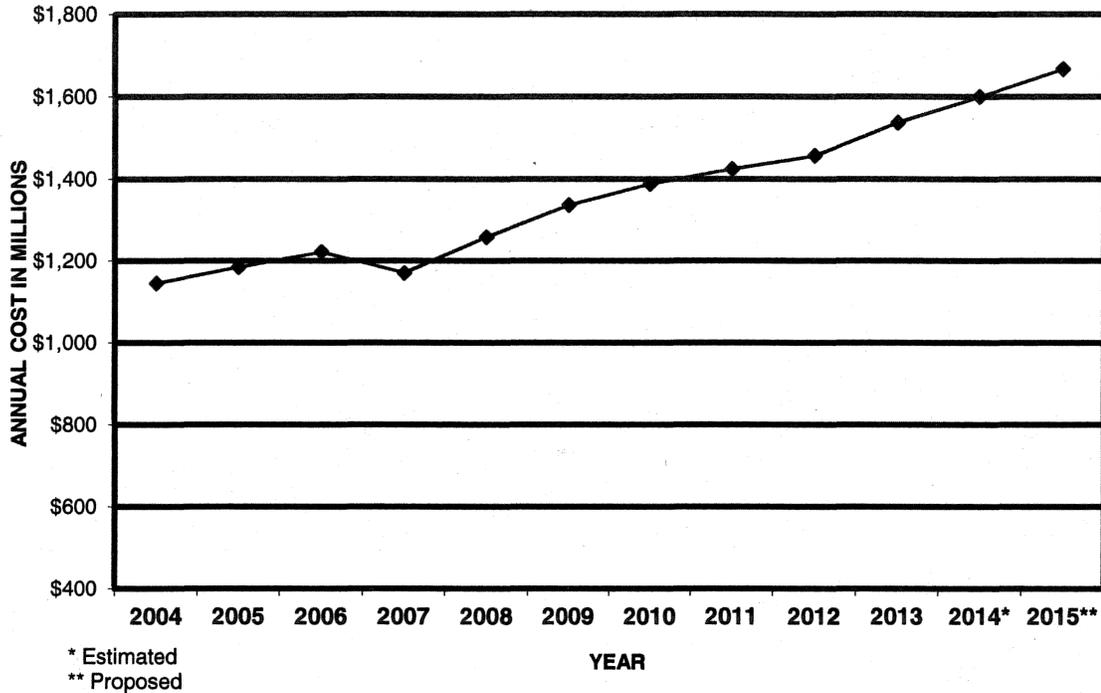
The Medicaid Cap is all inclusive, covering the local share costs of the following components:

- Payments made to providers through the State MMIS billing/payment system (now known as eMedNY) for services rendered to eligible persons. Total medical bills are paid by the eMedNY system and the County is charged back only the local share of the gross payments made.
- Payments made locally by Erie County to insurance companies and other client medical expense reimbursement that are claimed for reimbursement of Federal and State shares.
- Medicaid program administration costs that are part of the monthly reimbursement claim. The non-federal share of Medicaid administration is now capped at 2011 expense amounts. The Department is monitoring this expense and the expectation at this time is that neither 2014 nor 2015 will result in cap overage.
- All revenues associated with Medicaid programs such as repayments.
- Medicare Part A and B premium and copayments and Part B charges that are charged quarterly to Medicaid.
- Other "off line" payments such as bad debt pool and similar quarterly payments to providers.

Excluded entirely from the Medicaid Cap are costs associated with the Family Health Plus program. The local share of Family Health Plus is

entirely assumed by the State. Also excluded from the Medicaid Cap are annual Indigent Care adjustment payments to providers that total \$2,331,775 local share.

TREND OF MEDICAID COST (Gross Cash Basis)



The 2015 appropriation is the amount of the 2014 Erie County Local Share Medicaid Cap plus the local share of the Indigent Care adjustment payments. It totals \$211,425,799 for all of the components listed above.

The calculation of the required appropriation starts from the total of cash payments required in calendar year 2015. This amount is \$209,094,024. The Indigent Care adjustment adds another \$2,331,775 for a total of \$211,425,799.

The amount required for the 2015 calendar year reflects weekly cash payments for the 2014-2015 State Fiscal Year and the 2015-2016 State Fiscal Year Medicaid caps that are both calculated based on the State's payment cycles and are apportioned to the County's 52 weekly payment cycles. The State Fiscal Year Caps reflect adjustments made by the State for additional federal aid related to the Affordable Care Act.

Elsewhere in the budget is a separate appropriation in the amount of \$16.2 million for the local share of supplemental federal payments to the Erie County Medical Center – for Disproportionate Share (DSH). These supplemental payments are specifically excluded from the Medicaid Cap.

Medicaid - Gross Local Payments (Account 525030)

2014 Budget: \$2,698,240
2015 Proposed: \$1,934,350

Certain Medicaid payments are made directly to providers by the Erie County Department of Social Services, rather than through the State MMIS (eMedNY) system. Services paid locally from this appropriation include medical insurance premiums when private insurance coverage is available and cost-effective, and other miscellaneous medical expenses. All medical transportation services previously paid locally from this account were shifted to the State MMIS payment system.

The 2015 appropriation includes \$1,669,786 for insurance premiums and \$264,564 for other expenses.

Because of the Medicaid Cap which includes the local share of these local payments there is no separate local share associated with this appropriation. Repayment and other revenues received locally and applied against these costs in the past will be returned to the State in claiming adjustments.

Child Welfare Services (Account 525050)

2014 Budget: \$58,244,810
2015 Proposed: \$62,286,462

This appropriation is used to pay for the costs of the care of children placed by the Family Court into the custody of the Commissioner of Social Services. These children reside in foster homes, group homes and in child caring institutions. A majority of children are in foster home placements in connection with child protection cases. Placements in group homes and institutions are ordered primarily for Persons in Need of Supervision (PINS) or for Juvenile Delinquents (JD's).

Appropriations in the 2015 budget are estimated based on analyses of historical and current trends of expenditures, children in care, monthly costs per child, and changes in per diem board, tuition and other rates.

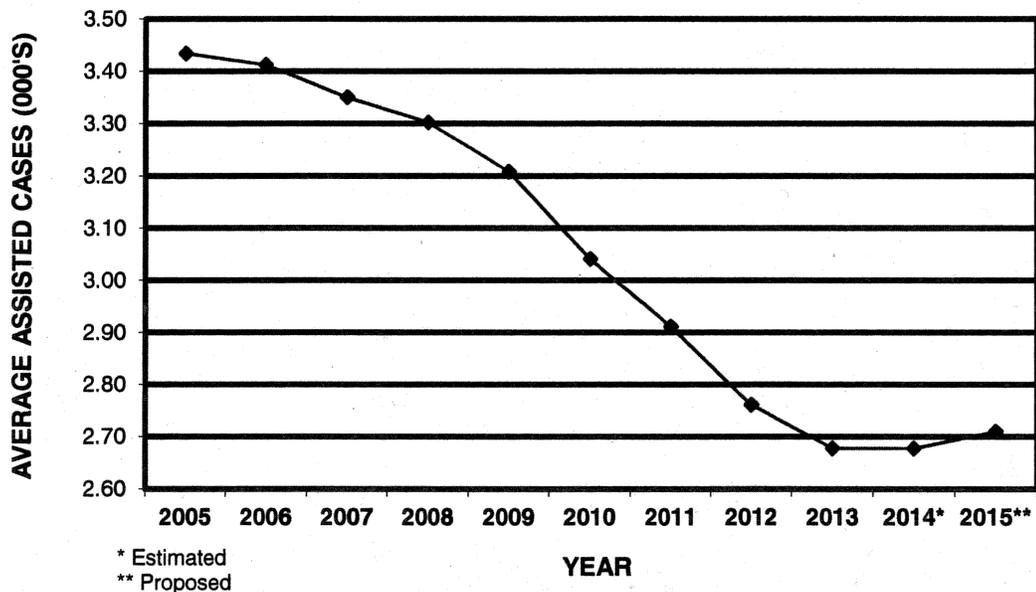
Children assisted are funded at an average level of 2,710 per month in 2015, with an overall average monthly cost per child of \$1,915.33.

Based on present trends, the average monthly number of children funded in 2015 is maintained at the 2014 estimate of children in care, which is currently 47 children below 2014 budgeted levels. The ability to hold the total number of children served relatively steady over the last nine years is a major accomplishment after years of steady growth and given recent

increases in Child Protection activity that often lead to placement. This reflects final assessment reform, enhanced front door strategies and expanded preventive services option.

Even more significantly, the proportion of children in foster care has decreased, and is expected to continue to be reduced, while the proportion of adoptions and children receiving adoption subsidies increases. The benefits of special initiatives to reduce placements and lengths of stay in costly institutional settings are expected to continue to favorably impact both the number of children in care and overall costs in 2015.

**TRENDS OF CWS ASSISTED CHILDREN
(Foster Care and Institutional Care)**



Costs per child assumed in 2015 incorporate regular congregate care rate increases of 1.05 percent in July 2014 and July 2015, as compared to current actual rates, as well as two 2.0 percent added cost of living (COLA) increases required by the State effective in January and April 2015. The 2.0 percent increases cover all congregate direct care staff and both foster and adoptive parents. The average monthly cost per child also reflects changes in the distribution of children among the various levels of care, as well as the expected continued moderation in institutional care lengths of stay.

The County share cost of Child Welfare Services is \$16,392,361 in 2015 after subtracting client repayments and Federal and State reimbursements from the gross appropriation. Federal TANF/EAF revenues for foster care and PINS/JD institutional costs are budgeted at the current estimated ceilings.

Child Welfare Services costs, including foster care and PINS/JD institutional costs which cannot be claimed for federal TANF/EAF reimbursement, are included, along with Foster Care administrative costs, in the State's Foster Care Block Grant (FCBG). The FCBG covers 100 percent of non-federal costs up to the Block Grant ceiling, after which non-federal costs become 100 percent local share. Adoption Subsidy expenses are reimbursed separately from the FCBG with a (net of Federal) State share of 62 percent. There is no fixed cap to adoption subsidy reimbursement.

Child Care Development Block Grant (Account 525092)

2014 Budget:	\$27,693,607
2015 Proposed:	\$27,992,196

Child care (daycare) subsidies are provided to low income families and those in receipt of Public Assistance through the Child Care Development Block Grant (CCDBG) to enable them to maintain employment or to engage in work activities. Low income families with incomes below 200 percent of the Federal Poverty Level are eligible for subsidies in that vary, depending on the daycare setting. Child care subsidies are provided for families in receipt of Public Assistance to enable the parent to accept and retain employment or to participate in required work activities. The amount of the subsidy varies with the daycare setting.

The 2015 budgeted amount is based on recent trends in the number of children subsidized in the various daycare settings and payments to providers. A monthly average of 3,092 children in low income families are expected to receive subsidies in 2015. Children in Public Assistance families receiving subsidies are estimated at 2,115 on average each month, a number necessary to support the level of work activity participation required of parents. The 2015 total cost of low income subsidies is budgeted at \$16,256,515. These costs are 100 percent reimbursed with federal funds through the Child Care Development Block Grant. The budget includes \$11,735,681 for mandated subsidies to children in Public Assistance Families. These costs are reimbursed with state funds through the Block Grant at 75 percent of cost. The 25 percent local share cost for Public Assistance children is \$2,933,920 in 2015.

Other Programs

2014 Budget: \$ 7,968,416
2015 Proposed: \$11,638,197

In this category are appropriations for a number of smaller programs administered by the Department of Social Services. These include: Account 525070 – Emergency Assistance to Adults (EAA), \$2,024,289; Account 525080 – Education of Handicapped Children in residential schools, \$688,307; Account 525130 State Training School chargebacks, \$5,705,474; Accounts 525100 and 525110 – expenses for housekeeping and home-delivered meal assistance, \$103,136; and Account 525120 – expenses for the special needs of individuals in Adult Family Homes, \$2,310. Amounts budgeted in 2015 reflect current trends in utilization, particularly for increased Emergency Assistance to Adults and State Training Schools where there are more children in care and greatly increased daily rates.

Child care funded by Title XX, in cases of child protection and for purposes of foster care prevention, totals \$2,814,681 for 403 children in Account 525091 in 2015, and Home Energy Assistance Program (HEAP) benefit costs total \$300,000 (account 525140).

Early Intervention/Pre-K/Special Ed

2014 Budget: \$62,267,073
2015 Proposed: \$59,700,240

Developmental and special education programs are administered by the Department of Health, Division of Services to Persons with Special Needs. Children, birth through two years old, are identified, evaluated and placed in developmental programs by the County's Early Intervention Case Management program. Children three and four-years old are identified, evaluated and placed in special education programs by the local school districts. Eligible service costs for three and four-year old children are paid by the County and are reimbursed partially by the State Education Department. Some services to eligible three and four-year-old children also may be claimed for the Federal share of Medicaid.

Under Chapter 243 of the laws of 1989, the County also is responsible for a 10 percent share of the cost of the school age (ages five to twenty-one) summer program which is billed to the County on a net basis at the end of each school year. In addition, the County is responsible for a portion of the cost of the special committees of local school districts which place children in preschool programs.

Under 1993 State legislation, the County is responsible for the provision of various developmental services such as occupational therapy, physical therapy, speech

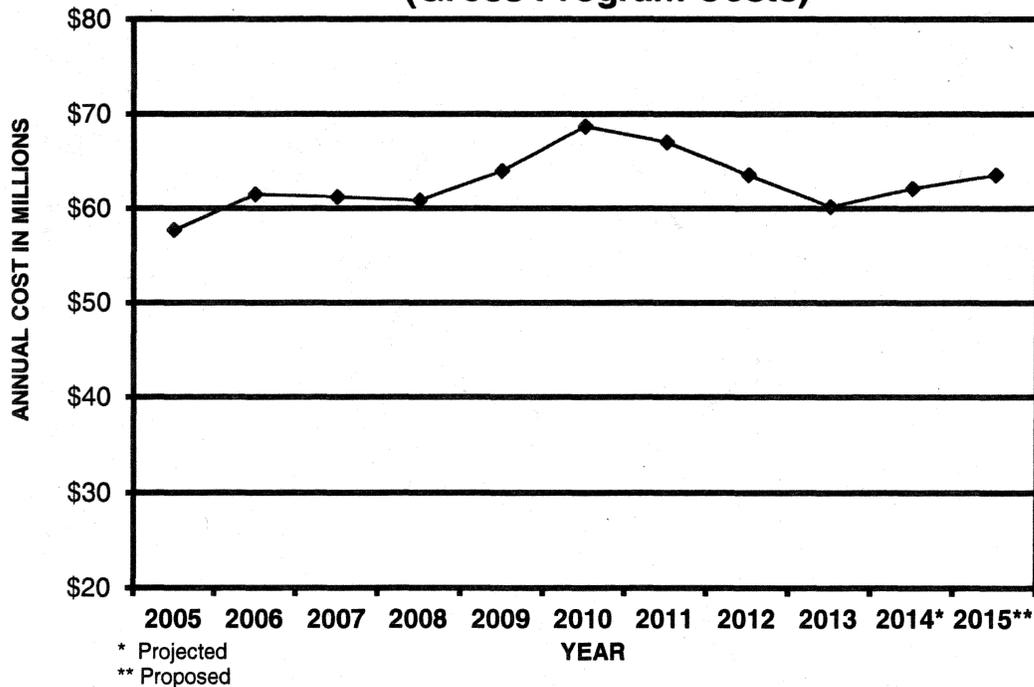
therapy and pre-school education in the Early Intervention Program for infants and toddlers with developmental delays and their families. Services are based on an Individual Family Service Plan developed by the family, an evaluator, a County case manager and the County local early intervention official (designated by the County Executive). The County cost is offset by Medicaid and third-party insurance reimbursement for eligible children. Remaining eligible service costs are paid by the County and are reimbursed partially by the State Health Department.

The 2015 appropriation for the Children with Special Needs and Early Intervention agency program payment is \$59,700,240. Other program and administrative expenses totaling \$3,850,843 are included elsewhere in the budget summary, in the personal services, ECMCC contractual, interdepartmental payments and all other expense categories.

In the 3 and 4 year old Preschool program, County representatives participate in Committee on Preschool Education (CPSE) meetings and are part of the decision making process regarding services for children in the program. However, school districts, although paying nothing toward the cost of the programs, make the final decisions regarding entrance into and the services provided by the program.

The County administers this program and has implemented a methodology that has improved the quality and lowered the cost of the services provided.

SERVICES TO CHILDREN WITH SPECIAL NEEDS (Gross Program Costs)



**Comparison of 2015 Proposed Budget to the 2014 Adopted Budget
Early Intervention and Preschool Special Education Programs**

	Birth-Two Year Old Early Intervention Program	Three & Four Year Old Preschool Program	Administration All Programs	Total
2014 Adopted Budget				
Expense	\$6,281,043	\$57,433,210	\$2,205,156	\$65,919,409
Revenue	<u>3,292,104</u>	<u>33,013,539</u>	<u>116,355</u>	<u>36,421,998</u>
Net County Cost	\$2,988,939	\$24,419,671	\$2,088,801	\$29,497,411
2015 Proposed Budget				
Expense	\$6,653,071	\$54,692,219	\$2,205,793	\$63,551,083
Revenue	<u>3,478,124</u>	<u>32,261,400</u>	<u>1,054,967</u>	<u>36,794,491</u>
Net County Cost	\$3,174,947	\$22,430,819	\$1,150,826	\$26,756,592
Variance 2014 to 2015				
Expense	\$372,028	(\$2,740,991)	\$637	(\$2,368,326)
Revenue	<u>186,020</u>	<u>(752,139)</u>	<u>938,612</u>	<u>372,493</u>
Net County Cost	\$186,008	(\$1,988,852)	(\$937,975)	(\$2,740,819)

Interfund Transfers (Allocation)

2014 Budget: \$40,248,424
2015 Proposed: \$43,785,280

This includes allocations for County share of the Road Fund \$15,118,038; County share of grants \$4,361,351; County share of Utility Fund totals \$4,935,249, County share of the E-911 Fund which equals \$3,522,333, \$50,000 for a Parks Department capital project and \$43,992 for a Department of Social Services project. Also included is a payment to Erie Community College of \$15,754,317.

Debt Service

2014 Budget: \$61,673,178

2015 Proposed: \$64,110,310

This includes \$63,733,627 for General Obligation Bond Debt Service and \$376,683 for interest on Revenue Anticipation Notes.

All Other Expenses

2014 Budget: \$20,403,206

2015 Proposed: \$19,291,588

Included in the Other Expense category is \$495,000 of operational expense for the Erie County Fiscal Stability Authority (Control Board).

The balance covers all other remaining expenses in the 2015 Budget for the Operating Fund including interdepartmental billings, telephone charges, rentals, risk retention and equipment.

FRINGE BENEFITS EXPENDITURES

FRINGE BENEFITS – ALL FUNDS

Fringe benefits are provided for County employees based on the provisions of the various collective bargaining agreements and/or Federal, State, and local laws. The County is required to provide appropriations for FICA, medical and hospitalization insurance, dental insurance, unemployment insurance and workers' compensation. An appropriation is also provided for retired County employees eligible to participate in a joint retiree-County funded medical and hospitalization insurance program. The basis of the appropriation for each fringe benefit category is explained below.

FICA

The FICA contribution totals 7.65% of wages with 6.2% applied toward Social Security and 1.45% for Medicare. The Social Security portion, 6.2%, is applied toward total salary up to a maximum wage base capped at \$117,000 in 2014. The Medicare portion, 1.45%, has no cap. In developing FICA appropriations for 2015, the portion of salaries exceeding the maximum wage base for Social Security was excluded up to the Social Security Administration's estimated maximum wage base for 2015 of \$118,800. The 1.45% Medicare 2015 estimate is applied to all wages.

Workers' Compensation

Workers' Compensation payments are set with a \$809/week maximum for claims paid July 1, 2014 - June 30, 2015. The proposed 2015 appropriation for workers' compensation accounts for increases and were based on the current year's activity, adjusted for anticipated medical costs. The appropriation provides funding for medical and indemnity payments, mandated state assessments and administration fees. The total appropriation is normally budgeted through the various funds and is charged through the payroll system as expenses are incurred.

Unemployment Insurance Coverage

The 2015 appropriation for unemployment insurance anticipates an outlay of approximately \$412,394 based on 2014 trends.

Medical and Hospitalization Insurance - Active Employees

The 2015 budget estimate for active employees' medical and hospitalization insurance is based on the County's one source health insurance plan and was adjusted for estimated increases in premium costs for the various plans with an adjustment for those employees enrolled in the waiver program. These estimates were obtained in coordination with our consultant to the Labor-Management Health Care Fund, the entity that manages health insurance for the County.

Dental Insurance

The estimated cost for dental insurance for County employees in 2015 is based on the current premium for all employees, the number of funded positions and the current family/single coverage ratio. A separate ratio was used for each fund.

Retirement/Pension

For the past several years, New York State has increased the employer contribution rates for the Employees' Retirement System (ERS). However, for 2015, the employer rate is projected by ERS to decrease for the second time since 2010. Rates for Tier 4 employees, the single-largest category for Erie County, are projected to decline from 21.1% to 19.4% for the annual payment that will be due February 1, 2016 (or December 15, 2015, if the County elects to pre-pay). The pension retirement expenses were calculated from a projected salary base for the combined 2015 portion of the April 1, 2014 through March 31, 2015 and April 1, 2015 through March 31, 2016 billing periods. Growth factors for each tier and year were based on estimates supplied by the Office of the State Comptroller.

Medical and Hospitalization Insurance - Retirees

The County's projected contribution toward retirees' medical and hospitalization insurance is based on expected 2014 costs and was adjusted for estimated increases in premium costs. The County currently expenses retiree health costs on a "pay-as-you-go" basis. The unfunded future retiree health costs are described under the GASB 45 Section.

GASB 45

GASB 45 is an accounting standard that requires governments to reflect in their financial statements the estimated future cost of paying for benefits, such as retiree health insurance, that has been earned due to the service years provided to-date by existing retirees and current employees.

UNION CONTRACTS

UNION CONTRACTS

The table below details the status of all County union contracts, contract expiration dates and membership.

At present, all union contracts under the exclusive control of the County are settled and in effect. Union contracts for Erie Community College are being handled by their management, with the County playing a coordinating role.

Union Name	Date Contract Expires/Expired	Represents
CSEA	12/31/16	White Collar
AFSCME	12/31/15	Blue Collar
NYSNA	12/31/17	Nurses
CSEA Correction Officers	12/31/16	Sheriff-Correction Officers and Medical Staff
Teamsters	12/31/16	Sheriff-Holding Center Deputies and Medical Staff
PBA	12/31/16	Sheriff-Police Division
Librarian	12/31/17	BECPL Professional Librarians
Faculty	12/31/09	ECC Faculty
Administrator	08/31/11	ECC Administration



BUDGET PROCESS & FINANCIAL STRUCTURE

BUDGET PROCESS

Dynamics of Budgeting

Budgeting is a dynamic process. It demands continuous monitoring of actual expenses and revenues. It involves ongoing study to determine the accuracy of budget estimates and the need for corrective action. And, it requires periodic forecasting to determine how changes in the fiscal environment, revisions to County policies and new service demands will impact future budgetary needs.

While budgeting is a year-round process, the development of the annual budget usually commences eight months prior to the start of the new fiscal year. The procedures governing the preparation, submission and adoption of Erie County's annual budget are prescribed in Article 25 of the Erie County Charter and Article 18 of the Erie County Administrative Code.

Budget Preparation Calendar

May: Budget planning for the County's next fiscal year begins in a concrete manner once the state budget has been finalized. By law the state budget must be adopted by April 1. Budget forecasts and targets are developed and evaluated based on County budget monitoring data, state budget impact data, estimates of inflationary cost increases needed to maintain current service levels, and estimates of the costs associated with new service needs.

July: Detailed budget instructions are issued to department heads to guide the preparation of department budget requests.

August: Departments submit their detailed budget requests to the County Executive for consideration in mid-August.

September: Departmental budget requests are analyzed in detail by staff in the Division of Budget and Management. Each expenditure and revenue account is evaluated to determine the best estimates of revenue available and the most accurate estimates of necessary and optional expenses.

Proposed budget recommendations and alternatives are prepared by the Budget Division for review and consideration by the County Executive. The County Executive's budget decisions are then incorporated by Budget staff into a proposed budget document.

Budget Adoption Process

The County Executive is required by the Erie County Charter and the Administrative Code to submit a proposed budget for the next fiscal year to the Erie County Legislature on or before October 15. The proposed budget contains estimates of operating revenues and expenses for each administrative unit of County government, a capital budget and a six-year capital program. It must be presented in the form of a line-item budget.

The proposed budget is accompanied by the County Executive's Budget Message. The message highlights important features of the Proposed Budget and outlines the key assumptions, policies and initiatives on which it is based.

After receiving the proposed budget, the Legislature holds public hearings and considers whether proposed budget items should be amended. They may add, delete, increase or decrease items of expense (appropriation), except for those items required by law or for repayment of debt.

The 2015 budget must be adopted by the Legislature by the first Tuesday in December (December 2, 2014). An annual budget adoption meeting is held for this purpose, at which time the Legislature votes on any changes to be incorporated into the Adopted Budget.

If the Legislature fails to approve changes to the proposed budget, it is considered to have been adopted with no further action required by the County Executive. If the budget adopted by the Legislature does contain additions or increases, it must be presented to the County Executive by the first Wednesday following the first Tuesday of December (December 3, 2014) for consideration of vetoes.

The County Executive may veto any items added or increased by the Legislature to which he objects. Deletions or decreases are not subject to veto. If items are vetoed by the County Executive, a statement indicating the vetoed items and the reason for each veto must be returned to the Legislature by the Monday preceding the second Tuesday in December (December 8, 2014).

The Legislature may override the County Executive's vetoes by a two-thirds majority vote. This must be done on the second Tuesday of December (December 9, 2014).

The budget, incorporating any legislative changes, executive vetoes, and legislative veto overrides is considered adopted in final form as of the second Tuesday in December (December 9, 2014).

Revisions after Budget Adoption

Once adopted, no County department may spend funds in excess of the amount appropriated for each line-item of expense. Occasionally, it is necessary to revise the Adopted Budget during the year to adjust appropriations to match actual spending requirements. This is done either by transferring funds from one appropriation to another within the same administrative unit, or by appropriating unanticipated revenue that has been received.

The County Executive may transfer part or all of the unencumbered appropriation balance between line-items of expense within the same administrative unit if the amount for a given line-item transfer is \$10,000 or less. Approval of the Legislature is required, in the form of a legislative resolution, if the transfer exceeds \$10,000 or if it would affect any salary rate or salary total.

The appropriation of any unanticipated revenue requires the approval, by resolution, of the Erie County Legislature, as does the creation or deletion of any staff position associated with an appropriation revision.

Resolutions which seek approval to revise the Adopted Budget are submitted to the Legislature by County administrative units through the County Executive's Office. They are considered by the Legislature throughout the year at their bi-monthly legislative sessions.

Budget Monitoring Process

The Division of Budget and Management produces monthly Budget Monitoring Reports ("BMR"). The BMR reports on appropriation and revenue accounts critical to maintaining a balanced budget. The report also contains impact statements on the local effects of federal and state policies.

The BMR is designed to give management a measurement tool for determining if actual revenues and expenditures are in line with estimated amounts. This timely information allows the County to detect problems and take corrective budgetary action, if required.

In addition to the BMR, other reports are generated periodically to evaluate budget performance, including:

- on-going tracking and analysis of personnel matters including overtime usage, full-time position vacancies and part-time employee accounts;
- on-going tracking and analysis of local share Medicaid expenditures, as well as Safety Net Assistance and Family Assistance caseloads; and
- tracking of all revenues.

BUDGET CALENDAR

January

County fiscal year began January 1, 2014.

Division of Budget and Management (DBM) works with Comptroller's Office to close prior year books.

Tax bills sent to taxpayers in the City of Buffalo and first class towns.

February

DBM reviews impact of Governor's Proposed Budget.

DBM develops monthly budget allotments for current year budget.

Subjects identified for special studies on cost containment and revenue enhancement.

Tax bills sent to 2nd class towns.

March

Special studies continue.

April

DBM begins development of ensuing year budget forecast.

May

Special studies continue and following year.

Capital Budget process begins.

June

DBM assembles ensuing year budget instructions including appropriation and revenue worksheets and preliminary personal services data runs.

Special studies are concluded.

DBM begins to develop budget targets for departments.

July

Budget instructions sent to departments.

Year-end projection instructions sent to departments.

August

Departments complete submission of personnel change requests to Personnel Department and DBM.

Departments prepare ensuing year budget requests and submit to DBM.

Capital Budget process is concluded.

September

County Executive and DBM review and make recommendations on requests from Departments and community agencies.

Special studies are incorporated into Proposed Budget.

County Executive and DBM finalize recommendations for Proposed Budget.

October

Major revenue and expenditure projections transmitted to Comptroller by October 1, 2014.

County Executive submits Proposed Budget to Legislature by October 15, 2014.

November

Legislature reviews Proposed Budget and conducts hearings.

Legislature holds public hearings.

December

Deadline for Legislature to Adopt 2015 Budget – Tuesday, December 2, 2014.

Deadline for Legislature to return Budget to County Executive if any increases – Wednesday, December 3, 2014.

Deadline for County Executive to veto any increases – Monday, December 8, 2014.

Deadline for Legislature to meet and consider County Executive vetoes – Tuesday, December 9, 2014.

Final equalized tax rates are determined. Legislature adopts final real property tax levies.

FINANCIAL STRUCTURE

Fiscal Year

The County's fiscal year begins January 1 and ends on December 31 of each calendar year.

Fund Structure

The County's budgetary and accounting systems are organized and operated on a "Fund" basis. Each fund is considered a separate entity and is made up of a set of inter-related and self-balancing accounts. Together, these accounts comprise a fund's assets, liabilities, fund/balance/retained earnings, revenues and expenditures/expenses.

The accounts in a fund are segregated and related to one another for the purpose of carrying out specific activities or attaining certain objectives. They are created and operated in accordance with law and/or special regulations, restrictions or limitations, or as dictated by generally accepted accounting principles (GAAP).

Erie County utilizes the funds described below. All funds are included in the County's General Purpose Financial Statements.

General Fund (Budget Fund 110): the principal operating fund which includes all operations, activities and resources not required to be recorded in other funds. Funding Sources: Real property taxes; Sales taxes; Departmental charges; State and Federal partial reimbursements; Client recoveries; Fees, Fines and Other Charges; and Hotel Occupancy Tax.

Special Revenue Funds: The following funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes and are shown in the same manner in the County's annual financial statements.

Grant Fund (Budget Fund 281 and Budget Fund 821 – Library)

Funding Sources: Transfer payments and/or subsidy from General Fund; State and Federal full or partial reimbursement; grant income.

Community Development (Budget Fund 290)

Funding Source: Federal Reimbursement.

Sewer Fund (Budget Fund 220)

Funding sources: Sewer Real Property Tax; user fees.

Road Fund (Budget Fund 210)

Funding Sources: Subsidy payment from General Fund; partial State reimbursement; Real Estate Transfer Tax; charges.

E-911 Fund (Budget Fund 230)

Funding Sources: Telephone access line surcharge; State reimbursement; subsidy payment from General Fund.

Public Library Fund (Budget Fund 820) This Special Revenue Fund is included in the County's annual financial statements as a component unit.

Funding Sources: Real Property tax; State reimbursement; library charges.

Debt Service Fund (Budget Fund 310): used to account for current payments of principal and interest on general obligation long-term debt (bonds) and for financial resources accumulated in reserve for payment of future principal and interest on long-term indebtedness.

Funding Sources: Transfers from other funds; interest earnings on reserves.

Downtown Mall Fund: Used to account for revenues raised through a special district charge levy and the subsequent expenditure of these monies for the operation and maintenance of a downtown pedestrian/transit mall. *This fund is not included in the Budget documents.*

Funding Sources: Special district assessment.

Capital Projects Funds (Budget Funds 410-490): used to account for the financial resources to be used for the acquisition, construction or reconstruction of major permanent facilities having a relatively long useful life and for equipment purchased from the proceeds of long-term debt (other than those financed by the Enterprise Fund).

Funding Sources: Proceeds from bonds issued; State reimbursement.

Enterprise Fund: used to account for ongoing organizations or activities that are similar to those found in the private sector which provides goods or services to the general public. The costs of providing goods or services to the public on a continuing basis are financed or recovered primarily through user charges.

Utilities Fund (Budget Fund 140)

Funding Sources: Utility user charges.

Erie Community College: used to account for the resources received and used to operate the Community College. The State mandates a fiscal year ending August 31st for the Community College. For this reason, and also because of differences in accounting principles for colleges and those for local governments,

the Community College budget and financial statements are separate. The Community College budget is adopted in July of each year.

Funding Sources: State reimbursement; student tuition; County subsidy from the County budget in the General Fund.

Accounting and Budgeting Principles

The Erie County Charter and Administrative Code require a line-item budget organized or classified on the basis of administrative units. The budget, accounting and reporting system are structured to support this requirement on an ongoing basis for local purposes.

The accounting and budget structure required by the local Charter and Code is not consistent with the Uniform System of Accounts for Counties (USAC) structure required by the State for financial reporting purposes. Specialized account coding is used to convert detailed County accounting data to the USAC structure as required for financial reporting and for the preparation of the annual financial statements.

The County's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities, and are presented in the USAC format.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is the determination of what is expressed in reporting an entity's financial performance and position, (i.e., expenditures or expenses). A particular measurement focus is accomplished both by considering what resources will be measured and the basis of accounting.

Basis of accounting refers to when revenues, expenditures/expenses, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

Accrual Basis – Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Modified Accrual Basis – Under this basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from federal, state, or other

grants designated for specific County expenditure are recognized when the related expenditures are incurred.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due and expenditures for inventory-type items and for prepayments (except retirement) are recognized at the time of the disbursements.

In the County's Comprehensive Annual Financial Report ("CAFR"), the government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statement. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Budgets and Budgetary Data

Annual appropriated budgets are adopted and employed for control of the General Fund; the Road; Sewer, and E-911 Special Revenue Funds; the Utilities Aggregation Enterprise Fund; and the Debt Service Fund, minimally detailed to the department and account level. These budgets are adopted on a basis consistent with GAAP, except that encumbrances are reported as budgetary expenditures in the year of incurrence of commitment to purchase, as well as in the year of expenditure if the expenditure occurs in a fiscal year subsequent to the commitment in the General and the enumerated Special Revenue Funds. All unencumbered appropriations lapse at the end of the fiscal year. Annual appropriated budgets are not employed for the Grants and Community Development Special Funds. A reconciliation to convert GAAP basis data to the budgetary basis is provided in the financial statements.

Account and Budget Codes

Account and budget codes classify expenditures/appropriations and revenues by category. The structure of account and budget codes used by Erie County is consistent with the local Charter and Code requirements for a line-item budget organized by administrative unit.

Administrative Unit Codes: The budget and accounting systems are structured so that budgeting and accounting can be controlled at the fund, business area/fund center and department level as appropriate. Budgets are usually

adopted at the department level in the General Fund including Social Services, the Utilities Fund (Enterprise Fund) and Special Revenue Funds. Budgets are adopted for grants and Community Development projects. The Debt Service Fund is adopted at the fund level.

Administrative Unit coding in the budget and accounting systems is categorized according to Fund, Department, and Fund Center (Business Area).

Fund center coding is used to identify separately budgeted administrative units. A three digit Fund Center designates the overall department level. If divisions within a department are separately budgeted, they are designated with a five digit fund center code.

Account Codes: Account codes are used to identify expenditures/appropriations and revenues.

Revenues and expenditures are appropriated and adopted by the Legislature at the account level, which is indicated by a six-digit account code in the budget. All accounts are part of a hierarchy which serves to group accounts into like categories.

Expenditures/appropriation and revenue coding in the budget and accounting systems is generally categorized according to the following structure:

Expenditure/Appropriation Codes		Revenue Codes	
Account*	Description	Account*	Description
500000-500350	Personal Services	400000-400070	Real Property Tax Revenues
501000	Overtime	402000-402700	Local Source Revenues
502000-502140	Fringe Benefits	405000-409040	State or Other Partial Reimbursement
504992	Contractual Salary Reserve	410000-414190	Federal or Other Partial Reimbursement
504990-504998	Reductions for Turnover Service Restoration	415000-480030	Fees, Other Taxes
505000-507000	Supplies & Repairs	450000-486040	Interfund Revenues
510000-555050	Other		
516000-520110	Contractual		
525000-530020	Assistance Payments		
561100-561460	Equipment		
550000-551600	Debt Service		
559000-575040	Interfund		
910100-980000	Interdepartmental		

*Specific descriptive account titles and codes are provided throughout the budget documents for each account.

Budgeting for Fringe Benefits

Fringe benefits are appropriated separately in each fund included in the budget which also has budgeted employees and authorized payroll expenses.

Fringe benefits are budgeted at the department level in the operating fund. Fringe Benefits are budgeted at the individual project level for grants and community development projects.



GLOSSARY

GLOSSARY

Account

A category of expense, such as office supplies, personal services, or utilities.

Accrual

Recognition and recording of accounts receivable as revenue and accounts payable as expenditures in the current period, but for which cash receipts or disbursements have not yet occurred.

Accrual Accounting

A basis of accounting in which expenditures and revenues are recorded at the time they are incurred or are available, as opposed to when cash is actually received or spent.

Adjusted Budget

The adopted budget as modified by all changes to budgeted revenue and appropriation accounts approved and processed.

Adopted Budget

The budget plan for the next fiscal year, which has been formally approved pursuant to the provisions of Article 25 of the Erie County Charter.

Appropriated Fund Balance

The amount of unassigned fund balance available from previous years designated for use in the current year.

Appropriation

A specific amount of money authorized by the Legislature for the purchase of goods and services.

Assessed Valuation

The value set upon real property by local tax assessors and the state as the basis for levying real property taxes.

Board of Election Re-Spread

Reimbursement from towns and cities for certain allowable expenses associated with the cost of conducting elections. The actual costs are billed back to the various towns and cities where elections are held and recorded as revenue in the operating fund.

Capital Budget/Expenditures

Budgets/expenditures in the Capital Projects Fund for major physical improvements and construction, or for purchase of equipment having a useful life of at least five years. The Capital Budget is included in the annual budget documents, as required by the County Charter, but is not a part of the operating budget, nor is it considered part of the operating fund.

Community College Re-Spread

Revenue that is attributed to reimbursement from towns and cities for tuition payments made by the County for town and city residents who are enrolled in community colleges outside of Erie County. The tuition costs are billed back to the various towns and cities in the county for the town/city residents for whom tuition was paid.

Community Development Fund

A Special Revenue Fund used to assist participating municipalities in the development of locally approved community or economic development activities, including housing programs, which are eligible under Federal program regulations. This fund is included in the County's annual budget documents in order to secure legislative authorizations, but it is not a part of the operating budget nor is it considered an operating fund.

Contingency

An appropriation of funds to cover unforeseen events that may occur during the fiscal year, or reserved to cover future events, which can be foreseen.

County Share

The amount of support required from general county resources (e.g., property or sales taxes); after all other revenue sources attributed to the operations of a department or division are subtracted from total appropriations or expenditures.

Countywide Appropriations/Revenues

Appropriations and revenues, such as debt service expenditures or sales tax revenues, which cannot be directly attributed to the operations or operational responsibilities of specific departments.

Debt Service

The county's obligation to pay the principal and interest on all bonds and other debt obligations according to a predetermined payment schedule.

Debt Service Fund

A special fund established to account for the payment of interest and principal on long-term debt. The Debt Service Fund is a part of the operating budget and is considered an operating fund.

Deficit

The excess of expenditures over revenues during an accounting period.

Downtown Mall Fund

A Special Revenue Fund used to account for revenues raised through a special district charge and the subsequent expenditure of these monies for the operation and maintenance of a downtown pedestrian/transit mall. This fund is not included in the county's annual budget documents, nor is it considered an operating fund.

ECIDA

The Erie County Industrial Development Agency (ECIDA) is a public benefit corporation which coordinates economic development for Erie County. It authorizes industrial revenue bonds for eligible projects and administers a revolving loan program for businesses in specific county areas.

Encumbrance

Financial commitments related to unperformed contracts for the purchase of goods and services. Purchase transactions which are not yet completed, but for which funds have been designated and specifically reserved (encumbered) for future payment when the purchase transaction is completed. Outstanding encumbrances at year-end are reported as assignments of fund balance because the commitments will be honored during the subsequent year.

E-911 Fund

A self-balancing Special Revenue Fund for appropriations and revenues associated with the operation of the Enhanced 911 emergency telephone system as required by State law when a telephone surcharge is utilized to offset E-911 service cost. The E-911 Fund is part of the operating budget and is considered an operating fund.

Enterprise Funds

Self-supporting governmental funds in which the services provided are financed and operated similarly to those of a private business, with user charges providing the majority of the revenues necessary to support operations. The Utility Fund is budgeted as an Enterprise Fund. The Enterprise Fund is a part of the operating budget and is considered part of the operating funds.

Equalized Full Valuation of Taxable Property

The term used to indicate the value of all real property in a taxing jurisdiction, appraised at 100% of market value at a specified prior point in time, which has been adjusted by a factor to reflect different rates of housing market price change from area to area. The equalization factor allows comparison of full valuation on an equal dollar basis for all areas and for all time periods.

Equalized Full Value Tax Rate

The amount of property tax levied for each \$1,000 of equalized full valuation for all non-exempt property in the county. It is calculated by dividing the equalized full valuation of taxable property by \$1,000 and then dividing the county property tax levy by the result. This rate is used for all comparisons of property tax growth or reduction.

Full Valuation

The term used to indicate a real property appraisal at 100% of market value at a specified prior point in time.

Fund

A set of inter-related accounts to record revenues and expenditures associated with a specific purpose. Funds are self balancing. The Erie County budget includes ten (10) funds: General Fund, E-911 Fund; the Utilities Enterprise Fund; Grant Fund; Capital Fund; Sewer Fund; Road Fund; Community Development Fund; the Debt Service Fund; and the Public Library Fund.

Fund Balance

The section of the financial statement that reports the results of operations. It can include restricted amounts such as prepaid items along with assignments such as judgments and claims. The remainder of fund balance is the unassigned portion which is available for appropriation when necessary.

GASB 45

GASB 45 is an accounting standard that requires governments to reflect in their financial statements the estimated future cost of paying for benefits, such as retiree health insurance, that has been earned due to the service years provided to-date by existing retirees and current employees.

Gain

A position and/or job title not currently authorized in a department, which is transferred in from another department or budget entity.

General Fund

The principal operating fund of the county, which includes the budgets, revenues and expenditures for most county departments.

Generally Accepted Accounting Principles (GAAP)

Conventions, rules and procedures that define accepted accounting and financial reporting practice, including broad guidelines and detailed practices. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Grant

A contribution by a government or other organization to support a particular function, service or program.

Grant Budget/Expenditures

Budgets/expenditures in the Grant Special Revenue Fund related to defined projects funded by contributions from other governments or organizations to support particular functions, services or programs. The Grant Fund is not a part of the operating budget but appears in the budget documents in order to secure necessary legislative authorizations.

Indirect Costs

Costs associated with, but not directly attributable to, the operation of county departments. These "overhead" costs are usually incurred by other departments in support of all operating departments.

Interdepartmental Billing

The reimbursement received by a division, such as Information and Support Services, for services provided to other county departments within the same fund. Interdepartmental billings are quasi-revenues budgeted as negative appropriations.

Interdepartmental Payment

An appropriation of funds for reimbursing other county departments, such as Information and Support Services, for services provided by departments within the same fund.

Interfund Transfers/Revenue

Amounts transferred from one fund to another.

Job Group

The grouping of similar position classifications and their assignment to a range of salaries within a county pay scale.

Line-Item Budget

A budget that lists each expenditure and revenue category separately, along with the amount budgeted for each specified category.

Local Source Revenue

Funds that the county receives as income from local sources, such as property and sales taxes, service fees, and interest income, as opposed to funds received from other governments.

New Position

A new position in an existing job title and/or a new job title not previously budgeted.

NFTA

The Niagara Frontier Transportation Authority, created in 1967 as a public benefit corporation under the Public Authorities Law of the State, administers the regional transit system in Erie and Niagara Counties which includes a transit line, public buses and airport facilities. The NFTA receives a portion of the county sales tax plus a subsidy from the county general fund.

OTB Revenues

Revenues received from a portion of profits of the Western Regional Off-Track Betting ("OTB") Corporation from a pari-mutuel wagering tax.

Other than Personal Services

Expenditures for all non-personal services, goods and services including supplies, equipment, contractual services, utilities, rental and repairs.

Personal Services

Expenditures for salaries and wages for full-time and part-time employees, overtime costs, shift differential, and holiday pay, etc.

Project

A project is a distinct organizational unit with a separate budget which is identified by a unique name usually used in the capital fund.

Proposed Budget (Tentative Budget)

The budget plan for the upcoming fiscal year recommended to the County Legislature by the County Executive for its formal approval. The Erie County Charter designates this as the "Tentative Budget". It is popularly known as the "Proposed Budget".

Public Library Fund

The Public Library Fund is used to record transactions of the Buffalo and Erie County Public Library which is supported, in whole or in part, by real property taxes. The use of the Library Fund assures compliance with Education Law, Section 259, which provides that all monies received from taxes or other public sources for library purposes shall be kept in a separate fund.

The Public Library Fund is a special revenue fund. The accounting is the same as the General Fund including the use of budgetary, revenue, expenditure and fund balance accounts. It is a part of the county's operating budget and is considered an operating fund.

Re-allocation

A change in job group but not in position title for a currently authorized position; an upgrading of a position.

Real Property Tax

The net County tax requirement determined by subtracting the total estimated revenues from the total proposed expenditures as set forth in the budget (Erie County Charter, Article 26, Financial Procedures, Section 2609).

Reclassification

A change in position title which may or may not change the job group for a currently authorized position.

Reductions from Personal Services Account

The Reductions from Personal Services account is a net savings calculated by estimating the impact on all personal services budgets caused by employee turnover, vacancies, increased overtime or other personnel transactions. The savings estimate is then adjusted for any negative impact on associated budgeted revenue calculations. The final net savings calculation is budgeted in the form of a negative appropriation.

Reserve

Funds which are accumulated, held and set-aside for future use or the payment of some future obligation. Funds held in reserve may be restricted to particular uses or they may be unrestricted.

Revenue

Funds that the county receives as income, including tax payments, service fees, receipts from other governments, fines, forfeitures, grants, and interest income, etc.

Road Fund

A Special Revenue Fund used to account for all revenues and expenditures related to the maintenance of county roads and bridges, snow removal, and the construction and reconstruction of county roads not required to be recorded in the Capital Projects Fund. The Road Fund is a part of the operating budget of the county and is considered an operating fund.

Transfer

A currently authorized position and/or job title in a department, which is transferred to another department or fund.

Sales Tax

A charge placed on certain goods when they are purchased from a vendor. Sales Tax revenue accounts for a considerable portion of the discretionary budget. Erie County's local sales tax rate is 4.75%.

Sewer District Budgets/Expenditures

Budgets/expenditures in the Sewer Special Revenue Fund related to the annual program and spending plan for sewer facility operations, services and normal maintenance. Sewer districts are self-supporting entities with a separate property tax levy. The Sewer Fund is not a part of the operating budget, nor is it considered an operating fund.

Source

A category of revenue, such as local source, state aid, or federal aid.

Surplus

The excess of revenues over expenditures during an accounting period.

Taxable Assessed Valuation

The value of non-exempt (taxable) real property in a taxing jurisdiction on which the jurisdiction's portion of the County real property tax levy is spread.

Taxable Assessed Value Tax Rate

The amount of property tax levied for each \$1,000 of taxable assessed valuation of real property in each taxing jurisdiction. It is calculated by dividing each jurisdiction's share of the County real property tax levy by the taxable assessed valuation of all non-exempt (taxable) real property in the jurisdiction, and dividing the result by 1,000.

Utilities Fund

An Enterprise Fund created to provide financial accounting and support necessary for the operation of the Erie County Utilities Aggregation. This fund allows members of the aggregation (cities, towns, villages, and authorities in Erie and neighboring counties) to

jointly purchase natural gas, heating oil and electric utilities at reduced cost. The Utilities Fund is part of the operating budget and is considered an operating fund.

Variable Minimum

A request to hire an employee at a pay step higher than the normal entry level step. Variable Minimums are often requested to appropriately compensate potential job candidates who possess qualifications and experience in excess of what a position normally requires, and are subject to the approval of the Erie County Legislature.

Visit Buffalo Niagara (CVB)

Visit Buffalo Niagara, formerly known as the Convention and Visitors Bureau (CVB), is an organization funded with taxpayer dollars and organized to serve as the county's marketing arm to the nation and world. Visit Buffalo Niagara is tasked with attracting visitors and conventions to the Buffalo Niagara region.

