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COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

FM

March 26, 2012

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

Re: Preliminary Unaudited 2011 Erie County Financial Results

Dear Honorable Members:

The County is in the process of closing its 2011 fiscal year and commencing work on the independent audit by the County's external auditors at Drescher & Malecki, LLP. The independent audit should be concluded in June 2012 under the direction of Comptroller David J. Shenk. As the Division of Budget and Management and the Office of Comptroller work with departments to close the 2011 fiscal year, I wanted to report to your Honorable Body on the preliminary, unaudited situation at year-end 2011.

The preliminary, unaudited results indicate that the County will end 2011 with a \$28 million budgetary surplus. This 2011 surplus was bolstered by \$13.7 million in higher than net budgeted County share sales tax revenue (\$5.7 million of which was later utilized in part to pay the Morales settlement).

The County is on track to end 2011 with a total General Fund fund balance of \$130.2 million, of which \$94.9 million is unassigned (unreserved and undesignated). Total fund balance increased in 2011 by \$4.8 million even after the prior appropriation of \$33.4 million of fund balance during the fiscal year.

As you are aware, Article 26, Section 2605(b) of the Erie County Charter ("Charter"), requires the County to "maintain a balance in all funds established in the budget equal to or greater than five percent of the amount contained in the budget of each fund in the immediately preceding fiscal year." Following the 5% Charter rule, the County would be required to maintain

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approximately \$67.6 million of such fund balance in the General Fund. Thus the County would be approximately \$27.3 million above the 5% threshold as of December 31, 2011.

If you have any questions, please contact Robert W. Keating, Director of Budget and Management.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Mark C. Poloncarz".

Mark C. Poloncarz, Esq.
Erie County Executive

MCP/tc

cc: Comptroller David J. Shenk
Erie County Fiscal Stability Authority