



County of Erie

MARK C. POLONCARZ
COMPTROLLER

May 30, 2007

The Honorable
Erie County Legislature
92 Franklin Street
Buffalo, New York 14202

Hon. Joel A. Giambra
County Executive
95 Franklin Street
Buffalo, New York 14202

Dear Honorable Members and County Executive Giambra:

I am pleased to provide to you the attached Comptroller's Investment Report for the year ended December 31, 2006.

For all funds, 2,908 investments with five banking institutions generated \$11,569,924 in total interest earnings in 2006 compared with 2,339 investments with five institutions generating \$5,691,679 in total interest earnings in 2005.

For the General Fund, budgeted 2006 interest earnings were \$2,500,000, while actual results were \$3,586,107.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Mark C. Poloncarz", is written over a large, stylized flourish that extends to the right.

Mark C. Poloncarz, Esq.
Erie County Comptroller

MCP/sa

Attachment

cc: James Hartman, Director of Budget, Management and Finance
Erie County Fiscal Stability Authority

COUNTY OF ERIE
 Annual Investment Report
 January 1, 2006 through December 31, 2006

In accordance with the Comptroller's Investment Guidelines, the Investment Report for 2006 is hereby submitted. The primary objectives of the investment program, as set out in established guidelines, are as follows in order of importance:

- compliance with legal requirements
- safeguarding of principal
- ensuring sufficient liquidity
- obtaining a reasonable rate of return

Our cash management program offers the County a good return on its investments without assuming unnecessary risks. A total of 2,908 investments were made during 2006, resulting in \$11,569,924 in total interest earnings for all funds. The weighted average yield for 2006 was 4.97%. For comparison, during 2005 2,339 investments were effectuated which generated \$5,691,679 in total interest earnings for all funds at an average weighted yield of 3.13%.

SUMMARY OF INVESTMENTS PURCHASED

	Number of Investments Jan-Dec		Average Investment (in millions) Jan-Dec		Average Length of Investment (days) Jan-Dec	
	2006	2005	2006	2005	2006	2005
JP Morgan Chase, N.A.	353	784	2.9	5.6	7	3
Citizens Bank	644	481	9.2	2.6	8	2
Bank of America	1,064	651	4.4	3.3	2	5
HSBC Bank USA, N.A.	337	405	7.6	17.9	7	10
Key Bank, N.A.	510	0	2.1	0	2	0
M&T Bank	0	18	0	5.6	0	5
Totals	2,908	2,339				

In an effort to obtain the highest competitive interest rates while incurring the lowest possible bank fees, the Comptroller's Office added in 2006 the following financial institutions as partners in order to achieve our investment targets: Citizens Bank, Greenwich Capital Markets and Citibank.

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SUMMARY OF INTEREST EARNINGS BY FUND

	General Fund	Trust Fund	Capital Fund	Sewer Fund	Total
1st Quarter	\$1,045,740	\$451,311	\$1,090,845	\$194,054	\$2,781,950
2nd Quarter	692,585	670,283	1,114,004	387,247	2,864,119
3rd Quarter	1,052,938	530,068	1,092,220	333,863	3,009,089
4th Quarter	794,844	688,520	1,145,109	286,293	2,914,766
Year to date	\$3,586,107	\$2,340,182	\$4,442,178	\$1,201,457	\$11,569,924

Please note the 2006 Adopted Budget General Fund interest earnings were \$2,500,000.00. The actual year to date earnings for the General Fund as of December 31, 2006 is \$3,586,107. For comparison, for the fiscal year ending December 31, 2005, the General Fund interest earnings were \$2,545,475.

SUMMARY OF WEIGHTED AVERAGE YIELD (ALL FUNDS)

Month	Weighted Average Yield	
	2006	2005
January	4.35%	2.25%
February	4.42%	2.42%
March	4.55%	2.59%
April	4.79%	2.73%
May	4.93%	2.82%
June	4.88%	2.99%
July	5.26%	3.08%
August	5.28%	3.28%
September	5.30%	3.58%
October	5.31%	3.77%
November	5.31%	3.90%
December	5.28%	4.19%
Weighted Jan. - Dec.	4.97%	3.13%