



ERIE COUNTY BUDGET 2010

COUNTY EXECUTIVE'S BUDGET MESSAGE & SUMMARY

Including
FOUR-YEAR OPERATIONS PLAN
FISCAL YEARS 2010-2013

Erie County's Road to a Bright Future



**Lean
Six Sigma**

CHRIS COLLINS
COUNTY EXECUTIVE

GREGORY G. GACH
DIRECTOR OF BUDGET
& MANAGEMENT

Erie County's Road to a Bright Future



TABLE OF CONTENTS

	<u>Page</u>
County Executive's Budget Message	
Letter of Transmittal	1
Four-Year Operations Plan Fiscal Years 2010 – 2013	
Introduction to Four-Year Plan.....	9
Four Year Plan Details.....	11
Key Reform Initiatives	
Lean Six Sigma	15
Real Estate/Space Utilization	20
Overview	
Erie County Elected Officials Organizational Chart	21
Erie County Organizational Chart	22
Snapshot of Erie County	24
Understanding the 2010 Erie County Budget	
Revenue/Expense Overview	29
Summary of Undesignated Fund Balance.....	30
Tax Liens.....	31
Restated Fund Balance.....	32
Outstanding Debt	33
Overview of Revenues	
Property Tax Revenues.....	35
Sales Tax Revenues	39
Sales Tax Historical Data	40
Sales Tax Sharing	41
All Other Revenues	42
State Partial Reimbursement	45
Federal Partial Reimbursement.....	50

Page

Overview of Expenditures

Operating Fund Expenditures	53
Fringe Benefits	70
Union Contracts.....	72

Budget Process and Financial Structure

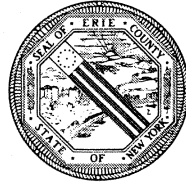
Budget Process	73
Operating Budget Calendar	77
Financial Structure	78

Glossary	85
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COUNTY EXECUTIVE'S BUDGET MESSAGE

Erie County's Road to a Bright Future



COUNTY OF ERIE

CHRIS COLLINS

COUNTY EXECUTIVE

October 2, 2009

The Honorable Erie County Legislature
92 Franklin Street
Buffalo, NY 14202

Dear Honorable Members:

Introduction

Enclosed are the Erie County Executive Recommended 2010 Budget and the 2010-2013 Four Year Plan for review and approval by your Honorable Body.

There is no responsibility I take more seriously as County Executive than the careful stewardship of County finances. As the result of our careful and diligent fiscal management, my Administration ended 2008 with a nearly \$13 million surplus and to date, we are on track to end 2009 with a multi-million dollar surplus. This past June, the Erie County Fiscal Stability Authority (Control Board) accepted our revised Four-Year Plan and reverted to advisory status.

The proposed 2010 Budget has been carefully crafted at a time when our local economy, as well as the nation, continues to deal with the fall out of the most serious economic recession since the Great Depression. As forecasted in the 2009 Budget, the recession and the resulting dive in consumer confidence has led to a 5% drop in local sales tax revenue through July. Final sales tax numbers for 2009 will not be available until February 2010. The drop in sales tax is being cushioned by Federal stimulus dollars allocated to help county governments continue to provide and deliver various programs critical to county residents. My Administration is using this funding as it was intended and will continue to refuse to spend the funding on new programs and initiatives as some would suggest. In addition to sales tax, other important sources of county revenue, such as real estate transfer taxes, are also down due to the recession.

Despite the ongoing challenge the economy presents, I am pleased to propose a 0% increase in property taxes as a part of my 2010 Budget. As a result, our tax rate remains the same at \$5.03 per \$1,000 of assessed property value. This Budget does take into account local assessment growth of 4%.

Finally, we estimate 2010 sales tax growth of 2% over the reduced 2009 base. In 2009, the recession required a permanent adjustment in the sales tax base 5% below the 2008 actual amount. This drop represents a loss of \$28 million and broke the historical trend of 3.2% average growth. The total drop in sales tax budgeted in 2009 and 2010 is \$60 million less than historic trends. We are currently budgeting based on this dramatic shift caused by the recession. We are hopeful that the economy will bounce back to the historic trend, but are planning for a worst case scenario that the economy will never recoup the losses of 2009.

Lean Six Sigma

The Lean Six Sigma reform effort implemented by my Administration continues to drive efficiency and eliminate waste in our County government. Lean Six Sigma empowers County employees to suggest changes to their work process and allows the County to realize significant cost savings, as we improve the quality of our services.

By the end of 2009, 28 Lean Six Sigma Green Belt projects will have been completed across nearly every County department, saving taxpayers millions of dollars. Detailed descriptions of the most recent projects are presented in the summary section of this book.

The first set of projects completed in 2008 will have saved Erie County approximately \$4 million by the end of 2009. We estimate past and current Lean Six Sigma projects will save the County more than \$5 million in 2010.

Real Estate and Asset Management

The Real Estate and Asset Management Department was established in Erie County in 2008 in order to ensure County owned and leased facilities are used in the most efficient manner possible. This Administration's Space Utilization Initiative is funded with efficiency grant dollars from the Erie County Fiscal Stability Authority.

During 2009, the department generated more than \$3 million in savings over a standard lease term as a result of lease terminations and renegotiations. By 2010, a total of 13 third party leases will have been terminated under this initiative. The department has reduced space utilization by an average of 43% across ten departments.

City Parks Returning to Buffalo

Last June, we notified the City of Buffalo that Erie County was terminating the 2003 City/County Parks Agreement drawn up under previous City and County administrations. The Agreement was not revenue neutral for County taxpayers and did not produce the revenue needed to adequately care for City parks.

After much discussion, the City notified Erie County late last month that it did not desire to enter into another Inter-Municipal Parks Agreement. As a result, our current contract ends on December 30, 2009; the County's obligations to City properties end; and management of the City parks, recreation centers and other related services fully returns to the City.

Transfer of Non-Mandated Programs and Services

My management team has been reviewing all non-mandated health and social service programs currently provided by Erie County in our ongoing effort to streamline County government and reduce our unfunded liabilities. It is my strong belief that Erie County should not be competing with local not-for-profit or community organizations that have the expertise, ability and willingness to provide these services to County residents.

In addition, while many of these services are reimbursed by state and federal grants, the County does accrue ancillary costs and is responsible for retiree health benefits for employees servicing these programs. In line with this policy, my administration transferred one grant earlier this year, and is in the process of transferring out two additional programs this fall. The transfer of these grants and programs is reflected in my proposed 2010 Budget.

Transfer of Women, Infants & Children (WIC)

My administration recognized that ending the County's involvement in the non-mandated Women, Infants and Children (WIC) program could help bolster a not-for-profit organization, and would save significant taxpayer dollars. The responsibility of administering WIC services locally was transferred back to New York State. The State Health Department, through a competitive process, then selected Catholic Charities to be the new local provider agency. Erie County worked hand-in-hand with New York State to ensure a seamless transition to Catholic Charities, which was successfully completed last month.

Transfer of Day Care Registration

Erie County is transferring State funding for the Day Care Registration program back to New York. This program aims to help the working poor obtain childcare services. Instead of passing funding through the County, the New York State Office of Children & Family Services will select a new local provider.

Transfer of Clinical Services

Erie County currently provides non-mandated clinical services for primary care, dental, podiatry and women's health. Providing these non-mandated clinical services is not the mission of our Health Department. My Administration has begun to work directly with Sheehan Health Network of Buffalo to transition these clinical services. Sheehan currently provides these same services in the community and is prepared to welcome any and all current County clients. If a current County client chooses not to receive clinical service from Sheehan Health Network, the County will work to find that individual a different local provider.

Employee Reduction

As a result of the transfer of certain State grants/programs and the City of Buffalo choosing not to enter into a new parks agreement (both outlined above), this budget proposes the elimination of 209 positions. The positions related to WIC have already been eliminated now that the transition to Catholic Charities is complete. The positions related to City parks, Day Care Registration and Clinical Services will be eliminated as of January 1, 2010.

This Administration continues to scrutinize every job opening before hiring new employees and eliminate vacancies where possible. The Budget reflects a modest and manageable 'turnover account' to account for the estimated savings that are generated while jobs are vacant.

In addition, my Administration continues, despite court challenges from the unions, to implement our successful Regular Part Time or RPT employee policy. These employees work as many as 39 hours a week, but receive half of the regular employee time-off benefit package. By filling county vacancies with RPT employees when possible, Erie County is saving nearly \$800,000 annually.

Erie County Cultural Resources Advisory Board (ECCRAB)

Erie County government is the largest financial supporter of arts and cultural organizations in our community. ECCRAB serves as an advisory board to the Administration. Members review and assess the strength and community contribution of local cultural institutions seeking funding assistance from the County. The Board is staffed and assisted by the Department of Environment & Planning (DEP).

Through the hard work and dedication of both DEP staff and committed board volunteers, the ECCRAB process has been dramatically overhauled. This year, following its review, ECCRAB provided me with a numeric score for each organization seeking funding assistance. Organizations were judged in comparison to groups of similar size and scope. Based on those scores, and in consultation with DEP, I arrived at appropriate funding levels.

We used funding levels in the 2009 Adopted Budget as a benchmark for 2010 and made the decision to only fund organizations that received County tax dollars last year.

If an organization received an ECCRAB score:

- below 70, funding was eliminated,
- between 70 and 74.99, funding was decreased by 50%,
- between 75 and 79.99 funding was decreased by 25%,
- between 80 and 89.99, funding remains at 2009 level,
- over 90, funding was increased.

Convention & Visitors Bureau (CVB) Funding Increase

As identified in my Road to a Bright Future, tourism is a primary growth industry in Erie County. With new leadership at the helm, I believe the CVB is more focused on and capable of making Buffalo and Erie County a world-class tourist destination. That is why my proposed 2010 Budget includes a significant funding increase for the CVB. When coupled with our support for the Buffalo Niagara Convention Center, CVB funding totals \$5 million in my proposed budget.

Four-Year Operating Plan

We have developed a Four-Year Operating Plan to encompass fiscal years 2010 through 2013. The 2010 Proposed Budget and projected 2009 results form the basis for the 2010-2013 Four-Year Plan. This plan calls for property tax revenue to grow only through 4% estimated market value growth and new construction (the past 5 years of market value growth has been 5.12%) and for sales tax revenues to increase by 2% in 2010 and 3% each year thereafter in line with inflation, but assuming a worst case scenario that the economy never recovers the losses of 2009. A detailed Four-Year Plan is presented in this book.

Six-Year Capital Plan

The 2009 Adopted Budget included an aggressive Capital Plan to help improve the County's neglected and aging infrastructure. This year, I am again proposing a substantial Capital Plan totaling more than \$77 million for 2010. This number reflects a large County investment and the matching state and federal dollars available for certain projects. Our combined six-year Capital Plan totals more than \$508 million.

Our proposed 2010 Capital Budget includes critical road and bridge repair and reconstruction projects throughout Erie County. With over 1,000 miles of county roads, maintaining this infrastructure is a challenge and it will remain so. This proposal also includes funding to demolish 134 W. Eagle Street, home to the Board of Elections and certain administration offices of the Sheriff's Department. This building is inefficient, outdated and unacceptable for County employees.

We are also investing in the Buffalo Niagara Convention Center. As the Convention & Visitors Bureau works to attract people to our region, it is important that our Convention Center impresses and can meet the needs of today's convention industry. Our Capital Budget also secures funding to continue to replace our community's outdated emergency communication systems; make improvements in our parklands; replace aging and non-compliant escalators at our Main Library downtown; and leverage State funds to rehab the Ontario Street Boat Launch. We will also continue to honor our responsibilities to Erie Community College, Ralph Wilson Stadium and the Botanical Gardens.

Growing Pressures and Needed Reform

As you know, Erie County's budget is largely dictated by New York State mandates, fixed labor costs associated with our collective bargaining agreements, and our financial ties to quasi county agencies. When evaluating my proposed 2010 Budget, it is important to keep that fact in mind and understand the many liabilities that wait on the horizon.

Union Contracts

When elected County Executive, I pledged to never sign a new union contract that did not deal with the strangling cost of retiree health care in a real and meaningful way. Previous administrations have negotiated union contracts that included free retiree health care for life. As a result, today, Erie County has an unfunded liability for retiree health care costs totaling \$889 million. This staggering number is simply unaffordable and unfair to taxpayers. As you know, my Administration and the union representing County nurses agreed on a historic new contract late last year that upholds my pledge.

Open and productive negotiations continue with both the Teamsters and AFSCME. These negotiations are framed around my belief that we can and must achieve new contracts that are fair to both employees and taxpayers. Unfortunately, the leadership of the local CSEA – Erie County's largest union - has declared an impasse and has been unwilling to negotiate. My office remains committed to reaching new contracts, with all of our county unions, that respect taxpayers.

GASB 45 Unfunded Retiree Health Insurance Deficit

As stated above, Erie County's unfunded retiree health insurance deficit is a staggering \$889 million. This is commonly referred to as our GASB 45 liability. We currently record retiree health insurance costs on a 'pay as you go' basis when the bills arrive for current retirees. My Administration understands the danger of this practice and its inherent unfairness to future generations who will be responsible for paying those bills. My Administration remains committed, despite the challenges and protections of the Taylor Law, to deal with this massive liability through meaningful negotiations of new union contracts.

Erie County Medical Center Corporation (ECMCC)

Erie County's relationship with ECMCC remains complicated, and in an effort to protect taxpayers, remains one of my top priorities. As I have said from the beginning, the pretend 'sale' of ECMCC to a Public Benefit Corporation by the previous administration to fill a budget gap is the definition of a short-sighted decision.

As my Administration continues to work to get the County out of the hospital business once and for all, the County remains financially committed to ECMCC in a variety of ways. In 2009, Erie County incurred more than \$40 million in expenses related to ECMCC. Our hospital related expenses for 2010 will be approximately \$30 million.

Going forward, the County continues to operate under a legally binding agreement with ECMCC regarding the future of any capital funding. For the good of this community, ECMCC must become financially independent from the County and taxpayers must be protected from any future liabilities related to the Corporation.

Essential Albany Reform

Our New York State leaders continue to fail us. In the face of unprecedented fiscal challenges, they had a historic opportunity to enact real reform. Rather than making desperately needed changes, the 'three men in a room' chose to impose new taxes and fees. Instead of tightening the State's belt, they increased spending by record amounts. The interests of hardworking upstate taxpayers were once again sacrificed by the downstate career politicians for the special interests.

New York has the most generous Medicaid package of any state. Medicaid is the County's single largest and most costly mandated program, accounting for nearly every dollar collected in property tax. In these challenging economic times, our taxpayers deserve a frank discussion about the level of service we provide beyond the Federal minimum standards. The Governor and the leaders in the Senate and Assembly have no interest in having such a discussion because, as downstate residents, they do not feel the crushing impact of property taxes and are afraid of political retribution from the special interests.

The 2009-2010 State Budget continued the Albany tradition of cost-shifting to counties in record ways. In addition to cutting funding and increasing county share for numerous mandated state programs and services, Albany is forcing counties to absorb a 50% increase in Worker's Compensation costs and 65% increase in employee pension rates. New York State needs to enact pension reform that includes a new Tier 5, encompassing a defined contribution plan for employees. In what has become a very sad and predictable tale, Albany's dysfunction continues to be balanced on the backs of hardworking taxpayers.

Conclusion

In closing, I hope you will find this Budget reasonable, responsible and fiscally sound given the state of our economy. I also hope you see this Budget as an opportunity to continue to reshape and right size Erie County government for the future. I believe a lot of good has been accomplished over the last two years. Your body is critical to keeping that momentum going.

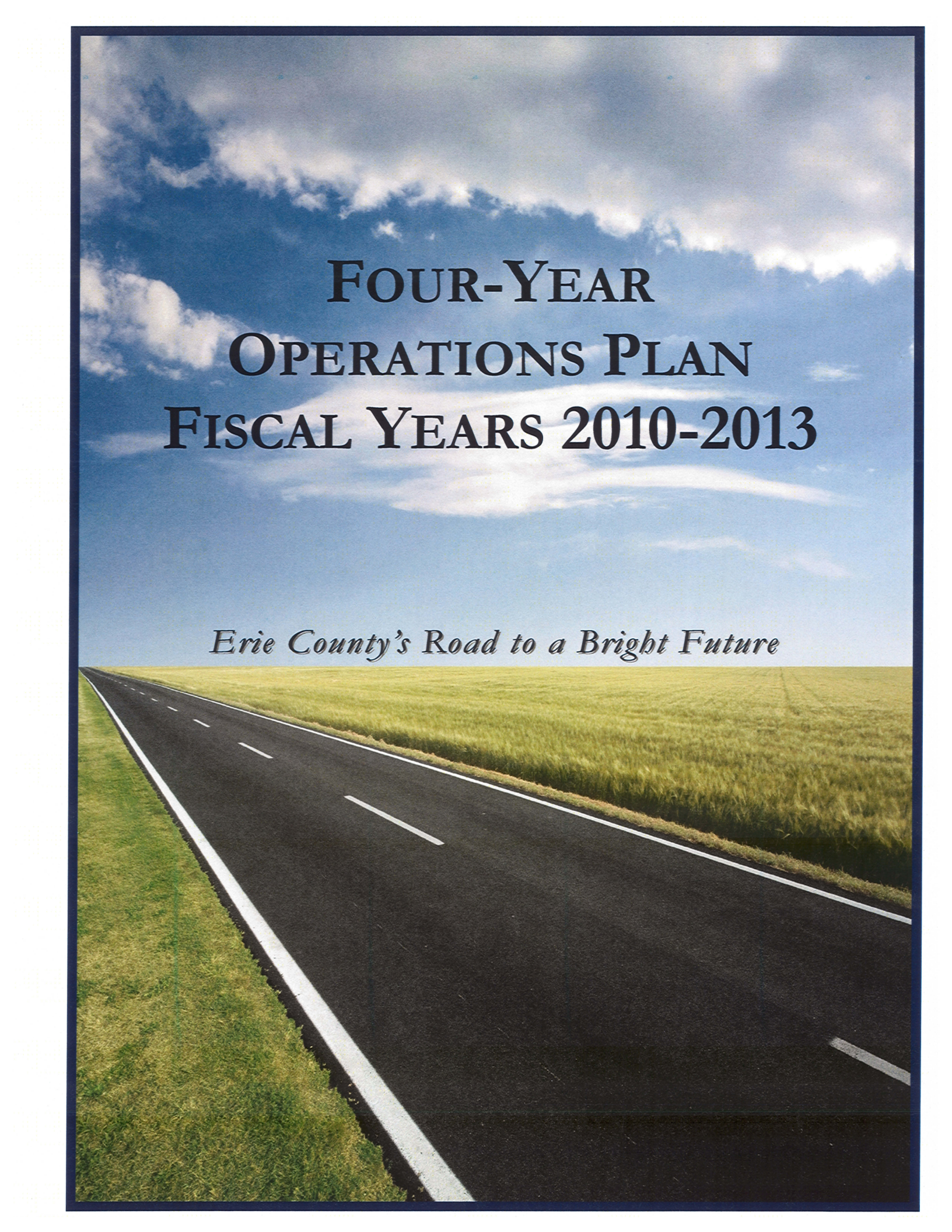
My Administration looks forward to working with you on the adoption of the 2010 Budget and 2010-2013 Four-Year Plan. We are prepared to provide any requested material, respond to inquiries, and explain the details of the Recommended 2010 Executive Budget and Four-Year Plan.

Thank you for your cooperation and consideration.

Sincerely,

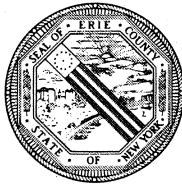
A handwritten signature in black ink that reads "Chris Collins". The signature is written in a cursive, flowing style.

CHRIS COLLINS
Erie County Executive



FOUR-YEAR OPERATIONS PLAN FISCAL YEARS 2010-2013

Erie County's Road to a Bright Future



COUNTY OF ERIE

CHRIS COLLINS

COUNTY EXECUTIVE

FOUR YEAR OPERATIONS PLAN FISCAL YEARS 2010 - 2013

Introduction

Enclosed herein is the 2010-2013 Four-Year Plan. Section 2603 of the Charter specifies certain budget requirements, including submission of an annual budget proposal and a financial forecast for the next two years. In addition, Public Authorities Law §§ 3957 creating the Erie County Fiscal Stability Authority (ECFSA) requires that the County Executive submit a four-year financial plan with his proposed budget. The attached Four Year Plan satisfies both the Charter and ECFSA requirements of a financial plan.

We view the 2010-2013 Four-Year Plan and 2010 Proposed Budget not as an historical accounting document, but a performance management tool engineered to drive savings and efficiencies, in accordance with Six Sigma and performance based budgeting. In addition, it provides a long-term financial road map for Erie County.

The 2010 Proposed Budget and projected 2009 results form the basis for the 2010-2013 Four-Year Plan. The plan calls for 4% average annual growth in property tax revenue without a tax rate increase. The growth is based on estimated market value growth and new construction only. In the past 5 years, average annual market value growth has been 5%. The plan calls for sales tax revenues to increase by 2% in 2010 and 3% each year thereafter in line with inflation.

The 2010 Proposed Budget is the last year of Federal Medical Assistance Percentages (FMAP). The loss of that revenue combined with increases in mandated programs and the loss of almost \$30 million of sales tax base revenue has resulted in projected potential gaps in years 2011-2013 totaling approximately \$172 million.

As a result, our Four-Year Operating Plan includes projected gaps in 2011, 2012 and 2013. Options to fill the gap are provided including: library consolidation; increasing fees; use of fund balance; sales tax exceeding projected growth; increasing property tax; elimination of jobs; Lean Six Sigma savings and elimination of the \$12.5 million sales tax sharing imposed by the State. We expect the Erie County Fiscal Stability Authority (ECFSA) to approve and endorse our 2010 Budget and 2010-2013 Four-Year Plan.

It is important to highlight that our plan is based on “reasonable assumptions” at the time of submission of this budget and Four-Year Plan, and assumes a worst case scenario that the economy will never recoup the losses of 2009.

This administration has received three ratings upgrades, Moody's Baa2, Fitch BBB+ and Standard and Poor's BBB+, which demonstrate the improving fiscal condition of the county under this Administration's management. The positive results recorded in 2008 and expected in 2009, the 2010-2013 Four-Year Plan and the ongoing management initiatives and efficiencies that have already driven proven savings are part of the action plan that will ensure the continued fiscal stability of Erie County.

THE FOUR-YEAR PLAN (Reasonable and Appropriate Assumptions)

Revenue	2011	2012	2013
Sales Tax Growth	3%	3%	3%
Real Estate Market Value Growth	4%	4%	4%
Property Tax Rate Increase	0%	0%	0%
 Expense	 2011	 2012	 2013
Personnel Services	1.5%	1.5%	1.5%
Health Insurance ¹	10%	10%	10%
Pension Costs	20%	1.5%	1.5%

The estimated baseline gaps in the Fiscal 2010-2013 FYP are:

2011	-	\$50,466,787
2012	-	\$58,543,749
2013	-	\$63,256,410

In addition to the cost cutting in the Four-Year Plan presented, the Administration will continue to identify and create new initiatives through Lean Six Sigma, utilization of remaining State funded efficiency grants and other reform initiatives including consolidations and elimination of non-mandated programs as was done in the 2010 budget.

¹ Estimates provided by LMHF (Labor Management Healthcare Fund) as consultants to Erie County.

County of Erie
2010-2013 Four-Year Operations Plan

Fund 110 plus Library 820 (County Share)	Account Type	2008 Actuals	2009 Adjusted Budget	2010 Executive Recommended Budget	2011 Projection	2012 Projection	2013 Projection
Revenue							
Local Source Revenue							
Property Tax Levy							
	Property Tax Levy Operating	189,665,960	201,134,493	210,249,349	219,546,196	229,214,917	239,270,387
	Property Tax Levy Library	22,171,833	22,171,833	22,171,833	22,171,833	22,171,833	22,171,833
	Property Tax Levy Total	211,837,793	223,306,326	232,421,182	241,718,029	251,386,750	261,442,220
Property Tax Related							
	Sec 520 Exemp Removal	712,452	542,471	492,471	492,471	492,471	492,471
	Gain Sale Tax Acquired Property	186,528	20,000	20,000	20,000	20,000	20,000
	Payments In Lieu of Taxes	4,885,890	4,589,147	4,750,000	4,940,000	5,137,600	5,343,104
	Interest & Penalties-Property Tax	13,442,040	16,064,931	16,814,247	18,211,686	17,186,367	16,435,782
	Omitted Taxes	3,271	3,000	3,000	3,000	3,000	3,000
	Net Incremental Tax Lien Proceeds	0	0	0	0	0	0
	Dec Property Tax Deferred Revenue	(13,068,550)	(13,057,041)	(13,579,322)	(14,122,495)	(14,687,395)	(15,274,891)
	Property Tax Related Total	6,161,631	8,162,508	8,500,396	9,544,662	8,152,043	7,019,466
Sales Tax (County Share)							
	3% Sales Tax	129,068,864	122,615,421	124,989,428	128,739,111	132,601,284	136,579,323
	1% Sales Tax	125,653,502	119,370,827	122,008,244	125,668,492	129,438,547	133,321,703
	0.5% Sales Tax	34,119,468	32,413,495	33,061,764	34,053,617	35,075,226	36,127,483
	0.25% Sales Tax	68,238,935	64,826,088	66,122,610	68,106,288	70,149,477	72,253,961
	Sales Tax (County Share) Total	357,080,769	339,225,830	346,182,047	356,567,508	367,264,534	378,282,470
Fees Fines or Charges							
	Election Expenses Other Govts Respread	4,768,682	5,204,038	6,623,349	6,722,699	6,823,540	6,925,893
	All Other Fees Fines or Charges	25,530,138	28,046,825	25,959,635	26,219,231	26,481,424	26,746,238
	Fees Fines or Charges Total	30,298,820	33,250,863	32,582,984	32,941,931	33,304,963	33,672,131
Other Sources							
	Interest Earnings-General Investments	2,815,005	1,250,000	600,000	660,000	726,000	798,600
	Hotel Occupancy Tax Revenue	7,846,132	7,600,000	7,752,000	7,907,040	8,065,181	8,226,484
	Welfare Recoveries/Repayments	25,621,483	24,071,207	20,742,844	21,157,701	21,580,855	22,012,472
	Community College Chargeback Respread	3,572,791	3,928,430	4,246,018	4,585,699	4,952,555	5,348,760
	All Other Source Accounts Incl Interfund	21,382,174	19,934,382	12,571,827	12,823,264	13,079,729	13,341,323
	Other Sources Total	61,237,585	56,784,019	45,912,689	47,133,704	48,404,320	49,727,640
Local Source Revenue Total		666,616,598	660,729,546	665,599,298	687,905,834	708,512,610	730,143,927
State Partial Reimbursement Revenue							
	State-Education of Children with Special Needs	25,786,229	28,491,196	30,430,327	32,712,602	35,166,047	37,803,500
	State-Mental Health	32,812,058	36,995,605	38,714,081	39,488,363	40,278,130	41,083,692
	State-Family Assistance	7,569,411	8,338,394	8,611,000	8,893,682	10,259,308	10,918,337
	State-Soc Serv Administration	30,824,694	27,793,401	27,825,338	28,076,720	28,535,568	29,016,386
	State-Safety Net Assistance	12,629,331	13,789,856	17,410,168	20,381,321	20,599,064	21,270,741
	State-Child Welfare Services	22,522,873	21,795,720	19,940,169	21,194,595	22,526,795	23,941,592
	State-Serv For Recipients	7,881,307	8,036,177	9,438,887	9,616,790	9,811,771	10,025,470
	State-Day Care	5,862,454	6,042,994	7,197,869	8,101,861	8,472,746	9,308,597
	All Other State Accounts	40,561,701	29,902,639	25,932,342	26,450,989	26,980,009	27,519,609
	State Partial Reimbursement Revenue Total	186,460,058	181,185,982	185,500,181	194,916,922	202,629,437	210,887,924
Federal Partial Reimbursement Revenue							
	Federal-Family Assistance	2,935,035	1,735,813	4,098,599	6,692,722	6,196,003	6,083,389
	Federal-Soc Serv Administration	20,829,365	33,940,237	35,760,628	37,855,473	41,672,989	45,671,843
	Federal-Day Care	21,179,127	20,553,088	20,673,993	20,916,276	20,916,276	21,178,547
	Federal-CWS Foster Care	15,320,783	17,530,243	16,186,888	17,205,245	18,286,740	19,435,288
	Federal-Safety Net TANF Cases	531,113	600,187	506,850	546,590	652,820	719,197
	Federal Stimulus Enhanced Medicaid	0	42,850,000	33,106,247	0	0	0
	All Other Federal Accounts	72,440,230	86,915,192	86,893,139	88,196,536	89,519,484	90,862,276
	Federal Partial Reimbursement Revenue Total	133,235,653	204,124,760	197,226,344	171,412,842	177,244,312	183,950,540
State & Federal Partial Reimbursement Revenue Total		319,685,711	385,310,742	382,726,525	366,329,764	379,873,749	394,838,465
Total Operating Revenue (Excluding Shared Sales Tax)		986,302,309	1,046,040,288	1,048,325,823	1,054,235,598	1,088,386,360	1,124,982,391

County of Erie
2010-2013 Four-Year Operations Plan

Fund 110 plus Library 820 (County Share)	Account Type	2008 Actuals	2009 Adjusted Budget	2010 Executive Recommended Budget	2011 Projection	2012 Projection	2013 Projection
Expense							
Personal Services Related Expense							
Personal Services							
	Full-Time Salaries (incl paid time off)	162,149,064	173,302,238	170,071,642	173,985,999	176,595,789	179,244,725
	Overtime	14,786,266	10,925,340	12,053,519	12,234,322	12,417,837	12,604,104
	Part-Time Wages	2,740,085	3,598,622	3,647,898	3,702,616	3,758,156	3,814,528
	Regular Part-Time Wages	3,780,706	7,325,509	10,033,088	10,183,584	10,336,338	10,491,383
	Contractual Union Salary Reserve			1,343,135	4,936,270	6,406,905	7,941,365
	Turnover (Vacancy Savings) with Benefits		(2,805,000)	(2,832,946)	(2,875,440)	(2,918,572)	(2,962,350)
	Seasonal Emp Wages	600,519	974,221	513,590	521,294	529,113	537,050
	Personal Services Total	184,056,640	193,320,930	194,829,926	202,688,645	207,125,566	211,670,805
Employee Payments non-salary							
	Shift Differential	1,051,918	1,077,148	1,065,163	1,081,140	1,097,358	1,113,818
	Uniform Allowance	610,753	655,750	646,500	656,198	666,040	676,031
	Holiday Worked	1,508,823	1,534,711	1,527,050	1,549,956	1,573,205	1,596,803
	Line-Up	1,656,187	1,645,000	1,692,400	1,717,786	1,743,553	1,769,706
	Other Employee Payments/Allowances	614,620	476,034	292,886	297,279	301,738	306,265
	Employee Payments non-salary Total	5,442,301	5,388,643	5,223,999	5,302,359	5,381,894	5,462,623
Fringe Benefits							
	Fringe Benefits-FICA	14,302,990	15,105,258	15,090,377	15,316,733	15,800,098	15,800,098
	Fringe Benefits	27,807	0	0	0	0	0
	Fringe Benefits-Medical insurance	30,563,662	37,328,135	40,411,929	44,453,122	48,898,434	53,788,277
	Fringe Benefits-Workers Compensation	6,398,772	6,526,747	8,961,561	9,857,717	10,054,871	10,255,969
	Fringe Benefits-Unemployment Ins	271,591	558,439	650,845	660,608	583,948	583,948
	Fringe Benefits-Retiree Med Insurance	15,935,462	18,153,505	20,323,186	22,355,505	24,591,055	27,050,161
	Fringe Benefits-Retirement Pension	17,726,872	17,999,281	24,736,194	29,683,433	30,128,684	30,580,615
	Fringe Benefits Total	85,227,156	95,671,365	110,174,092	122,327,117	130,057,091	138,059,067
	Personal Services Related Expense Total	274,726,097	294,380,938	310,228,017	330,318,121	342,564,551	355,192,496
Other Departmental Expense							
Supplies & Repairs							
	Auto Supplies	2,182,196	3,082,520	1,881,600	1,938,048	1,996,189	2,056,075
	Jail Management	3,221,602	3,600,685	3,610,500	3,718,815	3,830,379	3,945,291
	All Other	3,763,341	4,242,959	4,141,396	4,265,638	4,393,607	4,525,415
	Supplies & Repairs Total	9,167,139	10,926,164	9,633,496	9,922,501	10,220,176	10,526,781
Other							
	Lawsuits	2,982,217	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
	Control Board	368,315	700,000	400,000	420,000	441,000	463,050
	Social Services	11,858,711	13,736,538	12,423,443	12,796,146	13,180,031	13,575,432
	Utilities	2,132,674	2,347,771	2,391,500	2,570,863	2,763,677	2,970,953
	Contingency	0	0	0	0	0	0
	Equipment	806,263	1,587,894	597,731	627,618	658,998	691,948
	Sheriff Equipment	950,723	274,910	353,750	371,438	390,009	409,510
	All Other	4,055,596	8,078,619	5,987,843	6,107,600	6,229,752	6,354,347
	Other Total	23,154,499	29,725,732	25,154,267	25,893,664	26,663,468	27,465,240
Contractual							
	Social Services	17,149,032	22,538,043	18,746,977	19,309,386	19,888,668	20,485,328
	Mental Health	36,085,463	40,558,601	41,372,212	42,199,656	43,043,649	43,904,522
	Youth Detention	1,856,541	2,488,125	2,981,000	3,040,620	3,101,432	3,163,461
	Legal Aid/County Bar	10,137,932	10,426,392	10,909,008	11,127,188	11,349,732	11,576,727
	All Other Contractual	24,759,567	22,825,924	25,331,189	25,837,812	26,354,569	26,881,660
	Contractual Total	89,988,535	98,837,085	99,340,386	101,514,663	103,738,050	106,011,698
Allocation							
	County Share-Utilities	5,326,694	5,627,000	5,012,600	5,263,230	5,526,392	5,802,711
	County Share-Grants	3,903,543	4,173,190	4,283,813	4,348,070	4,413,291	4,479,491
	County Share-Road	6,372,139	12,800,779	11,150,084	11,317,335	11,487,095	11,659,402
	Fund Balance Transfer-Road	2,977,463	4,000,000				
	All Other Allocations	9,863,622	6,474,248	5,024,507	5,099,875	5,176,373	5,254,018
	Allocation Total	28,443,461	33,075,217	25,471,004	26,028,510	26,603,151	27,195,622

**County of Erie
2010-2013 Four-Year Operations Plan**

Fund 110 plus Library 820 (County Share)	Account Type	2008 Actuals	2009 Adjusted Budget	2010 Executive Recommended Budget	2011 Projection	2012 Projection	2013 Projection
Expense							
	Program Related						
	MMIS-Medicaid Local Share	194,778,518	193,520,843	200,523,333	206,604,870	211,765,453	221,077,660
	Family Assistance	32,065,853	35,040,285	38,099,500	41,260,689	43,499,563	44,707,682
	CWS-Foster Care	58,062,725	63,513,212	61,911,490	65,750,002	69,826,502	74,155,745
	Safety Net Assistance	34,013,175	34,961,210	39,472,078	43,676,616	47,191,367	49,923,131
	Child Care-DSS	30,455,033	31,759,501	33,207,910	33,450,193	33,662,127	33,924,398
	Children With Special Needs Program	54,867,978	60,569,822	65,063,121	69,942,855	75,188,569	80,827,712
	State Training School (STS)	3,372,932	3,991,943	3,538,766	3,760,361	4,404,564	4,342,470
	All Other Program Related Accounts	8,260,371	11,964,026	7,101,687	7,279,229	7,461,210	7,647,740
	Program Related Total	415,876,585	435,320,842	448,917,885	471,724,815	492,999,355	516,606,538
	Debt Service						
	Interest-Revenue Anticipation Notes	2,958,750	1,681,875	541,541	595,695	655,265	720,791
	Interest-Bond Anticipation Notes	0	1,267,978	1,175,976		0	0
	General Bond Debt Service (Excludes ECMCC)	43,201,744	41,241,861	37,614,956	57,467,341	61,791,993	66,758,503
	Debt Service Total (Excluding ECMCC)	46,160,494	44,191,714	39,332,473	58,063,036	62,447,258	67,479,294
	Sub-Total County Run Department Expense	887,516,810	946,457,692	958,077,528	1,023,465,310	1,065,236,008	1,110,477,668
	Other Agency Expense						
	Other Agency Expense						
	Library	22,171,833	22,171,833	22,171,833	22,171,833	22,171,833	22,171,833
	Community Colleges						
	Erie Community College	15,420,778	15,420,778	15,420,778	15,420,778	15,420,778	15,420,778
	County Residents Enrolled in Other Community Colleges	4,246,018	4,585,699	4,952,555	5,348,760	5,776,661	6,238,793
	Convention & Visitors Bureau	4,250,000	4,250,000	5,000,000	5,000,000	5,000,000	5,000,000
	Buffalo Bills	3,965,622	4,212,581	4,185,743	4,311,315	4,440,655	4,573,874
	NFTA Sec 18b	3,657,200	3,657,200	3,657,200	3,657,200	3,657,200	3,657,200
	ECCRAB-Cultural Support	5,423,846	5,151,620	5,066,500	5,066,500	5,066,500	5,066,500
	Sub Total	59,135,297	59,449,711	60,454,609	60,976,386	61,533,626	62,128,979
	ECMCC						
	DSH-IGT expense to ECMCC	8,289,569	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
	UPL-IGT expense to ECMCC	0	8,007,970	8,007,970		0	0
	ECMCC Debt (\$101M issue)	5,561,532	0	0	7,632,074	7,629,249	7,632,154
	Debt Service Reserve for ECMCC debt	0	9,159,841	0	(9,159,841)	0	0
	ECMCC Incl Other Debt Service	15,581,606	14,965,073	13,785,716	13,788,456	4,531,225	0
	Sub Total ECMCC	29,432,707	40,132,884	29,793,686	20,260,689	20,160,474	15,632,154
	Total Other Agency Expense	88,568,004	99,582,595	90,248,295	81,237,075	81,694,100	77,761,133
	Total Erie County Expense (Excluding Shared Sales Tax)	976,084,814	1,046,040,288	1,048,325,823	1,104,702,385	1,146,930,108	1,188,238,801

	Revenue Less Expense Surplus (Gap) Before Fund Balance Transfer	10,217,495	0	0	(50,466,787)	(58,543,749)	(63,256,410)
	General Fund Transfer to Road Fund		0	0	0	0	0
	General Fund Adjustment	2,915,042	0	0	0	0	0
	Increase (Decrease) in General Fund Balance	13,132,537	0	0	(50,466,787)	(58,543,749)	(63,256,410)

**County of Erie
2010-2013 Four-Year Operations Plan**

Fund 110 plus Library 820 (County Share)	Account Type	2008 Actuals	2009 Adjusted Budget	2010 Executive Recommended Budget	2011 Projection	2012 Projection	2013 Projection
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Options to Fill Potential GAP in 2011, 2012 & 2013

Library Consolidation					2,217,183	2,217,183	2,217,183
Increase various fees					500,000	750,000	1,000,000
Fund Balance, Property Tax Increase, Sales Tax Growth, Elimination of Jobs, Lean Six Sigma Savings					50,466,787	58,543,749	63,256,410
Repeal County Revenue Sharing of 1% Sales Tax with Cities, Towns & Villages					12,500,000	12,500,000	12,500,000

Estimated Collectable Tax Liens Balance

Estimated Collectable Tax Liens Balance	26,730,162	29,121,972	30,393,569	31,334,181	31,873,762	32,421,155
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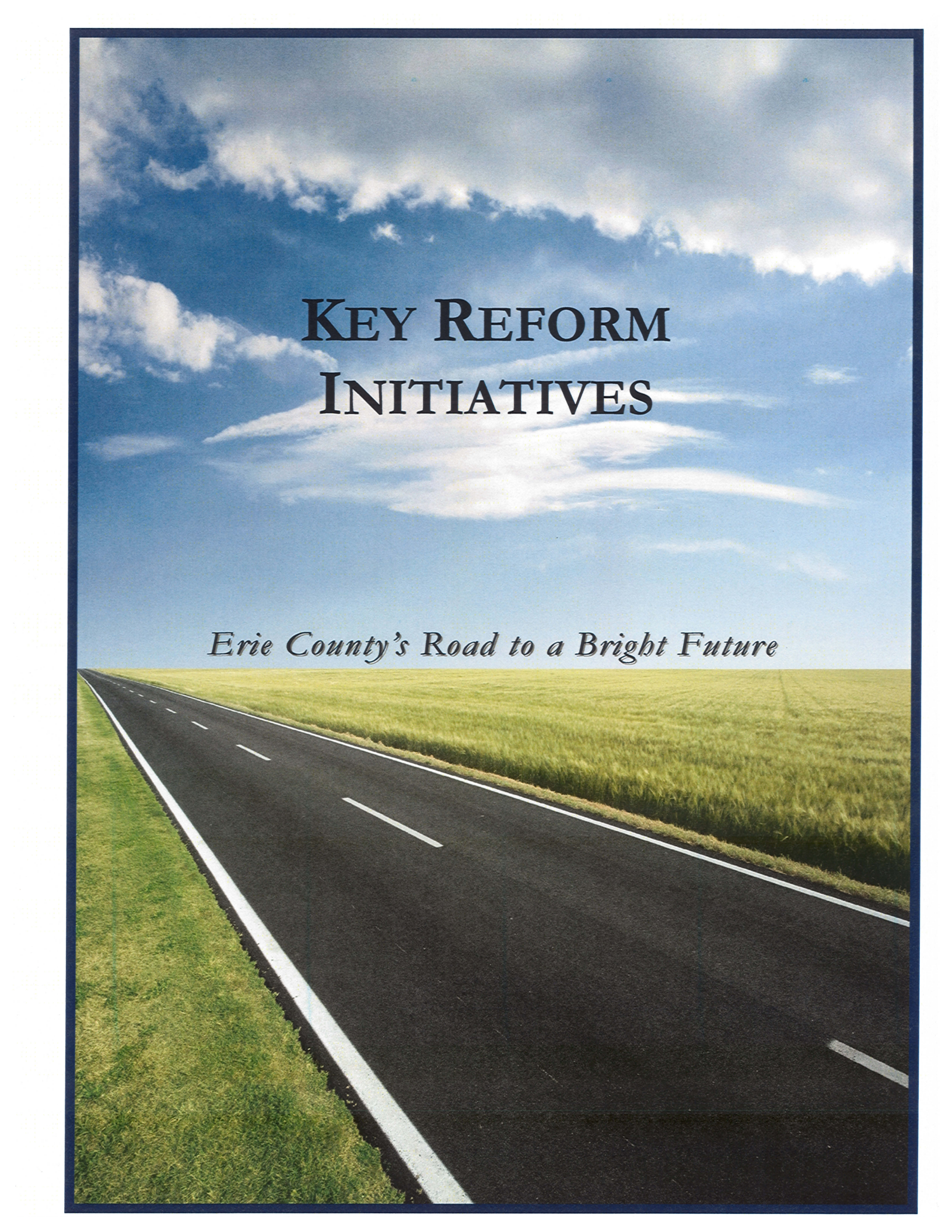
**For Reference Only
Budget Including Shared Sales Tax**

Shared Sales Tax						
3% Sales Tax Distributed to Cities, Towns & Schools	268,155,377	254,747,608	259,842,561	267,637,838	275,666,973	283,936,982
1% Sales Tax Distributed to Cities & Towns	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
3% Sales Tax Distributed to NFTA (1/8th of 1%)	17,270,619	16,407,088	16,813,531	17,317,937	17,837,475	18,372,599
Shared Sales Tax Total	297,925,996	283,654,696	289,156,092	297,455,775	306,004,448	314,809,581

Total Fund 110 & Library 820 (County Share) Budget Revenue & Expense (Including Shared Sales Tax)	1,274,010,810	1,329,694,984	1,337,481,915	1,402,158,160	1,452,934,556	1,503,048,383
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SUMMARY OF UNDESIGNATED FUND BALANCES

	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2012
110 GENERAL FUND	45,389,000	41,389,000	41,389,000	41,389,000	41,389,000	41,389,000
210 ROAD FUND	(4,000,000)	0	0	0	0	0
TOTAL	41,389,000	41,389,000	41,389,000	41,389,000	41,389,000	41,389,000
% of Total Operating Expense Budget (Excludes Shared Sales Tax)	4.24%	3.96%	3.95%	3.75%	3.61%	3.48%



KEY REFORM INITIATIVES

Erie County's Road to a Bright Future

LEAN SIX SIGMA INITIATIVE

Results of the Lean Six Sigma initiative from 2008 and 2009 have significantly exceeded expectations. At December 31, 2009, Erie County will have 27 trained Green Belts and 80 trained Yellow Belts. Black Belt training will start in 4th quarter 2009 with additional training scheduled for 2010. Wave 1 projects (listed below) have saved taxpayers \$2.2 million in 2008 and an additional \$2 million in 2009. Wave 2 projects are being completed during the 3rd and 4th quarter 2009 and Wave 3 projects are being completed during 4th quarter 2009 and 1st quarter 2010.

2008-2009 Projects – Wave 1

<u>Department</u>	<u>Project</u>
Public Works	Fleet Management Buildings & Grounds Overtime
Social Services	Streamlining Application Workflow Decreasing Office of Child Support Enforcement Backlog
Parks	Management of Equipment and Repairs Shelter Rentals
Health	Family Planning Enrollment
Mental Health	Children's System of Care Forensic Mental Health Services

2009 Projects – Wave 2

Special Needs

Department of Health

This program authorizes and pays for services for infants and toddlers (birth-2 years old) with developmental delays. The program authorizes over \$13,000,000 (with a 30% County share) in payments per year and is experiencing a 12% annual growth rate. This project will implement a family centered methodology that targets parent involvement for more efficient service delivery, increased quality of services and parent/care-giver satisfaction.

Delinquent Real Property

Real Property Tax

Focus to improve collection of delinquent taxes and related charges owed to Erie County. Delinquent dollars approximate \$35,000,000 in total. Target is to maximize dollars collected.

Hiring Process**Personnel**

To review, analyze and streamline the hiring process, decreasing the length of time it takes to fill a vacancy in the Department of Social Services. Currently the Department has approximately 134 vacancies with an average fill time of 107 days (based on sample data set from 2008). The goal will be to identify waste in the process and reduce overall cycle time. Getting qualified candidates hired quicker will provide better service to County residents, reduce processing backlogs and, in some instances, reduce overtime.

Departmental Purchase Orders**Purchasing**

Departmental Purchase Orders (DPO's) are an acceptable purchasing process when used for emergencies and/or one-time purchases under \$1,000. However, DPO purchases bypass approval requirements and controls by the Purchasing, Budget and DISS Departments. Data shows departments are paying more for products, services and shipping than are included in existing bids. In addition, DPO purchases are not currently captured by SAP and cannot be included in total usage figures used by Purchasing that could further leverage power buys for Erie County. The goal will be to reduce DPO usage and lower base prices paid and additional shipping/handling costs.

911 Public Safety Answering Points**Central Police Services**

There are 21 Public Safety Answering Points (PSAPs) with a total of 95 Call Taking Positions in Erie County. The hardware currently used in at least 59 of these positions will be obsolete by 2010. The project objective is to reduce the future cost while preserving the safety of the citizens of Erie County.

High Speed Copier/Printer Optimization**Department of Info & Support Services**

High speed/volume copier/printers are located in the Rath Building on the 15th floor and sub-basement print shop resulting in redundancy of equipment and staffing. The project will focus on consolidating high speed/high volume copier/printers in the Rath building and reduce usage of convenience copiers and multi-function devices (MFDs).

Workers Compensation**County Attorney**

Workers compensation expense approximates \$8,000,000 annually. Each Department/Division throughout Erie County employs different management practices in their handling of claims. Payouts are trending up each year due to increases in medical costs, statutory increases in weekly indemnity limits, and other factors. The project focus is to re-engineer existing processes, ensure timely filing of all required documentation, and timely resolution of open claims.

Paper Recycling**Environment & Planning**

The weight of paper sent for recycling at the Rath Building is not maximized. Due to lack of knowledge or awareness, recyclable paper is being placed in the regular trash by employees or maintenance. The project will optimize recycle revenue potential, and increase the amount of paper recycled at the Rath Building through employee education and recycling promotion. Benefits include; increased recycling revenue through increased paper volumes, reduced solid waste disposal, and savings of energy, natural resources, and landfill space

Child Protective Services**Social Services**

Child Protective Services; investigates calls dealing with abuse and/or neglect, arranges for services for families as needed to ensure safety and reduce future risk, including court action if necessary, to ensure safety of the children of Erie County. The project will streamline processing and reduce the amount of overtime.

Length of Stay for Homeless**Social Services**

Social Services is required by Federal and State mandate to place homeless individuals and families in temporary housing, while working towards more permanent housing. This program costs approximately \$2,300,000 annually (County share is 44%). Focus will be on re-engineering the process and engagement of the provider community to reduce lengths of stay for emergency shelter placement and accelerate more permanent housing placement.

Wave 2 - Total 2009 Savings Estimate	\$1,475,417
Wave 2 - Total 2010 Savings Estimate	\$ 976,354

2009 Projects – Wave 3**Dental Clinic****Department of Health**

The Erie County Dental Clinic provides a range of services that include exams, x-rays, fillings, extractions and cleanings for Erie County residents. The School Dental Program is a separate outreach program that educates 2nd and 4th grade students on the importance of oral health care. The project will look for opportunities to improve the number of children examinations, return visits for services, and increase the percentage of appointments kept.

Direct Data Entry/3209 Waiver**Social Services**

The project will review case processing to reduce; cycle time, error rates, and duplication of work by shifting data entry from Data Entry Operators to Caseworkers. The current process is redundant, prone to error, involves constant rework, and includes several individuals to process a single transaction.

Day Care**Social Services**

The project will examine opportunities to reduce the number of "over-grants" (overpayments) to individuals receiving Day Care payments.

Re-entry Initiative**Department of Mental Health**

NYS parolees wait an extended period of time in the Erie County jail to complete the restoration process, increasing the number of bed days (currently 2100 per month). The project will decrease the cycle time for a parolee to be restored back in the community.

Coordinated Jail Services**Department of Health, Mental Health & Social Services**

The project will review Re-arrest/Recidivism rates in the Erie County Holding Center (ECHC) and Erie County Correctional Facility (ECCF). This project will identify opportunities to improve links for seriously mentally ill individuals incarcerated in ECHC/ECCF to community diversion services and Specialty Courts through Erie County Adult Mental Health Services, Forensic Division. This will reduce the length of stay (and related costs) to the County.

Help Desk**Department of Info & Support Services**

Reduce the cycle time to complete a help desk ticket (from the time the user calls in until the call is resolved to the user's satisfaction). Seek opportunities to eliminate redundant Maintenance and Hardware Costs.

Complaint Calls Response Efficiency**Sewerage Management**

The project will review the number and types of complaint calls and seek to reduce the number of calls and reduce cycle time to successfully respond to complaints.

Release Under Supervision**Central Police Services, Probation & Sheriff**

Identify opportunities to increase the number of referrals (for low risk offenders) from Judges for Release Under Supervision. This will help to reduce jail overcrowding, congestion, and traffic. The County will save expenses associated with inmate housing.

Holding Center**Sheriff**

Identify opportunities to more efficiently process and move offenders (people and associated paperwork) to and from City Court.

Wave 3 - Total 2009 Savings Estimate

\$ 323,280

Wave 3 - Total 2010 Savings Estimate

\$1,041,393

2010 LEAN SIX SIGMA DEPLOYMENT PLAN

Total 2010 Value of Carry-Over Savings	
Wave 2	\$ 976,354
Wave 3	\$1,041,393
2010 Black Belt Projects Savings Estimate	\$ 800,000
New Projects Scheduled for Wave 1-3 Green Belts 2010 Savings Estimate	\$1,350,000
2010 Green Belt Wave 4 Savings Estimate	<u>\$ 900,000</u>
Total 2010 Savings Estimate	<u>\$5,067,747</u>

REAL ESTATE/ SPACE UTILIZATION PROJECT INITIATIVES 2009-2010

The Real Estate/Space Utilization initiative was introduced to Erie County government in 2008 as a way to improve efficiencies throughout the County government's real estate portfolio. Public buildings are among the County's most valuable assets and represent significant taxpayer investments. The mission is to incorporate private sector real estate practices when designing, constructing, managing, furnishing, and maintaining Erie County public buildings and grounds, owned and leased. This initiative will continue to:

- Incorporate space utilization standards County-wide to reduce waste in County owned and leased buildings.
- Utilize a Quality Management Plan (QMP) in Capital Projects that will reduce change orders and future maintenance costs. By incorporating pro-active design practices, building operating systems will be evaluated during the design phase, thereby reducing future operating system repairs, replacements and overall construction costs.
- Introduce industry standard property management practices to improve efficiencies.

2009-2010 Initiatives

- The Real Estate/Space Utilization initiative has generated over \$3 million in savings over a standard lease term as a result of lease terminations and re-negotiations
- Erie County will save an estimated \$585,000 in 2010 alone as a result of the leases that have been terminated by the end of 2009.
- By 2010, a total of 13 third party leases will have been terminated since initiative inception.
- Relocated County Attorney from leased space into a County owned facility, eliminating annual lease payments. The department's overall space was reduced by 32%. The move will generate a savings of approximately \$1.04 million over a standard lease term.
- Rental payments for the downtown Auto Bureau have been eliminated by relocating into a County owned facility, saving the County approximately \$908,000 over the standard lease term.
- Lease renegotiation resulted in a 45% reduction in rent, saving the County approximately \$120,000 over the lease term.
- Space standards and procedures have produced an average reduction of 43% in analysis of current utilization across ten departments.
- 100,000 square feet of office space will be evaluated in 2010 to determine additional opportunities.

2010 Estimated Savings from Lease Terminations	\$585,000
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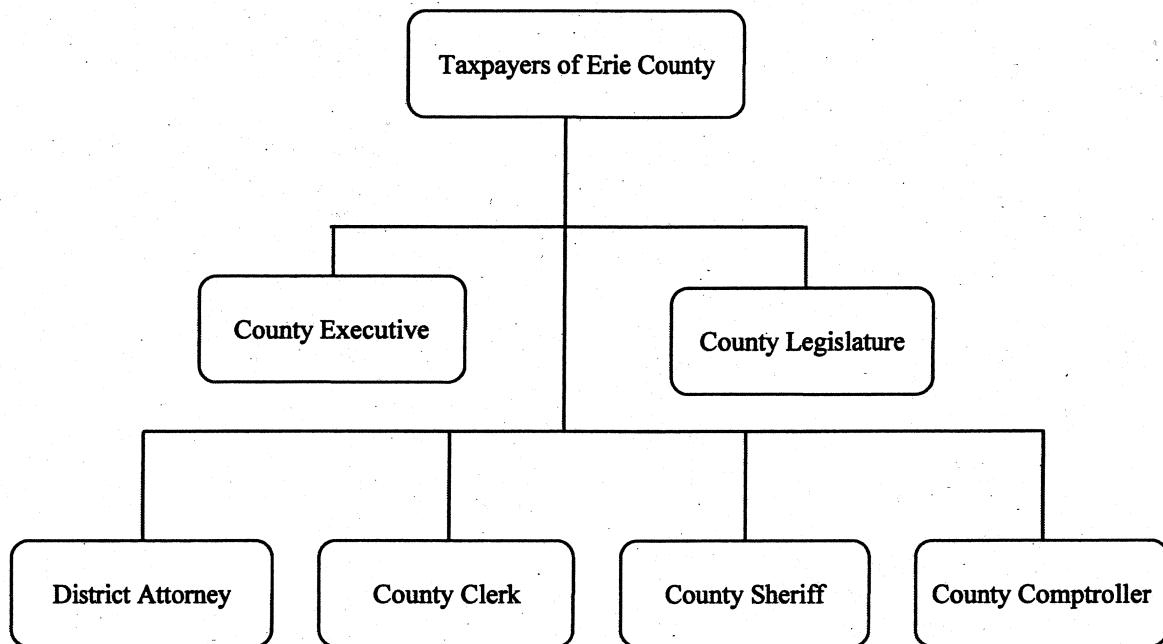
Estimated Savings over a Standard Lease Cycle:	\$3.045 million
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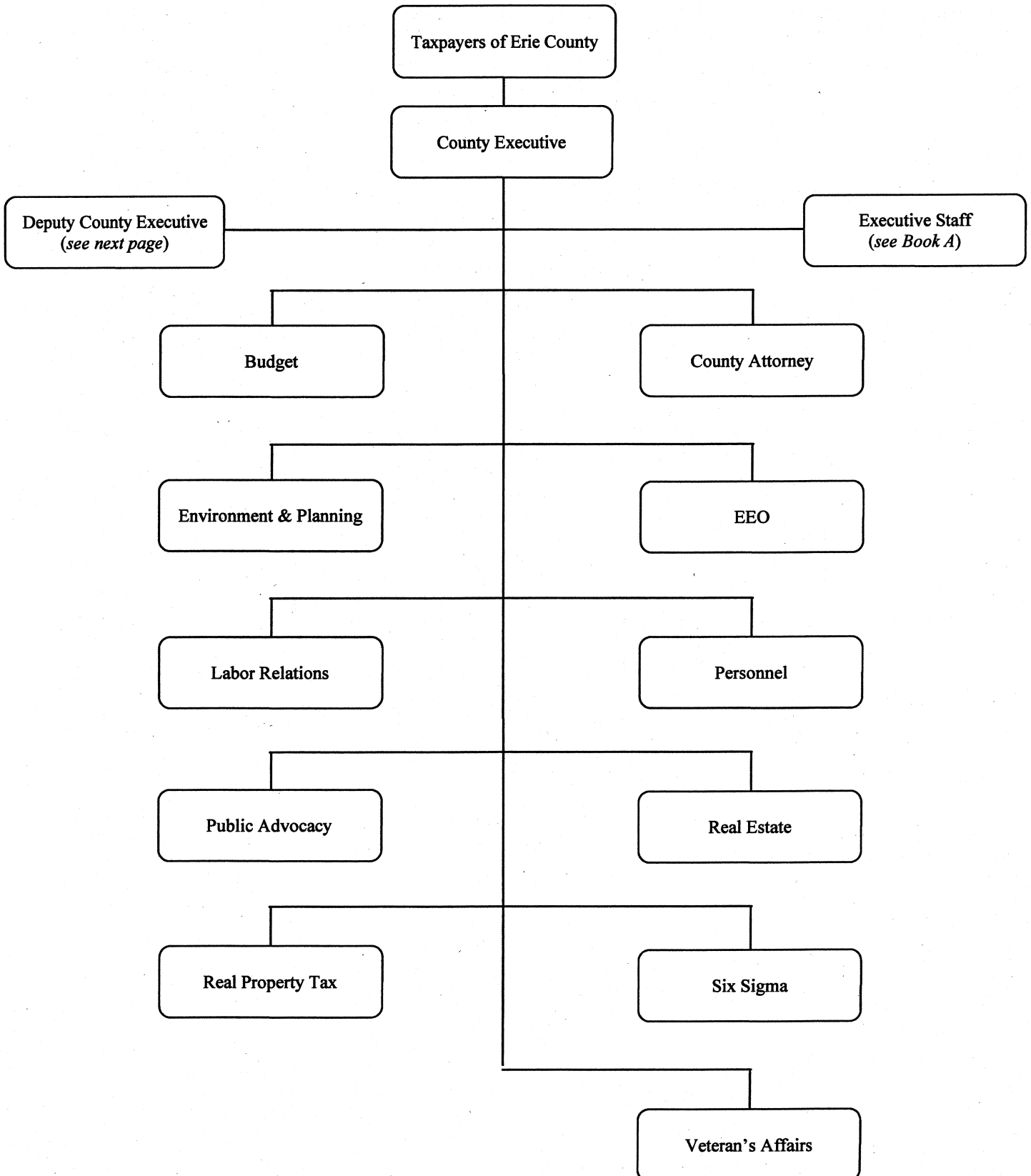
OVERVIEW

Erie County's Road to a Bright Future

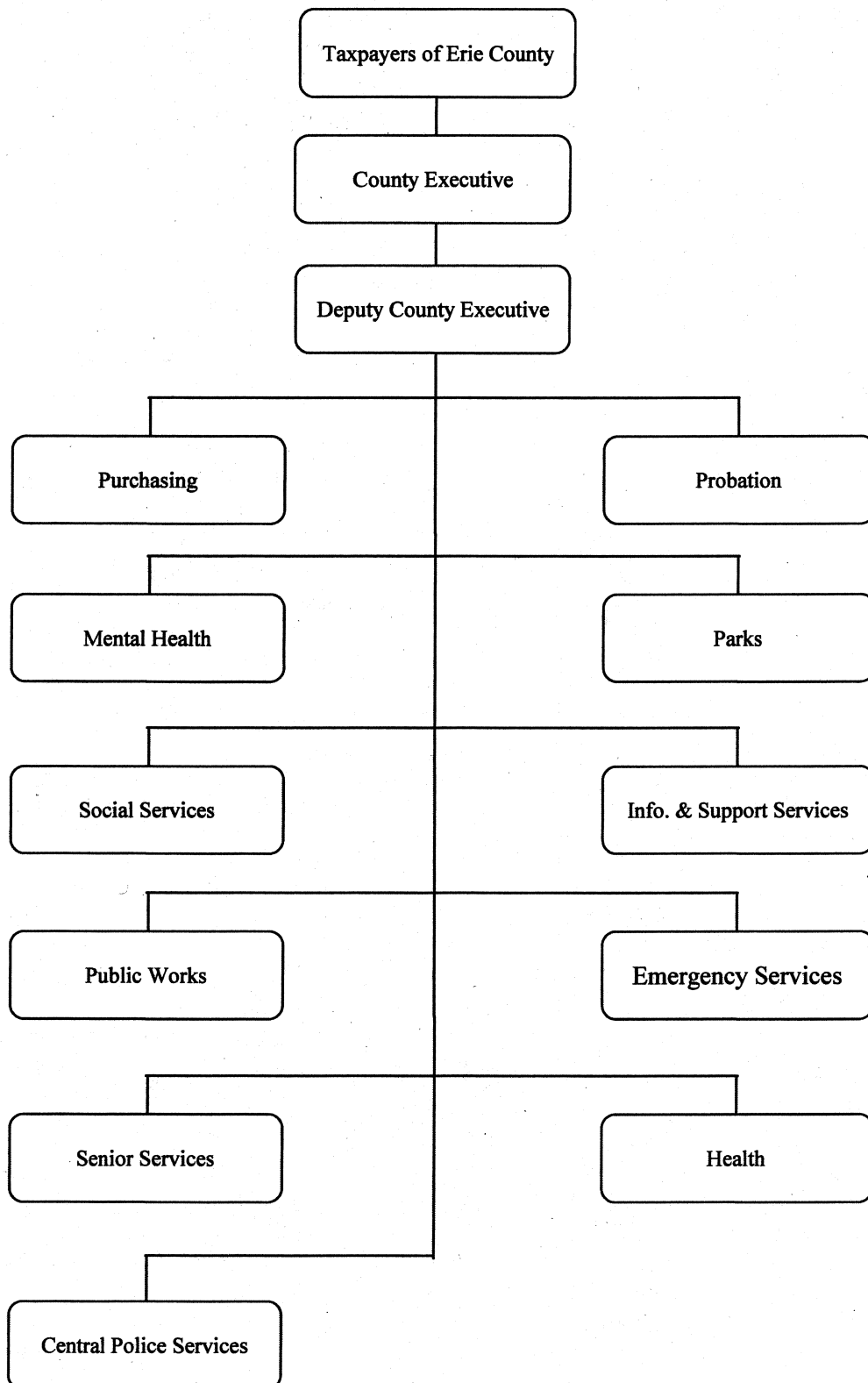
Erie County Elected Officials



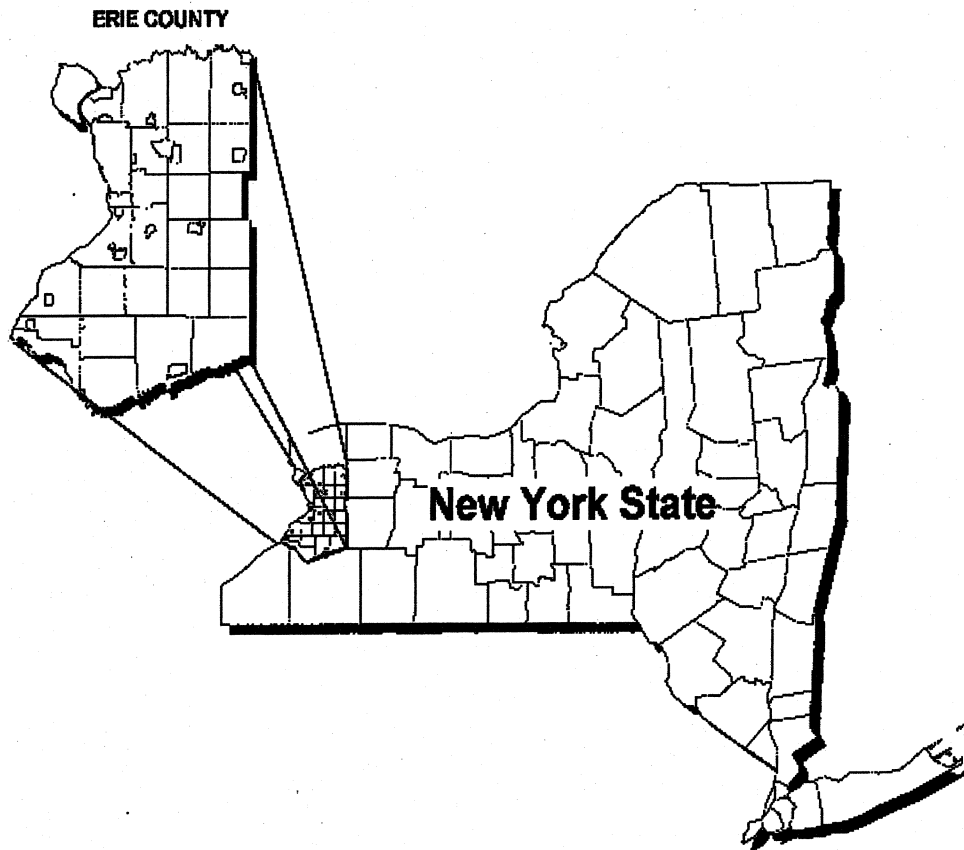
Erie County Organizational Chart



Erie County Organizational Chart



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. More than half the population in both countries (160,000,000 people), as well as 52 percent of the personal income (\$5 trillion) created by the United States and Canada, are within 500 miles of Erie County. In addition, three-quarters of Canada's manufacturing activity and 55 percent of the United States' manufacturing activity fall within that radius. Located within the County are three cities and 25 towns, including the City of Buffalo, the second largest city in the State, which serves as the County seat.

Government

Erie County is governed under a home rule charter which provides for the separation of legislative and executive functions. The Erie County Charter was enacted as Erie County Local Law No. 1 - 1959, and was approved by referendum on November 3, 1959, and became effective when filed with the Secretary of State on November 17, 1959. The County Executive, elected to a four year term, is the chief executive officer of the County. The County Legislature, consisting of 15 members elected to two year terms, 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
2008*	909,845

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

<u>Municipality</u>	<u>2008 Population*</u>
Buffalo, City	270,919
Lackawanna, City	17,588
Tonawanda, City	14,819
Amherst, Town	115,563
Cheektowaga, Town	87,788
Tonawanda, Town	71,720
Hamburg, Town	55,868
West Seneca, Town	43,795

*2008 population figures are estimated.

Economy

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

2009 - Ten Largest Employers in WNY

<u>Organization</u>	<u>Employees</u>
State of New York	16,775
SUNY at Buffalo	10,066
Kaleida Health	10,000
U.S. Government	10,000
HSBC Bank USA	5,848
City of Buffalo Schools	5,389
Catholic Health Systems	5,191
Employer Services Corporation	5,033
Erie County	4,775
Tops Markets LLC	4,600

Source: 2009 Business First Book of Lists

Total Labor Force

<u>Year</u>	<u>Total Labor Force</u>
1999	467,400
2000	468,500
2001	464,100
2002	469,800
2003	469,900
2004	473,200
2005	473,100
2006	471,800
2007	467,300
2008	472,700

Source: NYS Department of Labor - www.labor.state.ny.us

Ten Largest Taxpayers (As of July 1, 2009)

	<u>Equalized Taxable Valuation</u>
National Fuel Gas	\$673,700,439
National Grid/Niagara Mohawk	581,478,336
Verizon New York, Inc.	316,089,011
Benderson Development Co.	245,746,445
BG Properties LLC	192,724,897
Pyramid Co. of Buffalo	161,245,452
New York State Electric and Gas	154,048,218
Developers Diversified Realty Corp.	134,498,039
Seneca One Realty LLC	80,472,000
Wegman's Food Markets	<u>79,482,617</u>
TOTAL	<u>\$2,619,485,454</u>

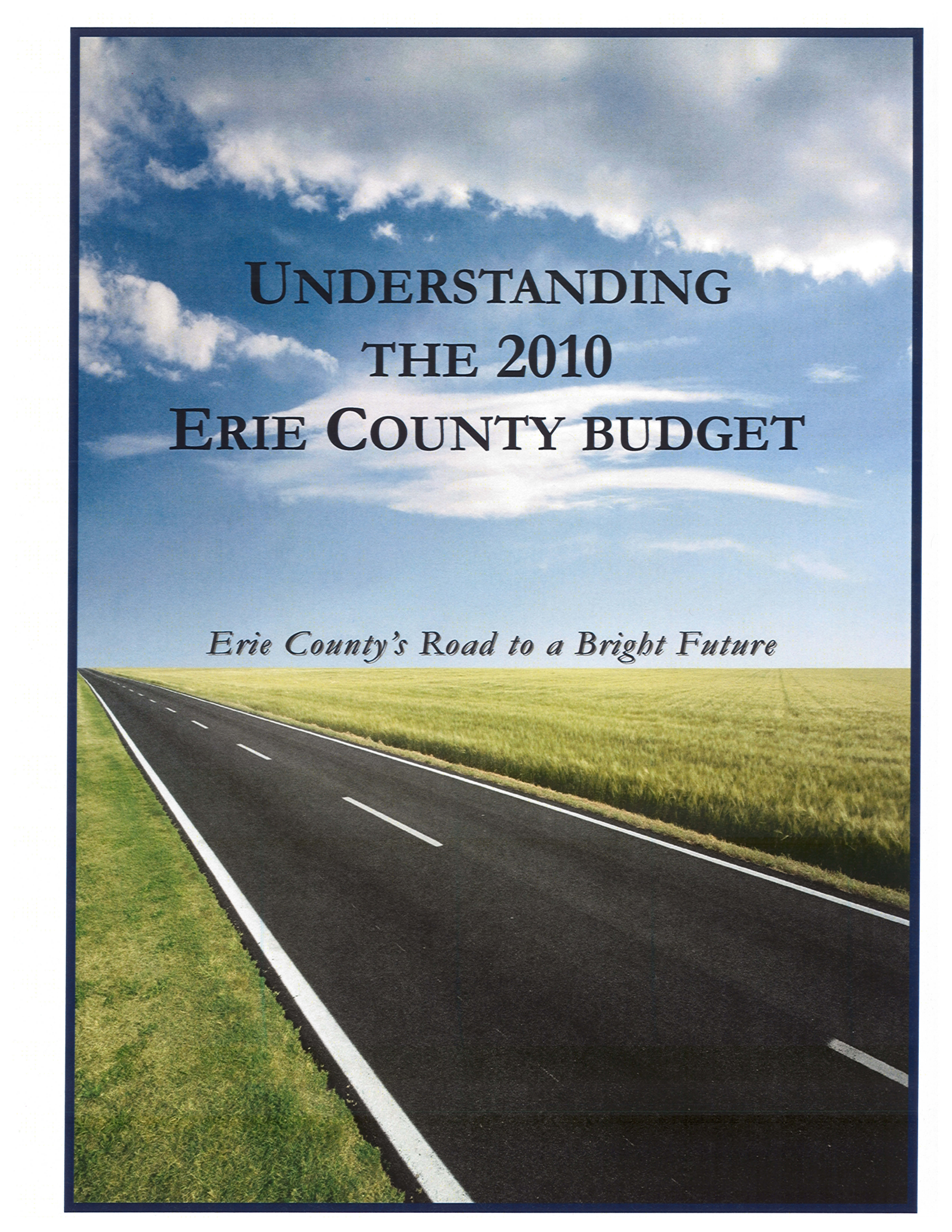
Source: Erie County Division of Real Property Tax Services

Total Market Value of Erie County Real Estate

Year	Equalized Full Market Value Tax Base	Percentage Change from Prior Year
2005	35,982,862,212	
2006	38,102,215,597	5.89%
2007	40,477,681,759	6.23%
2008	42,445,603,001	4.86%
2009	44,382,615,356	4.56%
2010	46,194,212,750	4.08%

5.12% Average 5-Year Growth

Source: Erie County Division of Real Property Tax Services

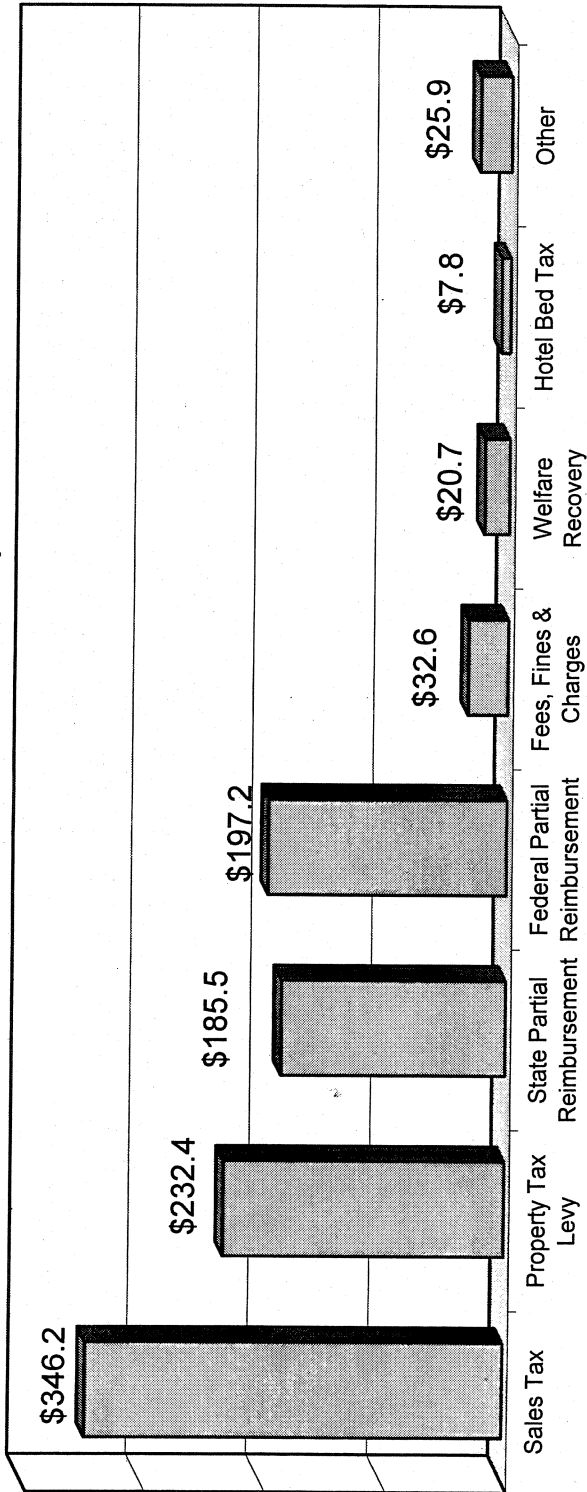


UNDERSTANDING THE 2010 ERIE COUNTY BUDGET

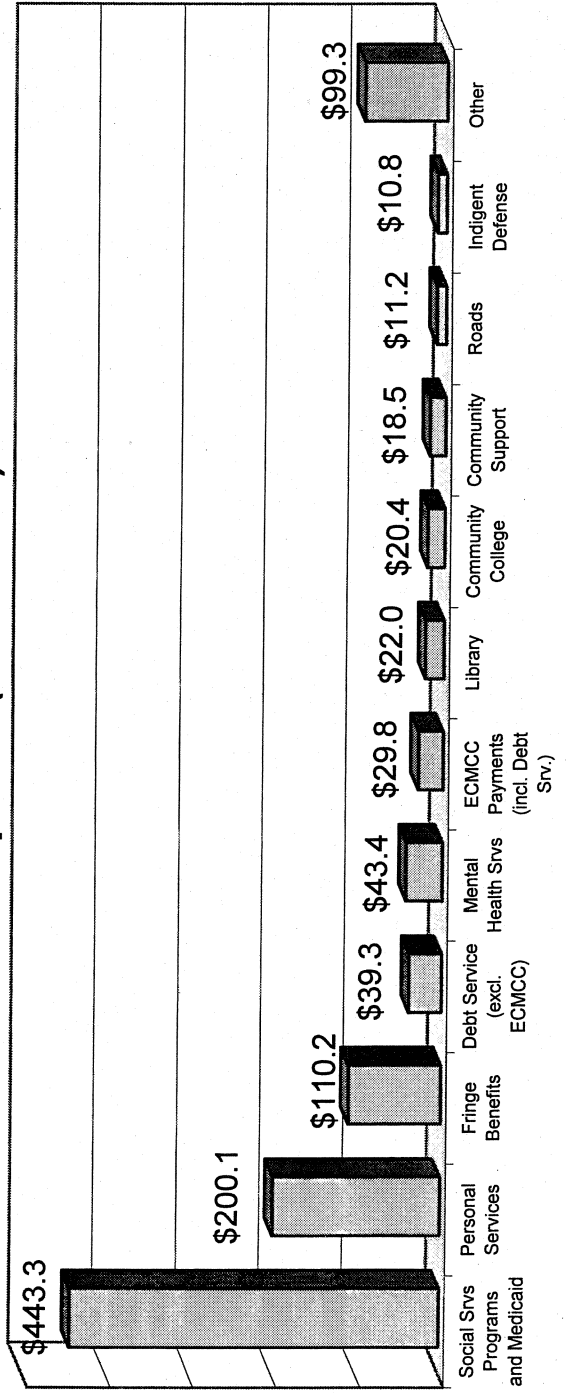
Erie County's Road to a Bright Future

The Annual Budget is \$1,048,325,823

Revenue (in millions)



Expense (in millions)



Summary of Undesignated Fund Balances Recorded 2003-2008

Fund Name	2003	2004	2005	2006	2007	2008
110 General	17,860,956	(10,774,000)	4,647,000	23,069,000	32,960,569	45,389,000
210 Road	<u>(3,670,000)</u>	<u>(4,484,414)</u>	<u>(7,898,000)</u>	<u>(6,911,000)</u>	<u>(6,977,463)</u>	<u>(4,000,000)</u>
Subtotal	14,190,956	(15,258,414)	(3,251,000)	16,158,000	25,983,106	41,389,000
820 Library	1,173,000	550,000	629,000	2,216,000	2,599,307	2,342,000
Total	15,363,956	(14,708,414)	(2,622,000)	18,374,000	28,582,413	43,731,000

In governmental funds, fund balance may be broken out between designated (reserved) and undesignated (unreserved) fund balance. The county may appropriate a portion of the undesignated fund balance and must report designated and undesignated fund balance. Charter revisions in 2006, Article XXVI, Section 2605, call upon the County to maintain a fund balance equal to or greater than five percent of the amount contained in the budget of each fund in the immediately preceding fiscal year.

TAX LIENS

Estimated Collectable Balance Due: 12/31/2009

2006	\$ 581,565
2007	2,209,516
2008	11,025,896
2009	<u>15,304,995</u>
Total	<u>\$ 29,121,972</u>

- As a general rule the County of Erie collects 97.5% of the total taxes levied each year by the tax lien certificate date, which is the last week of November.
- At the time a tax lien certificate is filed against a property an average of 18% interest and penalty have accumulated.
- Historical trends indicate that 100% of the original tax lien (including the 18% interest and penalty) is collected over the next 3 years as follows:

Year 1 Jan-Feb = 15%
Year 1 Mar-Dec = 45%
Year 2 Jan-Dec = 30%
Year 3 Jan-Dec = 10%

- Erie County Tax Liens were sold off in 2002, 2003, 2004, and 2005 as a portion of the gimmicks used to fill operating deficits. The tax liens were not sold in 2006, 2007, 2008 and 2009 resulting in an outstanding collectable balance owed to Erie County taxpayers of **\$29,121,972** (these tax liens grow at an annually compounded rate of 18%).
- Since the tax liens are actual dollars owed to Erie County, and will be collected by Erie County, they have been included in the Restated Undesignated General Fund Balance.

RESTATED FUND BALANCE

The Restated Undesignated General Fund Balance is the total of the audited Undesignated General Fund Balance, minus the Road Fund deficit, plus the sum of balances of tax liens, board of elections and community college respreads.

	<u>Amount</u>	<u>Subtotal</u>
Audited Undesignated General Fund Balance (as of 12/31/2008)	\$45,389,000	
Road Fund Deficit	<u>(4,000,000)</u>	41,389,000
Community College Respread		
2008	4,246,018	
2009	<u>4,585,699</u>	8,831,717
Board of Election Respread		
2008	6,623,349	
2009	<u>6,722,699</u>	13,346,048
Tax Liens – <i>Expected Collections</i>		
2006	\$ 581,565	
2007	2,209,516	
2008	11,025,896	
2009	<u>15,304,995</u>	<u>\$29,121,972</u>
TOTAL AVAILABLE RESTATED FUND BALANCE		<u>\$92,688,737</u>
2010 OPERATIONS BUDGET		<u>\$1,048,325,823</u>
UNDESIGNATED GENERAL FUND BALANCE %		<u>8.9%</u>

Note: The Erie County Charter calls for a General Fund Balance of 5.0%

ERIE COUNTY DEBT
2006-2013
Erie County General Obligation Debt Outstanding
(Including ECMCC Debt, Excluding Sewers)

Year	Outstanding GO Debt January 1	Outstanding ECMCC Debt January 1	GO Debt Issued BAN/Bond During Year	Debt Run-Off During Year	Debt Balance December 31
2006	446,484,077	101,375,000	46,055,000	-31,736,298	562,177,779
2007	460,802,779	101,375,000	0	-37,264,750	524,913,029
2008	423,538,029	101,375,000	0	-44,292,562	480,620,467
2009	379,245,467	101,375,000	131,520,000 (1)	-44,361,437	567,779,030
2010*	468,474,030	99,305,000	41,000,000	-43,846,009	564,933,021
2011*	467,783,021	97,150,000	50,000,000	-56,194,080	558,738,941
2012*	463,838,941	94,900,000	50,000,000	-48,269,435	560,469,506
2013*	467,919,506	92,550,000	50,000,000	-47,892,509	562,576,997

*Estimated

(1) Includes \$27,985,000 of committed 2007,2008 and 2009 Capital projects that were not borrowed in 2009 because of the BAN issue but will be borrowed in 2010.



OVERVIEW OF REVENUES

Erie County's Road to a Bright Future

PROPERTY TAX LEVY

2009 Budget: \$223,306,326
2010 Proposed: \$232,421,182

The County property tax levy represents the total amount of real property revenue to be raised by the County. 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 2010 County property tax levy totals \$232,421,182.

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

Twelve-Year History Erie County Property Tax Levy

<u>Year</u>	<u>Amount of Property Tax Levy</u>	<u>Tax Rate/Per \$1000 Assessed Value</u>
2010	232,421,182	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

A breakout of the total property tax levy into two required reporting categories for 2009 and 2010 totals:

	<u>2009</u>	<u>2010 Proposed</u>
General Fund	\$201,134,493	\$210,249,349
Library Fund	\$ 22,171,833	\$ 22,171,833
Total Property Tax Levy	\$223,306,326	\$232,421,182

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:

$$\begin{array}{rcl} \text{County Tax Levy} & \div & \text{Total Equalized Full Market Value} = \text{Average County Full Market Property Tax Rate} \\ \$232,421,182 & \div & \$46,194,212,750 = \$5.0314/\text{Per } \$1,000 \text{ Assessed Value} \end{array}$$

Equalized Full Market Value

Compared to 2009 the amount of equalized full value has increased by 4.08 percent. The amount of equalized full value is determined as follows:

$$\begin{array}{rcl} \text{Total Taxable Assessed Value} & \div & \text{Equalization Rate (rounded)} = \text{Equalized Full Market Value} \\ 2009 \quad \$33,446,388,926 & \div & .7527 = \$44,434,521,055 \\ 2010 \quad \$34,922,263,145 & \div & .7560 = \$46,194,212,750 \end{array}$$

A five-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
2005	35,982,862,212	
2006	38,102,215,597	5.89%
2007	40,477,681,759	6.23%
2008	42,445,603,001	4.86%
2009	44,434,521,055	4.56%
2010	46,194,212,750	4.08%

5.12% Average 5-Year Growth

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 of the five-year average full value of taxable real estate of the County.

The computation of the County's constitutional taxing power for 2010 is set forth below:

Computation of Constitutional Tax Power for 2010

2005	\$ 35,982,862,212
2006	38,102,215,597
2007	40,477,681,759
2008	42,445,603,001
2009	44,382,615,356
Total ^(a)	\$201,390,977,925
Five-Year Average Full Valuation	\$ 40,278,195,585
Tax Limit (1.5%)	604,172,934
Total Exclusions (Debt Bonds)	52,117,568
Total Taxing Limit	656,290,502
Total Tax Levy for 2010^(b)	243,290,549
Unused Tax Limit	\$ 412,999,953

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

^(b)Includes taxes for certain election and Community College expenses totaling \$10,869,367.

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 one-percent property tax limit, adjusted for debt service, is \$454,899,523 leaving an unused tax margin of \$211,608,974.

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

Five-Year Average Full Valuation	\$40,278,195,585
Tax Limit (1.0%)	402,781,956
Total Exclusions	52,117,568
Total Taxing Power	454,899,523
Total Levy for 2010(b)	243,290,549
Projected 1% Tax Margin	211,608,974

^(b)Includes taxes for certain election and Community College expenses.

SALES TAX REVENUES

SALES TAX REVENUES

2010 Proposed

Sales Tax Retained by Erie County	\$346,182,047
Shared with Cities, Towns, Villages, School Districts, NFTA	\$289,156,092
Total Sales Tax Revenues	\$635,338,139

Distribution

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

Sales Tax Sharing Formulas 4.75% Sales Tax

	3%	1%⁽¹⁾	.75%⁽²⁾
County of Erie:	35.3055%	100% (less \$12.5M)	100%
School Districts:	29.0000%	—	—
Cities:	10.0087%	—	—
Cities, Towns & Villages:	25.6858%	\$12.5 million	—

⁽¹⁾1% Sales Tax authorization expires November 30, 2010

⁽²⁾.75% Sales Tax authorization expires November 30, 2011

COUNTY SHARE SALES TAX RECEIPTS - HISTORICAL DATA

The chart below details the sixteen year history of collections of sales tax for County purposes. It also includes the 2009 adjusted budget and 2010 Executive Recommended budget for sales tax. The County has averaged 3.23% annual growth of the 3% County Share and the 1% sales tax during the period 1993-2008.

YEAR	3% COUNTY SHARE	1% SALES TAX	.25% SALES TAX	.50% SALES TAX	Total County Share Sales Tax
1993	91,231,476.93	86,413,692.85			177,645,169.78
1994	96,461,856.12	90,617,571.34			187,079,427.46
1995	99,944,292.25	94,384,074.54			194,328,366.79
1996	103,402,973.85	97,610,220.43			201,013,194.28
1997	105,597,395.84	99,716,838.02			205,314,233.86
1998	103,691,966.58	98,009,975.49			201,701,942.07
1999	113,120,634.88	106,845,711.04			219,966,345.92
2000	118,728,313.65	112,067,314.90			230,795,628.55
2001	120,012,022.49	113,486,953.24			233,498,975.73
2002	120,481,561.50	113,526,622.02			234,008,183.52
2003	127,665,342.24	120,489,365.35			248,154,707.59
2004	127,650,428.00	120,422,959.00			248,073,387.00
2005	132,439,318.31	125,018,611.63	14,511,931.00		271,969,860.94
2006	134,694,087.00	127,146,025.00	31,302,516.00	61,522,198.00	354,664,826.00
2007	143,736,747.90	135,689,925.89	33,922,994.00	67,853,993.00	381,203,660.79
2008	146,339,483.00	138,153,502.62	34,119,468.00	68,238,935.00	386,851,388.62
2009*	139,022,509.00	131,870,827.00	32,413,495.00	64,826,088.00	368,132,919.00
2010*	141,802,959.00	134,508,244.00	33,061,765.00	66,122,610.00	375,495,578.00

*Budget

SALES TAX SHARED WITH OTHER LOCAL GOVERNMENTS

The following table indicates 2010 estimated sales tax to Erie County and the amount of sales tax passed through to local jurisdictions.

	2010 Estimated Collections	
County Sales Tax		
3% Sales Tax	\$124,989,428	
1% Sales Tax	122,008,244	
.75% Sales Tax	<u>99,184,375</u>	
Total 2010 Estimated County Share	\$346,182,047	55%
Shared Sales Tax		
3% Sales Tax Distributed to Cities, Towns, Schools	\$259,842,561	
1% Sales Tax Distributed to Cities & Towns	12,500,000	
3% Sales Tax Distributed to NFTA (1/8 th of 1%)	16,813,531	
Total to Other Jurisdictions	\$289,156,092	45%

ALL OTHER REVENUES

2009 Budget: \$94,984,103

2010 Proposed: \$86,996,069

2010 Distribution of All Other Revenues

	<u>Total</u>
Property Tax Related	\$ 8,500,396
Welfare Recoveries/Repayments	20,742,844
Hotel Occupancy Tax	7,752,000
Election Expense Respread	6,623,349
Community College Respread	4,246,018
Interest Earnings-General Investments	600,000
Fees, Fines, Charges	25,959,635
All Other Source Accounts	12,571,827
Total	\$86,996,069

Property Tax Related

2009 Budget: \$9,272,477

2010 Proposed: \$8,500,396

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

2009 Budget: \$24,071,207

2010 Proposed: \$20,742,844

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.

Hotel Occupancy Tax

2009 Budget: \$7,300,000
2010 Proposed: \$7,752,000

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

Board of Elections Respread Revenue

2009 Budget: \$5,204,038 – 2007 election expense
2010 Proposed: \$6,623,349 – 2008 election expense*
2011 Estimated: \$6,722,699 – 2009 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 various towns and cities where elections are held.

**The County Undesignated General Fund Balance does not include the last two years of respread expenses that will be reimbursed by the towns and cities to Erie County. We have noted these amounts as part of the Restated Undesignated General Fund Balance.*

Community College Respread Revenue

2009 Budget: \$3,928,430 – 2007 actual community college payments
2010 Proposed: \$4,246,018 – 2008 community college payments*
2011 Estimated: \$4,585,699 – 2009 community college payments

This revenue is 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 residents for whom tuition was paid.

**The County Undesignated General Fund Balance does not include the last two years of respread expenses that will be reimbursed by the towns and cities to Erie County. We have noted these amounts as part of the Restated Undesignated General Fund Balance.*

Interest Earnings

2009 Budget: \$2,100,000
2010 Proposed: \$ 600,000

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

2009 Budget: \$28,046,825
2010 Proposed: \$25,959,635

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 Medicaid payments for children in the Early Intervention and Services to Children with Special Needs programs.

All Other Source Accounts

2009 Budget: \$15,065,126
2010 Proposed: \$12,517,827

This category of revenue includes such items as interfund revenue, refunds and recoveries, sale of scrap, and a wide variety of cash receipts.

STATE PARTIAL REIMBURSEMENT

2009 Budget: \$197,773,624
2010 Proposed: \$185,500,181

2010 Distribution of State Partial Reimbursement Operating Fund

	<u>Total</u>
Social Services	\$91,714,941
Youth Services	5,756,307
Youth Bureau	1,383,849
Health Department	5,201,881
Early Intervention/Pre-K/Special Ed	30,430,327
Early Intervention Administration	5,759,879
Mental Health	37,460,021
Mental Health Forensic	1,254,060
Probation	1,503,140
Sheriff/Jail	509,276
Law (Indigent Defense)	1,950,000
Buildings and Grounds	2,326,000
All Other Departments	250,500
Total	\$185,500,181

Department of Social Services

2009 Budget: \$106,725,236
2010 Proposed: \$ 91,714,941

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.

For most programs, reimbursement is one-half of the non-federal share of total cost. Child day care subsidies for families in receipt of Family Assistance are reimbursed at 75 percent of total cost from the CCDBG.

State reimbursement is also provided for some categories of administrative costs at varying rates, depending on the program administered. The Local Administrative Fund (LAF) created in 2006 to reimburse the administrative costs of Temporary Assistance, Food Stamps, Fraud Recovery and Employment programs was eliminated in the 2009-2010 State Budget and the state no longer shares the cost of administering these programs. Instead an amount equivalent to the state LAF revenue loss (\$14.42 million in the 2011 county budget) has been added to the county's federal allocation for the TANF Flexible Fund for Family Services (FFFS).

Administrative costs for Medical Assistance are a component of the Medicaid Cap in 2010. Because the local share costs of Medical Assistance administration are included in the Medicaid Cap chargeback, the State will reimburse the full non-federal share of Medical Assistance administration in the separate administrative claim. State reimbursements for all foster care services and administration are capped in a Foster Care Block Grant in 2010. Uncapped 63.7% State reimbursement, reinstituted for child protection services in 1998 and for foster care prevention, adoption administration and independent living services in 2002 continues in 2010.

State funding for Community Optional Preventive Services (COPS) programs was eliminated in October 2009 and no COPS program were included in the 2010 proposed budget.

Health Department

2009 Budget:	\$6,024,474
2010 Proposed:	\$5,201,881

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

2009 Budget: \$33,905,065
2010 Proposed: \$36,190,206

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)

2009 Budget: \$36,802,420
2010 Proposed: \$38,714,081

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

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

Probation Department

2009 Budget: \$1,594,437
2010 Proposed: \$1,503,140

Reimbursement is received from the State Division of Probation and Correctional Alternatives for expenses incurred by the Probation Department.

Youth Services

2009 Budget: \$6,190,351
2010 Proposed: \$5,756,307

State revenues are received to offset the operating costs of the secure and non-secure programs at the Youth Services Center. Erie County youth served in these programs are reimbursed at 49 percent of costs while those in the secure program from other counties are reimbursed at 100 percent. Additionally, reimbursement is received from the New York State Department of Education for the School Food breakfast and lunch program provided at the Detention Facility. Revenue from out-of-county youth is expected to be lower in 2010 based on current utilization.

Youth Bureau

2009 Budget: \$1,616,492
2010 Proposed: \$1,383,849

State revenues are received from the State Division of Youth for Youth Development and Delinquency Prevention, and Runaway and Homeless Youth programs. State reimbursement for the Partnership for Youth and for the Special Delinquency Prevention program (SDPP) is included in the operating budget, as are the corresponding program costs that were previously separate grants. 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 in 2010 reflect the impact of state reimbursement reductions expected to continue on an ongoing basis and are consistent with 2009 actual allocations.

Sheriff's Department and Jail Management

2009 Budget: \$457,000
2010 Proposed: \$409,276

The Sheriff's Department is reimbursed for expenses related to the patrol and enforcement of navigation and snowmobile laws in Erie County. Erie County does not receive revenue or incur expense related to court security as it did in previous years.

Law

2009 Budget: \$1,800,000
2010 Proposed: \$1,950,000

Revenues are utilized to offset the expense incurred in providing legal defense for the indigent.

Buildings and Grounds

2009 Budget: \$2,260,000
2010 Proposed: \$2,362,000

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

All Other Departments

2009 Budget: \$358,149
2010 Proposed: \$250,500

Other county departments receive minor state reimbursement for items such as burial costs of indigent veterans, and training costs for 55-a eligible individuals hired by Erie County.

FEDERAL PARTIAL REIMBURSEMENT

2009 Budget: \$146,851,314

2010 Proposed: \$197,226,344

2010 Distribution of Federal Partial Reimbursement Operating Fund

	<u>Total</u>
Social Services	\$188,163,946
Youth Detention	46,927
Early Intervention/Pre-K/Special Ed	2,172,775
Sheriff/Jail	556,300
Emergency Services	260,000
Mental Health	4,405,606
Medicare Part D	1,600,000
District Attorney	20,790
Total	\$197,226,344

Department of Social Services

2009 Budget: \$137,956,406

2010 Proposed: \$188,163,946

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 is one-half of the total cost. 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 related to 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 was consolidated in a new Flexible Fund for Family Fund for Family Services (FFFS) by the State in 2006. The state's Local Administrative Fund (LAF) was eliminated in the 2009-2010 State Budget. Instead, an amount equivalent to the state LAF revenue loss (\$14.42 million in the 2010 county budget) has been added to the federal FFFS allocation for TANF reimbursable expenses that can be shifted to this federal funding stream.

Federal economic stimulus funding will be received by the county for the period October 2008-December 2010. Amounts in the 2010 budget include \$33,106,427 for the temporary increase in the Federal Medicaid Assistance Percentage (FMAP), \$761,840 for Foster Care, \$768,208 for adoption subsidies and \$568,211. These stimulus funds are not expected to continue in 2011.

The 2010 budget reflects the continued recovery of prior-year Food Stamp administrative reimbursements totaling \$1.84 million due to retroactive changes in the federal cost allocation methodology.

Youth Services

2009 Budget:	\$55,625
2010 Proposed:	\$46,927

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

Early Intervention/Pre-K/Special Education

2009 Budget:	\$1,907,479
2010 Proposed:	\$2,172,775

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 \$1,884,814 and represents the county's 40.5% share of this Federal revenue for the medical component of the various special education services. The Early Intervention portion is \$287,961 and represents the county's 50% share of the Federal revenue for various administrative activities associated with the Early Intervention Program. Together these portions total the revenue budgeted of \$2,172,775.

Sheriff's Department and Jail Management

2009 Budget: \$215,600
2010 Proposed: \$556,300

Federal revenue is received for the provision of meals to young adults housed at the Holding Center and in the Correctional Facility. Reimbursement is also budgeted in 2010 from the Social Security Administration through the prisoner reporting incentive program. Medical reimbursement is also budgeted for inmate hospital Medicaid related expenses.

Department of Emergency Services

2009 Budget: \$200,000
2010 Proposed: \$260,000

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

Department of Mental Health

2009 Budget: \$4,405,606
2010 Proposed: \$4,405,606

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.

Medicare Part D

2009 Budget: \$2,013,724
2010 Proposed: \$1,600,000

Revenues of \$1,600,000 are received from the Federal government that help Erie County pay the cost of drug prescription coverage for its retirees.

District Attorney

2009 Budget: \$ 96,874
2010 Proposed: \$ 20,790

Federal money allocated to the District Attorney's Office to offset a portion of the expense related to the prosecution of juvenile offenders and to provide staff training for the prosecution of crimes against the elderly.



OVERVIEW OF EXPENDITURES

Erie County's Road to a Bright Future

OPERATING FUND EXPENDITURES

TOTAL OPERATING FUND EXPENSES FOR COUNTY RUN DEPARTMENTS

2009 Budget: \$1,021,921,786
2010 Proposed: \$1,048,325,823

2010 Distribution of Operating Fund Expenses

	<u>Total</u>
Personal Services	\$200,053,925
Fringe Benefits	110,174,092
Contractual Agency Payments	77,833,641
Other Agency Expense	66,540,576
Social Services Assistance & Programs	383,854,764
Early Intervention/Pre-K/Special Ed	65,063,121
ECMCC Payments (includes debt service)	29,793,686
Interfund Transfers (County Share)	
County Share ECC	15,420,778
County Share Roads	11,150,084
County Share Grants	4,283,813
County Share Utilities	5,012,600
Pay-As-Go Capital	100,000
Debt Service (excludes ECMCC)	39,332,473
Supplies & Repairs	8,933,496
All Other Expense	30,778,774
Total	\$1,048,325,823

Personal Services

2009 Budget: \$197,083,000 (adjusted to include \$3,617,500 Turnover Account)
2010 Proposed: \$200,053,925 (adjusted to include \$2,832,940 Turnover Account)

Personal Service appropriations cover salary and wages for full-time positions budgeted in the General Fund, as well as for overtime and part-time expenditures. A contingency for union salary increases of \$1,343,135 is also included.

Fringe Benefits

2009 Budget: \$101,309,964
2010 Proposed: \$110,174,092

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

Contractual Agency Payments

2009 Budget: \$76,029,965
2010 Proposed: \$77,833,641

The major accounts comprising this appropriation include: Mental Health contractual agencies - \$42,380,013; Social Services contractual agencies - \$21,658,620; contractual services relating to the legal defense of the indigent - \$10,909,008; payments for youth in agency non-secure detention placements - \$2,886,000.

Other Agency Expense

2009 Budget: \$74,035,405
2010 Proposed: \$66,540,576

Includes the Library payment of \$22,171,833; Community College payments (residents enrolled in other Community Colleges) of \$4,952,555; Convention & Visitors Bureau - \$5,000,000; Buffalo Bills operational support of \$4,282,923; cultural support totaling \$5,066,500; services provided by ECMCC of \$8,511,806; and \$3,657,200 for NFTA 18-b support detailed below.

NFTA

	Sales Tax	County Subsidy (18-b)	Total
2009 Budget:	\$17,301,738	\$3,657,200	\$20,958,938
2010 Proposed:	\$16,813,531	\$3,657,200	\$20,470,731

For the County's 2010 fiscal year, there is a State-mandated 18-b subsidy of \$3,657,200, equal to 89.2% of the State appropriation (currently \$4,100,000).

Additionally, although not part of Operating Fund expenditures, sales tax is passed through the County to the NFTA equal to \$16,813,531 in 2010 and shown above for illustrative purposes.

Social Services Assistance Payments and Program Expenses

2009 Budget: \$373,749,077
2010 Proposed: \$383,854,764

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)

2009 Budget: \$35,040,285
2010 Proposed: \$38,099,500

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

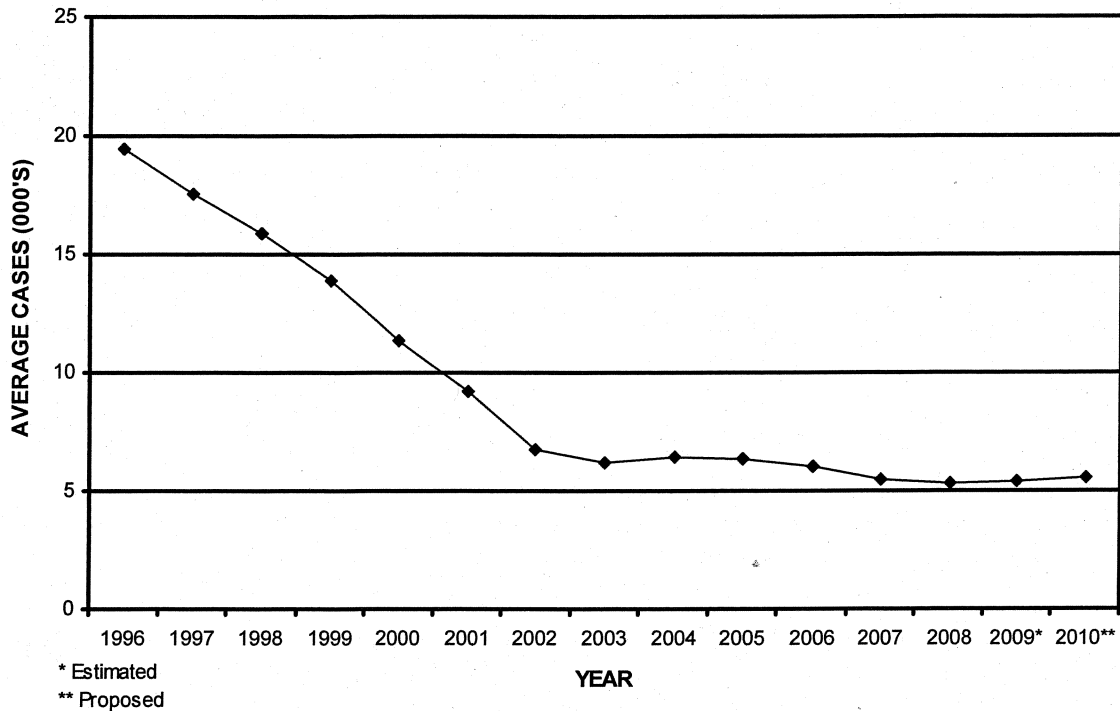
Federal Welfare Reform legislation enacted in December 1996 ended the Federal entitlement to public assistance. It provides funding to the states in the form of fixed block grants to cover temporary assistance to families. Limits are placed on the length of time families may receive Federal TANF (Family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

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

Caseloads are funded at an average level of 5,566 cases per month in 2010 with an average base monthly cost per case of \$475.08.

The 2010 caseload estimate reflects caseload trends that have occurred to date. It assumes that the current base caseload will continue to increase throughout 2009 and 2010 at a monthly rate of 40 cases. This produces a beginning trend caseload estimate for 2010 that averages 5,719 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 300 cases are expected to reach their time limits and to be shifted to Safety Net Assistance by the end of 2010 at the current rate of 25 new cases shifted per month. In all, a monthly average of 163 time limit cases are subtracted from the trend estimate of 5,719 cases to arrive at the budgeted monthly average caseload of 5,556 which accounts for the cases that will move to Safety Net Assistance.

The 2010 monthly base cost per case estimate of \$475.08 is consistent with current actuals with adjustments to provide for voucher fuel cases and the expected commodity price of natural gas paid out on those cases.

The amount budgeted in 2010 includes an adjustment of \$2,650,795 added to the base for the costs of benefit increases enacted in the 2009-2010 State Budget. The basic grant will be increased annually by 10 percent for three years beginning July 2009. The adjustment covers the full annual cost of the 2009 increase in 2010 and six months of the 2010 increase. There is no local share for these benefit increases.

The appropriation includes added amounts for utility emergency assistance, \$895,800; for supplemental payments to clients as required in an annual

reconciliation of fuel allowances to actual costs, \$282,675; and \$2,545,350 for non-utility emergency assistance (formerly EAF). These amounts are consistent with current costs and cost trends.

The total County Share cost of the Family Assistance program is \$8,622,458 in 2010 after subtracting client repayments, Federal and State reimbursements and other revenues from the gross appropriation. This is an increase in local share cost of \$237,356 or 2.83 percent, compared to the 2009 Adopted Budget.

The base local share in 2010 will be adjusted in claiming for the shift by the State of \$15.79 million in Federal TANF revenue that otherwise would be applied against Family Assistance costs to Foster Care and Foster Care Administration in an effort to address Federal TANF maintenance of effort (MOE) requirements. The net TANF reductions are approximately \$0.80 million higher in 2010 as compared to the 2009 budgeted amount.

Safety Net Assistance (Account 525060)

2009 Budget:	\$34,961,210
2010 Proposed:	\$39,472,078

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

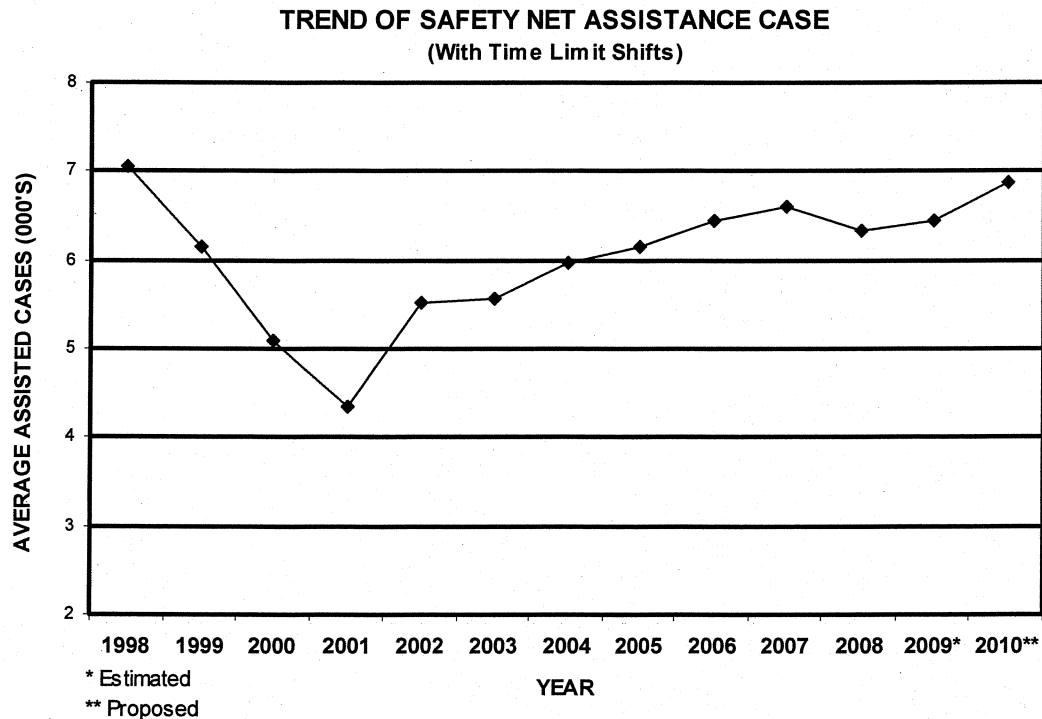
Welfare reform and the creation of the new Safety Net Assistance program has affected caseloads and costs per case in much the same way as described above for the Family Assistance Program.

Caseloads are funded at an average level of 6,882 cases per month in 2010, with an average base monthly cost per case of \$431.74.

The 2010 caseload estimate is based on caseload trends that have occurred to date. It assumes that the current base caseload will continue to increase throughout 2009 and 2010 at a monthly rate of 35 cases. This produces a beginning trend caseload estimate for 2010 that averages 6,849 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 163 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 reduce the number that will actually be maintained in Safety Net Assistance once they have been transferred. In all, monthly average of 33 cases are added to the trend estimate of 6,849 cases to arrive at the budgeted average monthly caseload of 6,882.



The 2010 base monthly cost-per-case estimate of \$431.74 is consistent with current actuals with adjustments to provide for voucher fuel cases and the expected commodity price of natural gas paid out on those cases. The base cost reflects the higher costs per case of the growing proportion of family cases in Safety Net Assistance as a result of the 60-month time limit for Family Assistance eligibility, as compared to the traditional single adult Safety Net case.

The amount budgeted in 2010 includes an adjustment of \$2,418,467 added to the base for the costs of benefit increases enacted in the 2009-2010 State Budget. The basic grant will be increased annually by 10 percent for three years beginning July 2009. The adjustment covers the full annual cost of the 2009 increase in 2010 and six months of the 2010 increase. There is no local share for these benefit increases.

The appropriation includes an additional \$746,202 for utility emergency assistance and \$652,476 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 \$15,219,631 in 2010 after subtracting client repayments, reimbursements and other revenues from the gross appropriation. This is an increase of \$615,516 (4.21 percent) compared to the 2009 budgeted amount.

Medicaid – MMIS Local Share (Account 525000)

2009 Budget:	\$193,520,843 (52 weeks)
2010 Proposed:	\$200,523,333 (52 weeks)
2011 Estimate:	\$206,604,870 (52 weeks)

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

Legislation establishing a Medicaid Cap was enacted in 2005. The legislation sets 2005 actual cash local share costs as a base year, with costs in subsequent years fixed by an annual inflation factor. In 2010 the Medicaid Cap will be the 2009 actual Medicaid Cap amount plus 3.00 percent of the 2005 final cash basis local share Medicaid Base. It will be charged to the County by the State in 52 weekly wire transfer installment payments that are determined on the basis of a prorated State Fiscal year Medicaid cap.

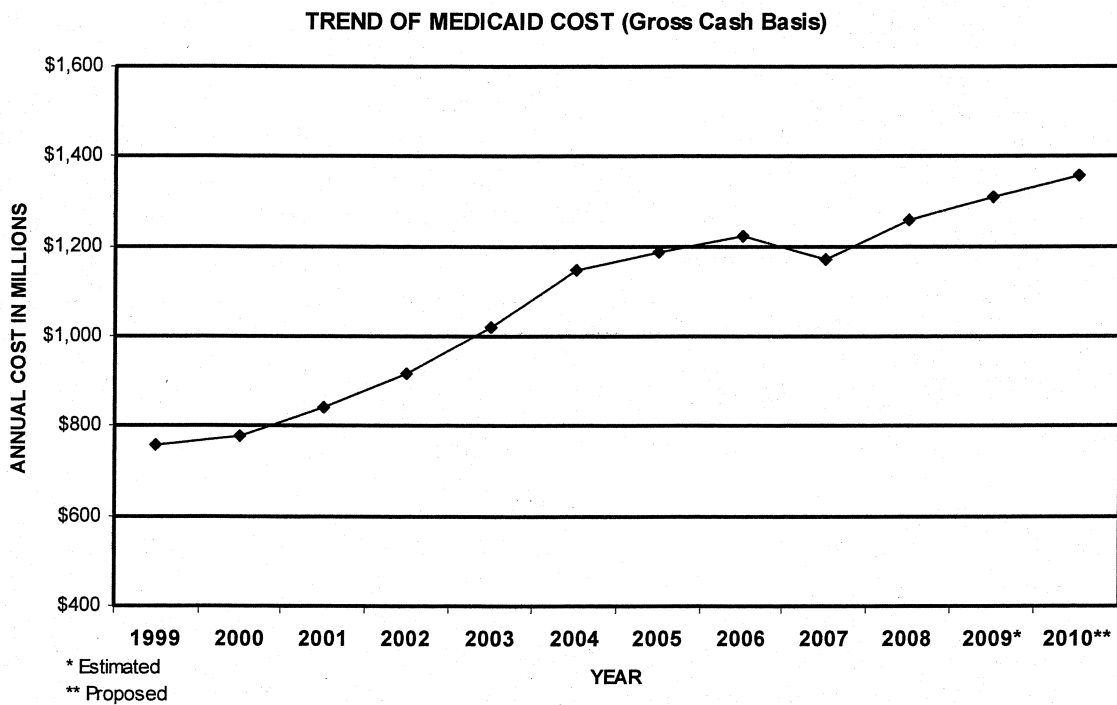
In 2011 and subsequent years the cap will also grow by 3.0 percent of the 2005 Medicaid local share base annually. In any year, if actual local share costs are lower than the Medicaid Cap amount, counties will be refunded the overpayment.

In contrast to the MMIS local share chargeback in prior years, 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 transportation providers and insurance companies that are claimed for reimbursement of Federal and State shares.

- Medicaid program administration costs that are part of the monthly reimbursement claim.
- 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 was entirely assumed by the State in September 2005. Also excluded from the Medicaid Cap are annual Indigent Care adjustment payments to providers that total \$2,331,775 local share.



The 2010 appropriation is the amount of the 2010 Erie County Local Share Medicaid Cap plus the local share of the Indigent Care adjustment payments. It totals \$200,523,333 for all of the components listed above.

The calculation of the required appropriation starts from the total of actual cash payments required in calendar year 2010. This amount is \$198,191,558. The Indigent Care adjustment adds another \$2,331,775 for a total of \$200,523,333. The amount required for the calendar year reflects weekly cash payments for the 2009-2010 State Fiscal Year and the 2010-2011 State Fiscal Year Medicaid caps that are both calculated based on the State's 52 payment cycles.

Elsewhere in the budget are separate appropriations the local share of supplemental federal payments to the Erie County Home – Upper Payment Limits (UPL) and the Erie County Medical Center – for Disproportionate Share (DSH). These supplemental payments are specifically excluded from the Medicaid Cap. Also included elsewhere in the budget are federal revenues from the 27-month temporary increase in the Federal Medicaid Assistance Percentage (FMAP).

Medicaid - Gross Local Payments (Account 525030)

2009 Budget:	\$8,130,230
2010 Proposed:	\$3,706,297

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. Medical transportation services previously paid locally from this account were shifted to the State MMIS payment system late in 2009.

The 2010 appropriation includes \$3,543,724 for insurance premiums and \$171,573 for other expenses. The amount budgeted in 2010 for insurance premiums incorporates a 15 percent increase over estimated 2009 costs to cover premium inflation, and is based on recent trends and expectations about health insurance premium increases.

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)

2009 Budget: \$63,513,212
2010 Proposed: \$61,911,490

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).

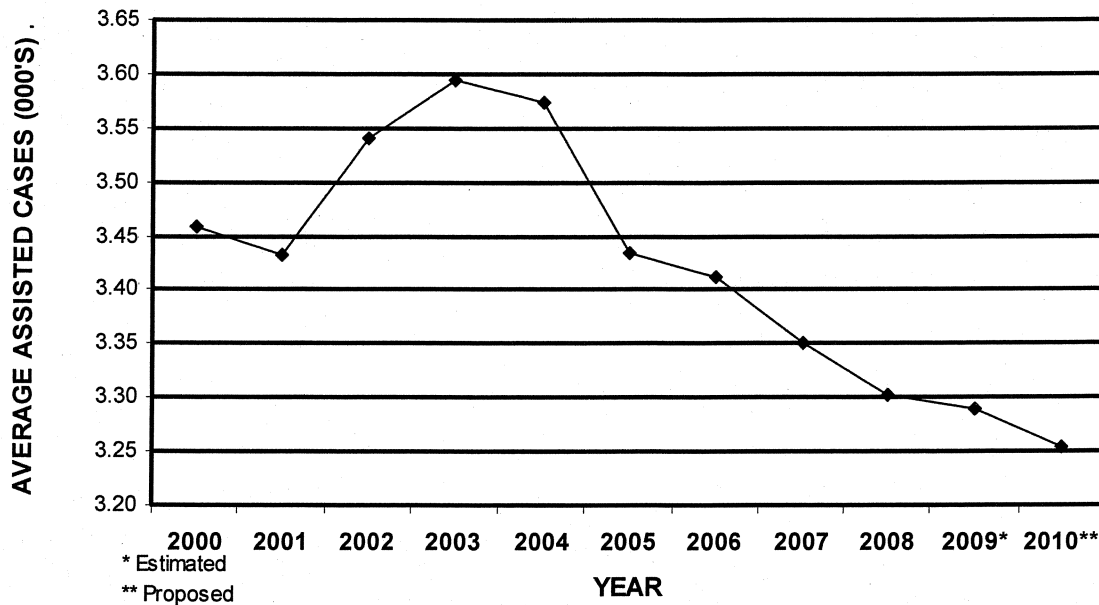
Appropriations in the 2010 budget are estimated based on analyses of historical and current trends of expenditures, children in care, monthly costs per child, and changes in per diem board, tuition and other rates.

Children assisted are funded at an average level of 3,252 per month in 2010, with an average monthly cost per child of \$1,586.50.

Based on present trends, the average monthly number of children funded in 2010 is held at the 2009 estimate of children in care, which is currently 70 children below 2009 budgeted levels. The ability to hold the total number of children served relatively steady over the last seven 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 expended preventive services option.

Even more significantly, the proportion of children in foster care has decreased, and is expected to continue to be reduced, while the proportion of adoptions and children receiving adoption subsidies increases. Furthermore, 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 2010.

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



Costs per child assumed in 2010 incorporate regular congregate care rate growth of 7.0 percent, as compared to current actual rates, as well as a 3.2 percent added cost of living (COLA) rate increase required by the State effective in April 2010. 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 \$18,858,718 in 2010 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. The 2010 base local share will be adjusted in claiming for \$12.47 million in TANF/EAF funds that are to be shifted by the State from Family Assistance to address federal TANF maintenance of effort (MOE) requirements.

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 State share of 73.5 percent of non-federal costs. There is no fixed limit to this reimbursement.

Child Care Development Block Grant (Account 525090)

2009 Budget: \$28,610,413
2010 Proposed: \$30,271,152

Child care (day care) 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. Families with incomes below 200 percent of the Federal Poverty Level are eligible for subsidies that vary, depending on the day care 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 day care setting.

The 2010 budgeted amount is based on recent trends in the number of children subsidized in the various day care settings and payments to providers. A monthly average of 4,660 children in low income families are expected to receive subsidies in 2009. Children in Public Assistance families receiving subsidies are estimated at 1,725 on average each month, a number necessary to support the level of work activity participation required of parents. The 2010 total cost of low income subsidies is budgeted at \$20,673,993. These costs are 100 percent reimbursed with federal funds through the Child Care Development Block Grant. The budget includes \$9,597,159 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 \$2,399,290 in 2010.

Other Programs

2009 Budget: \$ 9,972,884
2010 Proposed: \$ 9,860,914

In this category are appropriations for a number of smaller programs administered by the Department of Social Services. These include: Account 525070 – Emergency Assistance to Adults (EAA), \$1,575,862; Account 525080 – Education of Handicapped Children in residential schools, \$704,082; Account 525130 State Training School chargebacks, \$3,538,766; 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 2010 reflect current trends in utilization, and a 15 percent rate increase for State Training Schools as compared to current actual base billings plus an added \$1,012,972 for retroactive 2003 and 2008 State Training School rate adjustments.

Child care funded by Title XX, in cases of child protection and for purposes of foster care prevention, totals \$2,936,758 in Account 525090 in 2010, and Home Energy Assistance Program (HEAP) benefit costs total \$1,000,000 (account 525150).

Early Intervention/Pre-K/Special Ed

2009 Budget: \$60,569,822
2010 Proposed: \$65,063,121

Developmental and special education programs, administered since 2002 by the Department of Health Division of Services to Persons with Special Needs, have been, with the exception of Medicaid, the fastest growing State-mandated programs in Erie County. 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 may also be claimed for the Federal share of Medicaid.

Under Chapter 243 of the laws of 1989, the County is also responsible for a 10 percent share of the cost of the school age summer program, ages five to twenty-one, which are 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 (I.F.S.P.) developed by the family, an evaluator, a County case manager and the County Local Early Intervention Official. The County is able to access 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 2010 appropriation for the Children with Special Needs Program in Account 528000 is \$65,063,121. The 2010 appropriation represents a 7.4 percent increase over the 2009 Adopted Budget.

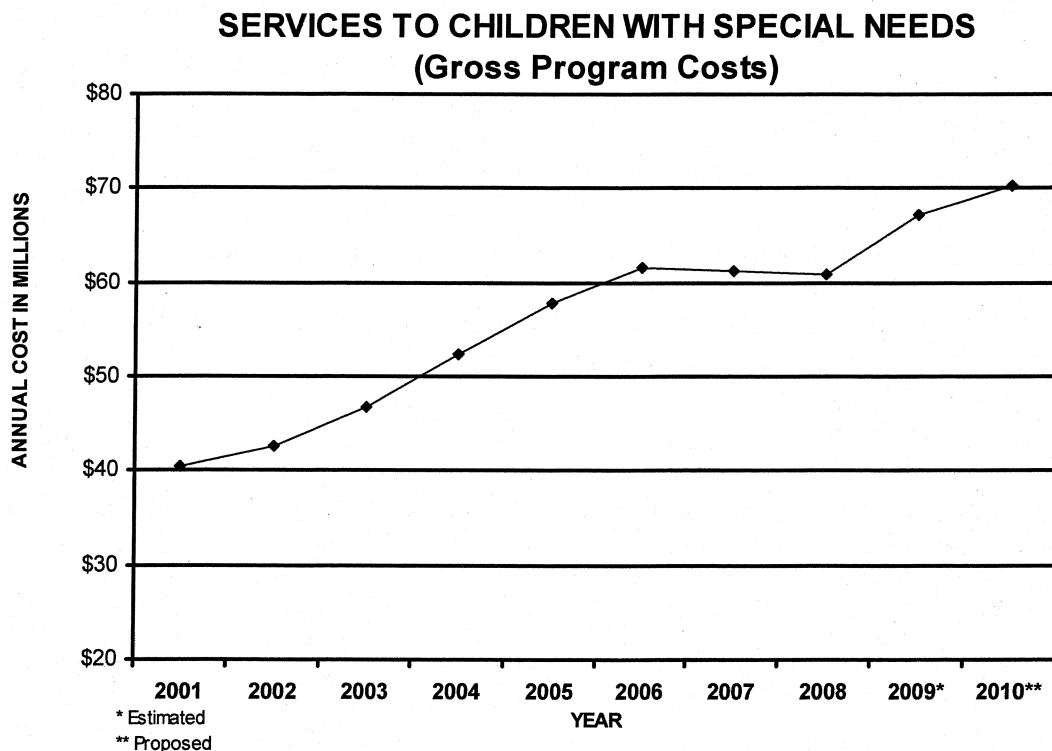
Other program and administrative expenses which total \$5,221,107 are included elsewhere in the budget summary, in the Personal Services, ECMC Contractual, ID payments and All Other Expense categories, and are not included in the Account 528000 appropriation.

The sharp increase in program costs is a result of growth in the 3 and 4 year-old Preschool program which is experiencing significant overall enrollment and cost increases.

County representatives can make suggestions as to the needs of the child. School districts, although paying nothing toward the cost of the programs control entrance into and the services provided by the program. Children served by agencies have increased more than ten-fold over the last ten years.

Although Early Intervention program enrollments are expected to continue to grow in 2010 at the same 10% growth rate as in 2009. The average cost per child is expected to decrease year over year at a rate of approximately 2.5% for 2009 and 2010. The County administers this program and a Six Sigma project has improved the quality and cost of the services provided.

The incredible growth in cost of these mandated programs, from their inception in 1971 to the present, is shown in the graph below. While it took 24 years to exceed the \$30 million mark, it has taken just 13 more years to exceed \$70 million in annual cost.



The table which follows on the next page outlines the various components of the total program for 2009 and 2010.

**2009/2010 Comparison of
Early Intervention/Pre-K/Special Ed**

	2009 Gross	2010 Gross	2009 Co. Share	2010 Co. Share
Birth - Two-Year-Old Early Intervention Program	\$15,326,677	\$14,722,294	\$ 5,074,299	\$3,834,906
2010 vs. 2009 Change		\$ (604,383)		\$(1,239,392)
Three & Four-Year-Old Preschool Program	\$48,272,313	\$51,143,406	\$17,858,625	\$18,828,265
2010 vs. 2009 Change		\$ 2,871,093		\$ 969,640
School Age Program - Summer	\$ 1,329,776	\$ 2,075,005	\$ 1,329,776	\$2,075,005
2010 vs. 2009 Change		\$ 745,229		\$ 745,229
Administration Special Needs Division, EI and Preschool Admin	\$ 2,344,972	\$ 2,343,524	\$ 1,013,712	\$ 977,895
2010 vs. 2009 Change		\$ (1,448)		\$ (35,817)
GRAND TOTAL	<u>\$67,273,738</u>	<u>\$70,284,229</u>	<u>\$25,276,412</u>	<u>\$25,716,071</u>
		Gross Change	County Share	
		<u>\$ 3,010,491</u>	Change	
			<u>\$ 439,660</u>	

ECMCC Payment

Medicaid – Upper Payment Limit (UPL), Disproportionate Share (DSH) Local Share and Debt Service

2009 Budget: \$ 14,965,073

2010 Proposed: \$ 29,793,686

The 2010 Budget provides \$29,793,686 in payments to ECMCC which includes \$13,785,716 in hospital related debt service and \$16,007,970 in County 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.

The County has historically not budgeted for these local share costs in the General Fund, as they were directly reimbursed to the County by the ECMCC. Federal rules were tightened to prohibit the refund of local share directly from the supplemental payment receipts, though it is permissible for the ECMCC to reimburse the County's local share cost in other ways. That has been the subject of ongoing negotiations with the ECMCC and an agreement was reached to offset some of the local share cost through a reduction in the County's obligation for ECMCC debt service.

As a result of these changes, the UPL and DSH local share Medicaid costs must now be reflected in the County's operating budget. Amounts included in the 2010 budget are \$8,007,970 for the local share of UPL Medicaid supplements to the Erie County Home and \$8,000,000 for the local share of DSH Medicaid supplements to the Erie County Medical Center. While very difficult to estimate, the amounts budgeted are consistent with recent payments.

Interfund Transfers (Allocation)

2009 Budget: \$37,953,711

2010 Proposed: \$35,967,275

This includes allocations for County share of the Road Fund \$11,150,084; County share of grants \$4,283,813; Pay-As-Go Capital of \$100,000; and County share of Utility Fund totals \$5,012,600.

Debt Service

2009 Budget: \$44,549,694

2010 Proposed: \$39,332,473

This includes \$37,614,956 for General Obligation Bond Debt Service, excluding ECMCC; \$541,541 for interest on Revenue Anticipation Notes; and \$1,175,976 interest for Bond Anticipation Notes.

Supplies and Repairs

2009 Budget: \$10,664,693

2010 Proposed: \$ 8,933,496

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.

All Other Expenses

2009 Budget: \$42,715,110

2010 Proposed: \$30,778,774

Included in the Other Expense category is \$400,000 of operational expense for the Erie County Fiscal Stability Authority (Control Board).

The balance covers all other remaining expenses in the 2010 Budget for the Operating Fund including lawsuits, interdepartmental billings, telephone charges; risk retention and equipment.

FRINGE BENEFITS EXPENDITURES

FRINGE BENEFITS – ALL FUNDS

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

FICA

The required employee contribution for 2010 will normally be 7.65% of the total salary, up to the maximum wage base. The maximum salary base for 2010 is estimated to be \$108,600. In developing FICA appropriations for 2010, the portion of salaries exceeding the maximum wage base was excluded. Also, a separate adjustment factor was determined for each fund to account for salaries in excess of \$108,600 that are subject to the 1.45 percent Medicare-only portion of FICA.

Workers' Compensation

Workers Compensation benefits have increased dramatically – losses prior to July 1, 2007 were paid at \$400/week maximum, and escalated to \$600/week maximum for claims July 1, 2009 - July 1, 2010. The proposed appropriation for Workers' Compensation in 2010 accounts for this increase and were based on the current year's cost trend, 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 a percentage of gross payroll charges.

Unemployment Insurance Coverage

The appropriation for unemployment insurance is based on 2009 trends.

Medical and Hospitalization Insurance - Active Employees

The 2010 budget estimate for active employees' medical and hospitalization insurance is based on our 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 from Labor-Management Health Care Fund, the county consultants who advise the County on health insurance issues.

Dental Insurance

The estimated cost for dental insurance for County employees in 2010 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

New York State increased the employer contribution rates for the Employees' Retirement System (ERS) – rates for Tier 4 employees rose from 7% to 11%, a 60% increase. The pension retirement expenses were projected on the basis of a projected salary base for the period April 1, 2010 through March 31, 2011. Growth factors for each tier and year were based on estimates supplied by the Office of the State Comptroller. The estimated rate for each tier for the year ending March 31, 2011 (provided by the Office of the State Comptroller) equate to an average rate increase of 65%.

Medical and Hospitalization Insurance - Retirees

The County's projected contribution toward retirees' medical and hospitalization insurance is based on the 2009 and 2010 cost trend 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 health insurance, promised to existing retirees, current employees, and future employees.

UNION CONTRACTS

UNION CONTRACTS

The below table details all county union contracts, date contract expires and who the union represents. As it shows, all contracts have expired except for Erie Community College (ECC) specific contracts, the New York State Nurses Association (NYSNA), and the Police Benevolent Association (PBA) representing the Erie County Sheriff Road Patrol. The County is pursuing negotiations with all unions, holding firm on reducing the county cost of employee and retiree health insurance, as well as other adjustments in current work rules and benefits, especially paid time off, to bring them in line with the private sector.

Union Name	Date Contract Expires/Expired	Represents
CSEA	12/31/06	White Collar
AFSCME	12/31/05	Blue Collar
NYSNA	12/31/11	Nurses
CSEA CO's*	N/A	Sheriff-Correction Officers
Teamsters	12/31/04	Sheriff-Guards
PBA	12/31/08	Sheriff-Road Patrol
Librarians	12/31/06	Librarians
Faculty	12/31/09	ECC Faculty
Administrator's	08/31/11	ECC Administration

*CSEA Corrections Officer Unit is a new unit and has not yet negotiated a stand alone agreement. They remain covered by the CSEA proper Collective Bargaining Agreement.



BUDGET PROCESS & FINANCIAL STRUCTURE

Erie County's Road to a Bright Future

BUDGET PROCESS

Dynamics of Budgeting

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

While budgeting is a year-round process, the development of the annual budget usually commences seven 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 26 of the Erie County Charter and Article 26 of the Erie County Administrative Code.

This is the first year we have employed an Operations Budget as a management tool to allow for meaningful analysis. In the past the budget included double counted items and was significantly distorted by including shared sales tax that was distributed to other municipalities and the NFTA.

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 should be adopted by April 1. The state budget for their current fiscal year (April 1, 2009 - March 31, 2010) was adopted on April 7, 2009.

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 and specific budget targets are issued to department heads in July 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 during the month of September. 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 which the County Executive submits to the Erie County Legislature. The County Executive's recommended Proposed Budget is the starting point for the Legislature's adoption of a County budget.

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 15th each year. 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 2010 budget must be adopted by the Legislature by the first Tuesday in December (December 1, 2009). 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 of December (December 2, 2009) 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 7, 2009).

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 8, 2009).

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 8, 2009).

Revisions after Budget Adoption

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

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

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

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

Budget Monitoring Process

The Division of Budget and Management produces monthly Budget Monitoring Reports which are commonly referred to as the BMR. The BMR reports on approximately twenty-five appropriation and revenue accounts that are 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.

Adapting To Change

Approximately 18% of Erie County's operational revenue comes from New York State through various partial reimbursement programs.

The Division of Budget and Management devotes considerable staff resources to evaluating and quantifying potential impacts of the Governor's proposed annual budget. This fiscal impact information is shared with State Legislative representatives, members of the County Legislature and interested citizens as a means for lobbying for change.

Subsequent to the New York State Legislature's adoption of a final New York State Budget, a "Statement on the Fiscal Impact of the New York State Budget" may be released to the Erie County Legislature, along with a comprehensive set of budget amendments if any are necessary to offset state reimbursement losses with expenditure reductions and unanticipated revenues. The Erie County Legislature reviews any proposed amendments that may be submitted and usually enacts the plan, along with its own amendments to it.

The County Administration and the County Legislature's willingness to adapt to change in a timely manner have allowed Erie County government to maintain balanced budgets in uncertain economic times.

OPERATING BUDGET CALENDAR

January

County fiscal year begins January 1st.

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. State Budget Impact Report sent to State Legislators.

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.

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 including budget targets.

August

Departments prepare ensuing year budget revenues and submit to DBM.

Departments submit personnel change requests to Personnel Department.

Community agency budget requests are developed.

September

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

Special studies are incorporated into Proposed Budget.

October

County Executive and DBM finalize recommendations for Proposed Budget.

County Executive submits Proposed Budget to Legislature by October 15th.

November

Legislature reviews Proposed Budget and conducts hearings.

Legislature holds public hearings.

December

Deadline for Legislature to Adopt 2010 Budget – 12/1/09.

Deadline for Legislature to return Budget to County Executive if any increases – 12/2/09.

Deadline for County Executive to veto any increases – 12/07/09.

Deadline for Legislature to meet and consider County Executive's vetoes – 12/08/09.

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

FINANCIAL STRUCTURE

Fiscal Year

The County's fiscal year begins January 1st and ends December 31st 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 annual budget documents except the Downtown Mall Fund and the Tobacco Proceeds Fund. All funds are included in the County's General Purpose Financial Statements.

Operations Budget (General Fund 110 & Library Fund 820–County Share)

This new budget format is the basis on which the 2010 Operations Budget and 2010-2013 Four-Year Operations Plan are presented. This budget includes all revenue and expenses of our General Fund plus the county portion of the Library Fund. It excludes the large amount of sales tax pass-through to other municipalities and the NFTA since Erie County plays no role in collecting or spending these taxes. We note them as a footnote to our budget but do not include them in any of our operational calculations. We also exclude all the double counting in the Utilities Fund, Road Fund, and Debt Service Fund including sewer authority debt service. The details of these funds are shown in Book A, but are not part of our Operations Budget.

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 Bed Tax.

Special Revenue Funds: used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The annual budget documents include the following Special Revenue Funds which 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 partial reimbursement; grant income.

Community Development (Budget Fund 290)

Funding Sources: 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.

The following Special Revenue Fund is included in the County's annual financial statements as a component unit:

Public Library Fund (Budget Fund 820)

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

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

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

The following two funds are included in the County's annual financial statements but are not included in the annual budget documents.

Downtown Mall Fund

Funding Sources: Special district assessment.

Tobacco Proceeds Fund: used to fund capital projects that otherwise would have been supported by operating funds or the issuance of bonds.

Funding Sources: Net proceeds from the County's securitization of its share of the 1998 Master Settlement Agreement.

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 County Medical Center
Erie County Home**

The Erie County Medical Center and Erie County Home are no longer included in the County budget. The ECMC Healthcare Network became a Public Benefit Corporation in 2004.

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

Funding Sources: State reimbursement; student tuition; County contribution from the County budget-General Fund.

County Operating Funds/Budget

The funds and their associated budgets that are related to the annual spending plan for the County operations, services and normal maintenance are referred to as the Operating Budget. In 2010, the Operating Budget includes the following operating funds: General Fund; Road Fund; E-911 Fund; Debt Service Fund; the Enterprise Fund (Utilities Fund); and the Public Library Fund.

Other funds that appear in the budget documents (Community Development, Sewer Fund; Grant Fund; and Capital Projects Fund) are in the documents because of Charter requirements or the need for specific legislative authorizations. They are not a part of the Operating Budget, nor are they included among the

operating funds. Their revenue and appropriations are excluded in calculating the amount of the total operating budget or the operating funds total.

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 the following structure:

Fund
Department
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	402000-402600	Local Source Revenues
502000-502130	Fringe Benefits	415000-467000	Fees, Other Taxes
504992	Contractual Salary Reserve	405000-409040	State or Other Partial Reimbursement
504990-504995	Reductions for Turnover	410000-414020	Federal or Other Partial Reimbursement
505000-506400	Supplies & Repairs	486000-486030	Interfund Revenues
510000-555050	Other		
516000-520110	Contractual		
525000-530020	Assistance Payments		
561250-561450	Equipment		
550000-550800	Debt Service		
910100-980000	Interdepartmental		
559000-575000	Interfund		

*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. They are budgeted for each sewer district in the Sewer Fund.



GLOSSARY

Erie County's Road to a Bright Future

GLOSSARY

Account

A category of expense, such as office supplies, personal services, or utilities. Accounts for expense may be broken down into subcategories called subaccounts.

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 as of July 31st.

Adopted Budget

The budget plan for the next fiscal year, which has been formally approved pursuant to the provisions of Article 26, Financial Procedures, Section 2608, of the Erie County Charter.

Appropriated Fund Balance

The amount of unreserved fund balance (surplus) available from previous years designated for use in the current year. An appropriated fund balance is an excess of liquid assets over liabilities. The Erie County Charter prescribes that a fund balance from a given year cannot be appropriated until the next succeeding budget year. Thus, a 2008 fund balance may be appropriated in 2010.

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 Respread

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 a 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 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.

Convention and Visitors Bureau (CVB)

An organization, funded with taxpayer dollars and organized to serve as the county's marketing arm to the nation and world. The CVB is tasked with attracting visitors and conventions to the Buffalo Niagara region.

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 reservations 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 a 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.

Erie County Cultural Review Advisory Board (ECCRAB)

A volunteer board that provides the County Executive with a non-political perspective on how to responsibly fund cultural organizations in Erie County. ECCRAB meets several times a year to consider funding requests from various cultural organizations and makes official recommendations to the County Executive on how to appropriate the available funding.

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 various reserves including: encumbrances; retirement system credits; tax stabilization; advances to enterprise funds; and prepayments. The section can also include various designations including: subsequent years' expenditures; judgments and claims; property

tax relief; and contingencies. The last part of fund balance is the undesignated portion that equals the years' surplus or deficit.

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 health insurance, promised to existing retirees, current employees, and future 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.

Lean Six Sigma

A business improvement methodology that maximizes taxpayer value by achieving the fastest rate of improvement in customer and employee satisfaction, cost, quality, and process speed. Lean Six Sigma focuses on waste elimination and variation reduction in the day-to-day processes of County government. Lean Six Sigma is a major policy initiative of the County Executive and has proved its ability to save millions over time.

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.

Operating Fund

The Operating Fund, as referred to in this Budget document, is the General Fund 110 (excluding shared Sales Tax) and including the County portion of the Library Fund 820. Budgets/expenditures/revenues related to the annual program and spending plan for county operations, services and normal maintenance are included.

OTB Revenues

Revenues received from a portion of profits of the Western Regional Off-Track Betting 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.

Performance Based Budgeting

Is a reader-friendly format for presenting data in a budget by tying it to outcomes.

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.

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.

Reductions from Personal Services (Turnover)

Anticipated savings in salary and fringe benefit expenses resulting from temporary job vacancies created by employee turnover. This amount is subtracted from the amount budgeted for salaries and fringe benefits 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.

Restated Fund Balance

Where referenced in this document, Restated Fund Balance refers to the sum of balances of tax liens, board of elections and community college respreads, in addition to the audited Undesignated Fund Balance, net of Road Fund.

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.

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 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 authority to levy real property taxes. The Sewer Fund is included in the annual budget documents because of the need for legislative authorizations, but it 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. Revenue sources may be broken down into sub sources.

Subaccount - Expense

A subcategory of expense, such as electric, telephone, and water, within a category of expense (utilities).

Subaccount – Revenue

A subcategory of revenue, such as sales tax, interest earnings, service fees, within a revenue category or source (local source revenues).

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.

Tax Lien

A lien imposed on a piece of property by law to secure payment of taxes. Tax liens hold value and incur interest charges which increase their value. Tax liens are account receivables of the county but do not appear on the county balance sheet and are not included in the audited Undesignated General Fund Fund Balance. They are included in the Restated Fund Balance.

Tentative Budget (Proposed 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".

Turnover (Reductions from Personal Services)

Anticipated savings in salary and fringe benefit expenses resulting from temporary job vacancies created by employee turnover. This amount is subtracted from the amount budgeted for salaries and fringe benefits in the form of a negative appropriation.

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 rarely granted and are subject to the approval of the Erie County Legislature. Variable Minimums are often requested to appropriately compensate potential job candidates who possess qualifications and experience in excess of what a position normally requires.