



ERIE COUNTY COMPTROLLER
HON. STEFAN I. MYCHAJLIW

October 31, 2016

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

Hon. Mark C. Poloncarz
Erie County Executive
95 Franklin Street – 16th Floor
Buffalo, New York 14202

Dear Honorable Members and County Executive Poloncarz:

My office has prepared an Interim Financial Report ("Report") of the County of Erie, New York ("County") as of and for the nine-month period ended September 30, 2016 (i.e., "Third Quarter 2016"). The Report, enclosed for your review, consists of the following elements:

- Financial Statements
- Investment Report
- Cash Flow Statement
- Property Tax 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)

We provide the following observations and comments for your consideration:

Sales Tax

As you are aware, the County's 2016 Adopted Budget amount of \$444,407,414 is predicated on a 1.53% increase in sales tax revenue above the County's 2015 actual sales tax revenue.

The sales tax revenue amount for the County's Third Quarter 2016 was \$323,670,462 compared to \$322,660,208 for the Third Quarter of 2015. During the first nine months of 2016, the County experienced a \$1,010,254 (.31%) increase in sales tax revenue, compared to the first nine months of 2015. This reflects the Division of Budget and Management's accrual of September sales tax. As you are well aware, sales tax revenues are the largest revenue source for Erie County. Wall Street ratings agencies and I have issued numerous warnings on Erie County's risky reliance on volatile sales tax revenue.

This office will continue to monitor this account, the largest revenue in the budget at \$444,407,414, closely throughout the year and will periodically report its activity to you.

Real Property Taxes

Through the nine-month period ended September 30, 2016, the County received 93.3% of the \$337,453,459 that was levied and is collectible for County purposes, which is 0.3% higher than the percentage collected as of September 30, 2015. Taxes remaining to be collected are at \$22,714,350 compared to \$22,633,574 at September 30, 2015 (0.36% increase).

2016 Capital Borrowing

On April 28, 2016 the County Legislature approved the County Executive's 2016 Consolidated Bond Resolution for capital projects amounting to approximately \$43.7 million, of which approximately \$35.5 million was approved to be bonded.

It is expected that the County will close on the above transaction on November 30, 2016.

Short-term Borrowing in 2016

On September 22, 2016 the Erie County Legislature approved the 2016 Revenue Anticipation Note ("RAN") resolution authorizing up to \$90,000,000 to be borrowed to cover the County's short term cash flow needs. It is expected that the County will close on the above transaction on December 7, 2016.

Conclusion

The financial statements and other information contained in this Report have been compiled largely from the official accounting records maintained in the County's SAP system. The Financial Statements from Erie County Medical Center Corporation, Erie Community College, the Erie County Tobacco Securitization Corporation, the Buffalo and Erie County Industrial Land Development Corporation, Inc. and the ECFSA are not included because financial information for the aforementioned entities is maintained separately from the County.

Information contained in this Report has not been reviewed by the County's independent auditor; therefore, no opinion on this Report is expressed.

Please note that this is the third and final quarterly report for 2016. The County will issue a 2016 Comprehensive Annual Financial Report in 2017.

If you have any questions regarding this submission, please contact me at (716) 858-8400.

Sincerely yours,



STEFAN I. MYCHAJLIW
Erie County Comptroller

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Enclosure

cc: Erie County Fiscal Stability Authority

Robert W. Keating, Director of Budget and Management