

## **Erie County Fiscal Stability Authority**

Resolution No. 15-13

### **FINDING THAT ERIE COUNTY'S 2016-2019 FINANCIAL PLAN IS COMPLETE AND COMPLIANT WITH NEW YORK PUBLIC AUTHORITIES LAW SECTION 3957, AND CONTINUING THE ADVISORY PERIOD UPON ERIE COUNTY**

WHEREAS, Chapter 182 of the New York Laws of 2005 (the "ECFSA Act"), as amended, created the Erie County Fiscal Stability Authority ("ECFSA") to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to "oversee [Erie County's] budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings and to finance short-term cash flow or capital needs; and, if necessary, to develop financial plans on behalf of the County if the County is unwilling or unable to take the required steps toward fiscal stability;" and

WHEREAS, Public Authorities Law section 3957(1) requires the Erie County Executive to "prepare and submit to the [ECFSA] a four-year financial plan and the county executive's proposed county budget, not later than the date required for submission of such budget to the [Erie County] legislature pursuant to the county charter;" and

WHEREAS, the four-year financial plan, as defined by Public Authorities Law section 3951(14), is a "financial plan of [Erie County] and [its] covered organizations"; and

WHEREAS, pursuant to Public Authorities Law section 3957(2)(b), "not more than fifteen days after submission of a financial plan . . . , the [ECFSA] shall determine whether the financial plan . . . is complete and complies with the provisions of [section 3957] . . . ;" and

WHEREAS, the County Executive duly submitted the adopted 2016 budget for Erie County (the "County"), and a four-year financial plan ("Plan") for fiscal years 2016-2019, to the ECFSA on December 16, 2015 (the "2016-2019 Plan"); and

WHEREAS, fiscal years 2017 through 2019 constitute the "Out Years" of the 2016-2019 Plan; and

WHEREAS, Public Authorities Law section 3957(1) requires that the 2016-2019 Plan "contain actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan that annual aggregate operating expenses for such fiscal year shall not exceed annual aggregate operating revenues for such fiscal year;" and

WHEREAS, Public Authorities Law section 3957(2)(b) instructs the ECFSA to determine on or before December 26, 2015, whether the 2016-2019 Plan complies with the provisions of the ECFSA Act, including section 3957; and

WHEREAS, the members of the ECFSA Board of Directors have reviewed the 2016-2019 Plan and is concerned that the County is facing \$8.8 million in fiscal gaps prior to any adjustments to the county's estimates; and

WHEREAS, the ECFSA has developed concerns regarding the reasonableness of the following assumptions underlying the Plan:

1. Given the volatility of sales tax revenues and prior overestimations, the County is urged to closely monitor receipts and make strategic decisions to maintain a balanced budget and budget more conservatively for 2017-2019; and
2. Although overtime expenses are improving, they are exceeding budget in 2015 and may continue to be problematic throughout the period of the financial plan; and
3. The county has increased and extended its use of turnover savings through the period of the financial plan; and
4. There is concern that certain fringe benefit costs may exceed county expectations over the period of the financial plan; and
5. The county has extended its use of fund balance as a revenue source to balance its budget for the entire period of the plan. The continued proposed use of fund balance reduces the county's reserves and indicates an imbalance between recurring revenues and expenses.
6. The Risk Retention fund has been decreased in the adopted 2016 budget and through the period of the financial plan raising concerns that claims may exceed budget.

WHEREAS, the ECFSA has nonetheless determined that the 2016-2019 Plan contains actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan – including budget year 2016 and the Out Years – that annual aggregate operating expenses for such fiscal year shall not exceed annual aggregate operating revenues for such fiscal year; and

WHEREAS, the 2016-2019 Plan is complete and otherwise complies with the requirements of Public Authorities Law section 3957 (“Section 3957”) and the ECFSA Act; and

NOW, THEREFORE, BE IT RESOLVED that the ECFSA finds that the 2016-2019 Plan is complete and otherwise complies with the requirements of Section 3957 and the ECFSA Act; and

BE IT FURTHER RESOLVED that the ECFSA remains in advisory status, as described by Public Authorities Law section 3958; and

BE IT FURTHER RESOLVED that the ECFSA shall impose a control period upon the County whenever the ECFSA determines that any one of the five circumstances listed in Public Authorities Law section 3959(1)(a) through 3959(1)(e) shall have arisen.

This resolution shall take effect immediately.

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James Sampson,  
Chairman

Date: December 22, 2015