



County of Erie

MARK C. POLONCARZ
COMPTROLLER

May 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 three (3) months ended March 31, 2006 (the "Report"). My Office is pleased to provide this Report, the first of its kind, to the Legislature and Executive.

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)

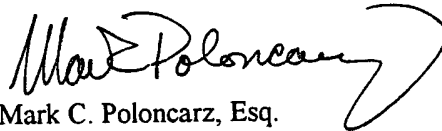
The financial statements and other information contained within this Report have been compiled largely from the official accounting records maintained on the County's SAP system. The financial statements for the Erie County Medical Center Corporation, the Erie Community College, the Erie County Tobacco 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
Honorable Joel A. Giambra
May 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 underway.

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

Sincerely yours,



Mark C. Poloncarz, Esq.
Erie County Comptroller

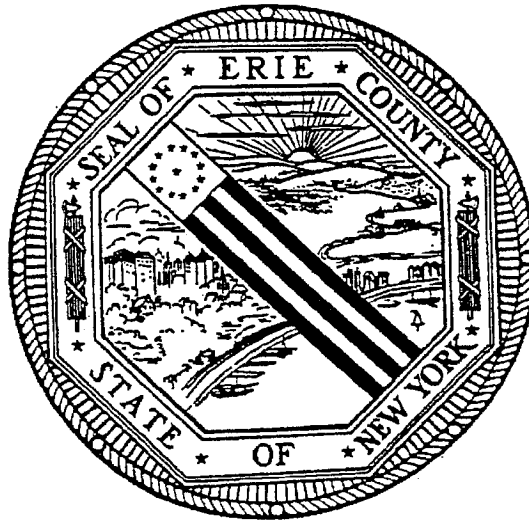
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Enclosure

cc: Members of the Erie County Fiscal Stability Authority
Kenneth J. Vetter, Director of Budget, Management and Finance

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COUNTY OF ERIE, NEW YORK
INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2006



Erie County Comptroller's Office

MARK C. POLONCARZ

Erie County Comptroller

May 3, 2006

COUNTY OF ERIE, NEW YORK

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FINANCIAL STATEMENTS

COUNTY OF ERIE, NEW YORK
Balance Sheet
Governmental Funds
March 31, 2006
(amounts expressed in thousands)

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 72,761	\$ 137,848	\$ 210,609
Receivables (net of allowances)			
Real property taxes, interest, penalties and liens	54,441	824	55,265
Other	13,377	24,352	37,729
Due from other funds	11,692	26,917	38,609
Due from other governments	180,431	24,272	204,703
Prepaid items	156		156
Loan receivable	2,250		2,250
Total assets	\$ 335,108	\$ 214,213	\$ 549,321
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 5,454	\$ 2,861	\$ 8,315
Accrued liabilities	57,642	5,352	62,994
Due to other funds		12,121	12,121
Due to component unit	4,768		4,768
Due to other governments	58	431	489
Retained percentages payable	9	3,192	3,201
Deferred revenue	42,559	41,672	84,231
Short-term debt	80,000	1,746	81,746
Total liabilities	190,490	67,375	257,865
Fund Balances			
Reserved for:			
Encumbrances	55,622	36,470	92,092
Debt service		16,711	16,711
Loan receivable	2,250		2,250
Repairs		3,202	3,202
E-911 system costs		32	32
Handicapped parking	93		93
Unreserved, reported in:			
Undesignated	86,653		86,653
Special revenue funds			
Undesignated		25,554	25,554
Capital projects fund			
Undesignated		64,869	64,869
Total fund balances	144,618	146,838	291,456
Total liabilities and fund balances	\$ 335,108	\$ 214,213	\$ 549,321

COUNTY OF ERIE, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Three Months Ended March 31, 2006
(amounts expressed in thousands)

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Real property taxes and tax items	\$ 172,187	\$ 24,936	\$ 197,123
Sales, use and transfer taxes	85,771	2,255	88,026
Intergovernmental	74,324	34,710	109,034
Departmental	18,078	6,700	24,778
Interest	1,763	1,323	3,086
Miscellaneous	17,162	256	17,418
Total revenues	<u>369,285</u>	<u>70,180</u>	<u>439,465</u>
Expenditures:			
Current:			
General government support	37,538	1,363	38,901
Public safety	27,794	2,874	30,668
Health	14,345	4,712	19,057
Transportation	4,865	5,824	10,689
Economic assistance and opportunity	120,381	24,490	144,871
Culture and recreation	5,863	22	5,885
Education	12,779	68	12,847
Home and community service	113	4,631	4,744
Capital outlay		8,179	8,179
Debt service:			
Principal retirement		9,002	9,002
Interest and fiscal charges	2,393	4,521	6,914
Total expenditures	<u>226,071</u>	<u>65,686</u>	<u>291,757</u>
(Deficiency) / excess of revenues over expenditures	<u>143,214</u>	<u>4,494</u>	<u>147,708</u>
Other financing sources (uses) :			
Sale of property	18	3	21
Transfers in		17,410	17,410
Transfers out	(14,099)	(3,311)	(17,410)
Total other financing sources (uses)	<u>(14,081)</u>	<u>14,102</u>	<u>21</u>
Net change in fund balances	129,133	18,596	147,729
Fund balances at beginning of year	15,485	128,242	143,727
Fund balances at end of three months	<u>\$ 144,618</u>	<u>\$ 146,838</u>	<u>\$ 291,456</u>

COUNTY OF ERIE, NEW YORK
Statement of Net Assets
Proprietary Funds
March 31, 2006
(amounts expressed in thousands)

	Business - Type Activities Enterprise Funds
	Utility Fund
Assets	
Current Assets	
Due from other governments	11,843
Prepaid items	103
Total assets	<u>11,946</u>
Liabilities	
Current Liabilities:	
Accounts payable	4,208
Accrued liabilities	5,068
Due to other funds	795
Total liabilities	<u>10,071</u>
Net Assets	
Unrestricted, reported in:	
Nonmajor Fund	1,875
Total net assets	<u>\$ 1,875</u>

COUNTY OF ERIE, NEW YORK
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Three Months Ended March 31, 2006
(amounts expressed in thousands)

	Business - Type Activities Enterprise Funds
	Utility Fund
Operating Revenues:	
Interfund revenues	\$ 2,127
Other operating revenue	16,843
Total operating revenue	<u>18,970</u>
Operating Expenses:	
Employee wages	12
Employee benefits	4
Utilities and telephone	18,294
Total operating expenses	<u>18,310</u>
Change in net assets	<u>660</u>
Total net assets at beginning of year	<u>1,215</u>
Total net assets at end of three months	<u>\$ 1,875</u>

COUNTY OF ERIE, NEW YORK
Statement of Fiduciary Net Assets
Fiduciary Fund
March 31, 2006
(amounts expressed in thousands)

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 31,308
Receivables:	
Due from other funds	713
Due from other governments	631
Other receivables	90
Bonds and securities held in custody	150
Total assets	<u>\$ 32,892</u>
Liabilities	
Accrued liabilities	\$ 712
Due to other funds	64
Held in custody for others	32,116
Total liabilities	<u>\$ 32,892</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
 March 31, 2006
 (amounts expressed in thousands)

	-----Special Revenue-----							
	Road	Sewer	Downtown Mall	E-911	Grants	Community Development	Total	Debt Service
Assets								
Cash and cash equivalents		\$ 12,324	\$ 94	\$ 170	\$ 8,473	\$ 138	\$ 21,199	\$ 15,407
Receivables (net of allowances)								
Real property taxes, interest, penalties and liens			824				824	
Other	709	4			175	23,430	24,918	
Due from other funds		26,781					26,781	136
Due from other governments	2	1,344			11,824	14	13,184	1,310
Prepaid items								
Total assets	711	40,453	918	170	20,472	23,582	86,306	16,853
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	1,600	42		72	19	100	1,827	
Accrued liabilities	298	689			1,789	34	2,808	142
Due to other funds	4,253						4,253	
Due to component unit								
Due to other governments					426	5	431	
Retained percentages payable		11			2		13	
Deferred revenue					18,242	23,430	41,672	
Short-term debt								
Total liabilities	6,149	742		72	20,472	23,569	51,004	142
Fund balances:								
Reserved for:								
Encumbrances	3,126	3,357		31			6,514	
Prepaid expenditures								
Debt service								16,711
Repairs	3,202						3,202	
E-911 system costs				32			32	
Unreserved, reported in:								
Special revenue funds								
Designated								
Undesignated	(11,766)	38,354	918	35		13	25,554	
Capital projects fund								
Total fund balances	(5,438)	39,711	918	98		13	35,302	16,711
Total liabilities and fund balances	\$ 711	\$ 40,453	\$ 918	\$ 170	\$ 20,472	\$ 23,582	\$ 86,306	\$ 16,853

COUNTY OF ERIE, NEW YORK
 Combining Balance Sheet
 Nonmajor Governmental Funds
 March 31, 2006
 (amounts expressed in thousands)

	Capital Projects						Total Nonmajor Governmental Funds
	General Government Buildings, Equipment and Improvements	Highways, Roads, Bridges and Equipment	Sewers, Facilities Equipment and Improvements	Tobacco Proceeds	Special Capital Projects	ECMC Capital Projects	
Assets							
Cash and cash equivalents	\$ 48,792	\$ 9,561	\$ 7,984	\$ 5,688	\$ 3,797	\$ 25,460	\$ 101,242
Receivables (net of allowances)							
Real property taxes, interest, penalties and liens							824
Other	34						34
Due from other funds							28,917
Due from other governments	3,318	6,208			252		9,778
Prepaid items							
Total assets	52,144	15,769	7,984	5,688	4,049	25,460	111,054
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	704	323	2			5	1,034
Accrued liabilities	1,568	584	215			55	2,402
Due to other funds	2,252	4,573	324		719		7,868
Due to component unit							
Due to other governments							431
Retained percentages payable	2,288	113	651		73	54	3,179
Deferred revenue							41,672
Short-term debt			1,746				1,746
Total liabilities	6,812	5,573	2,938		792	114	16,229
Fund balances:							
Reserved for:							
Encumbrances	12,131	6,863	6,825		198	4,141	29,956
Prepaid expenditures							
Debt service							16,711
Repairs							3,202
E-911 system costs							32
Unreserved, reported in:							
Special revenue funds							
Designated							25,554
Undesignated							
Capital projects fund	33,201	3,333	(1,599)	5,688	3,061	21,205	64,869
Total fund balances	45,332	10,196	5,026	5,688	3,257	25,346	146,838
Total liabilities and fund balances	\$ 52,144	\$ 15,769	\$ 7,984	\$ 5,688	\$ 4,049	\$ 25,460	\$ 214,213

COUNTY OF ERIE, NEW YORK
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 Three Months Ended March 31, 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	\$	\$ 23,724	\$ 1,212	\$	\$	\$	24,936	\$
Sales, use and transfer taxes	1,983			272			2,255	
Intergovernmental					30,912	618	31,530	1,309
Interfund revenues								
Departmental	16	5,920			374	380	6,690	
Interest		191					191	1,087
Miscellaneous		86		59	108		253	
	<u>1,999</u>	<u>29,921</u>	<u>1,212</u>	<u>331</u>	<u>31,394</u>	<u>998</u>	<u>65,855</u>	<u>2,396</u>
Expenditures:								
Current:								
General government support		75	294		994		1,363	
Public safety				277	2,597		2,874	
Health					4,712		4,712	
Transportation	5,824						5,824	
Economic assistance and opportunity					23,502	988	24,490	
Culture and recreation					22		22	
Education					68		68	
Home and community service		4,631					4,631	
Capital outlay								
Debt service:								9,002
Principal retirement								4,521
Interest and fiscal charges								
	<u>5,824</u>	<u>4,706</u>	<u>294</u>	<u>277</u>	<u>31,895</u>	<u>988</u>	<u>43,984</u>	<u>13,523</u>
	<u>(3,825)</u>	<u>25,215</u>	<u>918</u>	<u>54</u>	<u>(501)</u>	<u>10</u>	<u>21,871</u>	<u>(11,127)</u>
Other financing sources (uses):								
Sale of property						3	3	
Transfers in					202		202	14,552
Transfers out		(655)					(655)	
	<u>-</u>	<u>(655)</u>	<u>-</u>	<u>-</u>	<u>202</u>	<u>3</u>	<u>(450)</u>	<u>14,552</u>
Net change in fund balances	(3,825)	24,560	918	54	(299)	13	21,421	3,425
Fund balances at beginning of year	(1,613)	15,151		44	299		13,881	13,286
Fund balances at end of three months	\$ (5,438)	\$ 39,711	\$ 918	\$ 98	\$ -	\$ 13	\$ 35,302	\$ 16,711

COUNTY OF ERIE, NEW YORK
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 Three Months Ended March 31, 2006
 (amounts expressed in thousands)

	Capital Funds							
	Buildings, Equipment and Improvements	Roads, Bridges and Equipment	Facilities Equipment and Improvements	Tobacco Proceeds	Special Capital Projects	ECMC Capital Projects	Total	Nonmajor Governmental Funds
Revenues:								
Real property taxes and tax items	\$	\$	\$	\$	\$	\$	\$	\$ 24,936
Sales, use and transfer taxes								2,255
Intergovernmental	1,871						1,871	34,710
Interfund revenues								
Departmental	10						10	6,700
Interest			45				45	1,323
Miscellaneous	3						3	256
	<u>1,884</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,929</u>	<u>70,180</u>
Expenditures:								
Current:								
General government support								1,363
Public safety								2,874
Health								4,712
Transportation								5,824
Economic assistance and opportunity								24,490
Culture and recreation								22
Education								68
Home and community service								4,631
Capital outlay	5,115	1,994	441		33	596	8,179	8,179
Debt service:								
Principal retirement								9,002
Interest and fiscal charges								4,521
	<u>5,115</u>	<u>1,994</u>	<u>441</u>	<u>-</u>	<u>33</u>	<u>596</u>	<u>8,179</u>	<u>65,686</u>
	<u>(3,231)</u>	<u>(1,994)</u>	<u>(396)</u>	<u>-</u>	<u>(33)</u>	<u>(596)</u>	<u>(6,250)</u>	<u>4,494</u>
Other financing sources (uses):								
Sale of property								3
Transfers in	2,656						2,656	17,410
Transfers out				(2,656)			(2,656)	(3,311)
	<u>2,656</u>	<u>-</u>	<u>-</u>	<u>(2,656)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,102</u>
Net change in fund balances	(575)	(1,994)	(396)	(2,656)	(33)	(596)	(6,250)	18,596
Fund balances at beginning of year	45,907	12,190	5,422	8,324	3,290	25,942	101,075	128,242
Fund balances at end of three months	\$ 45,332	\$ 10,196	\$ 5,026	\$ 5,668	\$ 3,257	\$ 25,346	\$ 94,825	\$ 146,838

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
 March 31, 2006
 (amounts expressed in thousands)

	<u>Library</u>
Assets	
Cash and cash equivalents	\$ 14,077
Receivables (net of allowances)	
Other	1
Due from primary government	4,768
Due from other governments	8
Total assets	<u>\$ 18,854</u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 99
Accrued liabilities	667
Deferred revenue	167
Total liabilities	<u>933</u>
Fund Balances	
Reserved for:	
Encumbrances	2,317
Unreserved, reported in:	
Designated	1,350
Undesignated	14,254
Total fund balances	<u>17,921</u>
Total liabilities and fund balances	<u>\$ 18,854</u>

COUNTY OF ERIE, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
Component Unit
Three Months Ended March 31, 2006
(amounts expressed in thousands)

	<u>Library</u>
Revenues:	
Real property taxes and tax items	\$ 21,672
Intergovernmental	116
Departmental	124
Miscellaneous	16
Total revenues	<u>21,928</u>
Expenditures:	
Current:	
Culture and recreation	6,786
Total expenditures	<u>6,786</u>
Excess (deficiency) of revenues over expenditures	<u>15,142</u>
Net change in fund balances	15,142
Fund balance at beginning of year	2,779
Fund balance at end of three months	<u>\$ 17,921</u>

INVESTMENT REPORT

COUNTY OF ERIE
 Quarterly Investment Report
 January 1, 2006 through March 31, 2006

In accordance with the Comptroller's Investment Guidelines, the first quarter 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 766 investments were made during the quarter, resulting in \$2,781,950 in total interest earnings for all funds. The weighted average yield for the first quarter was 4.44%. For comparison, during the first quarter of 2005, 555 investments were effectuated which generated \$1,013,864 in total interest earnings for all funds at an average weighted yield of 2.42%.

SUMMARY OF INVESTMENTS PURCHASED

	Number of Investments 1 st Quarter		Average Investment (in millions) 1 st Quarter		Average Length of Investment (days) 1 st Quarter	
	2006	2005	2006	2005	2006	2005
JP Morgan Chase, N.A.	66	266	2.3	7.7	5	2
Citizens Bank	156	0	8.1	0	5	0
Bank of America	434	179	5.6	2.7	3	5
HSBC Bank USA, N.A.	110	110	10.0	18.2	7	7
Key Bank, N.A.	0	0	0	0	0	0
M&T Bank	0	0	0	0	0	0
Totals	766	555				

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

COUNTY OF ERIE
 Quarterly Investment Report
 January 1, 2006 through March 31, 2006

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
Year to date	\$1,045,740	\$451,311	\$1,090,845	\$194,054	\$2,781,950

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 March 31, 2006 is \$1,045,740.00. For comparison, during the first quarter of 2005, the General Fund interest earnings were \$449,403.29.

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%
Weighted Average for Quarter	4.44%	2.42%

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, NEW YORK
Cash Flow Statement
2006

Description	Actual January	Actual February	Actual March	Projected April	Projected May	Projected 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	1,405,232	19,788,946	19,337,070	16,464,627	27,293,393	17,447,990	26,113,202	25,966,232	21,863,737	269,585,433
ECMC / Home & Infirmary	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Tax	28,546,513	26,167,471	22,295,009	32,817,493	25,938,055	26,513,642	34,871,069	29,807,620	28,911,669	38,389,997	27,779,714	25,182,070	347,220,322
Real Property Tax	2,292,015	38,475,040	147,831,860	19,267,445	5,757,841	2,852,298	4,064,638	2,410,194	1,786,407	1,421,548	2,504,018	2,634,630	231,297,935
Other	28,361,684	47,290,274	31,225,425	10,234,067	40,771,222	(2,070,687)	28,397,890	12,071,536	22,783,582	24,610,285	16,193,342	15,553,445	275,422,064
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	63,724,237	92,256,064	156,632,324	83,798,224	71,582,743	70,929,647	90,535,032	72,443,306	65,233,882	1,233,525,754
** Disbursements **													
DSS	45,271,587	32,224,736	32,185,718	31,341,534	35,415,779	36,925,182	31,561,683	33,337,020	31,059,410	33,269,046	28,784,877	36,258,198	407,634,769
Payroll	21,991,542	21,226,569	30,621,337	22,000,000	22,000,000	33,000,000	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	33,000,000	293,839,448
Vendor	28,721,723	62,690,699	66,988,130	35,749,134	27,563,857	16,848,952	38,471,626	28,964,442	18,809,690	19,233,536	16,775,349	21,892,592	382,709,730
Debt Service	4,087,988	1,651,936	10,078,492	8,878,313	1,177,916	4,463,088	3,785,045	2,918,022	6,777,892	7,703,846	1,538,587	8,293,662	61,354,786
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	98,668,981	107,157,552	107,537,222	95,818,353	87,219,484	78,646,992	82,206,428	69,098,813	99,444,452	1,284,463,455
Monthly Cash Flow	18,334,898	(10,489,594)	61,164,944	(34,944,744)	(14,901,488)	49,095,102	(12,020,129)	(15,636,741)	(7,717,344)	8,328,604	3,344,493	(34,210,570)	(50,937,701)
Cumulative Cash Flow	.18,334,898	7,845,303	69,010,248	34,065,504	19,164,016	68,259,118	56,238,989	40,602,247	32,884,903	41,213,507	44,558,000	10,347,430	

PROPERTY AND SALES TAX SUMMARY

COUNTY OF ERIE, NEW YORK
Property Tax Collections
Three Months Ended March 31, 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 - March Collections	(188,007,480)	(156,494,884)
Net Outstanding at March 31st	<u>\$ 49,370,093</u>	<u>\$ 47,325,547</u>
Percentage Collected at March 31st	<u>79.2%</u>	<u>76.8%</u>

COUNTY OF ERIE, NEW YORK
Sales Tax Revenue
Three Months Ended March 31, 2006

	<u>2006 Budget</u>	March 2006 YTD <u>Revenue</u>	<u>% of Budget Realized</u>
Sales And Use Tax	\$ 134,021,204	\$ 32,565,227	24.3%
1 % Sales Tax - Erie County Purposes	\$ 126,433,027	\$ 30,752,448	24.3%
0.25 % Sales Tax	\$ 31,600,000	\$ 7,688,112	24.3%
0.50 % Sales Tax (1)	\$ 63,200,000	\$ 13,876,224	22.0%
Totals	<u>\$ 355,254,231</u>	<u>\$ 84,882,011</u>	23.9%

(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 March 31, 2006

<u>Fiscal Year Ending December 31</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service</u>
2006	\$ 25,719,565.52	\$ 18,723,265.68	\$ 44,442,831.20 (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>\$ 500,059,104.77</u>	<u>\$ 192,888,635.16</u>	<u>\$ 692,947,739.93</u>

SOURCE: Erie County Comptroller's Office

(1) Amount is net of debt service payments of \$13,522,418.06 made from January 1, 2006 to March 31, 2006.

COUNTY OF ERIE, NEW YORK
 Direct General Obligation Indebtedness Outstanding
 As of March 31, 2006

Bonds :		
Buildings and other Improvements	\$142,918,410.38	
Highway Improvements	97,734,379.60	
Court House Facilities	85,777,123.91	
Sewer District Facilities	61,771,772.32	
Hospital	25,729,122.81 (1)	
HSBC Arena	20,765,000.00	
Computer System	19,035,787.47	
Ralph Wilson Stadium	16,218,998.58	
Pension	12,350,000.00	
Community College	10,930,545.61	
Convention Center	4,195,747.16	
Prison Facilities	2,133,839.74	
Nursing Home	498,377.19 (1)	
Total Long-Term Debt		\$500,059,104.77
Bond Anticipation Notes - Sewer District Facilities	1,745,916.55	
Revenue Anticipation Notes	80,000,000.00	
Total Short-Term Debt		81,745,916.55
Gross Direct Debt		581,805,021.32
Exclusions :		
Sewer District Debt	63,517,688.87	
Budgeted Appropriations	23,252,515.62	
Revenue Anticipation Notes	80,000,000.00	
Total Deductions		166,770,204.49
Net Direct Debt		\$415,034,816.83

SOURCE: Erie County Comptroller's Office

(1) Pursuant to the agreement governing the sale of the County hospital and nursing home to Erie County Medical Center Corporation, the County continues to be directly responsible for the payment of certain bonded debt for these facilities. Bonded debt in the amount of \$101,375,000 of Erie County Medical Center Corporation for which the County has indirect responsibility as guarantor is not included above.

COUNTY OF ERIE, NEW YORK
 Calculation of Constitutional Debt Limit
 As of March 31, 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 March 31, 2006

Five year average full valuation (2001-2005) \$ 33,624,517,326.80

Debt Limit - 7% of average full valuation \$ 2,353,716,212.88

Outstanding Indebtedness:

Bonds - General	\$ 425,937,332.45
Bonds - Sewer	61,771,772.32
Bonds - Pension	12,350,000.00
Bond Anticipation Notes - Sewer	1,745,916.55
Bond Guaranty - ECMCC (1)	101,375,000.00
Revenue Anticipation Notes	<u>80,000,000.00</u>
Total Indebtedness	<u>683,180,021.32</u>

Less Exclusions:

Sewer Exclusion	63,517,688.87
Revenue Anticipation Notes	80,000,000.00
Budgeted Appropriations	23,252,515.62
Total Exclusions	<u>166,770,204.49</u>

Total Net Indebtedness 516,409,816.83

Net Debt Contracting Margin \$ 1,837,306,396.05

Percentage of Debt Contracting Power Exhausted 21.94%

(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

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- (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 Projected (2)	110,000,000	RAN	June '06	June '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 March 31, 2006 the County had \$80,000,000 of revenue anticipation notes outstanding. These notes mature on July 13, 2006 and bear interest at the rate of 3.75%

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.

(2) The Erie County Legislature approved borrowing of up to \$110 million on April 6, 2006 and the closing of said transaction is anticipated to be completed in June of 2006.

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	446,656,385

(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.