

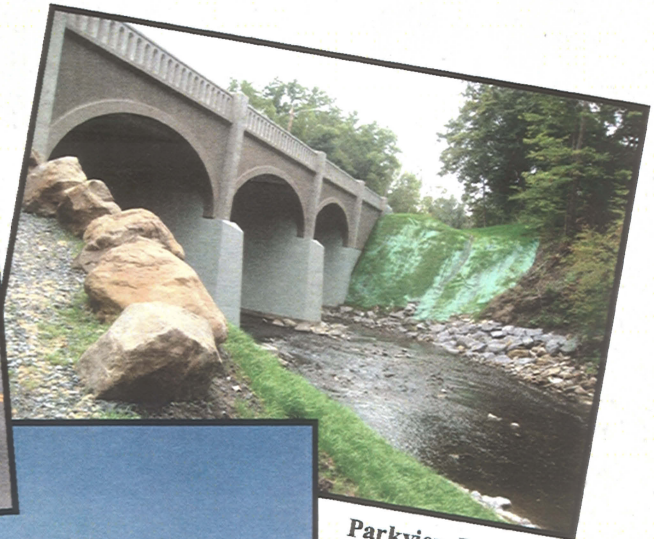
ERIE COUNTY BUDGET 2012

COUNTY EXECUTIVE'S BUDGET MESSAGE & SUMMARY

INCLUDING FOUR-YEAR OPERATIONS PLAN
FISCAL YEARS 2012-2015



Bullis Road
Elma, New York



Parkview Bridge
Akron, New York



Bennett Beach
Derby, New York

CHRIS COLLINS
COUNTY EXECUTIVE



GREGORY G. GACH
DIRECTOR OF BUDGET
& MANAGEMENT

Erie County's Road to a Bright Future



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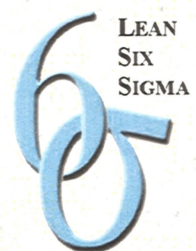
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COUNTY EXECUTIVE'S BUDGET MESSAGE & SUMMARY





COUNTY OF ERIE

CHRIS COLLINS

COUNTY EXECUTIVE

September 30, 2011

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

Dear Honorable Members:

Introduction

Enclosed are the Erie County Executive Recommended 2012 Budget and the 2012-2015 Four-Year Financial Plan for review and approval by your Honorable Body.

This budget proposal mirrors my administration's most recent Four-Year Financial Plan that was approved by the Erie County Fiscal Stability Authority in June. This budget maintains critical services, invests in our infrastructure and quality of life, and continues our ground breaking efficiency efforts through Lean Six Sigma.

I am pleased to propose a 0% increase in the property tax rate as part of my 2012 Budget. As a result, the County's 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 1.07%. Erie County's property tax rate remains one of the lowest in all of New York State.

Respecting current trends and in line with the recently approved Four-Year Financial Plan, this Budget forecasts 3% sales tax growth for 2012. All of our other projections are also sound, reasonable and conservative to ensure that Erie County remains on solid financial footing through 2012 and in the years beyond.

There is no responsibility I take more seriously as County Executive than the careful stewardship of county finances. Protecting and wisely spending taxpayer dollars speaks to the core of my mission as County Executive. My proposed 2012 Budget respects that mission by making important investments in our future, while at the same time, honoring today's commitments today, instead of passing the burden to future generations.

Financially, Erie County is in a very different place than it was four years ago, and taxpayers are better for it. Not long ago, Erie County was under a state imposed 'hard' Control Board with a bond rating that was near junk status. The County had significant budget gaps going forward, had no rainy day fund to protect taxpayers, and was borrowing to pay for routine maintenance costs.

Our financial turnaround did not happen by accident. Instead, it is the result of responsible and conservative budgeting, solid fiscal management, and most importantly, the fortitude to make tough decisions, the same decisions many Erie County families are making with their own finances. As a result, we continue to hold the line on taxes, use recurring revenues to pay for recurring expenses, and eliminate \$240 million, or 43%, of county taxpayer debt over the next several years (2008-2015).

While we have made tough decisions, what we are not seeing in Erie County are the drastic actions being taken elsewhere in New York State to close massive budget gaps. Certain county governments are facing budget shortfalls in excess of \$100 million and are proposing seismic reductions and/or double-digit tax increases to fill them. Erie County's stability is unique among New York State's large and medium-sized counties.

Our shared success has been achieved despite the ongoing impact of the national recession and mounting fiscal pressures, mainly originating from Albany in the form of unfunded mandates. Despite a lot of talk in Albany about redesigning Medicaid, nothing has been done to curb its staggering costs, cut its bloated bureaucracy, and scale back its overly generous services. I am not the first County Executive to lament about the financial albatross that is New York State's Medicaid program, and sadly, I will not be the last. New York has the most generous and, therefore, the most expensive Medicaid program in the country. This state spends more on Medicaid than the states of Texas and California combined. This is craziness that cannot be sustained or justified.

Erie County's mandated Medicaid bill for 2012 will be \$211.8 million, reflecting a \$5.2 million increase from this year. Nearly every dollar of property tax collected by Erie County goes to New York State to pay our Medicaid bill. By the year 2015, Erie County's Medicaid bill will outpace our property tax collection. That is why my administration has pushed for state legislation that would allow counties to 'opt-out' of the non-federally mandated Medicaid services. My administration also fully supports recently proposed legislation that would force a state takeover of Medicaid costs.

New York State's pension system continues to be another disaster for taxpayers, created by a giveaway mentality in Albany that is recklessly out of touch with the struggles of average taxpayers. In one year, Erie County's mandated pension obligation grew by \$4 million dollars. Pension costs in 2012 will represent more than 19% of total payroll, a completely unaffordable trend. And since 2008, Erie County's pension contribution has increased \$18.9 million, despite employing nearly 1,000 fewer people in the same time frame. Pension costs are strangling all local governments and our state leaders need to get serious about reforming this system.

However, because of responsible and conservative budgeting, Erie County will once again fully fund its pension obligation and will not defer any portion into future years – an option offered by New York State and being utilized by many counties facing financial struggles and budget deficits.

Employee Reduction

While I do not like to see anyone lose their job, I have a commitment to continue to right-size Erie County government and provide services with the fewest number of taxpayer supported positions as possible. To that end, my proposed Budget calls for the elimination of 308 positions (155 currently filled/153 currently vacant). This employee reduction is concentrated in the Department of Social Services (DSS) where we continue to implement technology improvements and efficiency principles to streamline our service delivery systems. Our service to DSS clients will not be impacted by this employee reduction. Since taking office, my administration has reduced Erie County's workforce by 20%, or 940 employees.

Lean Six Sigma

My administration's focus on bringing efficiency to county departments and programs has been critical to our ability to keep costs in check while absorbing growing state and federal mandates. Efficiency is key to any successful organization, and government is no different. Our Lean Six Sigma initiative has been the driving force of our efficiency efforts. 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.

To date, Lean Six Sigma projects have been completed in nearly every county department. Our project savings total more than \$5 million for 2011 and are estimated to reach \$8.8 million next year. In addition to the millions of dollars our Black, Green and Yellow Belt Projects have saved county taxpayers, we are now engaged in a new phase of this initiative known as the Rapid Action Program. These projects are less complex in scope and are generally completed within a 60-90 day time frame.

As impressive as the numbers are, what is most gratifying is the impact some of these projects are having on the general public. Through our System of Care projects, the County's departments of Mental Health, Health, Social Services and Senior Services are bringing efficiency principles and data driven decision-making to the sensitive responsibilities of helping disabled children, troubled youth, and the vulnerable elderly.

Detailed descriptions of our projects and breakdown of the savings they have generated for taxpayers are presented later in this book. For four years, the Erie County Fiscal Stability Authority has funded our Director of Lean Six Sigma through an efficiency grant. As the Fiscal Stability Authority nears the end of its grant capability and as this position has proven its worth numerous times over, this Budget includes a salary for the Director of Lean Six Sigma.

Road Fund

With nearly 1,200 center-line miles of County roads (more roadway than found in three US states), maintaining this infrastructure is a significant ongoing challenge. Despite this challenge, my administration continues to make historic investments in road and bridge projects throughout Erie County. Our Road Fund is a complex combination of federal, state and local resources. In 2008, Erie County's subsidy to the Road Fund totaled \$6,372,139. In my Proposed Budget for 2012, the County subsidy grows to \$13,961,616, an increase of \$7.6 million.

As the result of conservative and responsible budgeting, Erie County is now paying cash for certain road and bridge projects instead of borrowing to finance them. In addition, my administration has finally ended the irresponsible practice of borrowing money to pay for routine maintenance projects year after year.

Four-Year Financial Plan

This Budget includes a Four-Year Financial Plan to encompass fiscal years 2012 through 2015. The 2012 Proposed Budget and projected 2011 year-end numbers form the basis for the 2012-2015 Four-Year Plan. This plan calls for the property tax levy to grow by 2% annually. This levy growth does not happen by increasing the property tax rate, but rather through estimated market value growth and new construction. The Four-Year Plan forecasts sales tax revenues to increase by 3% in 2012-2015. This plan forecasts no out year budget gaps and for the County to achieve modest surpluses in 2013 and 2014. A detailed Four-Year Plan is presented in this book.

Six-Year Capital Plan

The 2011 Adopted Budget included an aggressive Capital Plan to help improve the County's aging infrastructure. This year, I am again proposing a substantial Capital Plan totaling more than \$49 million for 2012. 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 nearly \$429 million.

As in the past, our proposed 2012 Capital Budget includes critical road and bridge repair, and reconstruction projects throughout Erie County. It also marks the beginning of a multi-year program to replace the County's large vehicle fleet. This proposal also contains over \$2.2 million for improvements to our countywide park system, including funds for shelter upgrades, road and pathway repairs, and updated drainage systems at the two county-run golf courses. Further investment will be made to the Sherwood Greenway Trail in Tonawanda linking the Riverwalk with the City of Buffalo. Improvements will be made to the security system at the Sheriff's Headquarters in Orchard Park, and the Erie County Morgue and Toxicology Buildings. We also will continue to honor our responsibilities to Erie Community College with funding earmarked for equipment, Visit Buffalo Niagara, as well as upgrades to Ralph Wilson Stadium.

Conclusion

In closing, I am confident you will find this budget reasonable, responsible and fiscally sound. I also hope you see this budget as an opportunity to continue to reshape and right size Erie County government for the future. This government has made incredible strides over the last few years, and I am hopeful your body will work with my administration to continue our progress.

My administration looks forward to working with you on the adoption of the 2012 Budget and 2012-2015 Four-Year Plan. We are prepared to provide any requested material, respond to inquiries, and explain the details of the Recommended 2012 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

ECONOMIC STRESS ABSORBED IN 2012

2008 Pension = \$15,128,000 (8.45%)

Increase of \$18.9M

2012 Pension = \$34,052,515 (now 19.1% of payroll)

2008 Medical Insurance = \$46,499,000

Increase of \$7.0M

2012 Medical Insurance = \$53,486,881

2008 Road Subsidy = \$ 6,372,139

Increase of \$7.6M

2012 Road Subsidy = \$13,961,616

2008 Real Estate Transfer Tax = \$ 12,283,991

Net Loss of \$4.3M

2012 Real Estate Transfer Tax = \$ 8,000,000

2008 Medicaid Cost = \$194,778,518

Increase of \$17.0M

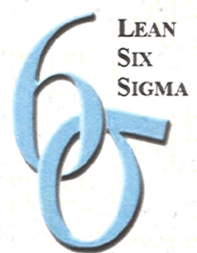
2012 Medicaid Cost = \$211,765,453

2011 to 2012 Medicaid Increase 3% = \$5.2M

2011 to 2012 Real Estate Levy Increase 1.1% = \$2.5M

Net Loss of \$2.7M

FOUR-YEAR OPERATIONS PLAN FISCAL YEARS 2012-2015





COUNTY OF ERIE

CHRIS COLLINS

COUNTY EXECUTIVE

FOUR-YEAR OPERATIONS PLAN FISCAL YEARS 2012-2015

Introduction

Enclosed herein is the 2012-2015 Four-Year Operations 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 Operations Plan satisfies both the Charter and ECFSA requirements of a financial plan.

We view the 2012-2015 Four-Year Operations Plan and the 2012 Proposed Budget not as a 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 2012 Proposed Budget and projected 2011 results form the basis for the 2012-2015 Four-Year Operations Plan. The plan calls for 2% 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 3.15%. The plan calls for sales tax revenues to increase by 4% in 2011 from the 2010 actual (current trend) and 3% each year thereafter in line with inflation.

It is important to highlight that our plan is based on "reasonable assumptions" at the time of submission of this budget and Four-Year Operations Plan.

This administration has received three ratings upgrades and two recalibration of ratings, Moody's A2, Fitch A 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 2010 and expected in 2011, the 2012-2015 Four-Year Operations 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.

We expect the Erie County Fiscal Stability Authority (ECFSA) to approve and endorse our 2012 Budget and 2012-2015 Four-Year Operations Plan.

FOUR-YEAR OPERATIONS PLAN (Reasonable and Appropriate Assumptions)

Revenue	2013	2014	2015
Sales Tax Growth	3%	3%	3%
Real Estate Market Value Growth	2%	2%	2%
Property Tax Rate Increase	0%	0%	0%
Expense	2013	2014	2015
Personnel Services Growth	1.5%	1.5%	1.5%
Health Insurance Growth ¹	6%	6%	6%
Pension Rate	19.06%	19.06%	19.06%

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 2012 budget.

It should be noted that a bipartisan effort in Albany is currently working on legislation to transfer the entire Medicaid burden to New York State over the next 8 years. If successful, the impact of this legislation would be transformational to the Erie County budget.

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

**County of Erie
2012-2015 Four-Year Operations Plan**

Fund 110 plus Library 820 (County Share)	Account Type	2010 Actuals	2011 Adopted Budget	2012 Tentative Budget	2013 Projection	2014 Projection	2015 Projection
Revenue							
Local Source Revenue							
Property Tax Levy							
Property Tax Levy - Operating		210,242,141	217,010,375	219,520,998	224,274,855	229,123,788	233,706,264
Property Tax Levy - Library		22,171,833	18,171,833	18,171,833	18,171,833	18,171,833	0
Property Tax Levy Total		232,413,974	235,182,208	237,692,831	242,446,688	247,295,621	233,706,264
Property Tax Related							
Sec 520 Exemp Removal		661,332	652,584	640,950	640,950	640,950	640,950
Gain Sale Tax Acquired Property		0	20,000	20,000	20,000	20,000	20,000
Payments In Lieu of Taxes		5,224,569	5,108,550	4,978,524	5,127,880	5,281,716	5,440,168
Interest & Penalties-Property Tax		13,247,427	18,711,686	18,992,361	19,277,246	19,566,405	19,859,901
Omitted Taxes		53,645	3,000	3,000	3,000	3,000	3,000
Dec Property Tax Deferred Revenue		(9,046,786)	(13,622,495)	(13,826,832)	(14,034,234)	(14,244,748)	(14,458,419)
Property Tax Related Total		10,140,187	10,873,325	10,808,003	11,034,842	11,267,323	11,505,600
Sales Tax (County Share)							
3% Sales Tax		127,829,191	128,739,111	136,930,630	141,038,548	145,269,705	149,627,796
1% Sales Tax		124,315,644	126,043,491	134,056,918	138,453,625	142,982,234	147,646,701
0.50% Sales Tax		67,984,185	68,106,288	72,824,659	75,009,399	77,259,681	79,577,471
0.25% Sales Tax		33,992,093	34,053,618	36,412,330	37,504,700	38,629,841	39,788,736
Sales Tax (County Share) Total		354,121,113	356,942,508	380,224,537	392,006,272	404,141,461	416,640,704
Fees Fines or Charges							
Election Expenses Other Govts Respread		6,623,349	5,771,418	7,080,311	7,186,516	7,294,313	7,403,728
All Other Fees Fines or Charges		26,769,726	25,492,221	25,786,348	25,786,348	25,786,348	25,786,348
Fees Fines or Charges Total		33,393,075	31,263,639	32,866,659	32,972,864	33,080,661	33,190,076
Other Sources							
Interest Earnings-General Investments		895,206	940,000	717,200	788,920	867,812	954,593
Hotel Occupancy Tax Revenue		7,918,120	7,752,000	8,400,334	8,652,344	8,911,914	9,179,272
Welfare Recoveries/Repayments		26,483,435	19,875,809	21,899,556	22,556,543	23,233,239	23,930,236
All Other Source Accounts Incl Interfund		17,974,503	16,126,433	16,448,526	16,448,526	16,448,526	16,448,526
Other Sources Total		53,271,264	44,694,242	47,465,616	48,446,333	49,461,491	50,512,627
Local Source Revenue Total		683,339,613	678,955,922	709,057,646	726,906,998	745,246,558	745,555,271
State Partial Reimbursement Revenue							
State-Education of Children with Special Needs		31,848,728	31,563,552	34,621,294	35,659,933	36,729,731	37,831,623
State-Mental Health		34,309,380	36,266,930	34,687,606	35,728,234	36,800,081	37,904,084
State-Family Assistance		9,437,087	9,328,319	0	0	0	0
State-Soc Serv Administration		29,275,898	28,144,333	26,047,081	23,604,406	24,384,483	25,203,161
State-Safety Net Assistance		17,671,709	22,625,169	10,802,538	11,167,819	11,533,371	11,898,399
State-Child Welfare Services		19,931,492	19,528,165	19,562,319	20,755,716	22,020,716	23,361,616
State-Serv For Recipients		4,964,591	8,472,028	8,024,721	8,265,463	8,513,427	8,768,829
State-Day Care		7,010,585	7,574,606	7,315,103	7,468,991	7,727,244	7,889,063
All Other State Accounts		21,982,307	24,345,931	26,471,157	27,265,292	28,083,250	28,925,748
State Partial Reimbursement Revenue Total		176,431,777	187,849,033	167,531,819	169,915,853	175,792,303	181,782,523
Federal Partial Reimbursement Revenue							
Federal-Family Assistance		4,181,245	6,617,491	41,889,075	45,618,048	48,171,355	50,729,359
Federal-Soc Serv Administration		30,384,857	35,025,551	30,361,519	27,825,985	29,069,824	30,375,213
Federal-Day Care		14,072,014	20,879,571	17,243,238	17,303,387	17,544,884	17,606,164
Federal-CWS Foster Care		13,604,031	14,398,351	14,285,507	15,145,763	16,057,635	17,024,219
Federal-Safety Net TANF Cases		461,403	469,660	826,719	851,521	877,066	903,378
Federal Stimulus Enhanced Medicaid		33,106,247	13,000,000	0	0	0	0
Federal Stimulus Enhanced Medicaid Reconciliation		11,708,847	unknown	unknown	0	0	0
All Other Federal Accounts		94,463,484	84,327,644	68,841,088	70,906,321	73,033,510	75,224,516
Federal Partial Reimbursement Revenue Total		201,982,128	174,718,268	173,447,146	177,651,024	184,754,274	191,862,849
State & Federal Partial Reimbursement Revenue Total		378,413,905	362,567,301	340,978,965	347,566,878	360,546,577	373,645,371
Total Operating Revenue (Excluding Shared Sales Tax)		1,061,753,518	1,041,523,223	1,050,036,611	1,074,473,876	1,105,793,135	1,119,200,643
Expense							
Personal Services Related Expense							
Personal Services							
Full-Time Salaries (incl paid time off)		162,794,555	156,068,503	160,278,604	154,247,321	156,561,031	159,909,250
Overtime - Sheriff & Jail		13,530,097	9,822,149	9,452,549	9,594,337	9,738,252	9,884,326
Overtime - All Other		4,703,670	3,876,591	4,069,802	4,130,849	4,192,812	4,255,704
Part-Time Wages		2,861,573	3,354,299	3,389,311	3,440,151	3,491,753	3,544,129
Regular Part-Time Wages		11,864,556	10,522,961	1,972,889	2,002,482	2,032,520	2,063,007
Contractual Union Salary Reserve		0	942,000	0	0	0	0
Seasonal Emp Wages		433,116	348,557	315,899	320,637	325,447	330,329
Personal Services Total		196,187,567	184,935,060	179,479,054	173,735,778	176,341,814	179,986,746

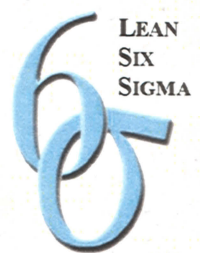
**County of Erie
2012-2015 Four-Year Operations Plan**

Fund 110 plus Library 820 (County Share)	Account Type	2010 Actuals	2011 Adopted Budget	2012 Tentative Budget	2013 Projection	2014 Projection	2015 Projection
Employee Payments non-salary							
	Shift Differential	1,122,037	1,003,745	1,085,070	1,101,346	1,117,866	1,134,634
	Uniform Allowance - Sheriff	635,938	627,750	616,500	625,748	635,134	644,661
	Holiday Worked	1,657,399	1,474,365	1,642,349	1,666,984	1,691,989	1,717,369
	Line-Up - Sheriff	1,732,286	1,679,300	1,621,037	1,645,353	1,670,033	1,695,083
	Other Employee Payments/Allowances	705,570	325,724	327,624	332,538	337,526	342,589
	Employee Payments non-salary Total	5,853,230	5,110,884	5,292,580	5,371,969	5,452,548	5,534,336
Fringe Benefits							
	Fringe Benefits-FICA	15,429,526	14,256,046	14,044,907	13,678,459	13,883,635	14,168,245
	Fringe Benefits-Medical Insurance	37,231,102	37,631,433	34,983,751	36,418,266	38,603,362	40,919,564
	Fringe Benefits-Workers Compensation	8,160,267	8,565,553	7,405,608	7,627,776	7,856,610	8,092,308
	Fringe Benefits-Unemployment Ins	535,800	2,933,446	1,529,800	1,167,030	407,878	413,996
	Fringe Benefits-Unemployment Fund Balance Transfer	0	(2,933,446)	(1,147,770)	0	0	0
	Fringe Benefits-Retiree Med Insurance	18,553,536	18,226,056	18,503,130	19,613,318	20,790,117	22,037,524
	Fringe Benefits-Retirement Pension	20,580,916	30,052,470	34,052,515	34,137,936	34,650,006	35,360,318
	Fringe Benefits-Retirement Pension Amortization Pmt (2002/06)	10,157,133	0	0	0	0	0
	Fringe Benefits Total	110,648,280	108,731,558	109,371,941	112,642,785	116,191,607	120,991,955
Personal Services Related Expense Total		312,689,077	298,777,502	294,143,575	291,750,532	297,985,970	306,513,037
Other Departmental Expense							
Supplies & Repairs							
	Auto Supplies	1,711,400	1,808,500	2,345,000	2,415,350	2,487,811	2,562,445
	Jail Management	3,629,144	3,382,600	2,592,000	2,669,760	2,749,853	2,832,348
	All Other	3,316,135	3,403,421	4,839,914	4,985,111	5,134,665	5,288,705
	Supplies & Repairs Total	8,656,679	8,594,521	9,776,914	10,070,221	10,372,328	10,683,498
Other							
	Lawsuits/Legal Settlements	4,106,303	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
	Control Board	628,824	400,000	400,000	400,000	400,000	400,000
	Social Services	14,956,910	12,796,146	13,055,987	13,447,667	13,851,097	14,266,630
	Utilities	2,253,796	2,109,713	2,360,772	2,431,595	2,504,543	2,579,679
	Equipment	797,117	307,064	426,884	439,691	452,881	466,468
	Sheriff Equipment	625,521	28,290	355,803	366,477	384,801	404,041
	All Other	1,371,429	4,981,513	4,565,738	4,702,710	4,843,791	4,989,105
	Other Total	24,739,900	23,622,726	24,165,184	24,788,140	25,437,113	26,105,923
Contractual							
	Social Services	20,681,445	19,626,837	20,235,690	20,842,761	21,468,044	22,112,085
	Mental Health	38,906,129	40,653,637	43,793,071	45,106,863	46,480,069	47,853,871
	Youth Detention	2,269,925	2,963,200	3,392,815	3,494,599	3,599,437	3,707,421
	All Other Contractual	25,446,943	25,863,510	24,396,186	25,128,072	25,881,914	26,658,371
	Contractual Total	87,304,442	89,107,184	91,817,762	94,572,295	97,409,464	100,331,748
Allocation							
	County Share-Utilities	4,464,332	4,040,336	5,195,223	5,351,080	5,511,612	5,676,960
	County Share-Grants	3,691,411	3,933,028	4,532,739	4,600,730	4,669,741	4,739,787
	County Subsidy - Road	11,978,326	12,883,718	13,961,616	14,171,040	14,383,606	14,599,360
	County Subsidy - E911	0	2,557,336	2,707,161	2,747,768	2,788,985	2,830,820
	All Other Allocations	3,555,373	7,532,289	7,306,761	7,416,362	7,527,608	7,640,522
	Allocation Total	23,689,442	30,946,707	33,703,500	34,286,981	34,881,552	35,487,449
Expense							
Program Related							
	MMIS-Medicaid Local Share	200,523,329	206,604,870	211,765,453	221,077,660	222,185,862	224,046,181
	Family Assistance	37,580,137	43,652,584	43,069,885	46,799,188	49,352,495	51,910,499
	CWS-Foster Care	57,101,613	58,937,199	56,917,848	60,332,919	63,952,894	67,790,068
	Safety Net Assistance	38,378,346	46,446,426	41,320,286	43,745,453	45,193,123	46,637,540
	Child Care-DSS	26,063,671	32,163,255	28,074,948	28,341,765	28,933,555	29,212,106
	Children With Special Needs Program	63,870,360	64,075,487	68,073,053	70,115,245	72,218,702	74,385,263
	State Training School (STS)	4,830,719	3,852,740	4,671,571	4,691,980	5,372,368	6,151,353
	All Other Program Related Accounts	8,892,303	5,198,318	5,421,745	5,584,397	5,751,929	5,924,487
	Program Related Total	437,240,478	460,930,879	459,314,789	480,688,607	492,960,928	506,057,497
Debt Service							
	Interest-Revenue Anticipation Notes	419,061	405,710	1,074,231	490,909	540,000	594,000
	Interest-Bond Anticipation Notes	1,175,976	0	0	0	0	0
	General Bond Debt Service (Excludes Other Agency Non Recurring Debt)	41,414,956	50,193,854	41,374,425	40,981,876	42,752,185	46,232,239
	Debt Service Total (Excluding Other Agency Non-Recurring Debt Serv)	43,009,993	50,599,564	42,448,656	41,472,785	43,292,185	46,826,239
Sub-Total County Run Department Expense		937,330,011	962,579,083	955,370,380	977,629,561	1,002,339,540	1,032,005,391

2012-2015 Four-Year Operations Plan

Fund 110 plus Library 820 (County Share)	Account Type	2010 Actuals	2011 Adopted Budget	2012 Tentative Budget	2013 Projection	2014 Projection	2015 Projection
Other Agency Expense							
Other Agency Expense							
Library Levy		22,171,833	18,171,833	18,171,833	18,171,833	18,171,833	0
Library Subsidy		3,000,000	0	2,000,000	2,000,000	2,000,000	0
Fund Balance Used for Library Subsidy		0	0	(2,000,000)	0	0	0
Community College							
Erie Community College Subsidy		15,629,317	15,420,778	15,420,778	15,420,778	15,420,778	15,420,778
County Residents Enrolled in Other Community Colleges		4,975,498	5,657,616	4,526,640	4,662,439	4,569,190	4,477,807
Community College Chargeback Respread Revenue		(4,246,018)	(4,838,796)	(4,975,498)	(5,657,616)	(4,526,640)	(4,662,439)
Visit Buffalo Niagara (CVB)							
Visit Buffalo Niagara (CVB) Subsidy		3,125,000	3,250,000	3,300,000	3,300,000	3,300,000	3,300,000
Convention Center Subsidy		1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
One-Time Convention Center Grant		225,000	0	0	0	0	0
NFTA Sec 18b Subsidy		3,657,200	3,657,200	3,657,200	3,657,200	3,657,200	3,657,200
Legal Aid/County Bar Subsidy		10,909,008	11,031,586	11,286,460	11,625,054	11,973,805	12,333,020
Cultural Agency Support		5,895,645	4,441,000	4,490,000	4,490,000	4,490,000	4,490,000
Buffalo Bills Game Day Expenses		3,998,219	4,302,923	4,432,011	4,564,971	4,701,920	4,842,978
Buffalo Bills Debt Service		----	----	3,122,615	2,934,589	2,700,941	2,570,029
ECMCC Subsidy		0	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000
DSH-IGT expense to ECMCC		8,192,031	0	0	0	0	0
UPL-IGT expense to ECMCC		8,007,970	0	0	0	0	0
Sub Total Other Agency Expense		87,190,703	78,944,140	81,282,039	83,019,248	84,309,028	64,279,372
Other Agency Non-Recurring Debt Service							
Botanical Gardens Debt Service		----	----	1,433,159	1,422,702	1,344,354	1,286,922
Zoo Debt Service		----	----	477,728	477,611	477,770	477,898
Convention Center Debt Service		----	----	1,319,138	1,292,771	1,292,935	1,286,977
HSBC Arena Debt Service		----	----	1,563,897	1,567,122	1,571,647	0
Court Facility Debt Service		----	----	8,354,460	8,176,204	8,317,696	7,981,223
ECMCC Other Debt Service		13,785,716	13,788,456	4,531,225	0	0	0
Sub Total Other Agency Non-Recurring Debt Service		13,785,716	13,788,456	17,679,607	12,936,410	13,004,402	11,033,020
Fund Balance Transfer for Other Agency Non-Recurring Debt Service			(13,788,456)	(4,295,415)	0	0	0
Total Other Agency Expense		100,976,419	78,944,140	94,666,231	95,955,658	97,313,430	75,312,392
Total Erie County Expense (Excluding Shared Sales Tax)							
		1,038,306,430	1,041,523,223	1,050,036,611	1,073,585,219	1,099,652,970	1,107,317,783
Revenue Less Expense Surplus (Gap)							
		23,447,088	0	0	888,657	6,140,165	11,882,860
FUND BALANCE USED FOR NON-RECURRING EXPENSE			(16,721,902)	(7,443,185)	0	0	0
ESTIMATE OF 2011 SURPLUS			16,721,902				
NET USE:			0				
For Reference Only Budget Including Shared Sales Tax							
Shared Sales Tax							
3% Sales Tax Distributed to Cities, Towns & Schools		265,579,814	267,637,838	284,489,097	293,023,770	301,814,483	310,868,917
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%)		17,104,739	17,317,937	18,322,596	18,872,274	19,438,443	20,021,596
Shared Sales Tax Total		295,184,553	297,455,775	315,311,693	324,396,044	333,752,925	343,390,513
Total Fund 110 & Library 820 (County Share) Budget Revenue & Expense (Including Shared Sales Tax)		1,333,490,983	1,338,978,998	1,365,348,304	1,397,981,263	1,433,405,896	1,450,708,296

LEAN SIX SIGMA



LEAN SIX SIGMA INITIATIVE

Results of the Lean Six Sigma initiative from 2008-2011 have significantly exceeded expectations. At December 31, 2011, Erie County will have 35 trained and certified Green Belts, 98 Yellow Belts, and 7 Black Belts. A Rapid Action/Workout initiative was launched during the 4th quarter 2010 with two additional workshop/training sessions completed in 2011. The Rapid Action Toolkit complements the traditional Lean Six Sigma Green/Black Belt methodologies. Rapid Action projects are less complex in scope and are completed within a 60-90 day time frame.

Wave 1 projects (listed below) have saved taxpayers \$2.2 million in 2008 and an additional \$2 million in 2009. Wave 2 projects saved \$1.6 million in 2009 and an additional \$2.6 million in 2010. Wave 3 projects saved \$199,465 in 2009 and an additional \$351,772 in 2010. Wave 4 projects saved \$792,494 in 2010 and an additional \$578,698 in 2011. Black Belt projects saved \$704,745 in 2010 and an additional \$768,315 in 2011.

Additional training for Lean and Rapid Action are planned for 2012. The projects started as of the 1st quarter 2011 are projects consisting of replications of previous successful projects being deployed into other areas of the county, new belt projects and rapid action projects. A summary of these projects is provided below.

2008-2009 Projects – Wave 1 Green Belts

<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 Green Belts

Special Needs

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

Information & 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, and arranges for services for families as needed to ensure safety and reduce future risk, including court action if necessary, to ensure the 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	\$1,644,113
Wave 2 - Total 2010 Savings Estimate	\$2,589,992

2009 Projects – Wave 3 Green Belts**Dental Clinic****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**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**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**Information & Support Services**

Reduce the cycle time to complete a help desk ticket (from the time the user calls 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	\$ 199,465
Wave 3 - Total 2010 Savings Estimate	\$ 351,772

2010 Projects – Wave 4 Green Belts

Pre-Sentence Investigation Process

Probation

Reduce the time to process a Pre-Sentence Investigation (PSI) report between conviction and sentencing. Focus is on delays in the transcription process.

Facilities Optimization

Real Estate & Asset Management

Optimize exterior facilities management across all County departments. Determine the most efficient use of resources to reduce overall costs. This includes equipment, third party contracting, travel time, and expertise.

Equipment Purchasing/Sharing

Budget

Improve equipment purchasing and sharing by increasing efficiency, reducing fleet size; improve fleet age and condition, and establishing County policy and tracking mechanism on sharing of large County assets.

GIS Routing & Scheduling

Environment & Planning

Increase the efficiency for scheduling and routing of field workers conducting Weights & Measures, and Department of Health Inspections. The project will focus on maximizing the number of site visits through more efficient scheduling/routing, and increasing time spent in the field (out of the office).

Special Needs - Early Intervention Providers/Therapists

Health

Implement an Amendment tracking measurement system to determine if there is variation across providers and therapists in the type and number of services received by program recipients. Recognize providers who engage and leverage family members in the treatment process resulting in successful outcomes and child/parent satisfaction. Savings are incorporated in Wave 2.0 Special Needs project.

Long-term Care/Nursing Home Process

Social Services

Streamline and standardize the Long-Term Care application process and provide benefits in a timely manner. The project will focus on reducing cycle times, improving processing capacity, and reducing the use of overtime.

Workers Compensation - Back to Work Program

Office of the Disabled

Workers Compensation costs have increased to over \$12,000,000 annually. The project will strive to implement a "Return to Work" modified duty program to reduce the time and related costs for employees on extended outages.

Business Certification Process-MBE/WBE**County Attorney**

The cycle time to process Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) applications is too long. The project will focus on streamlining the application and approval process to facilitate more business awarded to MBE and WBE certified businesses.

Wave 4 - Total 2010 Savings Estimate	\$ 792,494
Wave 4 - Total 2011 Savings Estimate	\$ 578,698

2010 Projects – Black Belts**Release Under Supervision****Probation**

Identify opportunities to increase the number of referrals (for low risk offenders) from suburban court judges for Release Under Supervision. This will help to reduce jail overcrowding and save the county approximately \$128.28 per day per inmate.

Children's System of Care**Mental Health**

The project will focus on the reduction in admissions to Residential Treatment. The project will target communication amongst the key individuals and seeks to optimize the shortened lengths of stay in residential treatments programs to ensure better results for youths.

Direct Data Entry**Social Services**

The project will review case processing to reduce; cycle time, error rates, and duplication of work. The current process is redundant, prone to error, involves constant rework, and includes several individuals to process a single transaction. Data Entry Operator time is being redeployed to other functions.

Medicaid**Social Services**

Reorganize the Medicaid work process to meet the NYS elimination of the requirement of face-to-face interview while continuing to meet the state and federal regulations.

Preventative Maintenance**Parks**

Optimization of the general repair and preventative maintenance for all vehicles operated by most county departments. This project will address talent and tool availability as well as, buildings and locations, to determine the best way to service vehicles.

Black Belts - Total 2010 Savings Estimate	\$ 704,745
Black Belts - Total 2011 Savings Estimate	\$ 768,315

2011 Lean Six Sigma Projects

System of Care for Senior Service

Senior Services/Mental Health

This project will apply the key principles developed for the Children's System of Care to the System of Care for senior citizens. This will enhance the county's ability to provide the right care to the right senior for the right amount of time for the right outcome.

System of Care for Special Needs/Early Intervention

Health/Mental Health

This project will apply the key principles developed for the Children's System of Care to the System of Care for therapy for pre-school and early intervention children. This will enhance the county's ability to provide the right care to the right child for the right amount of time for the right outcome.

System of Care for Preventative Services

Social Services/Mental Health

This project will apply the key principles developed for the Children's System of Care to the System of Care for Preventative Services for youth. This will enhance the county's ability to provide the right care to the right child for the right amount of time for the right outcome.

Public Benefits Application and Case Management

Social Services

This project will implement an automated IT system to reduce the complexity, processing time, and errors of processing and managing Public Benefit Applications. This system will be deployed in the Medicaid, Food Stamp, and Temporary Assistance areas.

Upfront Imaging

Social Services

This project will implement a first step imaging process that will eliminate the need for making paper copies and hand delivering the paper copies to multiple areas of the Social Services Department.

Standardized Work/Best Practices

Social Services

This project will define and standardize the best practices to perform Public Benefit application processing for both case based and task based case management.

2011 Savings Estimate**2011 Estimates**

Wave 1	\$2,242,113
Wave 2	\$1,624,201
Wave 3	\$ 127,200
Wave 4	\$ 578,698
Black Belts 2011	<u>\$ 768,315</u>
Total 2011 Savings Estimate	\$5,340,527

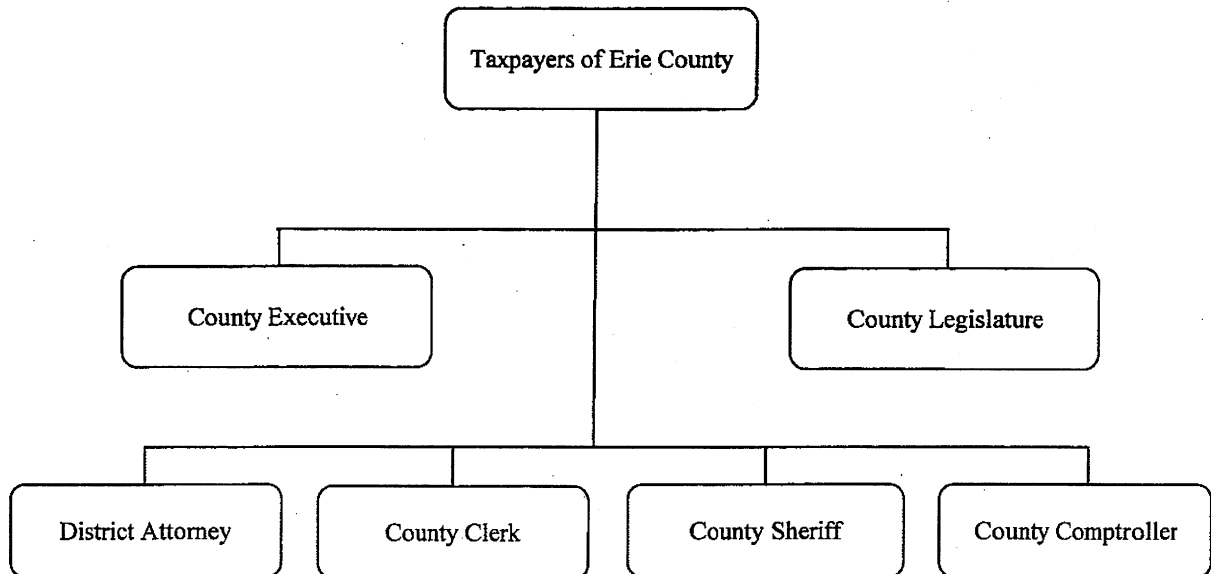
2012 LEAN SIX SIGMA DEPLOYMENT PLAN**2012 Estimates**

Total Value of Carry-Over Savings (2008-2010)	\$5,508,515
2011 Projects Implemented Q'4 2011	\$2,549,599
New Projects Scheduled for 2012	<u>\$ 750,000</u>
Total 2012 Savings Estimate	<u>\$8,808,114</u>

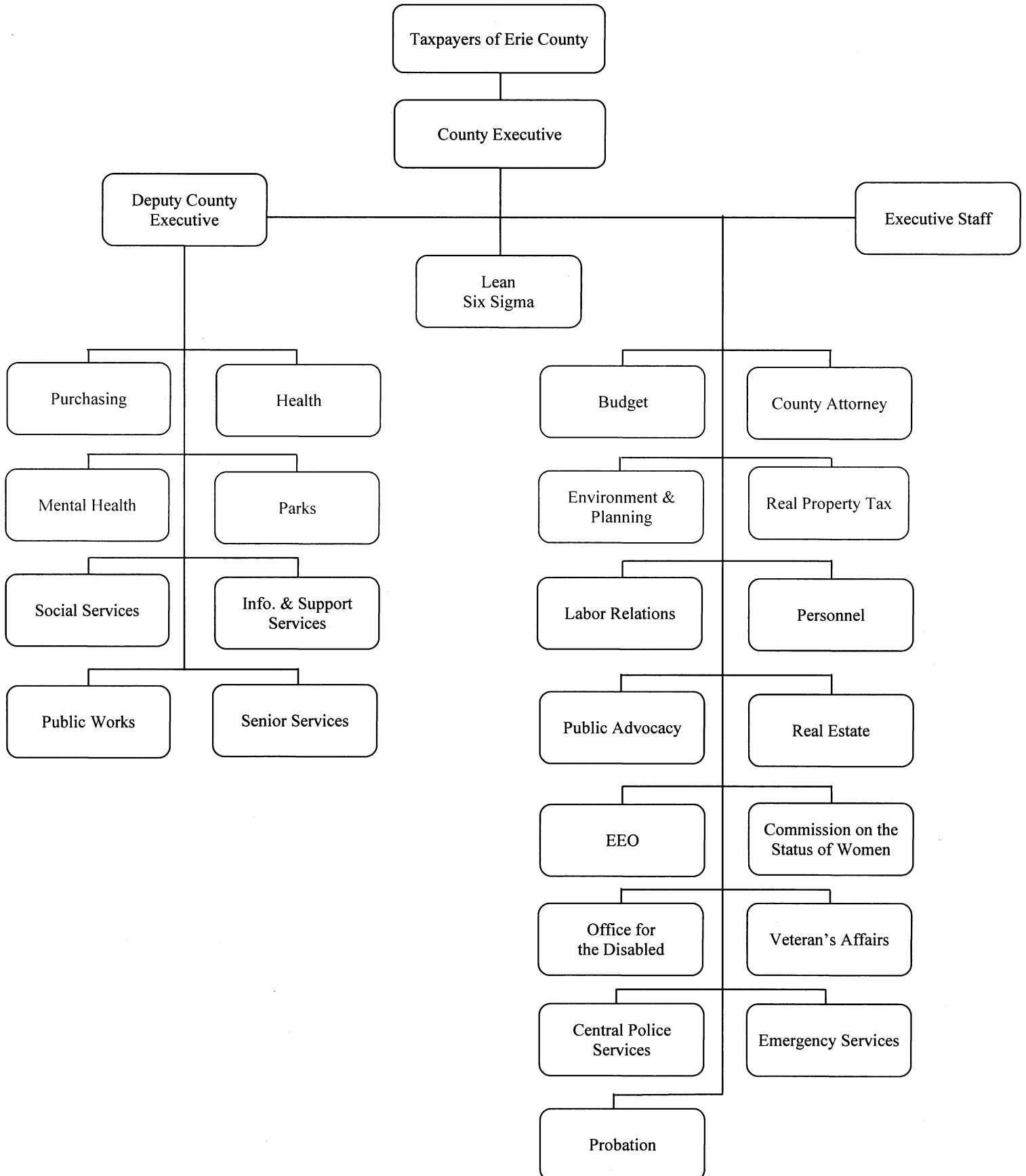
OVERVIEW



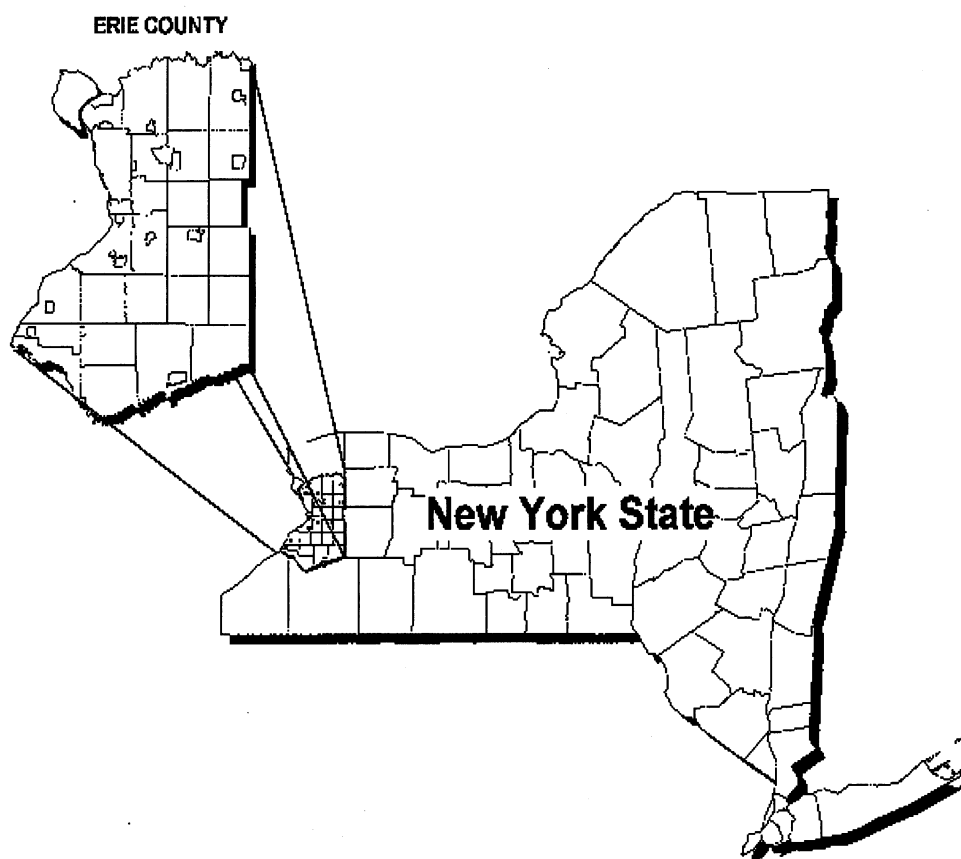
Erie County Elected Officials



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 and chief budget officer of the County. The County Legislature which, beginning in 2012, will consist of 11 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
2010	919,040

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

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

Economy

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

Ten Largest Employers in WNY

<u>Organization</u>	<u>Employees</u>
State of New York	27,995
SUNY at Buffalo	10,898
Kaleida Health	10,000
U.S. Government	10,000
Catholic Health Systems	6,230
Employer Services Corporation	6,089
City of Buffalo Schools	5,200
Tops Markets LLC	5,103
HSBC Bank USA	5,000
M&T Bank	4,611

Source: 2011 Business First Book of Lists

Total Labor Force

<u>Year</u>	<u>Total Labor Force</u>
2002	469,800
2003	469,900
2004	473,200
2005	472,800
2006	470,200
2007	466,100
2008	472,700
2009	469,700
2010	466,100
2011*	467,800

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

*As of August 2011

Ten Largest Taxpayers

(As of July 1, 2011)

	<u>Equalized Taxable Valuation</u>
National Fuel Gas	\$674,677,729
National Grid/Niagara Mohawk	649,374,124
Benderson Development Co.	467,502,170
Huntley Power LLC	400,797,320
Verizon	316,462,947
NYSEG	249,085,217
DDR MDT LLC	221,109,019
Pyramid Co. of Buffalo	172,614,262
Norfolk/Conrail/CSX	111,887,585
Uniland Development	<u>111,283,138</u>
TOTAL	<u>\$3,374,793,511</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
2008	42,445,603,001	4.86%
2009	44,382,615,356	4.56%
2010	46,120,909,989	3.92%
2011	46,738,119,997	1.34%
2012	47,237,059,981	1.07%

3.15% Average 5-Year Growth

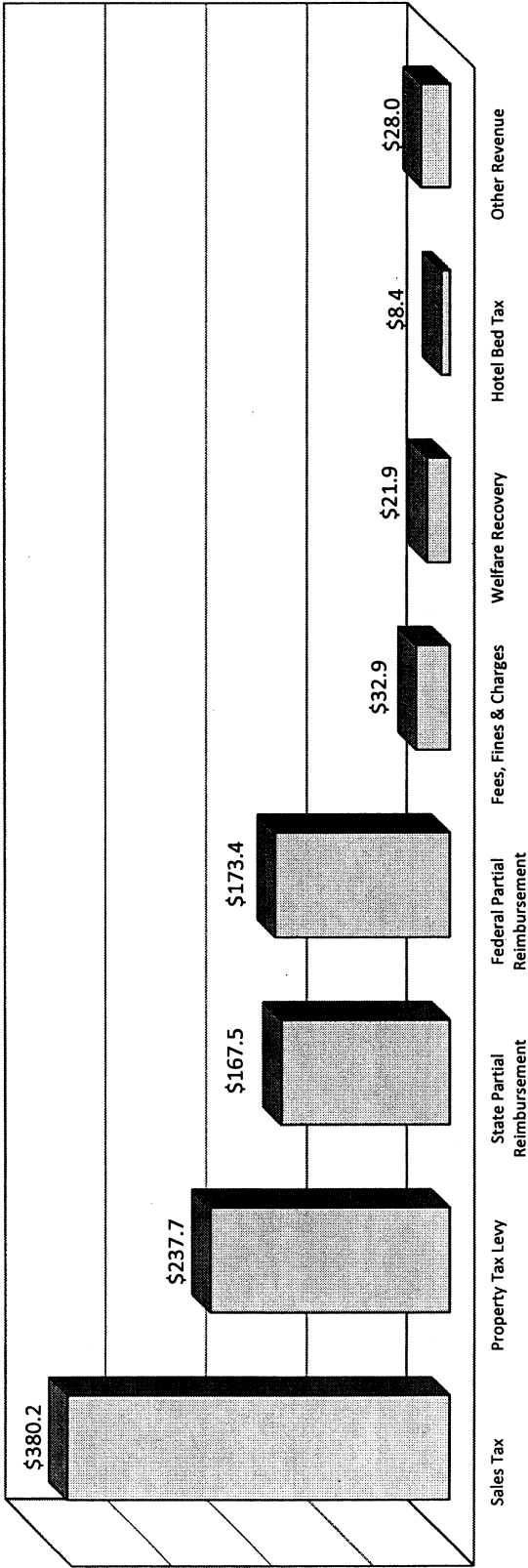
Source: Erie County Division of Real Property Tax Services

UNDERSTANDING THE 2012 ERIE COUNTY BUDGET

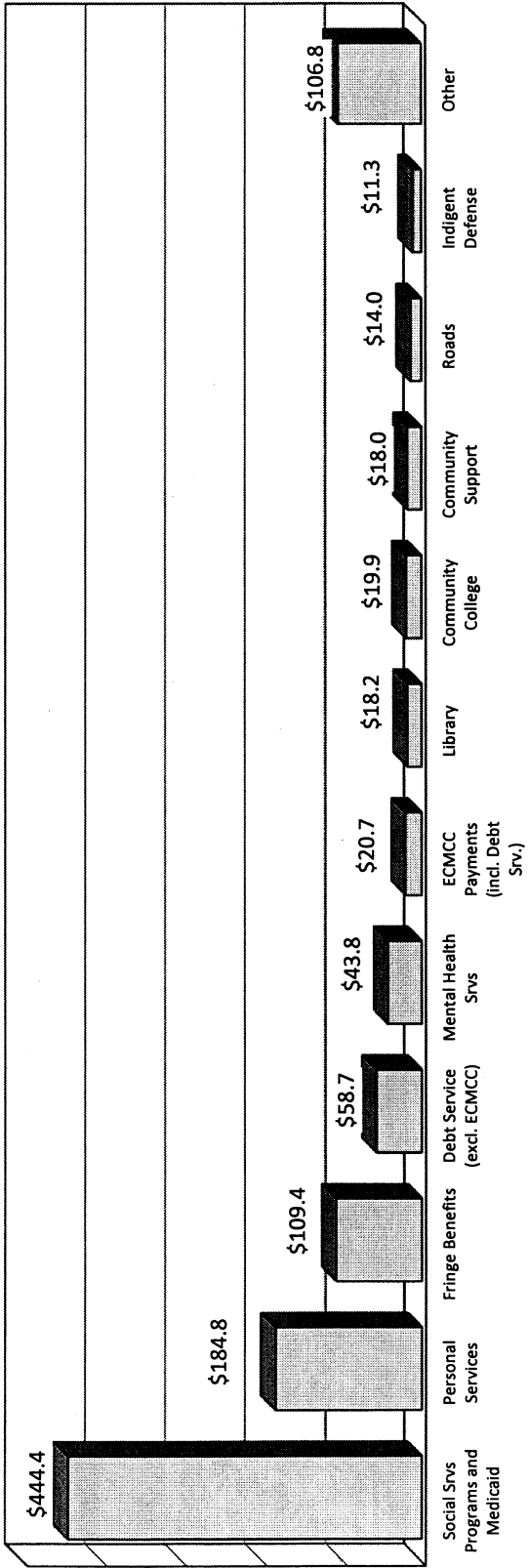


The Annual Budget is \$1,050,036,611

Revenue (in millions)



Expense (in millions)



Summary of Undesignated Fund Balances Recorded 2004-2010

Fund Name	2004	2005	2006	2007	2008	2009	2010
110 General	(10,774,000)	4,647,000	23,069,000	32,960,569	45,389,000	74,044,894	72,488,232 *
210 Road	(4,484,414)	(7,898,000)	(6,911,000)	(6,977,463)	(4,000,000)	0	0
Deferred Pension	(2,869,980)	(2,152,485)	(15,253,011)	(13,087,181)	(10,921,351)	0	0
Total	(18,128,394)	(5,403,485)	904,989	12,895,925	30,467,649	74,044,894	72,488,232

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.

* Includes \$5,584,202 in 2011 pension, paid on 12/15/10, reversed into Fund Balance on 1/1/11.

TAX LIENS

Estimated Collectable Balance Due: 12/31/2011

Prior Years*	\$	637,133
2006		853,886
2007		1,281,598
2008		2,821,035
2009		6,303,494
2010		9,540,249
2011		<u>16,889,185</u>
Total	\$	<u>38,326,580</u>

**Liens Prior to 2006 include liens assigned back to Erie County from the Erie Tax Certificate Corp. and liens that were retained by the County.*

- 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. As the Erie County Tax Certificate Corporation ended the servicing agreement with XSPAND, and with the Corporation dissolving in 2011, all prior tax liens were assigned back to the County, and are now being serviced by Real Property staff. Those prior and current liens result in an outstanding collectable balance owed to Erie County taxpayers of **\$38,326,580** (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.

MONEY OWED TO ERIE COUNTY

(Not included in Undesignated Fund Balance)

The table below shows a summary of money owed to Erie County that is not included in the County's Undesignated Fund Balance as of 1/1/2011.

	<u>Amount Owed</u>	<u>Total</u>
Community College Respread		
2010	4,975,498	
2011	<u>5,657,616</u>	
		10,633,114
Board of Election Respread		
2010	7,080,311	
2011	<u>7,186,516</u>	
		14,266,827
Tax Liens – <i>Expected Collections</i>		
Prior Years	\$637,133	
2006	853,886	
2007	1,281,598	
2008	2,821,035	
2009	6,303,494	
2010	9,540,249	
2011	<u>16,889,185</u>	
		<u>\$38,326,580</u>
TOTAL OWED TO ERIE COUNTY		<u>\$63,226,521</u>

Undesignated General Fund Balance (on 1/1/11)	\$72,488,232	
5% OF 2012 COUNTY OPERATIONS BUDGET OF \$1,050,036,611	<u>\$52,501,831</u>	
Fund Balance in Excess of 5%		\$19,986,401

Note: The Erie County Charter calls for a General Fund Balance of 5%

**ERIE COUNTY DEBT
2007-2015
Erie County General Obligation Debt Outstanding
(Excluding Sewers)**

Year	Outstanding GO Debt January 1	Outstanding ECMCC Debt January 1	GO Debt Issued Bond During Year*	Debt Run-Off During Year**	Debt Balance December 31
2007*	460,802,779	101,375,000	33,680,714	(37,220,534)	558,637,959
2008*	457,262,959	101,375,000	51,089,867	(44,336,779)	565,391,047
2009*	464,016,047	101,375,000	46,746,959	(42,291,435)	569,846,571
2010*	468,471,571	****	39,117,000	(58,866,277)	448,722,294
2011	448,722,294		18,733,100	(48,560,491)	418,894,903
2012***	418,894,903		20,000,000	(45,031,848)	393,863,055
2013***	393,863,055		20,000,000	(42,232,179)	371,630,876
2014***	371,630,876		20,000,000	(45,842,707)	345,788,169
2015***	345,788,169		20,000,000	(47,118,406)	318,669,763

* No Bonds were issued from 2007-2009. Years 2007-2010 debt issued equals the year the debt was authorized that was issued in 2010

** Includes net affect of Advanced Refunding and Refunding

*** Estimated

**** As per the Agreement between ECMCC and the County, ECMCC will be making all future payments on the \$101.375M bond.

OVERVIEW OF REVENUES



PROPERTY TAX LEVY

2011 Budget: \$235,182,208
 2012 Proposed: \$237,692,831

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 2012 County property tax levy totals \$237,692,831.

A breakout of the total property tax levy into two required reporting categories for 2011 and 2012 totals:

	<u>2011 Budget</u>	<u>2012 Proposed</u>
General Fund	\$217,010,375	\$219,520,998
Library Fund	\$ <u>18,171,833</u>	\$ <u>18,171,833</u>
Total Property Tax Levy	\$235,182,208	\$237,692,831

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 twelve-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>
2012	237,692,831	5.03
2011	235,182,208	5.03
2010	232,413,974	5.03
2009	223,306,326	5.03
2008	211,837,793	4.94
2007	200,031,205	4.94
2006	188,094,445	4.94
2005	157,641,229	4.34
2004	152,529,551	4.42
2003	152,529,551	4.54
2002	152,529,551	4.74
2001	152,529,551	4.78

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:

$$\begin{array}{rcl} \text{County Tax Levy} & \div & \text{Total Equalized Full Market Value} = \text{Average County Full Market Property Tax Rate} \\ \$237,692,831 & \div & \$47,237,059,981 = \$5.03 \text{ per } \$1,000 \text{ Assessed Value} \end{array}$$

Equalized Full Market Value

Compared to 2011 the amount of equalized full value has increased by 1.07 percent. The amount of equalized full value is determined as follows:

$$\begin{array}{rcl} \text{Total Taxable Assessed Value} & \div & \text{Equalization Rate (rounded)} = \text{Equalized Full Market Value} \\ 2011 & \$35,467,308,165 \div .7589 & = \$46,738,119,997 \\ 2012 & \$35,704,700,787 \div .7559 & = \$47,237,059,981 \end{array}$$

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
2008	42,445,603,001	4.86%
2009	44,382,615,356	4.56%
2010	46,120,909,989	3.92%
2011	46,738,119,997	1.34%
2012	47,237,059,981	1.07%

3.15% 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 2012 is set forth below:

Computation of Constitutional Tax Power for 2012

2007	40,477,681,759
2008	42,445,603,001
2009	44,382,615,356
2010	46,120,909,989
2011	46,738,119,997
Total ^(a)	\$220,164,930,102
Five-Year Average Full Valuation	\$44,032,986,020
Tax Limit (1.5%)	660,494,790
Total Exclusions (Debt Bonds)	<u>62,390,297</u>
Total Taxing Limit	722,885,087
Less Total Tax Levy for 2012^(b)	<u>249,748,640</u>
Unused Tax Limit	\$473,136,447

^(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 \$12,055,809.

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 \$502,720,157 leaving an unused tax margin of \$252,971,517.

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

Five-Year Average Full Valuation	\$44,032,986,020
Tax Limit (1.0%)	440,329,860
Total Exclusions (Debt Bonds)	<u>62,390,297</u>
Total Taxing Power	\$502,720,157
Less Total Levy for 2012^(b)	<u>249,748,640</u>
Projected 1% Unused Tax Margin	\$252,971,517

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

SALES TAX REVENUES

SALES TAX REVENUES

2012 Budget

Sales Tax Retained by Erie County	\$380,224,537
Shared with Cities, Towns, Villages, School Districts, NFTA	<u>\$315,311,693</u>
Total Sales Tax Revenues	\$695,536,230

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:	31.1389%	100% (less \$12.5M)	100%
NFTA:	4.1666%	—	—
School Districts:	29.0000%	—	—
Cities:	10.0087%	—	—
Cities, Towns & Villages:	25.6858%	\$12.5 million	—

⁽¹⁾1% Sales Tax authorization expires November 30, 2013

⁽²⁾.75% Sales Tax authorization expires November 30, 2013

COUNTY SHARE SALES TAX RECEIPTS - HISTORICAL DATA

The chart below details the eighteen year history of collections of sales tax for County purposes. It also includes the 2011 Adopted Budget and 2012 Executive Recommended budget for sales tax.

YEAR	3% COUNTY SHARE (less NFTA share)	1% SALES TAX (less 12.5M to local gov. starting in 2007)	.25% SALES TAX	.50% SALES TAX	Total County Share Sales Tax
1993	81,014,065	86,413,693			167,427,758
1994	85,002,895	90,617,571			175,620,466
1995	88,836,403	94,384,075			183,220,478
1996	91,039,777	97,610,220			188,649,997
1997	93,058,631	99,716,838			192,775,469
1998	91,546,934	98,009,975			189,556,909
1999	99,890,294	106,845,711			206,736,005
2000	104,716,296	112,067,315			216,783,611
2001	105,848,504	113,486,953			219,335,458
2002	106,262,629	113,526,622			219,789,251
2003	112,598,598	120,489,365			233,087,964
2004	112,585,445	120,422,959			233,008,404
2005	116,810,342	125,018,612	14,511,931		256,340,885
2006	118,951,249	127,309,356	31,302,516	61,522,198	339,085,319
2007	126,773,297	123,189,926	33,922,994	67,845,987	351,732,204
2008	129,068,864	125,653,503	34,119,468	68,238,935	357,080,769
2009	124,960,767	121,251,199	33,257,345	66,514,689	345,984,000
2010	127,829,191	124,315,644	33,992,093	67,984,185	354,121,113
2011*	128,739,111	126,043,491	34,053,618	68,106,288	356,942,508
2012*	136,930,630	134,056,918	36,412,330	72,824,659	380,224,537

* Budget

SALES TAX SHARED WITH OTHER LOCAL GOVERNMENTS

The following table indicates 2012 estimated sales tax to Erie County and the amount of sales tax passed through to local jurisdictions.

	2012 Estimated Collections	
County Sales Tax		
3% Sales Tax	\$136,930,630	
1% Sales Tax	134,056,918	
.75% Sales Tax	<u>109,236,989</u>	
Total 2012 Estimated County Share	\$380,224,537	55%
Shared Sales Tax		
3% Sales Tax Distributed to Cities, Towns, Schools	\$284,489,097	
1% Sales Tax Distributed to Cities & Towns	12,500,000	
3% Sales Tax Distributed to NFTA (1/8 th of 1%)	<u>18,322,596</u>	
Total to Other Jurisdictions	\$315,311,693	45%

ALL OTHER REVENUES

2011 Budget: \$103,553,108
2012 Proposed: \$ 91,140,278

2012 Distribution of All Other Revenues

	<u>Total</u>
Property Tax Related	\$10,808,003
Welfare Recoveries/Repayments	21,899,556
Hotel Occupancy Tax	8,400,334
Election Expense Respread	7,080,311
Interest Earnings-General Investments	717,200
Fees, Fines, Charges	25,786,348
All Other Source Accounts	16,448,526
Total	\$91,140,278

Property Tax Related

2011 Budget: \$10,873,325
2012 Proposed: \$10,808,003

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

2011 Budget: \$19,875,809
2012 Proposed: \$21,899,556

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

2011 Budget:	\$7,752,000
2012 Proposed:	\$8,400,334

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

2011 Budget:	\$5,771,418 – 2009 election expense
2012 Proposed:	\$7,080,311 – 2010 election expense*
2013 Estimated:	\$7,186,516 – 2011 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 Fund Balance does not include the last two years of respread expenses which is money owed to the County that will be reimbursed by the towns and cities to Erie County.*

Interest Earnings-General Investments

2011 Budget:	\$ 940,000
2012 Proposed:	\$ 717,200

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

2011 Budget:	\$25,492,221
2012 Proposed:	\$25,786,348

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

2011 Budget:	\$16,126,433
2012 Proposed:	\$16,448,526

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

2011 Budget: \$187,849,033
2012 Proposed: \$167,531,819

2012 Distribution of State Partial Reimbursement Operating Fund

	<u>Total</u>
Social Services	\$71,916,344
Youth Services	6,420,737
Youth Bureau	778,893
Health Department	3,826,289
Early Intervention/Special Needs	38,728,583
Mental Health	40,690,917
Probation	1,107,615
Sheriff/Jail	274,431
Law (Indigent Defense)	1,455,128
REAM/Buildings and Grounds	2,166,000
All Other Departments	166,882
Total	\$167,531,819

Department of Social Services

2011 Budget: \$95,571,557
2012 Proposed: \$71,916,344

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.

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

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

Administrative costs for Medical Assistance continue to be a component of the Medicaid Cap in 2012. 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 (FCBG) in 2012. Uncapped 62 percent State reimbursement is available for child protection services and for foster care prevention, adoption administration and independent living services. Enhanced funding for adoption subsidies was eliminated in 2011 and these program expenses are now also 62 percent State.

State funding for Community Optional Preventive Services (COPS) programs was eliminated in October 2009 and no COPS programs were included in the 2012 proposed budget.

Health Department

2011 Budget:	\$4,467,300
2012 Proposed:	\$3,826,289

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

2011 Budget:	\$36,175,169
2012 Proposed:	\$38,728,583

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*)

2011 Budget: \$39,163,332

2012 Proposed: \$40,690,917

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

2011 Budget: \$1,278,439

2012 Proposed: \$1,107,615

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

Youth Services

2011 Budget: \$5,460,708
2012 Proposed: \$6,420,737

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

Youth Bureau

2011 Budget: \$1,243,372
2012 Proposed: \$ 778,893

State revenues are received from the State Office of Children and Family Services for Youth Development and Delinquency Prevention, Runaway and Homeless Youth, the Partnership for Youth and for the Special Delinquency Prevention program (SDPP). A new program for Supervised Treatment Services for Juvenile Programs (STSJP) is also included in the 2012 Proposed Budget with 62 percent State funding. These programs are aimed at creating a healthy community environment for positive youth development as well as establishing recreational programs in an effort to deter delinquent behavior. A majority of the State revenues are redirected to other municipal and community-based agencies whose programs are monitored for effectiveness by the department. Additionally, State reimbursement is received for 49 percent of the Youth Bureau's administrative costs. Amounts budgeted in 2012 reflect the impact of state reimbursement reductions expected to continue on an ongoing basis and are consistent with current actual allocations.

Sheriff's Department and Jail Management

2011 Budget: \$511,505
2012 Proposed: \$274,431

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 (Account 405210 Indigent Defense)

2011 Budget: \$1,746,150
2012 Proposed: \$1,455,128

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

Buildings and Grounds (Account 405170)

2011 Budget: \$2,166,000
2012 Proposed: \$2,166,000

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

All Other Departments

2011 Budget: \$ 65,501
2012 Proposed: \$166,882

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

FEDERAL PARTIAL REIMBURSEMENT

2011 Budget: \$174,718,268
2012 Proposed: \$173,447,146

2012 Distribution of Federal Partial Reimbursement Operating Fund

	<u>Total</u>
Social Services	\$163,690,872
Youth Detention	45,883
Early Intervention/Pre-K/Special Ed	1,154,841
Health Division	390,000
Sheriff/Jail	232,400
Emergency Services	275,000
Mental Health	5,673,534
Medicare Part D	1,903,440
District Attorney	51,000
Probation	30,176
Total	\$173,447,146

Department of Social Services

2011 Budget: \$166,734,762
2012 Proposed: \$163,690,872

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. Family Assistance is now reimbursed at 100 percent Federal share. Child day Care subsidies for low income families are reimbursed at 100 percent of cost from the CCDBG up to a fixed allocation ceiling. SSBG services are reimbursed at 100 percent of cost up to a fixed ceiling. Federal reimbursements are also received for administrative costs 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 the Flexible Fund for Family Fund for Family Services (FFFS) by the State in 2006.

The temporary increase in the Federal Medicaid Assistance Percentage (FMAP) ended in July 2011. All other economic stimulus funding (Foster Care, Adoption Subsidies and Food Stamp administration) expired after December 2010. The expiration of the economic stimulus funding reduces 2012 revenue by \$13.0 million from 2011.

The 2012 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

2011 Budget:	\$46,927
2012 Proposed:	\$45,883

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

Early Intervention/Pre-K/Special Education

2011 Budget:	\$1,359,061
2012 Proposed:	\$1,154,841

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 \$950,769 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 \$204,072 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 \$1,154,841.

Health Division

2011 Budget: \$ -0-
2012 Proposed: \$390,000

Federal revenue in the Health Division represents Medicaid reimbursement for the cost of providing medical services to Medicaid eligible detainees. This reimbursement was previously recorded in the Jail Management Division.

Sheriff's Department and Jail Management

2011 Budget: \$210,900
2012 Proposed: \$232,400

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 2012 from the Social Security Administration through the prisoner reporting incentive program.

Department of Emergency Services (*Account 410500*)

2011 Budget: \$275,000
2012 Proposed: \$275,000

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

Department of Mental Health

2011 Budget: \$4,405,606
2012 Proposed: \$5,673,534

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 (Account 414100)

2011 Budget: \$1,600,000
2012 Proposed: \$1,903,440

Revenues of \$1,903,440 are received from the Federal government that help Erie County pay the cost of drug prescription coverage for its retirees.

District Attorney

2011 Budget: \$ 55,640
2012 Proposed: \$ 51,000

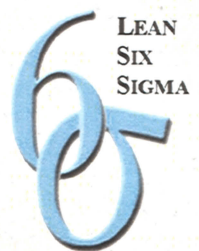
Federal money allocated to the District Attorney's Office to offset a portion of the expense related to the prosecution of juvenile offenders and to provide staff training for the prosecution of crimes against the elderly.

Probation

2011 Budget \$ 30,372
2012 Proposed \$ 30,176

Reimbursement is received by the Probation Department for costs associated with FBI investigations.

OVERVIEW OF EXPENDITURES



OPERATING FUND EXPENDITURES

TOTAL OPERATING FUND EXPENSES FOR COUNTY RUN DEPARTMENTS

2011 Budget: \$1,041,523,223
2012 Proposed: \$1,050,036,611

2012 Distribution of Operating Fund Expenses

	<u>Total</u>
Personal Services	\$184,771,634
Fringe Benefits	109,371,941
Contractual Agency Payments	91,817,762
Other Agency Expense	81,282,039
Other Non-Recurring Debt Service	13,384,192
Social Services Assistance & Programs	391,241,736
Early Intervention/Pre-K/Special Ed	68,073,053
Interfund Transfers (County Share)	
County Share Roads	13,961,616
County Share E-911	2,707,161
County Share Grants	4,532,739
County Share Utilities	5,195,223
Debt Service (excludes ECMCC)	42,448,656
Supplies & Repairs	9,776,914
All Other Expense	31,471,945
Total	\$1,050,036,611

Personal Services

2011 Budget: \$190,045,944
2012 Proposed: \$184,771,634

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.

Fringe Benefits

2011 Budget: \$108,731,558

2012 Proposed: \$109,371,941

Fringe benefit expenses are budgeted at the department level in the operating fund. In the four year plan, fringe benefits are reduced by \$1,147,770, the amount that is appropriated from fund balance to fund anticipated increase in unemployment insurance.

Contractual Agency Payments

2011 Budget: \$89,107,184

2012 Proposed: \$91,817,762

The major accounts comprising this appropriation include: Social Services contractual agencies - \$20,235,690; and payments for youth in agency non-secure detention placements - \$2,883,500. Mental Health contractual agency payments total \$54,217,499 and are offset by interdepartmental reimbursement from Social Services of \$10,424,428 netting a final cost of \$43,793,071. Additional contractual expense of \$24,396,186 is attributed to various other county departments.

Other Agency Expense

2011 Budget: \$78,944,140

2012 Proposed: \$81,282,039

Other agency expense includes: the Library payment of \$18,171,833; an additional \$2,000,000 for Library support which is offset by the use of \$2,000,000 in fund balance, Erie Community College subsidy of \$15,420,778; Community College payments for residents enrolled in other Community Colleges of \$4,526,640.(which is offset with \$4,975,498 in ECC Chargebacks); Convention & Visitors Bureau \$4,950,000; Buffalo Bills operational support of \$4,432,011; Debt Service for the Stadium of \$3,122,615; cultural support totaling \$4,490,000; \$11,286,460 for Indigent Defense and \$3,657,200 for NFTA 18-b support*.

Also included is an ECMCC subsidy of \$16,200,000 for the cost for State mandated supplemental Medicaid payments. Supplemental Medicaid payments are periodically received by the Erie County Home and the Erie County Medical Center which are designed to draw down the maximum possible federal reimbursement to those public facilities in recognition of their high proportions of Medicaid and indigent care. Payments to the Erie County Home are known as Upper Payment Limit (UPL) supplements, while payments to the Erie County Medical Center are known as Disproportionate Share (DSH) supplements. These

payments require a 50 percent local share match, the costs of which are excluded from the Medicaid Cap.

The County subsidy of \$16,200,000 will offset the County share in 2011-2014. In the unlikely event that the IGT payments to ECMCC by the Federal government exceed \$16,200,000 the County has a credit pool with ECMCC which can be utilized.

**Note on NFTA payments:*

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

NFTA	Sales Tax	County Subsidy (18-b)	Total
2011 Budget:	\$17,317,931	\$3,657,200	\$20,975,131
2012 Proposed:	\$18,332,596	\$3,657,200	\$21,989,796

Other Agency Non-Recurring Debt Service

2011 Budget:	\$ -0-
2012 Proposed:	\$13,384,192

In 2011, the County provided \$13,788,456 in Debt Service support for ECMCC which was offset by the use of fund balance in the same amount. In 2012 the County will provide non-recurring debt service support for the Botanical Gardens, \$1,433,159, \$477,728 for the Zoo, \$1,319,138 for the Convention Center, \$1,563,897 for HSBC Arena, \$8,354,460 for Court facilities, and \$4,531,225 for ECMCC. The total expense of \$17,679,607 is offset by the use of \$4,295,415 in fund balance for a net of \$13,384,192.

Social Services Assistance Payments and Program Expenses

2011 Budget:	\$396,855,392
2012 Proposed:	\$391,241,736

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)

2011 Budget: \$43,652,584
2012 Proposed: \$43,069,885

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.

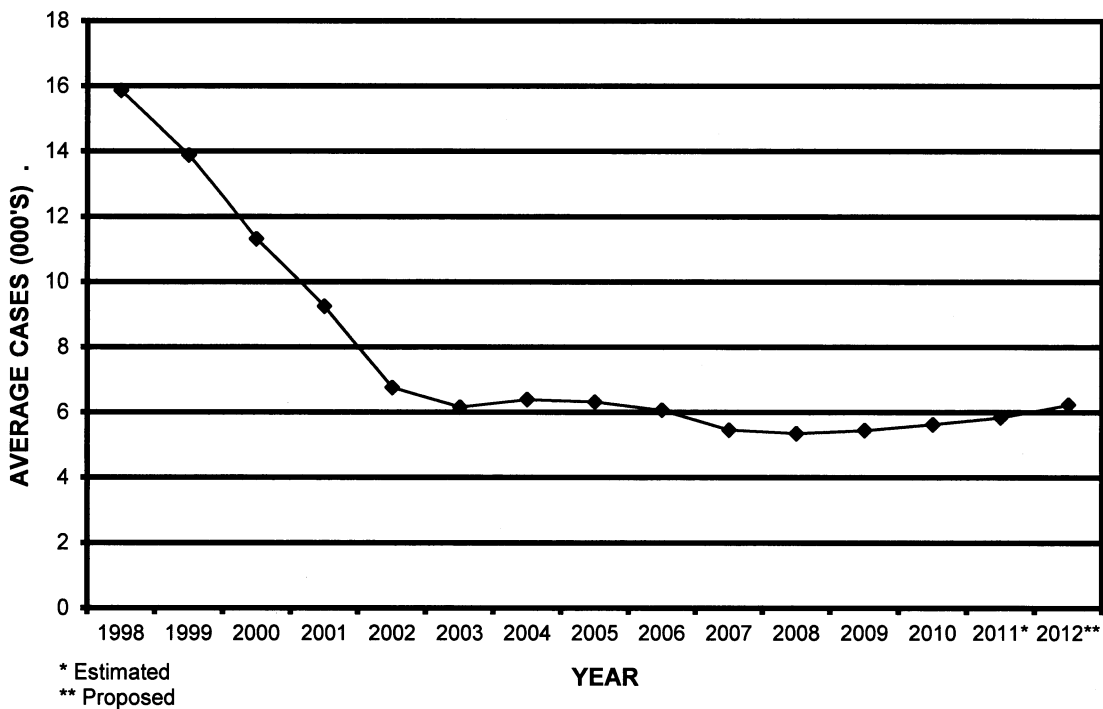
Federal Welfare Reform legislation enacted in December 1996 ended the Federal entitlement to public assistance. It provides funding to the states in the form of fixed block grants to cover temporary assistance to families. Limits are placed on the length of time families may receive Federal TANF (Family 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 6,230 cases per month in 2012 with an average base monthly cost per case of \$460.36.

The 2012 caseload estimate reflects caseload trends that have occurred to date. It assumes that the current base caseload will continue to increase for the balance of 2011 and 2012 at a monthly rate of 57 cases. This produces a beginning trend caseload estimate for 2012 that averages 6,406 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 324 cases are expected to reach their time limits and to be shifted to Safety Net Assistance by the end of 2012 at the current rate of 27 new cases shifted per month. In all, a monthly average of 176 time limit cases are subtracted from the trend estimate of 6,406 cases to arrive at the budgeted monthly average caseload of 6,230 which accounts for the cases that will move to Safety Net Assistance.

The 2012 monthly base cost per case estimate of \$460.36 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 2012 includes an adjustment of \$5,222,388 added to the base for the costs of benefit increases enacted in the 2009-2010 State Budget. The basic grant was to be increased annually by 10 percent for three years beginning July 2009. The 2011 increase was delayed by New York State until July 2012. The adjustment covers the full annual cost of the 2009 and 2010 increases and six months of the 2012 increase. There is no local share for these family assistance benefit increases.

The appropriation includes added amounts for utility emergency assistance, \$938,981; for supplemental payments to clients as required in an annual

reconciliation of fuel allowances to actual costs, \$212,566; and \$2,279,397 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 \$0 (\$ zero) in 2012 after subtracting client repayments, 100 percent Federal reimbursement (changed from 50 percent Federal 25 percent State in 2011-12 State Budget) and other revenues from the gross appropriation. This is a decrease in local share cost of \$9,339,668 or 100 percent, compared to the 2011 Adopted Budget.

Safety Net Assistance (Account 525060)

2011 Budget:	\$46,446,426
2012 Proposed:	\$41,320,286

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.

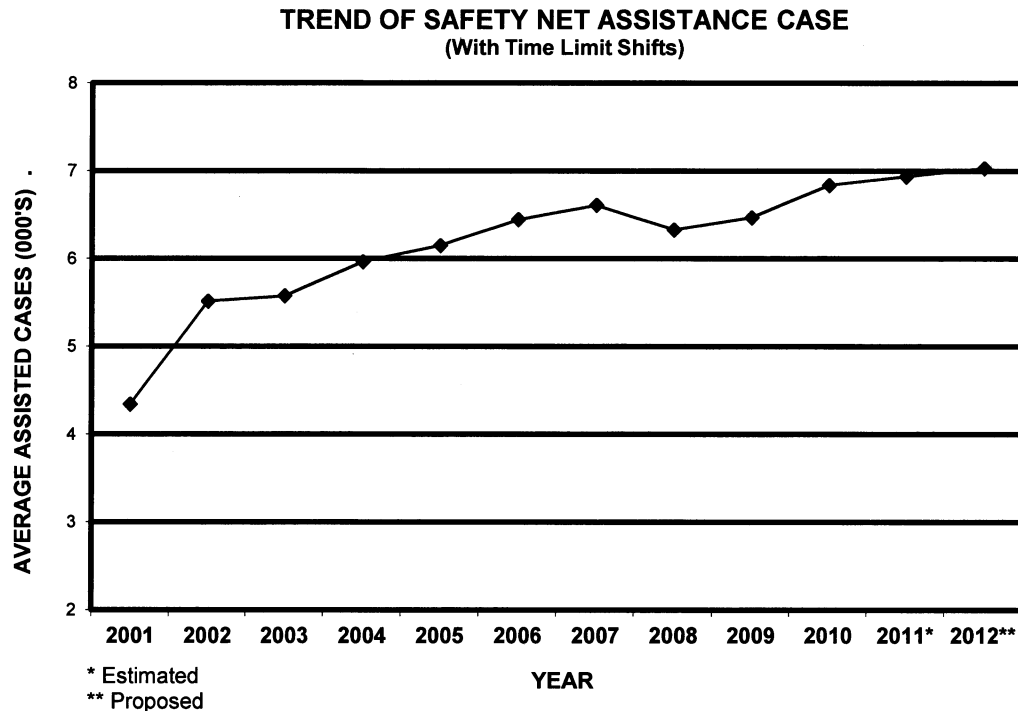
Welfare reform and the creation of the new Safety Net Assistance program has affected caseloads and costs per case in much the same way as described above for the Family Assistance Program.

Caseloads are funded at an average level of 7,032 cases per month in 2012, with an average base monthly cost per case of \$419.52.

The 2012 caseload estimate is based on caseload trends that have occurred to date. It assumes that the current base caseload will continue to increase for the balance of 2011 and 2012 at a monthly rate of 15 cases. This produces a beginning trend caseload estimate for 2012 that averages 6,999 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 176 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 6,999 cases to arrive at the budgeted average monthly caseload of 7,032.



The 2012 base monthly cost-per-case estimate of \$419.52 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 2012 includes an adjustment of \$4,382,178 added to the base for the costs of benefit increases enacted in the 2009-2010 State Budget. The basic grant was to be increased annually by 10 percent for three years beginning July 2009. The 2011 increase was delayed by New York State until July 2012. The adjustment covers the full annual cost of the 2009 and 2010 increases and six months of the 2012 increase. There has been no local share for these benefit increases and this will continue for the first 3 months of 2012, but regular reimbursement is required beginning April 2012.

The appropriation includes an additional \$1,269,985 for utility emergency assistance and \$267,719 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 \$23,106,812 in 2012 after subtracting client repayments, 29 percent State reimbursements (changed from 50 percent in 2011-12 State Budget) and other revenues from the gross appropriation. This is an increase of \$5,252,496 (29.42 percent) compared to the 2011 budgeted amount.

Medicaid – MMIS Local Share (Account 525000)

2011 Budget:	\$206,604,870 (52 weeks)
2012 Proposed:	\$211,765,453 (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 2012 the Medicaid Cap will be the 2011 actual Medicaid Cap amount plus 3.0 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.

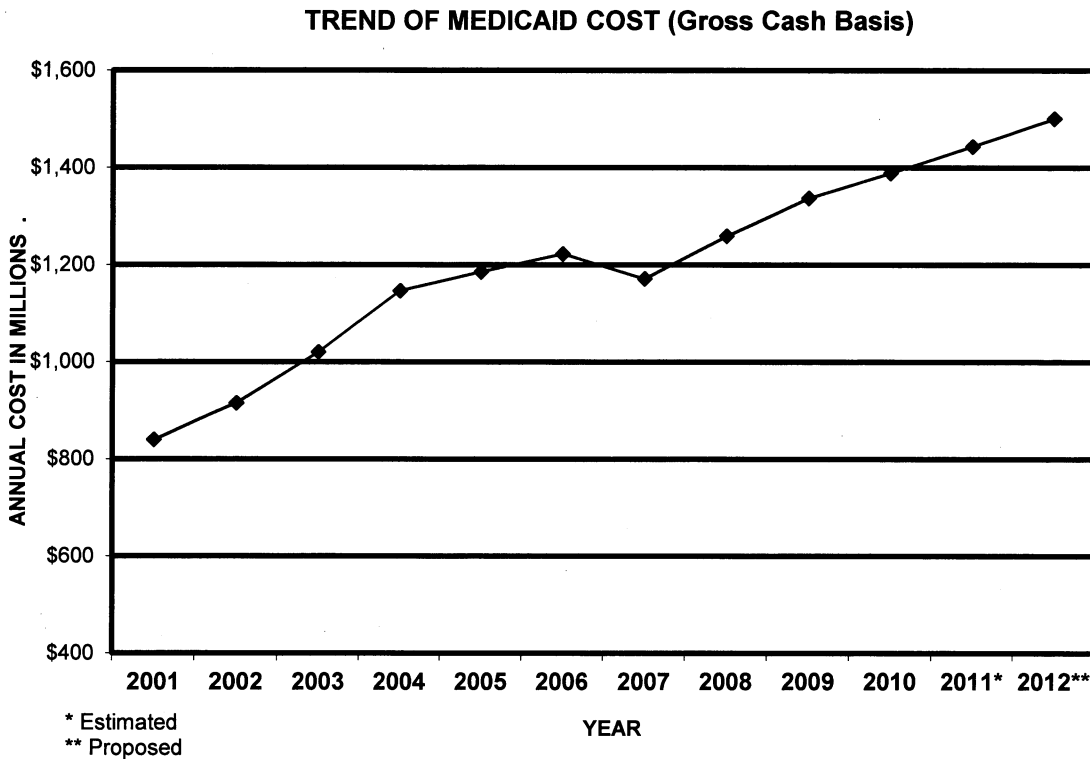
In 2013 and subsequent years the cap will also grow by 3.0 percent of the 2005 Medicaid local share base annually. In any year, if actual local share costs are lower than the Medicaid Cap amount, counties will be refunded the overpayment.

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 and other client medical expense reimbursement that are claimed for reimbursement of Federal and State shares.
- Medicaid program administration costs that are part of the monthly reimbursement claim.

- 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 2012 appropriation is the amount of the 2012 Erie County Local Share Medicaid Cap plus the local share of the Indigent Care adjustment payments. It totals \$211,765,453 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 2012. This amount is \$209,433,678. The Indigent Care adjustment adds another \$2,331,775 for a total of \$211,765,453.

The amount required for the calendar year reflects weekly cash payments for the 2011-2012 State Fiscal Year and the 2012-2013 State Fiscal Year Medicaid caps that are both calculated based on the State's 52 payment cycles.

Elsewhere in the budget is a separate appropriation in the amount of \$16.20 million for the local share of supplemental federal payments to the Erie County Medical Center – for Disproportionate Share (DSH). These supplemental payments are specifically excluded from the Medicaid Cap.

Medicaid - Gross Local Payments (Account 525030)

2011 Budget:	\$2,734,408
2012 Proposed:	\$3,020,264

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

The 2012 appropriation includes \$5,493 for medical transportation unable to be paid through MMIS, \$2,826,949 for insurance premiums and \$187,822 for other expenses. The amount budgeted in 2012 for insurance premiums incorporates a 10 percent increase over estimated 2011 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)

2011 Budget:	\$58,937,199
2012 Proposed:	\$56,917,848

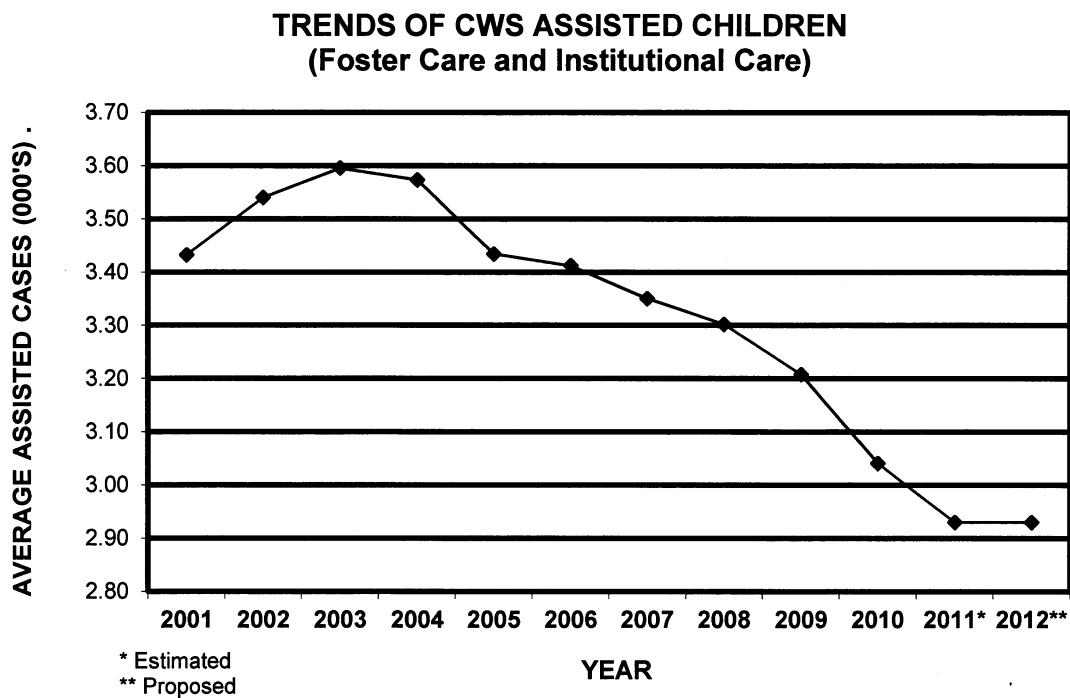
This appropriation is used to pay for the costs of the care of children placed by the Family Court into the custody of the Commissioner of Social Services. These children reside in foster homes, group homes and in child caring institutions. A majority of children are in foster home placements in connection 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 2012 budget are estimated based on analyses of historical and current trends of expenditures, children in care, monthly costs per child, and changes in per diem board, tuition and other rates.

Children assisted are funded at an average level of 2,930 per month in 2012, with an average monthly cost per child of \$1,618.82.

Based on present trends, the average monthly number of children funded in 2012 is held at the 2011 estimate of children in care, which is currently 114 children below 2011 budgeted levels. The ability to hold the total number of children served relatively steady over the last eight years is a major accomplishment after years of steady growth and given recent increases in Child Protection activity that often lead to placement. This reflects final assessment reform, enhanced front door strategies and expanded preventive services option.

Even more significantly, the proportion of children in foster care has decreased, and is expected to continue to be reduced, while the proportion of adoptions and children receiving adoption subsidies increases. 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 2012.



Costs per child assumed in 2012 incorporate regular congregate care rate increases of 5.56 percent in July 2011 and July 2012, 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 2012. 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 \$17,333,129 in 2012 after subtracting client repayments and Federal and State reimbursements from the gross appropriation. Federal TANF/EAF revenues for foster care and PINS/JD institutional costs are budgeted at the current estimated ceilings.

Child Welfare Services costs, including foster care and PINS/JD institutional costs which cannot be claimed for federal TANF/EAF reimbursement, are included, along with Foster Care administrative costs, in the State's Foster Care Block Grant (FCBG). The FCBG covers 100 percent of non-federal costs up to the Block Grant ceiling, after which non-federal costs become 100 percent local share. Adoption Subsidy expenses are reimbursed separately from the FCBG with a reduced (net of Federal) State share of 62 percent (as compared to 73.5 percent in 2011) costs. There is no fixed limit to adoption subsidy reimbursement.

Child Care Development Block Grant (Account 525092)

2011 Budget:	\$29,502,730
2012 Proposed:	\$25,793,155

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. Low income families with incomes below 175 percent of the Federal Poverty Level are eligible for subsidies in 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 2012 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 2,994 children in low income families are expected to receive subsidies in 2012. Children in Public Assistance families receiving subsidies are estimated at 1,885 on average each month, a number necessary to support the level of work activity participation required of parents. The 2012 total cost of low income subsidies is budgeted

at \$16,039,684. These costs are 100 percent reimbursed with federal funds through the Child Care Development Block Grant. The budget includes \$9,753,471 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 \$2,438,368 in 2012.

Other Programs

2011 Budget:	\$8,967,175
2012 Proposed:	\$9,344,845

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), \$1,268,954; Account 525080 – Education of Handicapped Children in residential schools, \$817,081; Account 525130 State Training School chargebacks, \$4,671,571; 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 2012 reflect current trends in utilization, and a 14.5 percent rate increase for State Training Schools as compared to current actual base billings plus an added \$628,503 for retroactive 2005 State Training School rate adjustments.

Total State Training Schools billings budgeted in 2012 are \$4,671,571 and are 100 percent local share.

Child care funded by Title XX, in cases of child protection and for purposes of foster care prevention, totals \$2,281,793 for 384 children in Account 525091 in 2012, and Home Energy Assistance Program (HEAP) benefit costs total \$200,000 (account 525150).

Early Intervention/Pre-K/Special Ed

2011 Budget:	\$64,075,487
2012 Proposed:	\$68,073,053

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

partially by the State Education Department. Some services to eligible three and four-year-old children also may be claimed for the Federal share of Medicaid.

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

Under 1993 State legislation, the County is responsible for the provision of various developmental services such as occupational therapy, physical therapy, speech therapy and pre-school education in the Early Intervention Program for infants and toddlers with developmental delays and their families. Services are based on an Individual Family Service Plan developed by the family, an evaluator, a County case manager and the County local early intervention official (designated by the State). 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 2012 appropriation for the Children with Special Needs Program in Account 528000 is \$68,073,053.

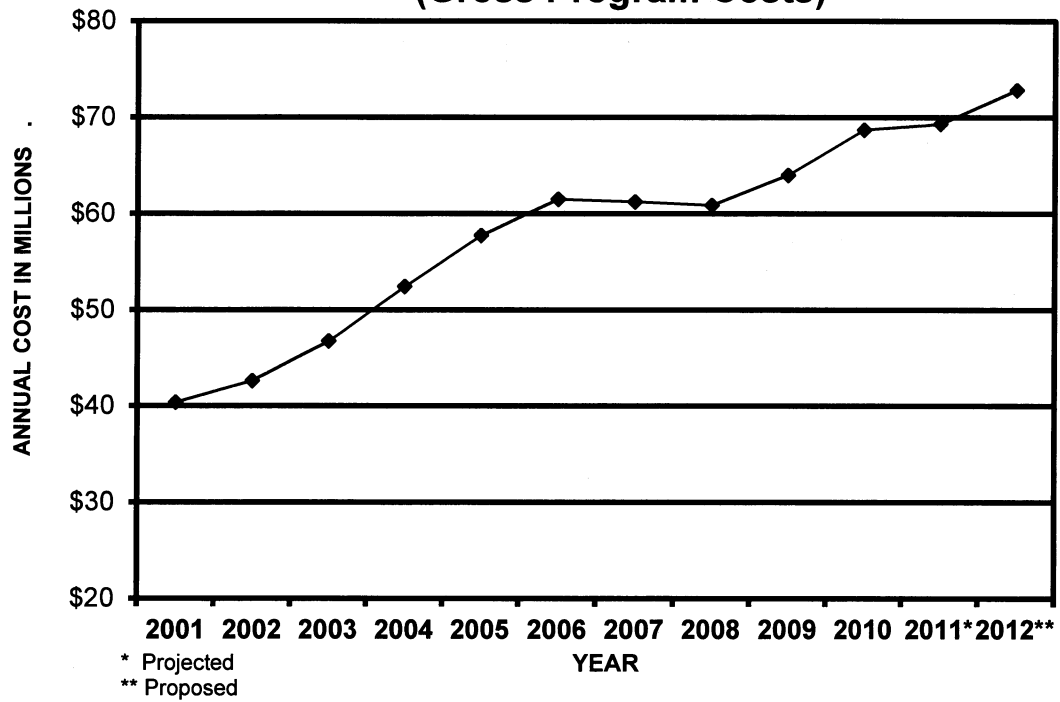
Other program and administrative expenses which total \$4,740,648 are included elsewhere in the budget summary, in the personal services, ECMC contractual, interdepartmental payments and all other expense categories, and are not included in the account 528000 appropriation.

In the 3 and 4 year-old Preschool program, County representatives can make suggestions as to the needs of the child. However, school districts, although paying nothing toward the cost of the programs, control entrance into and the services provided by the program.

In the Early Intervention program, the average cost per child is expected to decrease in 2012. The County administers this program and a Six Sigma project has improved the quality and lowered the cost of the services provided.

The growth in total cost of these mandated programs is shown in the graph on the next page.

SERVICES TO CHILDREN WITH SPECIAL NEEDS (Gross Program Costs)



The table that follows on the next page outlines the various components of the total program for 2011 and 2012.

**2011/2012 Comparison of
Early Intervention/Pre-K/Special Ed**

	2011 Gross	2012 Gross	2011 County Share	2012 County Share
Birth – Two-Year-Old Early Intervention Program	\$11,635,670	\$10,328,567	\$3,170,749	\$2,683,638
2012 vs 2011 Change		-\$1,307,104		-\$487,111
Three & Four Year Old Preschool Program	\$53,150,111	\$58,426,108	\$20,396,321	\$22,854,045
2012 vs 2011 Change		\$5,275,998		\$2,457,724
School Age Program - Summer	\$1,817,366	\$1,944,582	\$1,817,366	\$1,944,582
2012 vs 2011 Change		\$127,216		\$127,216
Administration Special Needs Division EL and Preschool Administration	\$2,072,800	\$2,202,856	\$724,466	\$1,008,635
2012 vs 2011 Change		\$130,056		\$284,170
GRAND TOTAL	\$68,675,947	\$72,902,113	\$26,108,902	\$28,490,900
		Gross Change <u>\$ 4,226,166</u>		County Share Change <u>\$ 2,381,998</u>

Interfund Transfers (Allocation)

2011 Budget: \$23,414,418
2012 Proposed: \$26,396,739

This includes allocations for County share of the Road Fund \$13,961,616; County share of grants \$4,532,739; County share of Utility Fund totals \$5,195,223 and County share of the E-911 Fund which equals \$2,707,161.

Debt Service

2011 Budget: \$50,599,564
2012 Proposed: \$42,448,656

This includes \$41,374,428 for General Obligation Bond Debt Service, excluding ECMCC and \$1,074,231 for interest on Revenue Anticipation Notes.

Supplies and Repairs

2011 Budget: \$ 8,594,521
2012 Proposed: \$ 9,776,914

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

2011 Budget: \$31,105,015
2012 Proposed: \$31,471,945

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 2012 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 2012 will normally be 7.65% of the total salary, up to the maximum wage base. The maximum salary base for 2012 is estimated to be \$106,800. In developing FICA appropriations for 2012, 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 \$106,800 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 \$773/week maximum for claims paid July 1, 2011 - June 30, 2012. The proposed appropriation for Workers' Compensation in 2012 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 expenses are incurred.

Unemployment Insurance Coverage

The appropriation for unemployment insurance anticipates an increase due to expected staff layoffs in the 2012 Budget.

Medical and Hospitalization Insurance - Active Employees

The 2012 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 2012 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). For example, rates for Tier 4 employees rose from 15.8% to 18.6%. The pension retirement expenses were projected on the basis of a projected salary base for the period April 1, 2012 through March 31, 2013. 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, 2013 (provided by the Office of the State Comptroller) equates to an average rate increase from 11.2% to 18.34%, an overall increase of 64%.

Medical and Hospitalization Insurance - Retirees

The County's projected contribution toward retirees' medical and hospitalization insurance is based on the 2012 and 2013 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, contract expiration dates and who the union represents. Since taking office in 2008, this administration has negotiated new contracts with four (4) units. These agreements held firm on reducing the county cost of employee and retiree health insurance, reducing paid leave, as well as other adjustments to out-dated and costly benefits and work rules. These new contracts break from the tradition of providing public sector employees more, with little or no return, and are in-line with wages and benefits enjoyed by private sector employees. AFSCME and NYSNA ratified the agreements while the members of CSEA and Teamsters rejected tentative agreements. The County continues to pursue negotiations with all unions that have expired contracts that are fair to both employees and taxpayers.

Union Name	Date Contract Expires/Expired	Represents
CSEA	12/31/06	White Collar
AFSCME	12/31/15	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



BUDGET PROCESS

Dynamics of Budgeting

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

While budgeting is a year-round process, the development of the annual budget usually commences 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 18 of the Erie County Administrative Code.

The Operations Budget is used as a management tool that allows 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, 2011 - March 31, 2012) was adopted on March 31, 2011.

Budget forecasts and targets are developed and evaluated based on County budget monitoring data, state budget impact data, estimates of inflationary cost increases needed to maintain current service levels, and estimates of the costs associated with new service needs.

July: Detailed budget instructions are issued to department heads 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 2012 budget must be adopted by the Legislature by the first Tuesday in December (December 6, 2011). An annual budget adoption meeting is held for this purpose, at which time the Legislature votes on any changes to be incorporated into the Adopted Budget.

If the Legislature fails to approve changes to the Proposed Budget, it is considered to have been adopted with no further action required by the County Executive. If the budget adopted by the Legislature does contain additions or increases, it must be presented to the County Executive by the first Wednesday following the first Tuesday of December (December 7, 2011) for consideration of vetoes.

The County Executive may veto any items added or increased by the Legislature to which he objects. Deletions or decreases are not subject to veto. If items are vetoed by the County Executive, a statement indicating the vetoed items and the reason for each veto must be returned to the Legislature by the Monday preceding the second Tuesday in December (December 12, 2011).

The Legislature may override the County Executive's vetoes by a two-thirds majority vote. This must be done on the second Tuesday of December (December 13, 2011).

The budget, incorporating any legislative changes, executive vetoes, and legislative veto overrides is considered adopted in final form as of the second Tuesday in December (December 13, 2011).

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 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 16% 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.

Year-end projection instructions sent to departments.

August

Departments submit personnel change requests to Personnel Department.

Departments prepare ensuing year budget requests and submit to DBM.

September

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

Special studies are incorporated into Proposed Budget.

County Executive and DBM finalize recommendations for Proposed Budget

October

Revenue projections transmitted to Comptroller by October 1st.

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 2012 Budget – Tuesday, December 6, 2011.

Deadline for Legislature to return Budget to County Executive if any increases – Wednesday, December 7, 2011.

Deadline for County Executive to veto any increases – Monday, December 12, 2011.

Deadline for Legislature to meet and consider County Executive's vetoes – Tuesday, December 13, 2011.

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 County's General Purpose Financial Statements.

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

This budget format is the basis on which the 2012 Operations Budget and 2012-2015 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 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: The following funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes and are shown in the same manner in the County's annual financial statements.

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

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

Community Development (Budget Fund 290)

Funding 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; State reimbursement; subsidy payment from General Fund.

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

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

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

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

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

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. *Not in Budget documents.*

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 subsidy 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 2012, 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, 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		

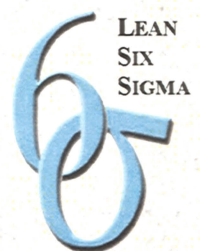
*Specific descriptive account titles and codes are provided throughout the budget documents for each account.

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.

GLOSSARY



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.

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 revenue in the operating fund.

Capital Budget/Expenditures

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

Community College Respread

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

Community Development Fund

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

Contingency

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

County Share

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

Countywide Appropriations/Revenues

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

Debt Service

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

Debt Service Fund

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

Deficit

The excess of expenditures over revenues during an accounting period.

Downtown Mall Fund

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

ECIDA

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

Encumbrance

Financial commitments related to unperformed contracts for the purchase of goods and services. Purchase transactions which are not yet completed, but for which funds have been designated and specifically reserved (encumbered) for future payment when the purchase transaction is completed. Outstanding encumbrances at year-end are reported as 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 part of the operating budget and is considered an operating fund.

Enterprise Funds

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

Equalized Full Valuation of Taxable Property

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

Equalized Full Value Tax Rate

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

Full Valuation

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

Fund

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

Fund Balance

The section of the financial statement that reports the results of operations. It can include 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 proven 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.

Reallocation

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

Real Property Tax

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

Reclassification

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

Reductions from Personal Services (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.

Revenue

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

Road Fund

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

Transfer

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

Sales Tax

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

Sewer District Budgets/Expenditures

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

Source

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

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

Visit Buffalo Niagara (CVB)

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