



County of Erie

MARK C. POLONCARZ
COMPTROLLER

August 3, 2006

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

Honorable Joel A. Giambra
Erie County Executive
95 Franklin Street, 16th Floor
Buffalo, New York 14202

Dear Honorable Members and County Executive Giambra:

We have prepared a financial report of the County of Erie, New York ("County") as of and for the six (6) months ended June 30, 2006 (the "Report").

The Report, a copy of which is enclosed for your review, consists of the following sections:

- Financial Statements
- Investment Report
- Cash Flow Statement
- Property and Sales Tax Summary
- Debt Schedules
- Miscellaneous Financial Data (including data on short and long-term bonded indebtedness, property tax rates and constitutional taxing power)

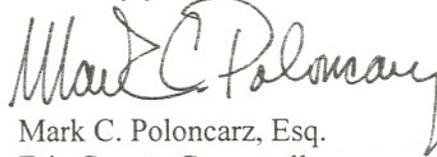
The financial statements and other information contained within this Report have been compiled largely from the official accounting records maintained on the County's SAP system. The financial statements for the Erie County Medical Center Corporation, the Erie Community College, the Erie County Tobacco Securitization Corporation, the Erie Tax Certificate Corporation and the Erie County Fiscal Stability Authority are NOT included since financial information for these entities is maintained separately from that of the County. Information contained in this Report has not been reviewed by the County's independent auditor and accordingly, no opinion on this Report is expressed.

Erie County Legislature and Honorable Joel A. Giambra
August 3, 2006
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Please note that the 2005 information contained within this Report (e.g. 2006 beginning fund balance) is subject to change pending the results of the County's annual independent audit that is currently nearing completion.

If you have any questions, please contact me or Gregory Gach, Deputy Comptroller, at 858-8400.

Sincerely yours,

A handwritten signature in black ink that reads "Mark C. Poloncarz". The signature is written in a cursive style with a large, stylized "M" and "P".

Mark C. Poloncarz, Esq.
Erie County Comptroller

MCP/nr
Enclosure

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

COUNTY OF ERIE, NEW YORK
INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2006



Erie County Comptroller's Office

MARK C. POLONCARZ

Erie County Comptroller

August 3, 2006

COUNTY OF ERIE, NEW YORK

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FINANCIAL STATEMENTS

COUNTY OF ERIE, NEW YORK
Balance Sheet
Governmental Funds
June 30, 2006
(amounts expressed in thousands)

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 46,043	\$ 131,790	\$ 177,833
Receivables (net of allowances)			
Real property taxes, interest, penalties and liens	27,512	634	28,146
Other	7,178	25,809	32,987
Due from other funds	38,354	3,993	42,347
Due from component unit	10,874		10,874
Due from other governments	154,930	29,358	184,288
Prepaid items	3,168		3,168
Loan receivable	2,250		2,250
Restricted cash	80,054	138	80,192
Total assets	\$ 370,363	\$ 191,722	\$ 562,085
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,607	\$ 1,332	\$ 2,939
Accrued liabilities	38,003	2,386	40,389
Due to other funds		40,462	40,462
Due to other governments	42	411	453
Retained percentages payable	9	3,040	3,049
Deferred revenue	30,813	27,557	58,370
Short-term debt	190,000	1,970	191,970
Total liabilities	260,474	77,158	337,632
Fund Balances			
Reserved for:			
Encumbrances	42,335	37,894	80,229
Debt service		14,857	14,857
Loan receivable	2,250		2,250
Repairs		3,202	3,202
Handicapped parking	93		93
Unreserved, reported in:			
Undesignated	65,211		65,211
Special revenue funds			
Undesignated		15,205	15,205
Capital projects fund			
Undesignated		43,406	43,406
Total fund balances	109,889	114,564	224,453
Total liabilities and fund balances	\$ 370,363	\$ 191,722	\$ 562,085

COUNTY OF ERIE, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Six Months Ended June 30, 2006
(amounts expressed in thousands)

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Real property taxes and tax items	\$ 174,956	\$ 24,936	\$ 199,892
Sales, use and transfer taxes	177,783	5,790	183,573
Intergovernmental	147,220	56,749	203,969
Departmental	33,247	10,236	43,483
Interest	3,888	3,223	7,111
Miscellaneous	19,207	784	19,991
Total revenues	<u>556,301</u>	<u>101,718</u>	<u>658,019</u>
Expenditures:			
Current:			
General government support	49,984	2,998	52,982
Public safety	53,149	6,379	59,528
Health	30,255	6,378	36,633
Transportation	9,654	9,122	18,776
Economic assistance and opportunity	237,207	41,800	279,007
Culture and recreation	9,673	155	9,828
Education	30,171	172	30,343
Home and community service	199	14,476	14,675
Capital outlay		31,096	31,096
Debt service:			
Principal retirement		16,522	16,522
Interest and fiscal charges	2,393	11,543	13,936
Total expenditures	<u>422,685</u>	<u>140,641</u>	<u>563,326</u>
(Deficiency) / excess of revenues over expenditures	<u>133,616</u>	<u>(38,923)</u>	<u>94,693</u>
Other financing sources (uses) :			
Sale of property	24	3	27
Transfers in		29,563	29,563
Transfers out	(38,159)	(4,964)	(43,123)
Total other financing sources (uses)	<u>(38,135)</u>	<u>24,602</u>	<u>(13,533)</u>
Net change in fund balances	95,481	(14,321)	81,160
Fund balances at beginning of year	14,408	128,885	143,293
Fund balances at end of six months	<u>\$ 109,889</u>	<u>\$ 114,564</u>	<u>\$ 224,453</u>

COUNTY OF ERIE, NEW YORK
Statement of Net Assets
Proprietary Funds
June 30, 2006
(amounts expressed in thousands)

	Business - Type Activities Enterprise Funds
	<u>Utility Fund</u>
Assets	
Current Assets	
Receivables (net of allowances)	\$ 3,965
Due from other governments	3,315
Prepaid items	158
Total assets	<u>7,438</u>
Liabilities	
Current Liabilities:	
Accrued liabilities	3,056
Due to other funds	4,369
Total liabilities	<u>7,425</u>
Net Assets	
Unrestricted, reported in:	
Nonmajor Fund	13
Total net assets	<u>\$ 13</u>

COUNTY OF ERIE, NEW YORK
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Six Months Ended June 30, 2006
(amounts expressed in thousands)

	Business - Type Activities Enterprise Funds
	Utility Fund
Operating Revenues:	
Interfund revenues	\$ 3,276
Other operating revenue	24,880
Total operating revenue	<u>28,156</u>
Operating Expenses:	
Employee wages	23
Employee benefits	7
Utilities and telephone	29,328
Total operating expenses	<u>29,358</u>
Change in net assets	(1,202)
Total net assets at beginning of year	1,215
Total net assets at end of six months	<u>\$ 13</u>

COUNTY OF ERIE, NEW YORK
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2006
(amounts expressed in thousands)

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 37,061
Receivables:	
Due from other funds	447
Due from other governments	631
Other receivables	14
Bonds and securities held in custody	155
Total assets	<u>\$ 38,308</u>
Liabilities	
Accrued liabilities	\$ 1,003
Due to other governments	7
Held in custody for others	37,298
Total liabilities	<u>\$ 38,308</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. These funds include the Road, Sewer, Downtown Mall, E-911 and Community Development Funds.

- **Road Special Revenue Fund**
Used to account for all revenues and expenditures related to the maintenance of County roads and bridges, snow removal, construction and reconstruction of County roads not required to be recorded in a Capital Projects Fund.
- **Sewer Special Revenue Fund**
Used to account for the activities of the various sewer districts currently in operation within the County.
- **Downtown Mall Special Revenue 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.
- **E-911 Special Revenue Fund**
Used to account for revenues raised through a telephone access line surcharge and the subsequent expenditure of these monies for the establishment and maintenance of an Enhanced 911 emergency telephone system.
- **Grants Fund**
Used to account for federal and state operating grants (except the Community Development Block Grant) earmarked for specific programs, so that grantor accounting and reporting requirements can be satisfied.
- **Community Development Special Revenue Fund**
Used to assist participating municipalities in the development of locally approved community or economic development activities that are eligible under federal program regulations.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for current payments of principal and interest on general obligation long-term debt, and for financial resources that have been accumulated to make future principal and interest payments on general long term indebtedness.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities:

- **General Government Buildings, Equipment and Improvements Fund**

Used to account for capital projects administered by the Department of Public Works involving the acquisition, construction, or reconstruction of major or permanent facilities having a relatively long useful life and equipment purchased from the proceeds of long-term debt.

- **Highways, Roads, Bridges and Equipment Fund**

Utilized to account for capital projects administered by the Department of Public Works for the construction or reconstruction of County roads and bridges and the acquisition of equipment not accounted for in the Road Fund.

- **Sewers, Facilities, Equipment and Improvements Fund**

Used to account for capital projects relating to the construction and acquisition of sewer facilities and equipment by the operating sewer districts.

- **Tobacco Proceeds Fund**

Used to account for the net proceeds from the County's securitization of its share of the 1998 Master Settlement Agreement with the tobacco industry that will be used to fund capital projects that otherwise would have been supported by operating funds or the issuance of bonds

- **Erie County Medical Center Corporation Fund**

Utilized to account for capital projects that are for the acquisition or construction of buildings, improvements and equipment for the Erie County Medical Center.

- **Special Capital Projects Fund**

Utilized to account for capital projects administered by departments other than Public Works that are primarily for the acquisition or construction of buildings, improvements and equipment.

COUNTY OF ERIE, NEW YORK
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2006
 (amounts expressed in thousands)

-----Special Revenue-----

	Road	Sewer	Downtown Mall	E-911	Grants	Community Development	Total	Debt Service
Assets								
Cash and cash equivalents		\$ 27,208	\$ 27				\$ 27,235	\$ 13,835
Receivables (net of allowances)								
Real property taxes, interest, penalties and liens			634				634	
Other	2,031	12		217	156	23,357	25,773	
Due from other funds		3,857					3,857	136
Due from other governments	4	578			18,443	660	19,685	982
Restricted cash								
Total assets	2,035	31,655	661	217	18,599	24,017	77,184	14,953
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	5	75			233	29	342	
Accrued liabilities	292	154	90		880	189	1,605	96
Due to other funds	7,621			300	12,874	441	21,236	
Due to other governments					410	1	411	
Retained percentages payable		8			2		10	
Deferred revenue					4,200	23,357	27,557	
Short-term debt								
Total liabilities	7,918	237	90	300	18,599	24,017	51,161	96
Fund balances:								
Reserved for:								
Encumbrances	3,205	4,404		7			7,616	
Debt service								14,857
Repairs	3,202						3,202	
Unreserved, reported in:								
Special revenue funds								
Undesignated	(12,290)	27,014	571	(90)			15,205	
Capital projects fund								
Total fund balances	(5,883)	31,418	571	(83)			26,023	14,857
Total liabilities and fund balances	\$ 2,035	\$ 31,655	\$ 661	\$ 217	\$ 18,599	\$ 24,017	\$ 77,184	\$ 14,953

COUNTY OF ERIE, NEW YORK
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2006
 (amounts expressed in thousands)

	-----Capital Projects-----							
	General Government Buildings, Equipment and Improvements	Highways, Roads, Bridges and Equipment	Sewers, Facilities Equipment and Improvements	Tobacco Proceeds	Special Capital Projects	ECMC Capital Projects	Total	Total Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	\$ 44,097	\$ 9,446	\$ 7,395	\$ 4,900	\$ 1,911	\$ 22,971	\$ 90,720	\$ 131,790
Receivables (net of allowances)								
Real property taxes, interest, penalties and liens								634
Other	36						36	25,809
Due from other funds					252		8,691	3,993
Due from other governments	2,763	5,676					8,691	29,358
Restricted cash				138			138	138
Total assets	46,896	15,122	7,395	5,038	2,163	22,971	99,585	191,722
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	260	292	100			338	990	1,332
Accrued liabilities	369	212	75			29	685	2,386
Due to other funds	3,359	3,373	400	15	727	11,352	19,226	40,462
Due to other governments								411
Retained percentages payable	2,142	110	646		74	58	3,030	3,040
Deferred revenue							1,970	27,557
Short-term debt			1,970				1,970	1,970
Total liabilities	6,130	3,987	3,191	15	801	11,777	25,901	77,158
Fund balances:								
Reserved for:								
Encumbrances	12,436	5,598	6,513		205	5,526	30,278	37,894
Debt service								14,857
Repairs								3,202
Unreserved, reported in:								
Special revenue funds								15,205
Undesignated								43,406
Capital projects fund	28,330	5,537	(2,309)	5,023	1,157	5,668	43,406	43,406
Total fund balances	40,766	11,135	4,204	5,023	1,362	11,194	73,684	114,564
Total liabilities and fund balances	\$ 46,896	\$ 15,122	\$ 7,395	\$ 5,038	\$ 2,163	\$ 22,971	\$ 99,585	\$ 191,722

COUNTY OF ERIE, NEW YORK
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 Six Months Ended June 30, 2006
 (amounts expressed in thousands)

	-----Special Revenue-----							
	Road	Sewer	Downtown Mall	E-911	Grants	Community Development	Total	Debt Service
Revenues:								
Real property taxes and tax items	\$	\$	\$	\$	\$	\$	24,936	\$
Sales, use and transfer taxes	4,839	23,724	1,212	951			5,790	
Intergovernmental					51,315	1,880	53,195	1,310
Departmental	33	7,978			963	606	9,580	
Interest		587		59	563		587	2,541
Miscellaneous		99					721	
	<u>4,872</u>	<u>32,388</u>	<u>1,212</u>	<u>1,010</u>	<u>52,841</u>	<u>2,486</u>	<u>94,809</u>	<u>3,851</u>
Expenditures:								
Current:								
General government support			641		2,357		2,998	
Public safety				1,137	5,242		6,379	
Health					6,378		6,378	
Transportation	9,122						9,122	
Economic assistance and opportunity					39,311	2,489	41,800	
Culture and recreation					155		155	
Education					172		172	
Home and community service		14,476					14,476	
Capital outlay								
Debt service:								
Principal retirement								16,522
Interest and fiscal charges								11,543
	<u>9,122</u>	<u>14,476</u>	<u>641</u>	<u>1,137</u>	<u>53,615</u>	<u>2,489</u>	<u>81,480</u>	<u>28,065</u>
	<u>(4,250)</u>	<u>17,912</u>	<u>571</u>	<u>(127)</u>	<u>(774)</u>	<u>(3)</u>	<u>13,329</u>	<u>(24,214)</u>
Other financing sources (uses):								
Sale of property						3	3	
Transfers in					476		476	25,786
Transfers out	(18)	(1,645)					(1,663)	
	<u>(18)</u>	<u>(1,645)</u>	<u>0</u>	<u>0</u>	<u>476</u>	<u>3</u>	<u>(1,184)</u>	<u>25,786</u>
Net change in fund balances	(4,268)	16,267	571	(127)	(298)	0	12,145	1,572
Fund balances at beginning of year	(1,615)	15,151		44	298		13,878	13,285
Fund balances at end of six months	<u>\$ (5,883)</u>	<u>\$ 31,418</u>	<u>\$ 571</u>	<u>\$ (83)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,023</u>	<u>\$ 14,857</u>

COUNTY OF ERIE, NEW YORK
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 Six Months Ended June 30, 2006
 (amounts expressed in thousands)

	Capital Funds							Nonmajor Governmental Funds
	Buildings, Equipment and Improvements	Roads, Bridges and Equipment	Facilities Equipment and Improvements	Tobacco Proceeds	Special Capital Projects	ECMC Capital Projects	Total	
Revenues:								
Real property taxes and tax items	\$	\$	\$	\$	\$	\$	\$	\$ 24,936
Sales, use and transfer taxes								5,790
Intergovernmental	1,990	254					2,244	56,749
Departmental	15	641					656	10,236
Interest	(2)		97				95	3,223
Miscellaneous	3		60				63	784
	<u>2,006</u>	<u>895</u>	<u>157</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>3,058</u>	<u>101,718</u>
Expenditures:								
Current:								
General government support								2,998
Public safety								6,379
Health								6,378
Transportation								9,122
Economic assistance and opportunity								41,800
Culture and recreation								155
Education								172
Home and community service								14,476
Capital outlay	10,275	2,772	1,375		1,929	14,745	31,096	31,096
Debt service:								
Principal retirement								16,522
Interest and fiscal charges								11,543
	<u>10,275</u>	<u>2,772</u>	<u>1,375</u>	<u>0</u>	<u>1,929</u>	<u>14,745</u>	<u>31,096</u>	<u>140,641</u>
	<u>(8,269)</u>	<u>(1,877)</u>	<u>(1,218)</u>	<u>0</u>	<u>(1,929)</u>	<u>(14,745)</u>	<u>(28,038)</u>	<u>(38,923)</u>
Other financing sources (uses):								
Sale of property								3
Transfers in	3,301						3,301	29,563
Transfers out				(3,301)			(3,301)	(4,964)
	<u>3,301</u>	<u>0</u>	<u>0</u>	<u>(3,301)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,602</u>
Net change in fund balances	(4,968)	(1,877)	(1,218)	(3,301)	(1,929)	(14,745)	(28,038)	(14,321)
Fund balances at beginning of year	45,734	13,012	5,422	8,324	3,291	25,939	101,722	128,885
Fund balances at end of six months	<u>\$ 40,766</u>	<u>\$ 11,135</u>	<u>\$ 4,204</u>	<u>\$ 5,023</u>	<u>\$ 1,362</u>	<u>\$ 11,194</u>	<u>\$ 73,684</u>	<u>\$ 114,564</u>

LIBRARY COMPONENT UNIT

The financial data shown for the Buffalo and Erie County Public Library is derived from records maintained on its behalf by the County. The Library does not issue separate financial statements. The inclusion of the Library as a component unit in the County's financial statements reflects the County's financial accountability for this legally separate entity.

COUNTY OF ERIE, NEW YORK
 Balance Sheet
 Component Unit
 June 30, 2006
 (amounts expressed in thousands)

	<u>Library</u>
Assets	
Cash and cash equivalents	\$ 11,849
Receivables (net of allowances)	
Due from primary government	2,037
Due from other governments	270
Total assets	<u>\$ 14,156</u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 91
Accrued liabilities	920
Deferred revenue	232
Total liabilities	<u>1,243</u>
Fund Balances	
Reserved for:	
Encumbrances	1,280
Unreserved, reported in:	
Designated	1,350
Undesignated	10,283
Total fund balances	<u>12,913</u>
Total liabilities and fund balances	<u>\$ 14,156</u>

COUNTY OF ERIE, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
Component Unit
Six Months Ended June 30, 2006
(amounts expressed in thousands)

	<u>Library</u>
Revenues:	
Real property taxes and tax items	\$ 21,672
Intergovernmental	317
Departmental	217
Interest	26
Miscellaneous	31
	<hr/>
Total revenues	22,263
	<hr/>
Expenditures:	
Current:	
Culture and recreation	12,129
	<hr/>
Total expenditures	12,129
	<hr/>
Excess (deficiency) of revenues over expenditures	10,134
	<hr/>
Other financing sources (uses) :	
Transfers out	(11)
	<hr/>
Total other financing sources (uses)	(11)
	<hr/>
Net change in fund balances	10,123
Fund balance at beginning of year	2,790
Fund balances at end of six months	<u>\$ 12,913</u>

INVESTMENT REPORT

COUNTY OF ERIE
 Quarterly Investment Report
 January 1, 2006 through June 30, 2006

In accordance with the Comptroller's Investment Guidelines, the Investment Report for the first six months of 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 1,487 investments were made during the first six months, resulting in \$5,646,069 in total interest earnings for all funds. The weighted average yield for the first six months was 4.65%. For comparison, during the first six months of 2005 1,184 investments were effectuated which generated \$2,733,890 in total interest earnings for all funds at an average weighted yield of 2.63%.

SUMMARY OF INVESTMENTS PURCHASED

	Number of Investments Jan-June		Average Investment (in millions) Jan-June		Average Length of Investment (days) Jan-June	
	2006	2005	2006	2005	2006	2005
JP Morgan Chase, N.A.	191	556	3.1	7.5	6	2
Citizens Bank	384	0	7.5	0	7	0
Bank of America	755	440	5.0	2.3	3	5
HSBC Bank USA, N.A.	157	175	10.3	20.4	7	10
Key Bank, N.A.	0	0	0	0	0	0
M&T Bank	0	13	0	12.3	0	6
Totals	1487	1184				

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

COUNTY OF ERIE
 Quarterly Investment Report
 January 1, 2006 through June 30, 2006

SUMMARY OF INTEREST EARNINGS BY FUND

	General Fund	Trust Fund	Capital Fund	Sewer Fund	Total
1 st 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
Year to date	\$1,738,325	\$1,121,594	\$2,204,849	\$581,301	\$5,646,069

Please note the 2006 Adopted Budget General Fund interest earnings are projected to be \$2,500,000.00. The actual year to date earnings for the General Fund as of June 30, 2006 is \$1,738,325.00. For comparison, as of June 30, 2005 the General Fund interest earnings were \$ 1,340,339.00.

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%
Weighted Average Jan. - June	4.65%	2.63%

CASH FLOW STATEMENT

The Comptroller's Office does not as a matter of course make public projections as to future cash flows, or other results. However, the Comptroller's Office has prepared the projected cash flow information set forth in the following schedule to present the projected cumulative cash flow of Erie County for the year ending December 31, 2006. The projected financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Comptroller's Office and the Division of Budget, Management and Finance, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of the Comptroller's Office's knowledge and belief, the expected future cash flow of the County. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this document are cautioned not to place undue reliance on this prospective information.

NEITHER THE COUNTY'S INDEPENDENT AUDITORS, NOR ANY OTHER INDEPENDENT ACCOUNTANTS, HAVE COMPILED, EXAMINED, OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE PROSPECTIVE CASH FLOW INFORMATION CONTAINED HEREIN, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE ON SUCH INFORMATION OR ITS ACHIEVABILITY, AND ASSUME NO RESPONSIBILITY FOR, AND DISCLAIM ANY ASSOCIATION WITH, THE PROSPECTIVE FINANCIAL INFORMATION.

County Of Erie
Cash Flow Statement
2006

Description	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	TOTAL
Opening Balance	61,285,131												
** Receipts **													
DSS	27,075,318	18,224,909	48,604,776	1,997,059	22,130,290	17,194,265	16,464,627	27,293,393	17,447,990	26,113,202	25,966,232	21,863,737	270,375,798
Sales Tax	28,546,513	26,167,471	22,295,009	37,940,440	28,161,775	38,103,156	23,250,959	29,807,620	28,911,669	38,389,997	27,779,714	25,182,070	354,536,393
Real Property Tax	2,292,015	38,475,040	147,831,860	21,146,636	3,953,699	1,207,848	4,064,638	2,410,194	1,786,407	1,421,548	2,504,018	2,634,630	229,728,534
Other	28,361,684	47,290,274	31,225,425	12,091,764	22,037,657	9,815,653	30,847,890	12,071,536	40,635,332	24,610,285	16,193,342	15,553,445	290,734,286
RAN Proceeds	0	0	0	0	0	110,000,000	0	0	0	0	0	0	110,000,000
Total Receipts	147,560,661	130,157,694	249,957,070	73,175,899	76,283,421	176,320,921	74,628,115	71,582,743	88,781,397	90,535,032	72,443,306	65,233,882	1,255,375,011
** Disbursements **													
DSS	45,271,587	32,224,736	32,185,718	32,735,059	34,600,068	33,956,240	31,561,683	33,337,020	31,059,410	33,269,046	28,784,877	36,258,198	405,243,641
Payroll	21,991,542	21,226,569	30,621,337	22,344,249	22,224,546	32,454,944	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	33,000,000	293,863,186
Vendor	28,721,723	62,690,699	66,988,130	42,393,121	19,588,162	30,662,817	38,471,626	28,964,442	18,809,690	19,233,536	16,775,349	21,892,592	395,191,886
Debt Service	4,087,988	1,651,936	10,078,492	8,364,390	1,020,756	4,821,871	3,785,045	2,918,022	6,777,892	7,703,846	1,538,587	8,293,662	61,042,486
RANs Set Asides Mar 05	29,152,924	22,853,349	6,918,450	0	0	0	0	0	0	0	0	0	58,924,723
RANs Set Asides Jul 05	0	0	42,000,000	700,000	21,000,000	16,300,000							80,000,000
Total Disbursements	129,225,764	140,647,288	188,792,126	106,536,818	98,433,531	118,195,872	95,818,353	87,219,484	78,646,992	82,206,428	69,098,813	99,444,452	1,294,265,922
Monthly Cash Flow	18,334,898	(10,489,594)	61,164,944	(33,360,919)	(22,150,110)	58,125,049	(21,190,239)	(15,636,741)	10,134,406	8,328,604	3,344,493	(34,210,570)	(38,890,912)
Cumulative Cash Flow	18,334,898	7,845,303	69,010,248	35,649,329	13,499,218	71,624,267	50,434,028	34,797,287	44,931,693	53,260,297	56,604,790	22,394,219	

PROPERTY AND SALES TAX SUMMARY

COUNTY OF ERIE, NEW YORK
 Property Tax Collections
 Six Months Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Gross Levy	\$ 540,580,523	\$ 493,517,706
Less: Amount Retained by Towns	(303,202,950)	(289,697,275)
Net To Be Collected by County	<u>237,377,573</u>	<u>203,820,431</u>
Less: January - June Collections	(214,994,274)	(180,396,923)
Net Outstanding at June 30th	<u>\$ 22,383,299</u>	<u>\$ 23,423,508</u>
Percentage Collected at June 30th	<u>90.6%</u>	<u>88.5%</u>

COUNTY OF ERIE, NEW YORK
 Sales Tax Revenue
 Six Months Ended June 30, 2006

	<u>2006 Budget</u>	<u>June 2006 YTD Revenue</u>	<u>% of Budget Realized</u>
Sales And Use Tax	\$ 134,021,204	\$ 66,480,014	49.6%
1 % Sales Tax - Erie County Purposes	\$ 126,433,027	\$ 62,801,542	49.7%
0.25 % Sales Tax	\$ 31,600,000	\$ 15,686,449	49.6%
0.50 % Sales Tax (1)	\$ 63,200,000	\$ 30,290,064	47.9%
Totals	<u>\$ 355,254,231</u>	<u>\$ 175,258,069</u>	49.3%

(1) The 0.50 % Sales Tax went into effect on January 15, 2006

DEBT SCHEDULES

COUNTY OF ERIE, NEW YORK
Annual Debt Service Requirements for Long-Term General Obligation
Indebtedness of the County
As of June 30, 2006

Fiscal Year Ending December 31	Principal Payments	Interest Payments	Total Debt Service
2006	\$ 18,199,565.49	\$ 11,701,389.95	\$ 29,900,955.44 (1)
2007	39,696,860.58	22,342,559.52	62,039,420.10
2008	38,008,752.95	20,580,355.30	58,589,108.25
2009	35,509,345.37	18,831,460.09	54,340,805.46
2010	34,450,607.10	17,204,090.31	51,654,697.41
2011	35,128,591.28	15,560,763.55	50,689,354.83
2012	35,494,962.48	13,901,632.39	49,396,594.87
2013	30,671,544.49	12,090,553.53	42,762,098.02
2014	30,856,667.00	10,600,928.44	41,457,595.44
2015	31,340,286.00	9,105,078.63	40,445,364.63
2016	29,694,099.00	7,604,919.24	37,299,018.24
2017	30,526,341.00	6,112,474.22	36,638,815.22
2018	25,863,584.00	4,570,558.92	30,434,142.92
2019	19,109,727.00	3,458,847.77	22,568,574.77
2020	18,911,970.00	2,548,174.33	21,460,144.33
2021	4,604,213.00	1,783,044.76	6,387,257.76
2022	4,711,456.00	1,553,428.17	6,264,884.17
2023	4,848,699.00	1,320,560.51	6,169,259.51
2024	4,800,942.00	1,090,840.47	5,891,782.47
2025	4,533,185.00	859,705.88	5,392,890.88
2026	2,170,428.00	677,763.44	2,848,191.44
2027	2,212,671.00	579,063.72	2,791,734.72
2028	2,269,913.00	477,856.39	2,747,769.39
2029	2,322,156.00	373,925.76	2,696,081.76
2030	1,419,399.00	292,259.23	1,711,658.23
2031	1,466,642.00	233,001.94	1,699,643.94
2032	1,101,497.00	174,548.22	1,276,045.22
2033	1,005,000.00	123,955.32	1,128,955.32
2034	870,000.00	76,019.43	946,019.43
2035	740,000.00	37,000.00	777,000.00
	<u>\$ 492,539,104.74</u>	<u>\$ 185,866,759.43</u>	<u>\$ 678,405,864.17</u>

SOURCE: Erie County Comptroller's Office

(1) Amount is net of debt service payments of \$28,064,293.82 made from January 1, 2006 to June 30, 2006.

COUNTY OF ERIE, NEW YORK
 Calculation of Constitutional Debt Limit
 As of June 30, 2006

<u>For Fiscal Year Ended December 31</u>	<u>Full Valuation of Taxable Real Property</u>
2001	\$ 31,941,364,997
2002	32,145,255,700
2003	33,576,174,348
2004	34,479,046,511
2005	<u>35,980,745,078</u>
Total five year full valuation	\$ <u>168,122,586,634</u>
5 Year Average full valuation	\$ <u>33,624,517,327</u>
Debt limit - 7% of average full valuation	\$ <u>2,353,716,213</u>

Source: Property valuation - Erie County Division of Budget, Management and Finance

COUNTY OF ERIE, NEW YORK
 Calculation of Total Net Indebtedness
 As of June 30, 2006

Five year average full valuation (2001-2005)		\$ <u><u>33,624,517,326.80</u></u>
Debt Limit - 7% of average full valuation		\$ 2,353,716,212.88
<u>Outstanding Indebtedness:</u>		
Bonds - General	\$ 418,822,332.41	
Bonds - Sewer	61,366,772.33	
Bonds - Pension	12,350,000.00	
Bond Anticipation Notes - Sewer	1,969,515.84	
Bond Guaranty - ECMCC (1)	101,375,000.00	
Revenue Anticipation Notes	<u>190,000,000.00</u>	
Total Indebtedness	<u>785,883,620.58</u>	
<u>Less Exclusions:</u>		
Sewer Exclusion	63,336,288.17	
Revenue Anticipation Notes	190,000,000.00	
Budgeted Appropriations	16,137,515.58	
Total Exclusions	<u>269,473,803.75</u>	
Total Net Indebtedness		<u>516,409,816.83</u>
Net Debt Contracting Margin		\$ <u><u>1,837,306,396.05</u></u>
Percentage of Debt Contracting Power Exhausted		<u><u>21.94%</u></u>

(1) Erie County Medical Center Corporation

MISCELLANEOUS FINANCIAL DATA

COUNTY OF ERIE, NEW YORK
 Tax Collections
 1996 - 2005

Fiscal Year Ending 12/31	Total General Property Tax Levy All Purposes (a)	Towns Levy (b)	Returned School Tax (c)	Uncollected as of Tax Sale Date in Year of Levy	Percentage Uncollected
1996	\$ 469,836,893	\$ 213,635,011	\$ 13,585,860	\$ 22,170,876	4.72 %
1997	488,941,336	221,691,609	14,522,360	24,413,550	4.99
1998	493,970,979	224,177,492	16,218,263	26,740,503	5.41
1999	490,692,273	225,934,027	15,637,655	26,191,669	5.34
2000	446,019,358	222,449,694	13,953,109	20,432,799	4.58
2001	424,554,739	231,109,689	13,104,632	18,282,851	4.31
2002	430,565,663	235,033,457	13,899,502	18,661,558	4.33
2003	447,035,372	250,233,121	14,124,489	15,371,308	3.44
2004	464,433,235	265,812,020	14,152,464	13,713,364	2.95
2005	493,517,706	289,697,275	13,788,438	13,832,736	2.80

- (a) Includes Countywide property tax, all town taxes, and relieved village and school taxes. Does not include initial school district levies.
- (b) Includes amount levied by the County for general town, special district, fire district and highway purposes. Also includes levy for Grand Island School District, the taxes for which are not separately levied in accordance with the procedure described above. All of such amounts are collected by the respective tax collectors in each town.
- (c) Represents amount of school taxes returned to the County as uncollected as of December 1st in the year in which they are levied, which taxes are extended on the County rolls for subsequent collection together with other County taxes.

SOURCE: Erie County Division of Budget, Management and Finance

COUNTY OF ERIE, NEW YORK
Short-Term Borrowing History
1995 - 2006

<u>Year</u>	<u>Amount</u>	<u>Type (1)</u>	<u>Issue Date</u>	<u>Maturity Date</u>
1995	80,000,000	RAN	09/21/95	09/20/96
1996	40,000,000	RAN	04/18/96	04/17/97
.....	40,000,000	RAN	11/20/96	11/19/97
1997	40,000,000	RAN	06/26/97	06/25/98
.....	40,000,000	RAN	10/30/97	10/29/98
1998	60,000,000	RAN	10/14/98	10/13/99
1999	-	N/A	N/A	N/A
2000	-	N/A	N/A	N/A
2001	-	N/A	N/A	N/A
2002	43,000,000	RAN	09/18/02	09/17/03
2003	90,000,000	RAN	06/24/03	06/23/04
2004	82,500,000	RAN	07/14/04	07/13/05
2005	80,000,000	RAN	03/11/05	03/10/06
.....	80,000,000	RAN	07/14/05	07/13/06
2006	110,000,000	RAN	06/13/06	06/13/07

(1) Revenue Anticipation Notes ("RAN") may be issued in any fiscal year in anticipation of the collection or receipt of taxes (other than real property taxes) and certain other types of revenue which are due and payable in such fiscal year and moneys to be received from the State or Federal government which are due in such fiscal year. Pursuant to State law, such notes must mature within one year after the date of issuance, and may be renewed from time to time for periods of up to one year; however, the maturity of such notes, including renewals, may not extend beyond the end of the second fiscal year following the fiscal year in which such notes were originally issued.

At June 30, 2006 the County had \$190,000,000 of revenue anticipation notes outstanding. These notes mature in the amounts of \$80,000,000 and \$110,000,000 on July 13, 2006 and June 13, 2007 as noted above and bear interest at the rates of 3.75% and 3.89% respectively.

The issuance of revenue anticipation notes has been necessitated, in part, by the State's practice of requiring local governments to pay 100% of the expenditures for various programs in advance, and then providing subsequent reimbursement for the non-local share.

COUNTY OF ERIE, NEW YORK
 Outstanding Long-Term Direct Indebtedness
 1996 - 2005

Outstanding Long-Term Direct Indebtedness (a)
 (As of December 31)

<u>Fiscal</u> <u>Year</u>	<u>Amount</u>	<u>Fiscal</u> <u>Year</u>	<u>Amount</u>
1996	\$228,708,990	2001	\$221,209,139
1997	219,344,538	2002	256,295,578
1998	215,240,994	2003	327,032,146
1999	210,988,752	2004	384,124,771
2000	214,890,782	2005	446,656,115

(a) Excludes all sewer debt payable from special assessments.

SOURCES: Erie County General Purpose Financial Statements – 1996-2001 (Audited)
 Erie County Basic Financial Statements – 2002-2004 (Audited)
 Erie County Basic Financial Statements – 2005 (Unaudited)

COUNTY OF ERIE, NEW YORK
 Valuations, Tax Levies and Rates
 2002 - 2006

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Assessed Valuation	\$ 30,165,315,955	\$ 28,276,734,647	\$ 27,557,186,821	\$ 27,026,638,924	\$ 26,480,690,610
Equalized Full Valuation	38,102,215,597	35,980,745,087	34,479,046,522	33,576,174,357	32,145,255,713
Levied for County Purposes (a)	194,655,585	164,052,166	159,436,984	159,348,027	159,161,728
Rates for \$1,000 of Equalized Full Valuation	\$5.11	\$4.56	\$4.62	\$4.75	\$4.95

(a) Includes County and Library property taxes, taxes for election expenses and Community College chargebacks.

SOURCE: Erie County Division of Budget, Management and Finance

COUNTY OF ERIE, NEW YORK
 Computation of Constitutional Taxing Power for 2006

<u>Assessment Year</u>	<u>Full Valuation</u>
2001	31,941,364,997
2002	32,145,255,700
2003	33,576,174,348
2004	34,479,046,511
2005	<u>35,980,745,078</u>
 Total	 <u>\$168,122,586,634</u>
 Five-Year Average Full Valuation	 \$33,624,517,327
Tax Limit (1.5%) (b)	504,367,760
Total Exclusions	53,093,889
Total Taxing Power	557,461,649
Total Levy for 2005 (c).....	194,688,825
Tax Margin (b)	362,772,824

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- (a) Data excerpted from the County's Constitutional Tax Limit Report, which is filed with the State Comptroller.
 - (b) New York State Constitutional Tax Limit equals 1.5% of Five-Year Average Full Valuation. By Amendment to the County Charter, the County has limited its annual property tax levy to one per centum (1.0%) of the five year average of full valuation. The County's 2006 total taxing power under this local law is \$389,339,062 leaving a tax margin of \$194,650,237.
 - (c) Includes County and Library property taxes, taxes for election expenses and Community College chargebacks.