

COUNTY OF ERIE / BUFFALO NEW YORK

2017 BUDGET

Message & Summary



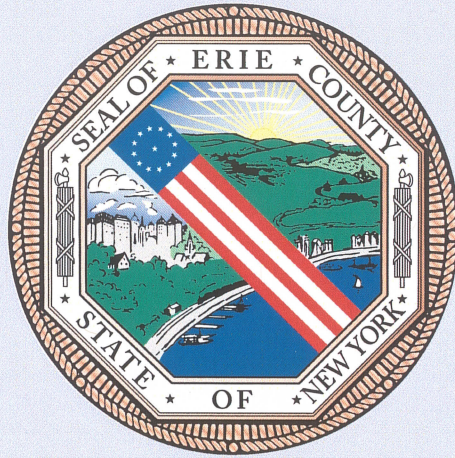
Mark C. Poloncarz
COUNTY EXECUTIVE



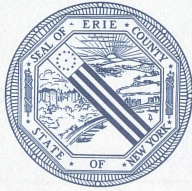
Robert W. Keating
DIRECTOR
BUDGET & MANAGEMENT

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County Executive's Budget Message & Summary



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

October 14, 2016

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

Dear Honorable Legislators:

Please find enclosed my recommended 2017 Erie County Budget and the 2017-2020 Four Year Financial Plan for review and approval by your Honorable Body.

The recommended 2017 Budget is balanced and has reasonable and conservative assumptions for revenues and expenditures. For the fifth straight year since I assumed office, this Budget maintains and enhances critical health and human service programs and increases our investment in the County's infrastructure, while supporting cultural, educational and quality of life assets and organizations.

Positive Developments Continue in Erie County

This is an exciting and dynamic time to be living in Erie County. Erie County's renewal and growth continues and is attracting attention across the country. There are significant and positive economic development and community projects and activities underway and there are hundreds of millions of dollars of public and private sector funds being invested in our region. The county's unemployment rate, 8.6% in August of 2012, continues to drop and is 4.6% as of August of this year, while employee wages are growing, and real property sales and housing prices remain robust. Business and government alike are investing in our community and for the first time in generations, our children

are choosing to stay in Western New York and be a part of the renaissance in our area.

Residents and visitors are enjoying our parks, waterfront, arts and cultural institutions and attractions. The County is an active leader and participant in this dynamic process through several initiatives including my administration's economic plan, "Initiatives for a Smart Economy" and this work is continuing in 2017. For example, of the original 64 initiatives spread across 12 major economic areas, 27 Initiatives have been completed and 32 of the remaining 37 Initiatives are in progress. Recent completed initiatives include many to support our vibrant agricultural community, such as the completion of a feasibility study on the creation of an Agribusiness Park; the creation of a Food Policy Council; the development of a regional agricultural brand in conjunction with the Niagara County Cooperative Extension; and the creation of a farm trail map and website to promote agritourism.

Other Initiatives progressing to completion focus on Bi-National Logistics and international trade, with the Erie County Industrial Development Agency providing \$100,000 in funding to the Invest Buffalo Niagara organization to advance business attraction efforts in Canada; a Blue Economy Initiative centered on better methods of identifying sources of bacteria in beach water, which has improved the ability to protect the health of swimmers at 4 local beaches (Hamburg, Bennett, Lake Erie Beach and Evans Town Park Beach); and the creation of Workforce Development Summits which are ongoing and bring employers together with potential employees.

The progress we are seeing across various economic sectors is the result of hard work, cooperation, and vision from many partners who are committed to building a better Erie County. No one government, agency, or organization can do it alone, but by sharing resources and pursuing common goals all are able to contribute and participate in creating a stronger community for us and for generations to come.

Members of Our Community are Still Struggling

Despite the dramatic improvement in our community, more work remains to be done. Although Erie County has a poverty rate lower than New York State, Buffalo remains one of the poorest cities in the United States. Poverty continues to be a problem affecting too many Erie County residents. For instance, the U.S. Bureau of the Census recently reported that 53.9 percent of children in Buffalo are living in poverty, an increase from last year. This rise in childhood poverty continues a troubling and stubborn trend that began decades ago. This problem is not confined just to Buffalo; poverty for persons of all ages, ethnicities and backgrounds is present in all of our communities – urban, rural and suburban.

As Erie County is the primary provider of health and human services in our community and the majority of our operating budget is dedicated to these services, we must take a leadership role in this sector. Our goal is not just to reduce the amount of poverty, but to address the underlying reasons for why poverty exists. To that end, this budget includes an initial appropriation of \$500,000 for anti-poverty initiatives in 2017 – initiatives that will be outlined in greater detail in early 2017 during my State of the County address.

2017 Programs, Services and Initiatives

In 2017, continuing my administration's commitment to vital services, community programs and initiatives, the County will provide modest increases in funding for many programs, including: library, cultural, educational and anti-crime youth programming, infrastructure improvements, tourism promotion, brownfield redevelopment, anti-poverty and community and neighborhood development initiatives. This administration remains committed to investment in the areas that make our community strong and vibrant while maintaining a conservative budgeting approach.

The 2017 Budget prioritizes funding for the following areas:

- Conducts \$55.6 million in capital projects, including \$23.9 million in infrastructure improvements on roads and bridges throughout Erie County and providing \$2 million to purchase new heavy equipment such as dump

trucks, plows and front end loaders. This is a \$4 million increase over the 2016 capital budget;

- Increases operational funding for the Buffalo and Erie County Public Library ("BECPL") by \$469,483. In four years, we have increased library funding by \$1.79 million. These increases reflect my commitment, and the community's support for our public library system;
- Includes a new appropriation of \$500,000 for anti-poverty initiatives to continue the work in my administration's Health and Human Services Plan, "Initiatives for a Stronger Community";
- Continues funding for the redevelopment of the Bethlehem Steel site in Lackawanna to attract new manufacturing, light industrial and warehousing concerns and help create new jobs;
- Increases cultural funding (for the fifth year in a row) by \$225,000. This includes funding for new applicants and agencies through a non-partisan, rigorous and competitive process;
- Increases funding to support the critical tourism promotion and related development initiatives of Visit Buffalo-Niagara, the Convention Center Management Corporation and the Buffalo-Niagara Film Commission-WNED. The County continues to support the Film Commission as it successfully attracts filmmakers and studios to shoot in Erie County which generates spending and economic spin-off benefits, while showcasing our community to the entire nation;
- Increases capital funding for the Buffalo Niagara Convention Center by \$1 million;
- Funds a feasibility study for the Buffalo and Erie County Botanical Gardens to explore expansion and new attractions;
- Includes funds for the Office of Public Advocacy and Department of Emergency Services as both departments host national conferences in Buffalo in 2017 - the Commissions on the Status of Women Conference and

the prestigious National Homeland Security Association Conference. These conferences will showcase our community with national leaders, as well as generate additional hotel occupancy tax and sales tax revenues;

- Provides funds (for the fifth 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;
- 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. This includes an \$80,000 increase in funding compared to the proposed 2016 Budget;
- Provides increased community development funding for Erie County Soil and Water Conservation and continues funding for the important healthcare and community work conducted for Buffalo’s burgeoning refugee population by Jericho Road Community Health Center;
- Creates or maintains positions in the County workforce for important initiatives. The 2017 Budget includes funds for the critical functions the County created in mid-year 2016 in the Department of Health to help combat the opioid epidemic and the lead paint poisoning problem in houses. The 2017 Budget also includes new Child Protective Services staff in the Department of Social Services because the statute allowing Erie County to contract its mandated “after hours” duties to a non-profit agency expires in August and that work will then have to be performed by Erie County employees. Finally, one new assistant county attorney position is included to provide legal services to Erie Community College and to reduce the use of outside counsel, which will save the County money in the long run.

2017 General Fund Budget

The 2017 recommended Budget for the General Fund is \$1,454,648,305, (including \$341.6 million of sales tax, which we collect and distribute to local governments, school districts and the Niagara Frontier Transportation Authority) and amounts to a total increase of less than one percent (0.69%) over the adjusted 2016 Budget. In total, for all County operating funds, the 2017 Budget is only 0.15% higher than the adjusted 2016 Budget, or \$10 million.

The largest factors driving the increase in the 2017 Budget include the costs associated with three major new initiatives approved by your Honorable Body in 2016: combating the opioid epidemic, lead poisoning prevention, and security improvements at the Rath Building. There are other additional cost-drivers in the 2017 Budget. Health insurance expense is rising, with an approximately 9.4% increase in costs in 2017 for active and retiree health insurance, driven by pharmaceutical expenses. The County's debt service obligations have also increased. The County is also seeing increased costs in court-ordered mental health evaluations and services, day care for working parents (which helps reduce other public assistance costs), Medicaid and Indigent Care Adjustment costs, increased state-mandated indigent legal defense costs, and increases in county share of grants expense due to lower federal or state contributions to some grant programs.

On the positive side, the County's expense for pension costs in 2017 will be lower than in 2015, and several programs in the Department of Social Services such as Safety Net Assistance and state training schools are experiencing lower caseloads than expected and, therefore, less expense. Lower expense in the Safety Net program may be an indication of positive economic and employment trends in the Buffalo-Niagara region.

While there is no property tax rate increase in the proposed/recommended 2017 Budget, the County will benefit from \$13.9 million more revenue from assessment growth. We will be continuing to share this revenue growth with the BECPL and are proposing, once again, an increase to their levy. However, in order to remain under the state property tax cap for 2017, the County is compelled to lower the property tax rate per thousand of assessed value from \$4.96 in 2016 to \$4.94 in 2017.

It is important to note that the County will remain under the State's property tax cap for 2017 which is only 0.68%.

Very often our state elected officials refer to the property tax cap as limiting a county or local government's property tax levy to no more than two percent (2.0%) growth from the prior year's levy. In fact, the property tax cap is the lesser of two percent (2.0%) growth or the consumer price index ("CPI"). If the tax cap was in fact two percent (2.0%) growth Erie County would be able to realize another \$4.1 million in property tax revenue, which revenue could have been used to offer additional assistance to combat poverty, repair more roads, and provide even greater increased assistance to our library system. However, in order to stay at the cap level, which because of the CPI is only 0.68% growth from the 2016 property tax levy, I have decided to forego that additional revenue.

It should be noted that the tax cap also hinders local governments' ability to take advantage of the increasing assessed valuation from our local real estate market. While other areas of New York State saw dramatic increases in their real estate market during the past three (3) decades, our county did not. In fact, while the valuation of our local real estate market grew during the past thirty (30) years, the increase was at a much lower rate than competing markets. That has changed during the past three (3) years as the Buffalo-Niagara real estate market has become one of the "hot" markets in the United States. Unfortunately, local governments have not been able to take advantage of the increasing valuation of our local real estate market from new commercial buildings adding valuation to our assessment rolls due to the tax cap.

In fact, to remain below the property tax cap for 2017, the County was forced to forego \$825,000 in additional assessment growth revenue – money that as mentioned above, could have been used for other important County services and improvements.

It is time for New York State officials to amend the tax cap to do as state officials often claim it does: limit growth in assessed real estate value to two percent (2.0%) from the prior year's assessment. New York State government places a self-imposed revenue growth of two percent (2.0%) on their own revenue streams, yet state leaders "mandate" local governments to be held to a

more restrictive standard, which for 2017 is 0.68% growth compared to our 2016 tax levy. State leaders do not statutorily limit their revenue growth to the CPI, nor should they mandate it on local governments. It is time for state leaders to amend the tax cap to limit it to a genuine two percent (2.0%) growth.

Sales Tax

The sales and compensating use tax ("sales tax") is the County's largest revenue source. For 2016, the actual revenue collected has not met budget, even as we lowered expectations and adjusted our budget accordingly (it should be noted we have seen increasing sales tax growth compared to 2015 revenues, the growth just did not meet our budget expectations). In 2016, the largest factor contributing to lower-than-anticipated revenue is the reduced price of energy and motor fuels – all of which helps consumers, but dramatically affects the amount of sales tax collected for/by local governments. Another factor is the Canadian economy and the lower value of the Canadian dollar and its impact on Canadian visitors and consumers shopping in Erie County. These are the two largest factors negatively affecting sales tax revenue for all governments in Erie County that rely on this revenue source. While automobile sales and entertainment related spending have increased at a rate much greater than expected, which is evidence of our growing economy, the drop in revenue from lower gasoline and natural gas prices has negated any positive trends elsewhere.

Due to the above mentioned factors and recent trends, for 2017, we have estimated only a 1.25% growth in sales tax revenue against our (lowered) projected final 2016 sales tax collections. This is a conservative estimate and is in line with estimates made by other counties for the coming year.

Erie Community College

This administration has demonstrated its commitment to working in partnership with Erie Community College ("ECC") to improve the institution as it educates and trains the next generation of community's leaders and workers. In 2015 and 2016, the County increased operational funding for ECC by \$625,000. In 2015 and 2016, the County also provided \$3 million in one-time funding to finance the resolution of the faculty federation and administrators association contracts and to help finance early retirement incentives at ECC. The County

played a major role in helping settle both unions' contracts at ECC. The County has also resumed responsibility for handling ECC's legal affairs, leading to significant new work in the County Attorney's Office. At my suggestion, a new ten-member joint County-College coordinating committee has been established to foster improved communication and coordination on financial, labor relations, buildings and grounds, and workforce development issues – issues that jointly affect ECC and the County.

Amidst this new atmosphere of enhanced County assistance to, and involvement with, ECC, the college faces significant financial and programmatic challenges, including decreased enrollment. The college's president recently announced his intention to retire, and ECC is conducting a national search for a successor, who would be expected to start in July 2017. The college is also starting to implement its new strategic plan, called "ECC Excels."

In light of the County's major financial assistance to ECC in 2015 and 2016, and as ECC conducts its national search for a president, I am not recommending an increase in operational support for ECC in 2017. Rather, the County will closely monitor the implementation of "ECC Excels" and the presidential leadership process while we continue to provide daily working-level support to ECC, including through the new college-county committee. We will regularly evaluate ECC's status for opportunities for further County support.

In addition to operational funding, the 2017 Budget allocates \$5.325 million in County share funds (supplemented by matching funds from the State University of New York) for ECC capital projects in the 2017 Capital Budget. This is an increase of more than \$1 million from \$4.1 million in the adopted 2016 Capital Budget.

Intergovernmental Transfer Payments and ECMCC

My administration has previously and repeatedly advised the Legislature about federal intergovernmental transfer ("IGT") payments associated with Erie County Medical Center Corporation ("ECMCC") under the Disproportionate Share ("DSH") and Upper Payment Limit ("UPL") process. As you may recall, when the Collins Administration negotiated a new agreement with ECMCC in 2009, language was agreed to that require that the County pay ECMCC an annual \$16.2

million subsidy, or make IGT payments, *whichever is greater*. In 2012, at my request, your Honorable Body unanimously approved a “credit” process to help temporarily address the IGT issue. That credit expired in 2015.

Last year in my 2016 Budget Message, I advised your Honorable Body that my administration was in discussions with ECMCC to determine potential IGT costs moving forward and ways to address these costs due to the 2012 credit expiring.

My administration and ECMCC recently reached agreement on a process to develop a new credit process. The new process entails the County conducting borrowing under our credit rating for the hospital to enable them to construct a new emergency department and conduct other major capital improvements at the ECMCC campus. This process will also likely involve a refunding of 2011 bonds issued for ECMCC. By utilizing the County’s credit rating ECMCC will save tens of millions of dollars in long-term debt service expense because of the lower interest expense it will incur by borrowing through the County than if it had proceeded on its own. ECMCC and the County will execute a promissory note/indenture under which the hospital will pay the County for the annual debt service expense of these bonds. A credit will therein have been developed by the County conducting this borrowing for the hospital and this credit will offset IGT payments made by the County for the benefit of the hospital over the next few years.

Under separate cover, the County Comptroller and I will soon transmit documents pertaining to this matter. I look forward to working with your Honorable Body and ECMCC to a mutually-satisfactory resolution of this challenging issue.

Fund Balance has Increased and has been Rationally Utilized

Ratings agencies and the state comptroller have each stated that maintaining and enhancing the County’s fund balance is critical to the fiscal health and stability of the County and important for ratings upgrades. Since taking office in January 2012, the County’s total and unassigned fund balances have modestly grown in an orderly and rational way. At December 31, 2011, the County’s total fund balance was \$116.1 million; at December 31, 2015, the fund balance is

\$129.6 million. Importantly, undesignated and unassigned fund balance has grown from \$85.2 million to \$101.9 million during that same period.

At the same time, with the support of your Honorable Body, this administration has planned for, and appropriated modest amounts of fund balance for priority needs, including additional spending for highways, combatting critical public health crises, enhancing security to County facilities, and assisting ECC. As has been the case for many years, the 2017 Budget projects a modest appropriation of fund balance to help balance the budget and avoid cuts in important services and programs or necessitating a property tax increase.

The County's undesignated and unassigned fund balance is at an appropriate level and should be neither dramatically increased nor decreased from its current position. It took approximately a decade to rebuild the fund balance back to the level suggested by credit rating agencies, and now is the time to maintain that level, not greatly increase it nor decrease it.

Four Year Financial Plan

The 2017 Budget includes a Four Year Financial Plan for fiscal years 2017-2020. The 2017 Budget and projected 2016 year-end numbers form the basis for the Four Year Plan along with assumptions and estimates which are detailed in the Executive Summary and Budget Message. As was the case with prior forecasts, the Plan forecasts modest and manageable out-year budget gaps in 2018-2020 that 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 budget measures such as fund balance. If, as has been the case in recent years, we do not utilize fund balance during the year as a gap closer, it remains unused and our total and unassigned/undesignated fund balance will increase.

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 for 2018-2020. For sales tax, based on

year-to-date actual growth in 2016, we are forecasting only a 1.25% growth in sales tax collection for 2017 based on projected 2016 actual revenue. That is the lowest projected growth factor for sales tax in decades.

The 2017 Legislative Budget Process

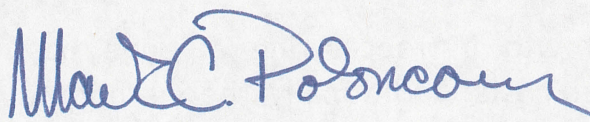
Over the past several years, your Honorable Body and my administration have worked together to ensure Erie County's budget is structurally sound now and in the future. This has included a cordial annual budget process and agreed-upon budget amendments. I welcome the discussions with the Legislature concerning the 2017 Budget and hope that such a dialogue continues.

Conclusion

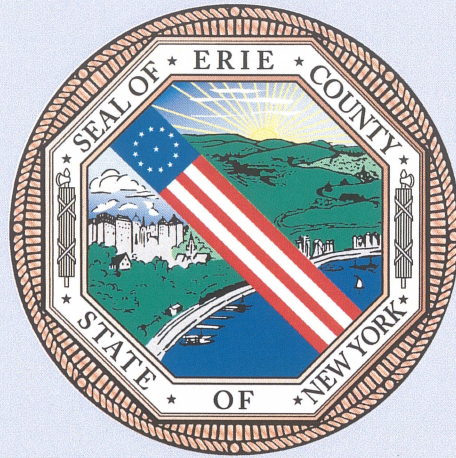
The 2017 Budget and the accompanying Four Year Financial Plan are balanced, reasonable and conscientious and both documents realistically address the challenges facing the County while acknowledging the revenue constraints affecting the budget amidst calls for enhanced services and programs.

I remain committed to maintaining the services that our residents expect while running a fiscally-stable government that continues to grow and improve. 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.

Sincerely yours,

A handwritten signature in blue ink, reading "Mark C. Poloncarz". The signature is fluid and cursive, with the first name "Mark" and last name "Poloncarz" clearly legible.

Mark C. Poloncarz, Esq.
Erie County Executive



Four-Year Operations Plan Fiscal Years 2017 - 2020



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

FOUR YEAR FINANCIAL PLAN FOR FISCAL YEARS 2017-2020

Enclosed herein is the 2017-2020 Four Year Financial Plan ("Plan"). Section 2503 of the Erie County 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 Four Year Financial Plan with his proposed budget.

The 2017 Proposed Budget and projected 2016 results form the basis for the Plan.

The 2017 Budget and Plan differ as explained in greater detail in the County Executive's budget message and as noted below. The 2017 General Fund Budget is only 0.69% larger than the Adjusted 2016 Budget.

The Plan calls for 2.5% average annual growth in property tax revenue strictly due to assessment growth in 2018, 2019 and 2020. Based on recent year actual assessment growth, that assumption may even be overly conservative. In 2017, the County projects to receive \$13.9 million in assessment growth, of which the County will share \$469,483 with the Buffalo and Erie County Public Library System.

The Plan calls for sales tax revenues to increase by 1.25% in 2017 from the 2016 projected actual trend and by 1.75% in 2018 and then 2.0% each year thereafter.

The Plan is based on "reasonable assumptions" at the time of submission of the 2016 Budget and Plan on October 14, 2016.

KEY ASSUMPTIONS IN FOUR YEAR FINANCIAL PLAN

Revenue	2018	2019	2020
Sales Tax Growth	1.75%	2.0%	2.0%
Real Estate Market Value Growth	2.5%	2.5%	2.5%
Property Tax Rate Increase	0%	0%	0%
Expense	2018	2019	2020
Personal Services Growth	1.5%	1.5%	1.5%
Health Insurance Growth	6.9%	6.6%	6.7%
Pension Rate	13.3%	12.8%	12.3%

Personal services growth is driven by the cost of salaries for the bargaining units and the salary (and fringe) expense associated with union contracts. Given that one union contract expired in December 2015 and several others expire in December 2016, there will be adjustments in the personal services and fringe benefits growth categories in the out years of the Plan during mid-year 2017. 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 Plan includes modest 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 and new contracts;
- Property tax revenue;
- The use of appropriated fund balance;
- Participation in the Employer Contribution Stabilization Program;
- State reimbursement for indigent legal defense expenses;
- More favorable (lower) caseload trends in social service accounts.

County of Erie

2017-2020 Four-Year Financial Plan

Fund 110 - General	Account Type	2017					
		2015 Actual	2016 Adopted Budget	Executive Recommended Budget	2018 Projection	2019 Projection	2020 Projection
Revenue							
Local Source Revenue							
Property Tax Levy		222,862,954	234,163,963	248,058,980	254,260,455	260,616,966	267,132,390
Property Tax Related							
Sec 520 Exempt Removal		909,232	809,668	925,795	925,795	925,795	925,795
Gain Sale Tax Acquired Prop		3,286	10,000	3,000	3,000	3,000	3,000
Payments In Lieu Of Taxes		6,082,303	6,030,000	5,370,000	5,396,850	5,423,834	5,450,953
Interest & Penalties-Prop Tax		15,224,356	13,120,000	13,310,000	13,443,100	13,577,531	13,713,306
Omitted Taxes		34,938	3,000	3,000	3,000	3,000	3,000
Dec-Prop Tax Def Rev		(4,727,753)	(2,387,350)	(2,669,678)	(2,696,375)	(2,723,339)	(2,750,572)
Property Tax Related Total		17,526,362	17,585,318	16,942,117	17,075,370	17,209,822	17,345,483
Sales Tax							
Sales Tax Original 3%		165,058,489	167,635,935	168,726,491	171,679,205	175,112,789	178,615,044
1% Sales Tax		155,838,307	158,272,040	159,301,415	162,089,190	165,330,974	168,637,593
.25 % Sales Tax		38,935,335	39,499,813	39,800,573	40,497,083	41,307,025	42,133,165
.50% Sales Tax		77,870,670	78,999,626	79,601,146	80,994,166	82,614,049	84,266,330
Sales Tax Total		437,702,801	444,407,414	447,429,625	455,259,643	464,364,836	473,652,133
Sales Tax (Distrib. to Local Gov'ts)		302,456,456	307,179,419	309,177,776	314,588,387	320,880,155	327,297,758
Fees Fines or Charges							
Election Exp Other Govts		6,282,847	6,839,440	6,645,749	8,800,000	7,057,850	7,128,429
All Other Fees Fines or Charges		26,531,751	25,510,887	25,892,861	26,151,790	26,413,308	26,677,441
Fees Fines or Charges Total		32,814,598	32,350,327	32,538,610	34,951,790	33,471,158	33,805,869
Other Sources							
Interest & Earn - Gen Inv		77,053	177,750	82,300	82,300	82,300	82,300
Hotel Occupancy Tax Revenue		10,442,091	10,450,000	10,500,000	10,657,500	10,817,363	10,979,623
Community College Respreads		5,445,794	6,390,041	6,864,932	6,916,050	6,967,549	7,106,900
All Other Sources Accounts		45,825,835	28,284,770	27,259,500	27,668,393	28,083,418	28,504,670
Other Sources Total		61,790,773	45,302,561	44,706,732	45,324,243	45,950,630	46,673,493
Appropriated Fund Balance							
Appropriated Fund Balance County Purposes			6,000,000	6,000,000	3,000,000	3,000,000	3,000,000
Appropriated Fund Balance		0	6,000,000	6,000,000	3,000,000	3,000,000	3,000,000
Local Source Revenue Total		1,075,153,944	1,086,989,002	1,104,853,840	1,124,459,887	1,145,493,566	1,168,907,125
State Aid							
State Aid-Education Of Handicapped Children		29,505,347	31,150,857	31,166,239	31,477,901	31,792,680	32,110,607
State Aid-Mental Health		34,699,602	35,080,485	36,875,007	37,612,507	38,364,757	39,132,052
State Aid-Soc Serv Admin		27,000,667	29,301,852	30,667,113	31,276,350	31,916,737	32,590,430
State Aid-Safety Net Assistance		12,955,609	13,707,474	12,935,978	13,307,845	13,679,664	14,051,806
State Aid-Child Welfare Services		19,312,022	22,353,803	23,633,341	24,234,989	24,851,678	25,483,784
State Aid-Serv For Recipients		6,998,055	6,630,002	6,982,322	7,041,307	7,082,524	7,145,047
State Aid Day Care		7,359,546	7,586,397	7,364,502	7,624,469	7,806,122	8,081,678
All Other State Aid Accounts		21,904,137	24,888,180	24,114,665	24,476,385	24,843,531	25,216,184
State Aid Total		159,734,985	170,699,050	173,739,167	177,051,754	180,337,693	183,811,588
Federal Aid							
Federal Aid-Family Assistance		44,968,847	46,191,410	43,682,814	44,473,469	45,262,374	46,051,706
Federal Aid-Soc Serv Admin		22,500,512	24,351,378	24,481,874	25,474,740	26,518,308	27,616,082
Fed Aid Day Care		19,432,646	19,151,808	17,888,581	18,594,892	19,088,430	19,837,097
Federal Aid-CWS Foster Care		15,948,993	18,734,108	18,240,389	18,704,627	19,180,471	19,668,211
Federal Aid-Safety Net TANF Cases		564,776	557,968	668,450	686,736	705,019	723,318
All Other Federal Aid Accounts		76,333,214	69,582,685	70,263,252	71,317,201	72,386,959	73,472,763
Federal Aid Total		179,748,988	178,569,357	175,225,360	179,251,665	183,141,561	187,369,177
Interfund Revenue		937,788	1,797,388	829,938	406,670	345,669	248,882
Total Fund 110 Revenue		1,415,575,705	1,438,054,797	1,454,648,305	1,481,169,976	1,509,318,490	1,540,336,772

County of Erie

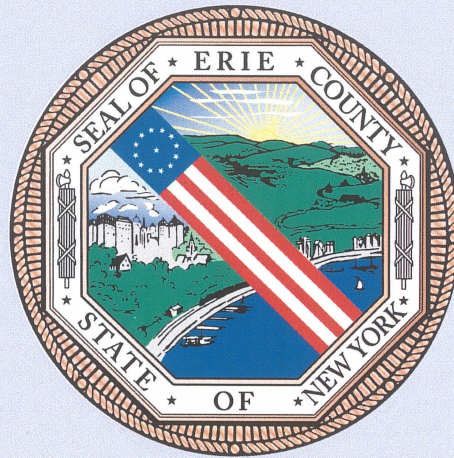
2017-2020 Four-Year Financial Plan

		2015	2016	2017	2018	2019	2020
		Actual	Adopted Budget	Executive Recommended Budget	Projection	Projection	Projection
Fund 110 - General	Account Type						
Expense							
Personal Service Related Expense							
Personal Services							
Full-Time Salaries		166,483,773	182,036,194	183,113,462	185,860,164	188,648,066	191,477,787
Part-Time Wages		2,726,713	3,583,832	3,597,074	3,651,030	3,705,796	3,761,382
Regular Part Time Wages		1,421,632	1,539,438	1,463,739	1,485,695	1,507,981	1,530,600
Seasonal Emp Wages		694,176	812,862	855,834	868,672	881,702	894,927
Personal Services Total		171,326,295	187,972,326	189,030,109	191,865,561	194,743,544	197,664,697
Employee Payments non-salary							
Shift Differential		1,065,212	1,124,309	1,113,166	1,129,863	1,146,811	1,164,014
Uniform Allowance		884,913	913,200	930,450	930,450	930,450	930,450
Holiday Worked		1,574,829	1,715,634	1,659,060	1,683,946	1,709,205	1,734,843
Line-Up		1,935,788	2,032,835	2,156,596	2,188,945	2,221,779	2,255,106
Other Employee Pymts		1,089,703	1,373,998	1,340,996	1,361,111	1,381,528	1,402,251
Overtime		15,345,147	13,940,499	14,042,945	14,253,589	14,467,393	14,684,404
Employee Payments non-salary Total		21,895,592	21,100,475	21,243,213	21,547,904	21,857,166	22,171,067
Fringe Benefits							
Fringe Benefits- FICA		14,467,490	15,793,731	16,009,412	16,326,130	16,569,954	16,817,436
Fringe Benefits-Medical Insurance		40,874,081	44,936,625	49,807,059	52,819,833	55,753,023	58,850,034
Fringe Benefits-Workers Compensation		5,687,577	5,636,121	5,296,563	5,446,805	5,599,245	5,751,015
Fringe Benefits-Unemployment Insur.		359,393	416,171	313,946	341,462	368,221	395,704
Fringe Benefits-Retiree Med Insur.		27,590,230	31,632,456	33,914,973	36,716,266	39,674,758	42,966,551
Fringe Benefits-Retirement		32,057,935	29,753,473	29,054,090	28,426,674	27,703,231	26,995,832
Fringe Benefits Total		121,036,706	128,168,577	134,396,043	140,077,169	145,668,432	151,776,572
Countywide Personnel Adjustments							
Reductions (Vacancy Savings)		0	(2,000,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
Countywide Personnel Adjustments		0	(2,000,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
Personal Service Related Expense Total		314,258,593	335,241,378	343,569,365	352,390,634	361,169,142	370,512,336
Other Departmental Expense							
Supplies & Repairs							
Auto Supplies		1,457,986	2,139,750	1,744,500	1,770,668	1,797,228	1,824,186
All Other		7,005,992	6,947,972	6,800,845	6,902,858	7,006,401	7,111,497
Supplies and Repairs		8,463,978	9,087,722	8,545,345	8,673,525	8,803,628	8,935,682
Other							
Risk Retention		3,656,060	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Control Board		503,275	495,000	460,000	460,000	460,000	460,000
Rental		4,333,453	4,953,097	4,887,508	4,960,821	5,035,233	5,110,761
DSS Pivot Wages/Chargebacks/Training		4,803,651	5,411,668	5,471,368	5,553,439	5,636,740	5,721,291
Utility Charges		2,374,909	2,881,897	2,462,220	2,499,153	2,536,641	2,574,690
All Other		4,862,200	5,804,987	5,303,175	5,382,723	5,463,463	5,545,415
Other Total		20,533,549	20,546,649	20,584,271	20,856,135	21,132,077	21,412,158
Contractual							
Sales Tax as Aid to Local Governments							
Sales Tax Distrib.to Cities, Towns & Sch Dist. fro		302,456,456	307,179,419	309,177,776	314,588,387	320,880,155	327,297,758
Sales Tax Flat Distrib.to Cities and Towns from 1		12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
Sales Tax Distributed to NFTA		<u>19,479,789</u>	<u>19,783,973</u>	<u>19,912,678</u>	<u>20,261,150</u>	<u>20,666,373</u>	<u>21,079,700</u>
Sub Total - Local Gov. Sales Tax		334,436,245	339,463,392	341,590,454	347,349,537	354,046,528	360,877,458
Other Agency Contractual or Mandated Payments							
Indigent Defense - Legal Aid/Bar Assoc.		11,846,613	12,024,312	12,324,919	12,509,793	12,697,440	12,887,901
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		7,342,490	7,406,433	7,266,483	7,375,480	7,486,112	7,598,404
Cultural/Community Agencies		5,834,131	5,984,851	6,289,709	6,384,055	6,479,815	6,577,013
Buffalo Bills Game Day Expense		2,152,167.98	2,273,277	2,317,890	2,387,427	2,459,050	2,532,821
Stadium - Working Capital Assistance		1,374,323.76	1,447,068	1,493,613	1,538,421	1,584,574	1,632,111
Social Services/Youth/Mental Health Agencies		71,145,171	72,226,877	76,609,121	77,758,258	78,924,632	80,108,501
Visit Niagara (CVB) Subsidy		3,300,000	3,354,500	3,404,818	3,455,890	3,507,729	3,560,345
Bflo Niagara Film Comm WNED		133,929	182,938	185,657	188,442	191,268	194,138
Convention Center Subsidy		1,699,871	1,725,369	1,751,250	1,777,519	1,804,182	1,831,244
County Residents at Other Community Colleges		6,864,932	6,800,000	6,967,549	7,106,900	7,249,038	7,394,019
All Other Contractual Accounts		17,936,476	21,323,733	20,675,179	20,985,307	21,300,086	21,619,588
Contractual Total		467,723,550	477,869,950	484,533,842	492,474,228	501,387,653	510,470,742
Equipment		2,009,511	1,405,639	1,489,200	1,504,092	1,519,133	1,534,324

County of Erie

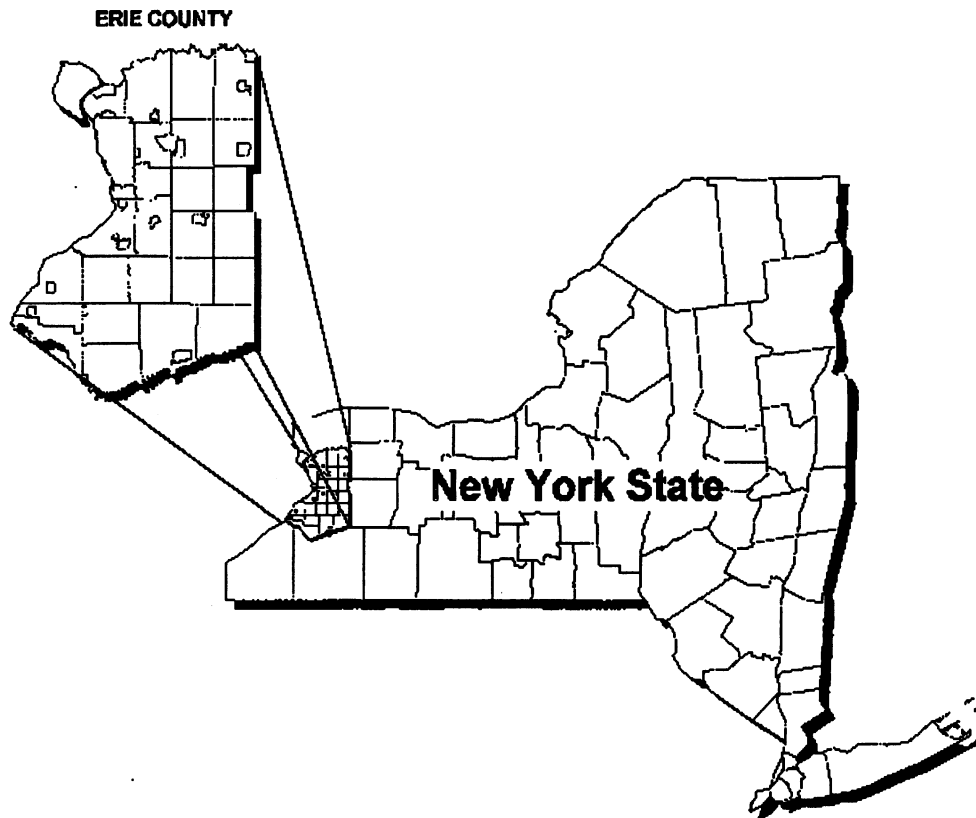
2017-2020 Four-Year Financial Plan

Fund 110 - General	Account Type	2015 Actual	2016 Adopted Budget	2017	2018 Projection	2019 Projection	2020 Projection
				Executive Recommended Budget			
Allocation							
	Interfund-Erie Community College	15,754,317	16,254,317	16,254,317	16,254,317	16,254,317	16,254,317
	Interfund-Utilities Fund	3,607,656	4,971,315	5,282,886	5,388,544	5,496,315	5,606,241
	County Share - Grants	4,673,126	5,484,263	5,772,327	5,916,635	6,064,551	6,216,165
	Interfund-Road	18,387,525	16,818,436	16,234,914	16,640,787	17,056,807	17,483,227
	Interfund -Library Subsidy	4,000					
	Interfund E911 Subsidy	3,422,148	3,713,047	4,057,650	4,138,803	4,221,579	4,306,011
	Interdepartmental Billings	(3,412,593)	(3,103,368)	(3,097,775)	(3,144,242)	(3,191,405)	(3,239,276)
	All Other Allocation Accounts	4,051,862	86,670	50,000	50,750	51,511	52,284
Allocation Total		46,488,041	44,224,680	44,554,319	45,245,594	45,953,674	46,678,968
Program Related							
	UPL Expense	10,084,170		-			
	Indigent Care Adjustment DSH	4,349,285	4,063,000	6,851,114	8,906,448	11,578,383	15,051,897
	DSH Expense	23,079,674	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000
	Sub Total UPL/DSH/ICA ECMCC Subsidy	37,513,129	20,263,000	23,051,114	25,106,448	27,778,383	31,251,897
	MMIS-Medicaid Local Share	199,213,192	201,465,355	203,834,038	207,910,718	216,167,271	212,016,724
	Family Assistance	46,101,178	47,169,442	44,418,814	45,209,469	45,998,374	46,787,706
	CWS - Foster Care	66,733,364	67,803,015	67,940,585	69,639,100	71,380,078	73,164,580
	Safety Net Assistance	48,287,339	51,900,527	48,297,563	49,579,863	50,861,998	52,145,246
	Child Care-DSS	29,561,110	29,435,497	32,523,288	33,671,360	34,473,580	35,690,498
	Children With Special Needs Program	58,307,958	61,418,480	62,144,872	63,387,769	64,655,525	65,948,635
	State Training School	2,151,586	1,141,279	1,050,350	1,050,350	1,050,350	1,050,350
	All Other Program Related Accounts	4,219,771	4,205,258	2,374,932	2,410,556	2,446,714	2,483,415
Program Related Total		492,088,626	484,801,853	485,635,556	497,965,633	514,812,273	520,539,051
Debt Service							
	Interest-Revenue Antic Notes	376,683	400,000	360,000	369,000	378,225	387,681
	Interfund Debt Service Subsidy	63,298,376	64,476,926	65,376,407	62,209,420	58,541,160	61,271,637
Debt Service Total		63,675,059	64,876,926	65,736,407	62,578,420	58,919,385	61,659,318
Other Departmental Expense Total		1,100,982,315	1,102,813,419	1,111,078,940	1,129,297,628	1,152,527,823	1,171,230,244
Total Fund 110 Expense		1,415,240,908	1,438,054,797	1,454,648,305	1,481,688,262	1,513,696,965	1,541,742,580
Revenue Less Expense - Surplus/(Gap)		334,797	0	0	(518,286)	(4,378,476)	(1,405,808)



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% 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 some major components of the Buffalo-Niagara Falls Metropolitan Statistical Area economy.

Ten Largest Employers in WNY

<u>Organization</u>	<u>FTE Employees</u>
State of New York	17,643
United States Government	10,000
Kaleida Health	8,102
Catholic Health	7,069
City of Buffalo Schools	6,894
Employer Services Corporation	6,811
University at Buffalo	6,798
M&T Bank	6,429
Tops Markets LLC	5,065
County of Erie	4,305

Sources: 2015-2016 *Business First* Book of Lists and Department of Personnel

Ten Largest Taxpayers (As of July 1, 2016)

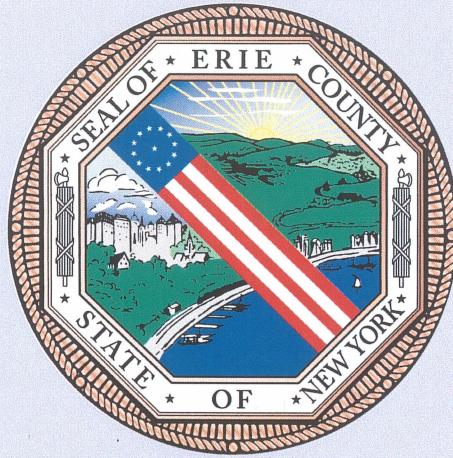
	<u>Equalized Taxable Valuation</u>
National Fuel Gas	\$751,943,329
National Grid/Niagara Mohawk	734,358,594
Benderson Development Co.	594,513,263
Pyramid Company of Buffalo	274,718,686
NYSEG	263,939,668
Verizon	215,623,449
Norfolk Southern/Conrail/CSX	153,125,778
Uniland Development	147,911,719
Ellicott Group, LLC	145,620,628
MJ Peterson Real Estate	<u>118,809,124</u>
TOTAL	<u>\$3,400,564,238</u>

Source: Erie County Department of Real Property Tax Services, 2016 Annual Report

Total Market Value of Erie County Real Estate

Year	Equalized Full Market Value Tax Base	Percentage Change from Prior Year
2009	44,382,615,356	3.56%
2010	46,120,909,337	3.92%
2011	46,738,119,990	1.34%
2012	47,235,307,041	1.06%
2013	47,138,287,212	(.21)%
2014	47,996,864,239	1.82%
2015	49,214,694,098	2.54%
2016	51,961,517,243	5.28%
2017	55,025,074,550	5.56%

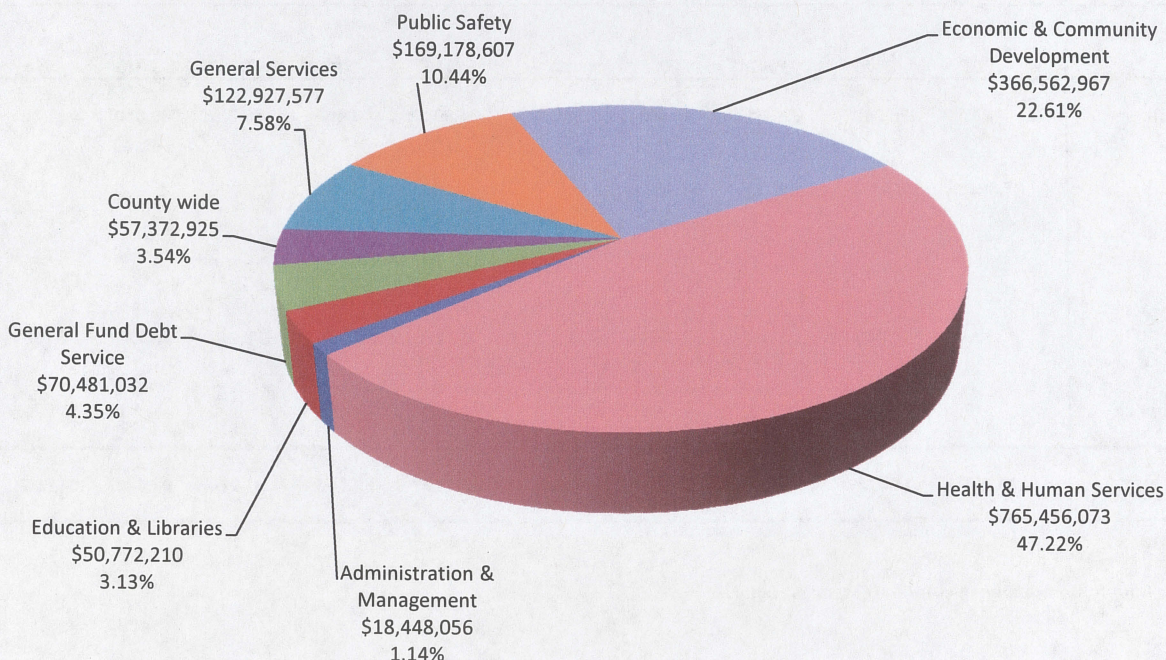
Source: Erie County Department of Real Property Tax Services



Understanding The 2017 Erie County Budget

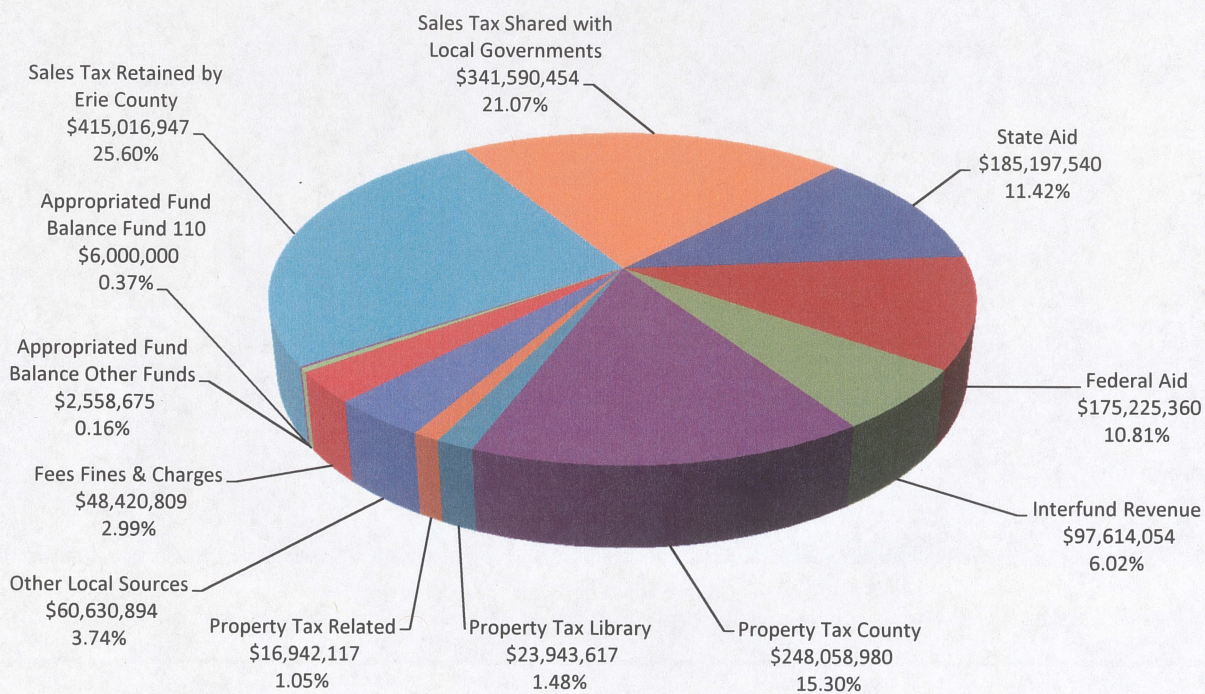
UNDERSTANDING THE 2017 COUNTY BUDGET

Where the Funding Goes



The Total 2017 Budget for All Operating Funds is \$1,621,199,447

Where the Revenue Comes From



UNDERSTANDING THE 2017 COUNTY BUDGET

Summary of Unassigned/Undesignated Fund Balances for All Funds 2005-2015 (amounts in thousands)

Fund Name	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
110 General	4,647	23,069	32,961	45,389	74,045	66,904	83,489	88,332	89,650	92,218	99,859
210 Road	(7,898)	(6,911)	(6,977)	(4,000)	0	60	0	0	0	0	0
230 E-911	0	0	0	0	0	0	0	0	0	(96)	(43)
820 Library	629	2,216	2,599	2,342	3,311	27	1,726	2,942	3,296	2,773	2,096
310 Debt Service	0	0	0	0	0	124	0	0	0	0	0
Total	(2,622)	18,374	28,583	43,731	77,356	67,115	85,215	91,274	92,946	94,895	101,912

Source: Erie County Comprehensive Annual Financial Reports

UNDERSTANDING THE 2017 COUNTY BUDGET

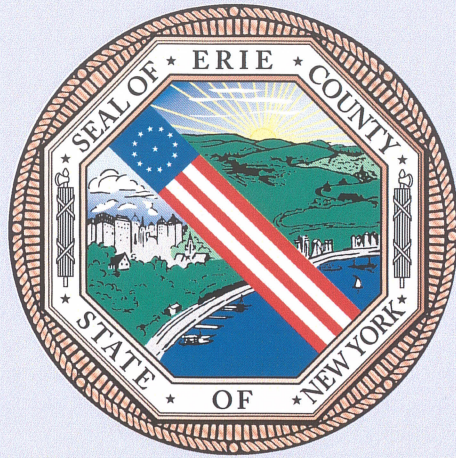
Overview of All Operating Funds in the 2017 Proposed Budget

110 General	\$1,454,648,305
140 Utility Fund	24,682,805
210 Road Fund	36,494,914
230 E-911 Fund	7,702,047
310 Operating Fund Debt Service	70,121,032
820 Library	27,550,344
<hr/>	
Total All Operating Funds	\$1,621,199,447

Additional Funds in the 2017 Proposed Budget

220 Sewer Districts	\$59,621,606
281 Grant Fund	30,577,484
290 Community Development Fund	5,315,220
310 Sewer District Debt Service	8,165,680
821 Library Grants	684,450
<hr/>	
Total	\$104,364,440

Total All Funds	\$1,725,563,887
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Overview of Revenues

PROPERTY TAX LEVY

2016 Budget: \$257,638,097
2017 Proposed: \$272,002,597

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 2017 County property tax levy totals \$272,002,597.

A breakout of the total property tax levy into two required reporting categories for 2016 and 2017 totals:

	<u>2016 Budget</u>	<u>2017 Proposed</u>
General Fund	\$234,163,963	\$248,058,980
Library Fund	\$ 23,474,134	\$ 23,943,617
Total Property Tax Levy	\$257,638,097	\$272,002,597

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 2017 Budget, the cap, based on the rate of inflation as identified by the consumer price index, is 0.68%. Overall taxes are under the cap limit by approximately \$125,000. 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 nineteen-year history on the amount of Erie County's annual property tax levy is shown below.

**Nineteen-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>
2017	272,002,597	4.94
2016	257,638,097	4.96
2015	245,876,811	4.99
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:

County Tax Levy	÷	Total Equalized Full Market Value	=	Average County Full Market Property Tax Rate
\$272,002,597	÷	\$55,025,074,550	=	\$4.94 per \$1,000 Assessed Value

Equalized Full Market Value

In 2017, the County's equalized full market value tax base will increase by \$3,063,557,307. The amount of equalized full value is determined as follows:

	Total Taxable Assessed Value	Equalization Rate (rounded)	=	Equalized Full Market Value
2016	\$40,289,301,287	+.7754	=	\$51,961,517,243
2017	\$41,056,323,805	+.7461	=	\$55,025,074,550

A ten-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	46,738,119,990	1.34%
2012	47,235,307,041	1.06%
2013	47,138,287,212	(.21)%
2014	47,996,864,239	1.82%
2015	49,214,694,098	2.54%
2016	51,961,517,243	5.28%
2017	55,025,074,550	5.56%

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 2017 is set forth below:

Estimated Computation of Constitutional Tax Power for 2017

2012	47,235,307,041
2013	47,138,287,212
2014	47,996,864,239
2015	49,214,694,098
2016	51,961,517,243
Total ^(a)	\$243,546,669,833
Five-Year Average Full Valuation	\$48,709,333,967
Tax Limit (1.5%)	730,640,010
Total Exclusions	<u>71,845,091</u>
Total Taxing Limit	802,485,101
Less Total Tax Levy for 2017 ^(b)	<u>285,615,895</u>
Unused Tax Limit	\$516,869,206

^(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 \$13,613,298.

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 \$558,938,431 leaving an unused tax margin of \$273,322,536.

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

Five-Year Average Full Valuation	\$48,709,333,967
Tax Limit (1.0%)	487,093,340
Total Exclusions	<u>71,845,091</u>
Total Taxing Power	558,938,431
Less Total Levy for 2015^(a)	<u>285,615,895</u>
Projected 1% Unused Tax Margin	\$273,322,536

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

SALES TAX REVENUES

2017 Budget

Sales Tax Retained by Erie County	\$415,016,947
Shared with Cities, Towns, Villages, School Districts, NFTA	\$341,590,454
Total Sales Tax Revenues	\$756,607,401

Distribution Formula

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, 2017

⁽²⁾ .75% Sales Tax authorization expires November 30, 2017

SALES TAX SHARED WITH OTHER LOCAL GOVERNMENTS

The following table indicates 2017 estimated sales tax to Erie County and the amount of sales tax shared with local jurisdictions.

	2017 Estimated Collections
County Share of Sales Tax	
3% Sales Tax	\$168,726,491
1% Sales Tax	159,301,415
.75% Sales Tax	119,401,719
 Total 2017 Estimated County Share	 \$415,016,947
 Shared Sales Tax	
3% Sales Tax Distributed to Cities, Towns and Schools	\$309,177,776
1% Sales Tax Distributed to Cities & Towns	12,500,000
3% Sales Tax Distributed to NFTA (1/24 th of overall 3%)	<u>19,912,678</u>
 Total 2017 to Other Jurisdictions	 \$341,590,454
 Total 2017 Estimated Sales Tax	 \$756,607,401

ALL OTHER LOCAL SOURCE REVENUES

2016 Budget: \$103,035,594
2017 Proposed: \$101,017,397

2017 Distribution of All Other Revenues

	<u>Total</u>
Property Tax Related	\$ 16,942,117
Welfare Recoveries/Repayments	15,406,436
Hotel Occupancy Tax	10,500,000
Election Expense Re-spread	6,645,749
Interest Earnings-General Investments	80,000
Fees, Fines, Charges	25,892,861
Appropriated Fund Balance	6,000,000
Inter-fund Revenue	829,938
All Other Source Accounts	18,720,296
Total	\$101,017,397

Property Tax Related

2016 Budget: \$17,585,318
2017 Proposed: \$16,942,117

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

2016 Budget: \$17,365,816
2017 Proposed: \$15,406,436

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 2017 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

2016 Budget:	\$10,450,000
2017 Proposed:	\$10,500,000

A Hotel Occupancy Tax ranging from 3% to 5% of room charges was enacted in 1975. This revenue helps to support tourism and convention operations and activities and along with the property tax and sales tax revenue, supports the total net County cost of all operations.

Board of Elections Respread Revenue

2016 Budget:	\$6,839,440 – 2014 election expense
2017 Proposed:	\$6,645,749 – 2015 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

2016 Budget:	\$175,000
2017 Proposed:	\$ 80,000

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

2016 Budget:	\$25,510,887
2017 Proposed:	\$25,892,861

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

2016 Budget:	\$6,000,000
2017 Proposed:	\$6,000,000

The 2017 budget utilizes \$6,000,000 of unassigned fund balance

Interfund Revenue

2016 Budget:	\$1,797,388
2017 Proposed:	\$ 829,938

The 2017 budget utilizes \$829,938 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

2016 Budget:	\$17,311,745
2017 Proposed:	\$18,720,296

Other items such as Gaming Facilities Aid, Off Track Betting revenue, Mortgage Tax, sale of scrap, Community College chargeback, and a variety of cash receipts are also included in the category.

STATE AID

2016 Budget: \$170,699,050
2017 Proposed: \$173,739,167

2017 Distribution of State Aid Operating Fund

	<u>Total</u>
Social Services	\$ 84,476,280
Youth Services	5,141,088
Youth Bureau	1,600,881
Health Department	3,877,548
Early Intervention/Special Needs	35,700,870
Mental Health	39,347,880
Probation	1,255,102
Sheriff/Jail	431,677
Buildings and Grounds	1,669,600
All Other Departments	238,241
Total	\$173,739,167

Department of Social Services

2016 Budget: \$82,649,912
2017 Proposed: \$84,476,280

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 2017. 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 2016 or 2017. 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 2017. 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 2017 proposed budget.

Youth Services

2016 Budget:	\$5,302,831
2017 Proposed:	\$5,141,088

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

2016 Budget: \$1,467,046
2017 Proposed: \$1,600,881

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

2016 Budget: \$3,716,406
2017 Proposed: \$3,877,548

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

2016 Budget: \$35,645,289
2017 Proposed: \$35,700,870

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*)

2016 Budget: \$37,591,217

2017 Proposed: \$39,347,880

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 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 for People With Developmental Disabilities (OPWDD) are received to provide services designed to maintain the independence of developmentally disabled clients in the least restrictive setting. Funds from the State Office of Alcoholism and Substance Abuse Services (OASAS) 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

2016 Budget: \$1,226,102

2017 Proposed: \$1,255,102

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

2016 Budget: \$434,649
2017 Proposed: \$431,677

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.

Buildings and Grounds

2016 Budget: \$2,419,600
2017 Proposed: \$1,669,600

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

All Other Departments

2016 Budget: \$245,998
2017 Proposed: \$238,241

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

FEDERAL AID

2016 Budget: \$178,569,357
2017 Proposed: \$175,225,360

2017 Distribution of Federal Aid Operating Fund

	<u>Total</u>
Social Services	\$166,658,256
Youth Detention	47,000
Early Intervention/Pre-K/Special Ed	2,140,438
Sheriff/Jail	159,444
Emergency Services	349,261
Mental Health	5,839,461
District Attorney	31,500
Total	\$175,225,360

Department of Social Services

2016 Budget: \$170,211,841
2017 Proposed: \$166,658,256

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).

Youth Services

2016 Budget: \$47,000
2017 Proposed: \$47,000

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

Early Intervention/Pre-K/Special Education

2016 Budget: \$2,009,166
2017 Proposed: \$2,140,438

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 \$1,900,000 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

2016 Budget: \$148,722
2017 Proposed: \$159,444

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

2016 Budget: \$350,801
2017 Proposed: \$349,261

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

Department of Mental Health

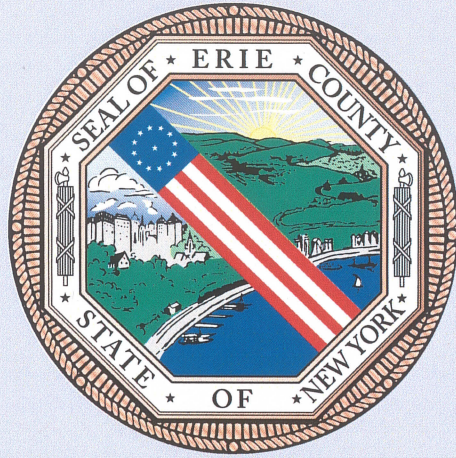
2016 Budget: \$5,770,327
2017 Proposed: \$5,839,461

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

2016 Budget: \$31,500
2017 Proposed: \$31,500

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

2016 Budget: \$1,438,054,797
2017 Proposed: \$1,454,648,305

2017 Distribution of General Fund Expenses

	<u>Total</u>
Personal Services	\$209,173,322
Fringe Benefits	134,396,043
Supplies and Repairs	8,545,345
Sales Tax to Local Governments	341,590,454
Contractual Expense	142,953,388
ECMCC Payment	16,200,000
Indigent Care Adjustment	6,851,114
Social Services Assistance & Programs	400,429,563
Early Intervention/Pre-K/Special Ed	62,144,872
Inter-fund Transfers (County Share)	47,652,094
Debt Service	65,736,407
All Other Expenses	18,975,696
Total	\$1,454,648,305

Personal Services

2016 Budget: \$207,072,801
2017 Proposed: \$209,173,322

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

2016 Budget: \$128,168,577
2017 Proposed: \$134,396,043

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

Supplies and Repairs

2016 Budget: \$9,087,722

2017 Proposed: \$8,545,345

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 and NFTA

2016 Budget: \$339,463,392

2017 Proposed: \$341,590,454

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

2016 Budget: \$138,406,558

2017 Proposed: \$142,943,388

The major accounts comprising this appropriation include: Social Services contractual agencies - \$23,601,876; and \$2,122,192 for payments to various youth programs such as Operation Prime Time. Mental Health contractual agency payments total \$53,812,567. A payment 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 \$6,967,549; Convention & Visitors Bureau/Convention Center \$5,156,068; Buffalo Niagara Film Commission-WNED \$185,657; cultural/community/neighborhood development support totaling \$7,199,759; Indigent Defense \$12,324,919; 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
2016 Budget:	\$19,783,973	\$3,657,200	\$23,441,173
2017 Proposed:	\$19,912,678	\$3,657,200	\$23,569,878

ECMCC Payment

2016 Budget:	\$16,200,000
2017 Proposed:	\$16,200,000

Pursuant to a 2009 agreement, the County 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.

Indigent Care Adjustment DSH-ECMCC Payment

2016 Budget:	\$4,063,000
2017 Proposed:	\$6,851,114

The Indigent Care Adjustment DSH expense will be budgeted and recorded in a new account, 525160, for 2017. In the current and prior years this expense item was included in account 525000 – MMIS Medicaid local share. This mandated expense represents payments to ECMCC as compensation for their high cost of providing indigent care in a similar manner as described for DSH payments above.

Social Services Assistance Payments and Program Expenses

2016 Budget:	\$403,110,373
2017 Proposed:	\$400,429,563

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)

2016 Budget: \$47,169,442
2017 Proposed: \$44,418,814

Public assistance benefit payments are made for basic needs, shelter and utilities, etc., to families eligible for this Federal/State/local program. Under federal changes, welfare became known as Temporary Assistance to Needy Families (TANF) in August 1996. In New York State, TANF is referred to as Family Assistance.

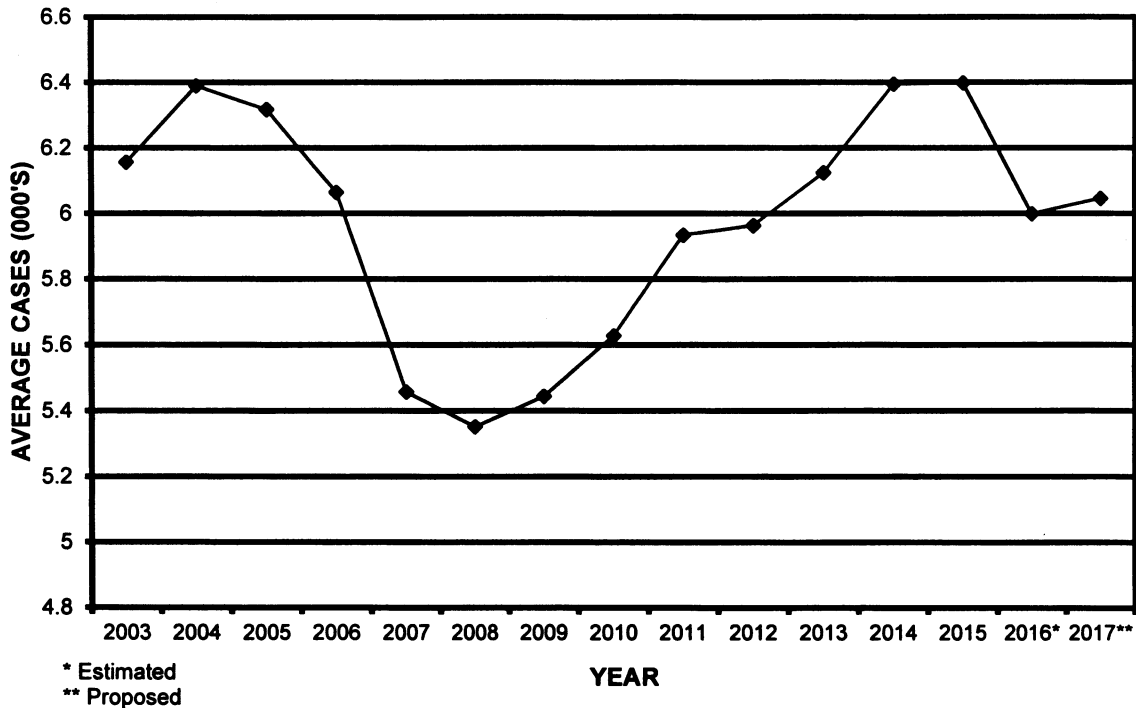
Federal Welfare Reform legislation enacted in December 1996 ended the Federal entitlement to public assistance. It provides funding to the states in the form of fixed block grants to cover temporary assistance to families. Limits are placed on the length of time families may receive Federal TANF (Family 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 6,046 cases per month in 2017 with an average base monthly cost per case of \$548.31, including the three 10 percent annual benefit increases enacted by the state in 2009.

The 2017 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 2016 and 2017 at a monthly rate of 45 cases. This produces a beginning trend caseload estimate for 2017 that averages 6,274 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 2017 at the current rate of 35 new cases shifted per month. In all, a monthly average of 228 time limit cases are subtracted from the trend estimate of 6,274 cases to arrive at the budgeted monthly average caseload of 6,046 which accounts for the cases that will move to Safety Net Assistance.

The 2017 monthly base cost per case estimate of \$548.31 is consistent with current actuals with adjustments to provide for voucher fuel cases.

The appropriation includes added amounts for utility emergency assistance, \$827,453 for supplemental payments to clients as required in an annual reconciliation of fuel allowances to actual costs, \$80,435; and \$3,729,657 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)

2016 Budget: \$51,900,527
2017 Proposed: \$48,297,563

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.

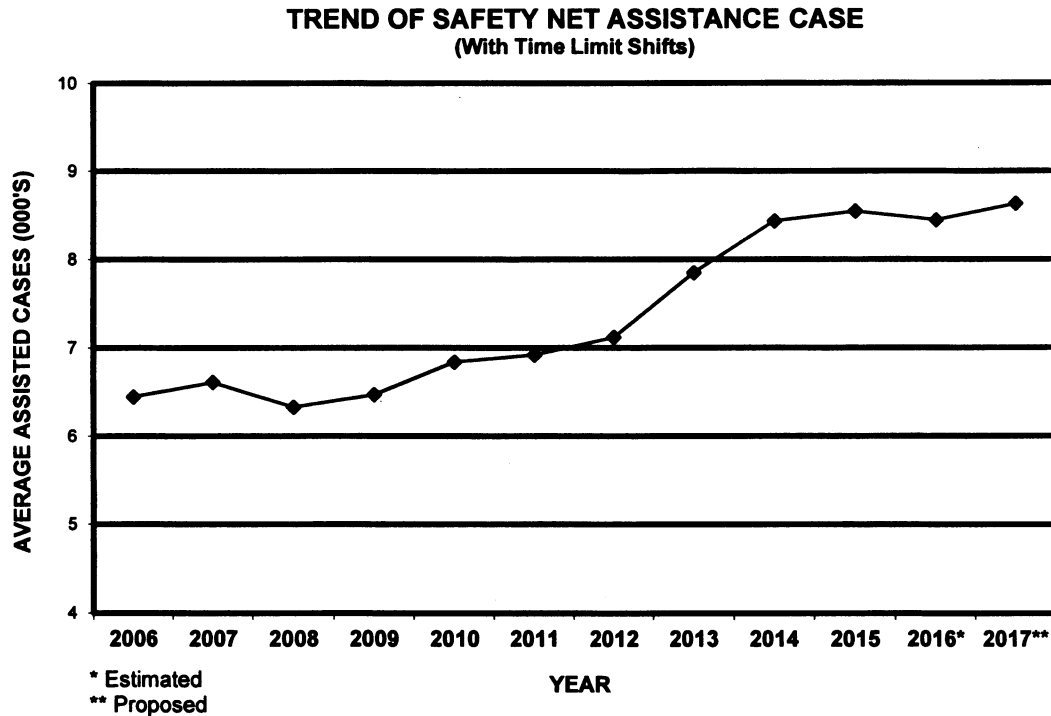
Welfare reform and the creation of the Safety Net Assistance program has affected caseloads and costs per case in much the same way as described above for the Family Assistance Program.

Caseloads are funded at an average level of 8,629 cases per month in 2017, with an average base monthly cost per case of \$462.92, including the three 10 percent annual benefit increases enacted by the state in 2009.

The 2017 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 2016 and 2017 at a monthly rate of 18 cases. This produces a trend caseload estimate for 2017 that averages 8,616 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 228 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 2017.

In all a monthly average of 13 of these cases are added to the trend estimate of 8,616 cases to arrive at the budgeted average monthly caseload of 8,629.



The 2017 base monthly cost-per-case estimate of \$462.92 is consistent with current actuals with adjustments to provide for voucher fuel cases. The appropriation includes an additional \$332,164 for utility emergency assistance and \$30,856 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 \$31,002,392 in 2017 after subtracting client repayments, 29 percent State reimbursements and other revenues from the gross appropriation. This is a decrease of \$1,999,316 (6.06%) compared to the 2016 Adopted Budget amount.

Medicaid – MMIS Local Share (Account 525000)

2016 Budget:	\$201,465,355 (52 weekly payments)
2017 Proposed:	\$203,834,038 (52 weekly payments)

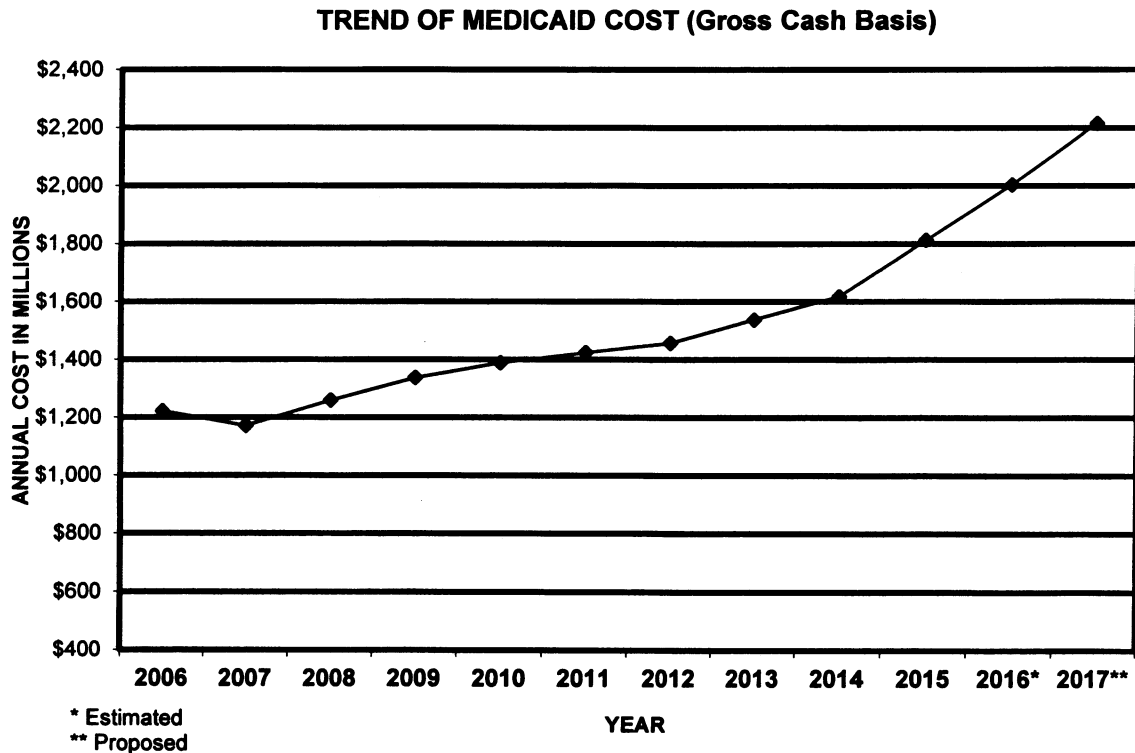
This appropriation is the County's net local share of all Medicaid – related costs under the State's Local Share Medicaid Cap which was effective beginning January 2006 and a subsequent State phase out of the local share increases starting in 2016. There will be no increase to the statutory cap in 2016 and beyond, as currently legislated. The statutory caps have also been reduced in the past several years by the State to reflect enhanced

federal reimbursement under the Affordable Care Act. 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 2016 nor 2017 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.



The 2017 appropriation is the amount of the 2017 Erie County Local Share Medicaid Cap reduced by anticipated increased Federal Share benefit due to provisions in the Affordable Care Act.

The calculation of the required appropriation starts from the total of cash payments required in calendar year 2017.

The amount required for the 2017 calendar year reflects weekly cash payments for the 2016-2017 State Fiscal Year and the 2016-2017 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 as is the Indigent Care expense of \$6,851,114.

Medicaid - Gross Local Payments (Account 525030)

2016 Budget: \$973,611
2017 Proposed: \$184,360

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 2017 appropriation includes \$107,448 for insurance premiums and \$76,912 for other expenses. The 2017 reduction reflects impacts of the Affordable Care Act on private insurance coverage.

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)

2016 Budget: \$67,803,015
2017 Proposed: \$67,940,585

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).

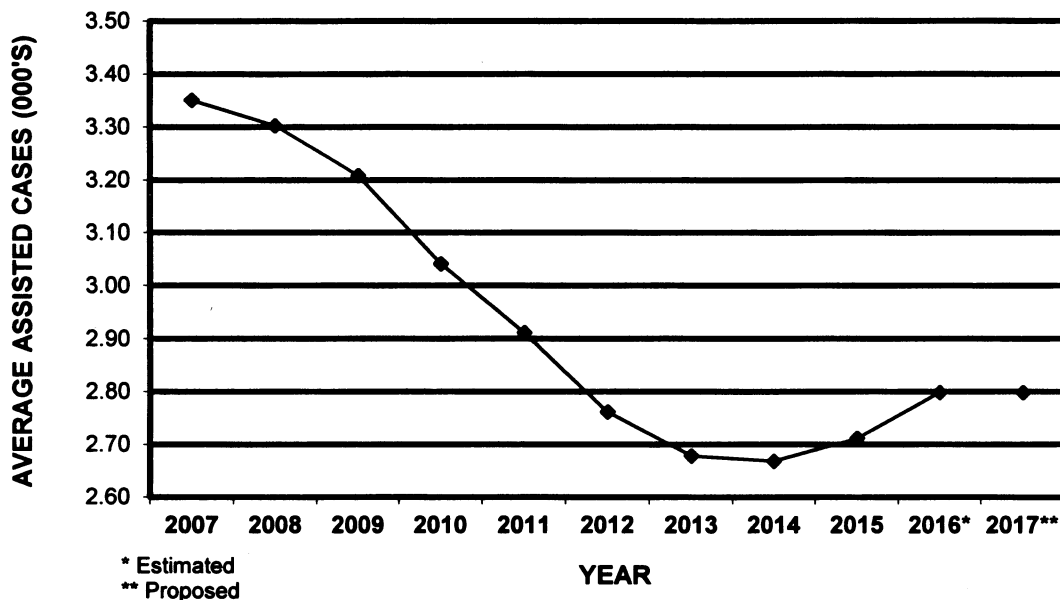
Appropriations in the 2017 budget are estimated based on analyses of historical and current trends of expenditures, children in care, monthly costs per child, and changes in per diem board, tuition and other rates.

Children assisted are funded at an average level of 2,798 per month in 2017, with an overall average monthly cost per child of \$2,023.49.

Based on present trends, the average monthly number of children funded in 2017 is maintained at the 2016 level of children in care, which is currently 95 children above 2016 budgeted levels. The ability to hold the total number of

children served relatively steady over the last ten 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 options. 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 2017.

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



Costs per child assumed in 2017 incorporate regular congregate care rate increases of 1.95 percent in July 2016 and July 2017, as compared to current actual rates, as well as a 0.2 percent added cost of living (COLA) increase required by the State effective in April 2017. The 2016 base includes two 2 percent COLA's required by the state in 2015 that were paid to foster and adoptive parents as well as to congregate care agencies. 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 \$18,133,498 in 2017 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)

2016 Budget:	\$26,161,143
2017 Proposed:	\$29,828,158

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 2017 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 3,491 children in low income families are expected to receive subsidies in 2017. Children in Public Assistance families receiving subsidies are estimated at 1,797 on average each month, a number necessary to support the level of work activity participation required of parents. The 2017 total cost of low income subsidies is budgeted at \$20,008,822. These costs are 100 percent reimbursed with federal funds up to the limit of the Child Care Development Block Grant. Low income subsidies that exceed the Child Care Block Grant will incur a local share cost of \$5,240,461 in 2017. The budget includes \$9,819,336 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 \$2,454,834 in 2017.

Other Programs

2016 Budget: \$7,637,280
2017 Proposed: \$5,926,052

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, \$1,405,827; Account 525080 – Education of Handicapped Children in residential schools, \$369,299; Account 525130 State Training School chargebacks, \$1,050,350; 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 2017 reflect current trends in utilization. The State Training School appropriation reflects a new \$55 million statewide cap on the chargebacks to counties.

Child care funded by Title XX, in cases of child protection and for purposes of foster care prevention, totals \$2,695,130 for a monthly average of 370 children in Account 525091 in 2017, and Home Energy Assistance Program (HEAP) benefit costs total \$300,000 (account 525140).

Early Intervention/Pre-K/Special Ed

2016 Budget: \$61,418,480
2017 Proposed: \$62,144,872

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.

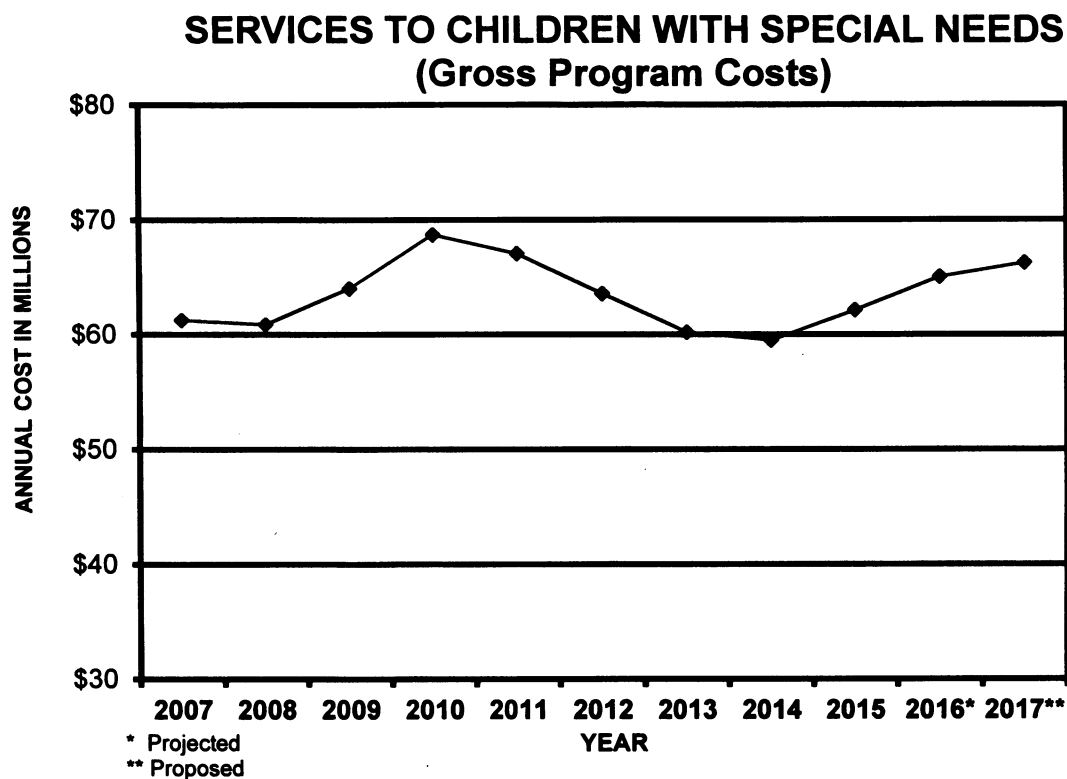
Under 1993 State legislation, the County is responsible for the provision of various developmental services such as occupational therapy, physical therapy, speech

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 2017 appropriation for the Children with Special Needs and Early Intervention agency program payment is \$62,144,872. Other program and administrative expenses totaling \$4,075,872 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.



**Comparison of 2017 Proposed Budget to the 2016 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
2016 Adopted Budget				
Expense	\$7,130,750	\$56,033,949	\$2,248,663	\$65,413,362
Revenue	<u>3,774,285</u>	<u>32,950,857</u>	<u>1,036,921</u>	<u>37,762,063</u>
Net County Cost	\$3,356,465	\$23,083,092	\$1,211,742	\$27,651,299
2017 Proposed Budget				
Expense	\$7,292,600	\$56,571,925	\$2,356,219	\$66,220,744
Revenue	<u>3,873,392</u>	<u>33,066,239</u>	<u>1,014,062</u>	<u>37,953,693</u>
Net County Cost	\$3,419,208	\$23,505,686	\$1,342,157	\$28,267,051
Variance 2016 to 2017				
Expense	\$161,850	\$537,976	\$107,556	\$807,382
Revenue	<u>9,107</u>	<u>115,382</u>	<u>(22,859)</u>	<u>191,630</u>
Net County Cost	\$62,743	\$422,594	\$130,415	\$615,752

Interfund Transfers (Allocation)

2016 Budget: \$47,328,048
2017 Proposed: \$47,652,094

This includes allocations for County share of the Road Fund \$16,234,914; County share of grants \$5,772,327; County share of Utility Fund \$5,282,886, County share of the E-911 Fund \$4,057,650 and \$50,000 for Parks Department pay-as-you-go capital needs. Also included is a payment to Erie Community College of \$16,254,317.

Debt Service

2016 Budget: \$64,876,926

2017 Proposed: \$65,736,407

This includes \$65,376,407 for General Obligation Bond Debt Service and \$360,000 for interest on Revenue Anticipation Notes.

All Other Expenses

2016 Budget: \$18,848,920

2017 Proposed: \$18,975,696

Included in the Other Expense category is \$460,000 of operational expense for the Erie County Fiscal Stability Authority (Control Board).

The balance covers all other remaining expenses in the 2017 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.

Federal Insurance Contributions Act - 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 \$118,500 in 2016. The Medicare portion, 1.45%, has no cap. The 1.45% Medicare 2016 estimate is applied to all wages.

Workers' Compensation

Workers' Compensation payments are set with a \$864/week maximum for claims paid July 1, 2016 - June 30, 2017. The proposed 2017 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 2017 appropriation for unemployment insurance anticipates an outlay of approximately \$313,910 based on the continuation of 2016 trends.

Medical and Hospitalization Insurance - Active Employees

The 2017 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 2017 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

The 2017 employer rates as provided by the Employees' Retirement System approximate the rates of 2016. Rates for Tier 4 employees, the single-largest category for Erie County, are projected to remain at 16.0% for the annual payment that will be due February 1, 2018 (or December 15, 20167, if the County opts to pre-pay). The pension retirement expenses for 2017 were calculated for the 2017 components of the April 1, 2016 through March 31, 2017 and April 1, 2017 through March 31, 2018 billing periods. Estimated costs for each tier and year are based on rates 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 2016 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.

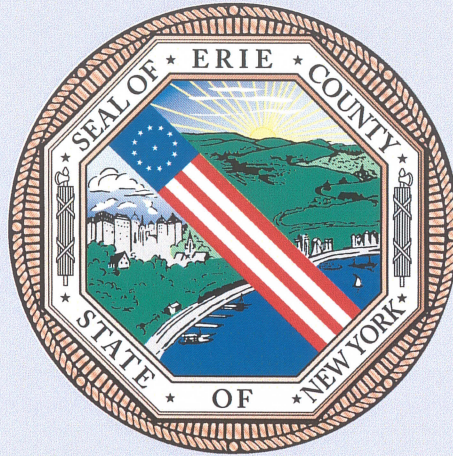
UNION CONTRACTS

UNION CONTRACTS

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

The AFSCME contract expired on December 31, 2015. Following the rejection by membership of a contract offer in 2016, the contract has gone to the New York State Public Employment Relations Board for fact-finding. Contracts with four other collective bargaining units expire on December 31, 2016 and discussions concerning new contracts are underway with the unions.

Union	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	8/31/20	ECC Faculty
Administrator	8/31/20	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 and 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 2017 budget must be adopted by the Legislature by the first Tuesday in December (December 6, 2016). 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 7, 2016) 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 12, 2016).

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 13, 2016).

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 13, 2016).

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 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, 2016.

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.

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, 2016 (September 30, 2016).

County Executive submits Proposed Budget to Legislature by October 15, 2016 (October 14, 2016).

November

Legislature reviews Proposed Budget and conducts hearings and public hearing.

December

Deadline for Legislature to Adopt 2017 Budget – Tuesday, December 6, 2016.

Deadline for Legislature to return Budget to County Executive if any increases – Wednesday, December 7, 2016.

Deadline for County Executive to veto any increases – Monday, December 12, 2016.

Deadline for Legislature to meet and consider County Executive vetoes – Tuesday, December 13, 2016.

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): This fund is 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.

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:

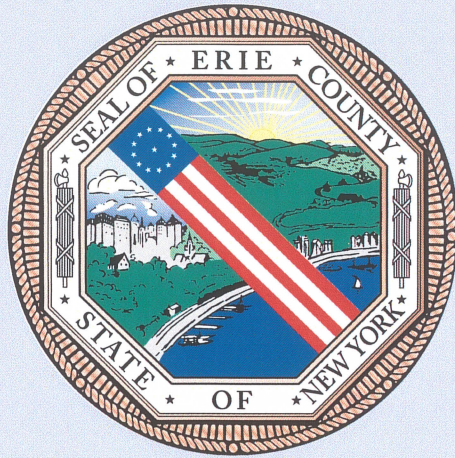
Expenditure/Appropriation Codes		Revenue Codes	
Account*	Description	Account*	Description
500000-500350	Personal Services	400000-400070	Real Property Tax Revenues
501000	Overtime	402000-402700	Local Source Revenues
502000-502140	Fringe Benefits	405000-409040	State or Other Partial Reimbursement
504992	Contractual Salary Reserve	410000-414190	Federal or Other Partial Reimbursement
504990-504998	Reductions for Turnover	415000-480030	Fees, Other Taxes
	Service Restoration		
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 Respread

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.

Reallocation

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

Visit Buffalo Niagara, formerly known as the Convention and Visitors Bureau, 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.

