

# CITY OF BUFFALO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



# BUFFALO

## New York

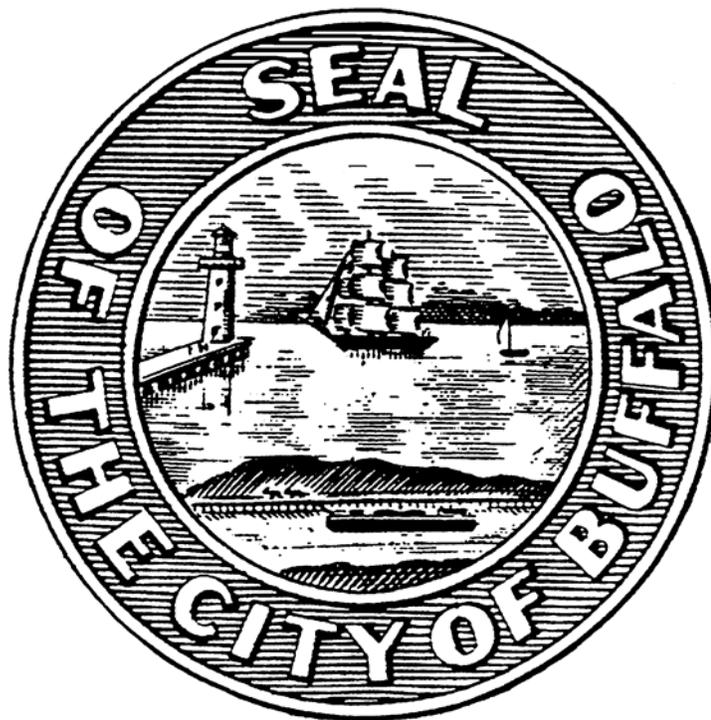
*For fiscal year ended*  
**June 30, 2011**

Pictures by David S. Ruperti - Architectural Gems of Buffalo New York: With Date of Completion,  
Center Photo: Buffalo City Hall, 1932, Architect John J. Wade. Left to Right, Top to Bottom Photo 1: Richardson  
Building, 1870, Architect Henry H. Richardson. Photo 2: Dun Building, 1894, Architects Edward B. Green and William  
S. Wicks. Photo 3: Darwin D. Martin House, 1905, Architect Frank Lloyd Wright. Photo 4: Guaranty Building, 1894,  
Architects Louis Sullivan and Dankmar Adler. Photo 5: Kleinhans Music Hall, 1940. Architects Eiel Saarinen and Eero  
Saarinen. Photo 6: Temple Beth Zion, 1967, Architect Max Abramovitz. Photo 7: Ellicott Square Building, 1896,  
Architect Daniel H. Burnham.

# **City of Buffalo, New York**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2011  
Darby Fishkin, Deputy Comptroller**



**Department of Audit and Control  
65 Niagara Square • 1225 City Hall  
Buffalo, New York 14202**

**CITY OF BUFFALO, NEW YORK**  
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# CITY OF BUFFALO

DEPARTMENT OF  
AUDIT AND CONTROL  
COMPTROLLERS OFFICE  
1225 CITY HALL  
BUFFALO, NEW YORK 14202

**DARBY R. FISHKIN**

*DEPUTY COMPTROLLER*

December 16, 2011

To the Mayor, Members of the Common Council,  
And Citizens of the City of Buffalo

I am pleased to submit the 179th Annual Financial Report of the City of Buffalo, New York (City) for the fiscal year ended June 30, 2011. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Drescher & Malecki LLP has issued an unqualified ("clean") opinion on the City's financial statements as of and for the year ended June 30, 2011. The independent auditors' report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the Government**

The City, which was incorporated in 1832, is located on the western border of the State of New York (State) and the eastern shore of Lake Erie. It has a land area of 42 square miles and a population of 261,310 based on the 2010 census. The City of Buffalo is the second largest city in the State and serves as the seat of the Erie County government. The Peace Bridge crossing the Niagara River connects downtown Buffalo with Fort Erie, Canada, and serves as a major link between the United States and Canada.

The City operates under a charter adopted in 1927 and revised in 2001, which provides for a strong Mayor-Council-Comptroller form of government. The Mayor, elected by general election for a four-year term, is the head of the executive department and oversees all administrative functions. He has the power to appoint and remove the non-elected heads of City departments, boards, commissions and agencies, most of which are subject to the approval of the Common Council.

The fiscal affairs of the City are the responsibility of the Comptroller, who is elected to a four-year term. The specific responsibilities of the Comptroller include the audit and control of the financial activities of all departments and agencies of the City, as well as the accounting, debt management and investment functions.

The Common Council, which is the legislative body of the City, consists of nine Council members who are elected in a general election to four year terms for their respective districts. In addition to the legislative power to adopt ordinances and resolutions, the review and approval of the operating and capital budgets, and approval of mayoral appointments, the Common Council has power to investigate City affairs, subpoena records and administer oaths.

Since July 2, 2003, the Buffalo Fiscal Stability Authority (the "BFSA") has monitored the fiscal affairs of the City; based on a prior review by the State Comptroller, the State declared that the City was in a state of fiscal crisis and enacted the Buffalo Fiscal Stability Authority Act. The BFSA, in addition to approving a four-year financial plan, also has the power, upon a declaration of need by the City, to issue bonds, notes or other obligations on behalf of the City to provide cash flow financing, to finance certain capital costs, or to restructure outstanding debt. Following a determination by the BFSA that the City has completed three fiscal years without a deficit, the BFSA will revert to an advisory capacity until June 30, 2037.

The City provides a full range of services, including police and fire protection; sanitation services; the construction and maintenance of highways, streets, and other infrastructure; and recreation activities and cultural events. Water services are provided through the Buffalo Water Board and Buffalo Municipal Water Finance Authority. Although legally separate entities, they are in substance part of the primary government's operation and are included as an integral part of the City of Buffalo's financial statements. The City is also financially accountable for a legally separate school district and urban renewal agency, both of which are reported separately within the City's financial statements. Additional information on all these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the Director of the Budget on or before February 1 each year. On or before May 1, the Mayor submits the proposed executive budget to the Common Council. The City Charter requires that the Mayor submit a balanced budget. The Council may change expenditure items but may not modify the Mayor's estimates on revenue, except for the real property tax levy, which is levied in the amount necessary to balance total appropriations and estimated revenues. The Mayor may veto additions to the proposed budget; however, the Council may override any item veto by a two-thirds vote. If the budget has not been passed by the Council by June 1, the budget as submitted by the Mayor, including all additions which he has not vetoed, is adopted. Budget amendments during the fiscal year between functions require approval of the Mayor, the Comptroller and two-thirds of the Council.

Commencing with the City's 2004-05 fiscal year, the Mayor is also required to submit his proposed budget along with a four-year financial plan to the BFSA on or before May 1 of each year. The plan must provide that the major operating funds of the City are balanced in accordance with generally accepted accounting principles. Within 20 days after submission by the City, the BFSA must determine whether the plan is complete and complies with the BFSA Act.

## **Local Economy**

The employment mix of the Buffalo metropolitan statistical area has changed from the 1980's when manufacturing employed 27% of the workforce and now employs 5.6%. The reduction in manufacturing jobs is offset by an increase in service providing jobs that grew from 20% to 53.5% over the same period. The major employers in the area include federal, state and local governments, colleges and universities, retail, and service industry, banks, and health care professionals. Over the past 10 years, unemployment has ranged from a current high of 10.2% in 2010 to a low of 5.8% in 2001.

During the past 10 years, the amount of the City's General Fund revenues derived from state aid grew from \$120 million (34% of total revenues) to a high of \$194 million (44% of total revenues) in 2010. In 2011, state aid to the City declined to \$183 million (42% of total revenues) because of budget cuts due to the state's fiscal condition. During the same period, property tax revenues declined from 36% to 32% of total revenues. On the expense side, the cost of fringe benefits grew from \$63 million (23% of total expenditures) to \$109 million (26% of total expenditures) at a time when the workforce was cut from 3,429 to 2,536 members. The cost of fringe benefits was reduced by the City contracting with a single provider for all employee health care coverage. The City continues to look for ways to reduce expenditures by changing the way it delivers services, but also needs revenue growth to alleviate its dependence on state aid and thereby ensure its fiscal stability. Work continues on the City's extraordinary school reconstruction program, with thirty-one schools completed and ten in construction for a total of \$1,139 million. Legislation and funding have been approved to reconstruct seven more Buffalo schools at a cost of \$165 million. This program is one of the most ambitious public works projects in the City's history.

## **Long-term Financial Planning**

The City continues to enjoy a strong General Fund financial position, evidenced by the year-end fund balance for 2010 – 2011 of \$129.9 million. After eight straight years of increasing fund balances, the City adopted a budget using \$14.8 million of excess fund balance instead of raising taxes during the current economic recession. The capital debt management program continues to make progress in reducing the City's outstanding capital indebtedness which has gone from \$415.6 million in 2004 to \$314.0 million in 2011. While there are clearly concerns about the state's budget challenges, the City has committed to a \$35.5 million Rainy Day fund for non-recurring emergencies that includes possible mid-year cuts in state aid.

## **Major Initiatives**

Buffalo continues its growth and transformation as a commercial and recreational hub for Erie County. The year 2011 saw the emergence of the City's waterfront as a regional attraction, bringing thousands to its summer concert series. The Buffalo Urban Development Corporation oversaw the opening of the Ship Canal Commons, a 22-acre waterfront park in the City of Buffalo. The new, public green space is an amenity for the existing Buffalo Lakeside Commerce Park, a business incubator, developed as part of the successful brownfield remediation project along the Union Ship Canal.

Downtown Buffalo witnessed the completion of the new \$120 million, 260,000 square foot Federal Court House at Niagara Square, and the re-opening of the former Statler Hotel into a nightclub/entertainment destination. The owner, with the assistance of the City of Buffalo, brought the historic building back from the brink of bankruptcy and potential demolition. The

Genesee Gateway also recently opened up with the location of the United States Passport Office.

Ongoing projects within the City include the renovation of the Hotel Lafayette into a boutique hotel, and banquet facility with a residential component, the acquisition and renovation of a 120,000 square foot facility at the former American Axle plant into a steel processing facility by Galvstar, LLC. and the emergence of luxury loft apartments on South Elmwood Avenue in the shadow of City Hall.

Further progress is also being made on the restoration of traffic to Main Street. Buffalo Place was among the recipients of State funding to further economic development within Western New York.

### **Awards and Acknowledgements**

For the fifth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Buffalo for its comprehensive annual financial report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we will submit this report to the GFOA for consideration once again.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Department of Audit and Control. I wish to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the Common Council for the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Darby Fishkin". The signature is written in a cursive, flowing style.

Darby Fishkin  
Deputy Comptroller

**CITY OF BUFFALO, NEW YORK  
Elected City Officials  
June 30, 2011**

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**Byron W. Brown, Mayor**

**Darby Fishkin, Deputy Comptroller**

**David A. Franczyk, President of the Council**

**DISTRICT COUNCIL MEMBERS  
(as of June 30, 2011)**

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**Delaware District—Michael J. LoCurto**

**Ellicott District—Darius G. Pridgen**

**Fillmore District—David A. Franczyk**

**Lovejoy District—Richard A. Fontana**

**Masten District—Demone A. Smith**

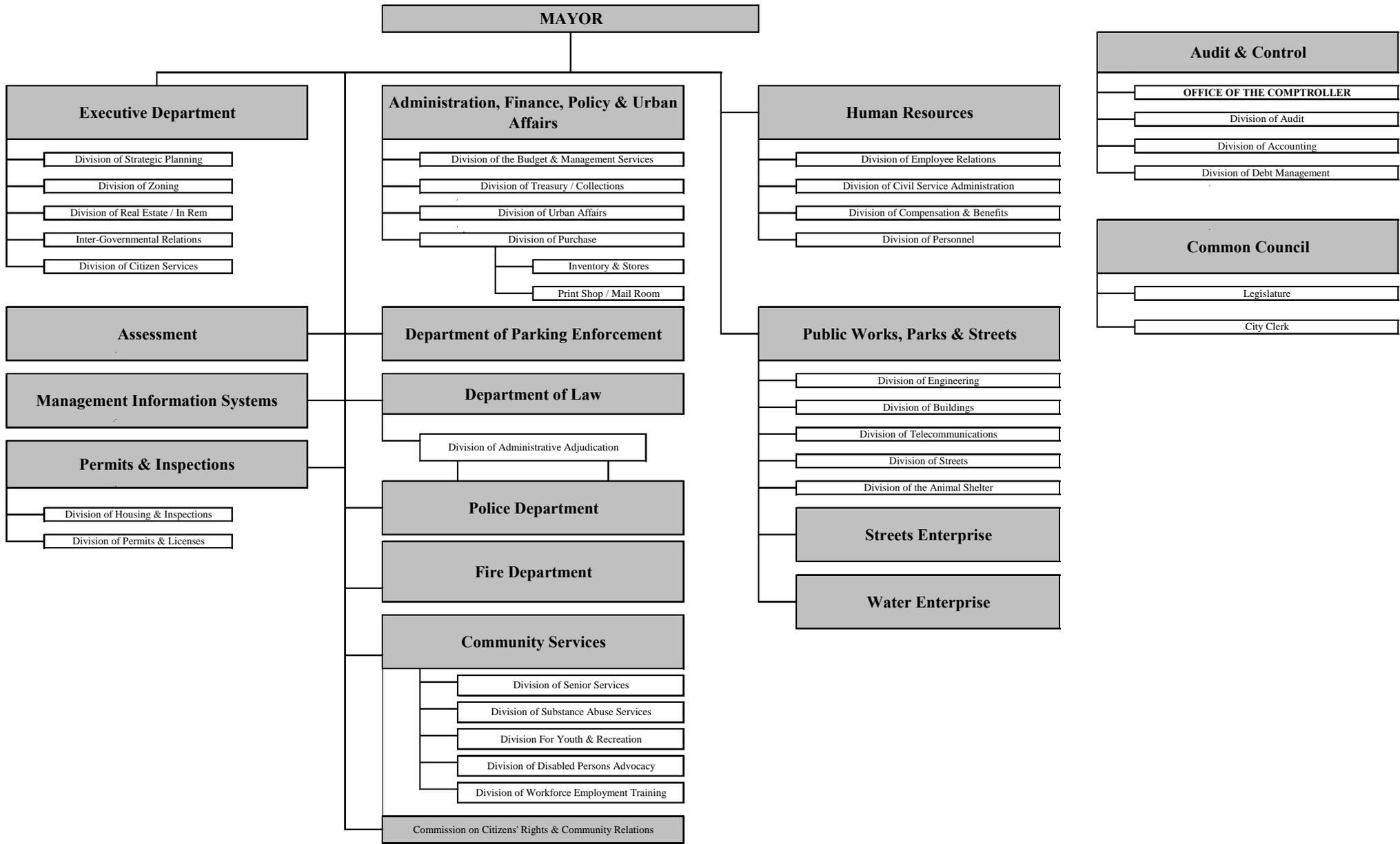
**Niagara District—David A. Rivera**

**North District—Joseph Golombek, Jr.**

**South District—Michael P. Kearns**

**University District—Bonnie E. Russell**

**CITY OF BUFFALO, NEW YORK**  
**Organizational Chart**  
**June 30, 2011**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Buffalo  
New York

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Dandison*

President

*Jeffrey R. Emer*

Executive Director

# **FINANCIAL SECTION**

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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Comptroller of  
the City of Buffalo, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buffalo, New York (the "City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these respective financial statements based on our audit. We did not audit the financial statements of the Buffalo Fiscal Stability Authority, which represents 6% and 1%, respectively, of the assets and revenues of the governmental activities, and 11% and 1%, respectively, of the assets and revenues of the governmental funds within the fund financial statements. We also did not audit the financial statements of the City of Buffalo Urban Renewal Agency and the Buffalo Board of Education, which are shown as a discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Buffalo Fiscal Stability Authority, City of Buffalo Urban Renewal Agency, and the Buffalo Board of Education, is based solely on the reports of such other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component units, each major fund, and aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the basic financial statements, the Solid Waste and Recycling Fund reported a net deficit.

The Management's Discussion and Analysis as listed in the foregoing table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This information is the responsibility of the City's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplemental schedules are also the responsibility of the management of the City. These supplemental schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The introductory and the statistical section as listed in the table of contents of this report are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the City. The introductory and the statistical section are the responsibility of the management of the City. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

*Drescher & Mahesh LLP*

December 13, 2011

**CITY OF BUFFALO, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2011**

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As management of the City of Buffalo, New York (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. This document should be read in conjunction with additional information that we have furnished in the City's financial statements which follow this narrative. For comparative purposes, certain items relating to the year ended June 30, 2010 presentation has been reclassified. All amounts are expressed in thousands of dollars, unless otherwise indicated.

**Financial Highlights**

- ◆ During the year ended June 30, 2011, the City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to change its fund balance classifications. The new classifications are explained in the Overview of the Fund Statements, below.
- ◆ The assets of the City exceeded its liabilities at the close of the fiscal year ended June 30, 2011 by \$165,057 (net assets). This consists of \$298,779 invested in capital assets, net of related debt, \$59,740 restricted for specific purposes, and deficit unrestricted net assets of \$193,461.
- ◆ The City's total net assets decreased by \$78,837 for the year ended June 30, 2011. Net assets decreased \$77,946 for governmental activities and decreased \$891 for business-type activities.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$228,307.
- ◆ At the end of the current fiscal year, the committed, assigned and unassigned fund balance for the general fund was \$92,707, or 20.1%, of total general fund expenditures and transfers out. Committed fund balance for the City's Rainy Day Fund is \$35,497 or 7.7% of total general fund expenditures and transfers out, assigned fund balance is \$51,557 or 11.2% of total general fund expenditures and transfers out, and unassigned fund balance is \$5,653 or 1.2% of total general fund expenditures and transfers out.
- ◆ The City's total general obligation bonded debt outstanding, excluding notes that have been refinanced but have not yet matured and bonds issued by the Buffalo Fiscal Stability Authority's ("BFSA"), is \$234,927 (\$215,238 net governmental activities general obligation bonds issued by the City and \$19,689 business-type activities general obligation bonds). The City issued \$26,885 of general obligation bonds and \$34,650 of refunding bonds during the year ended June 30, 2011.
- ◆ The total Buffalo Municipal Water Finance Authority revenue bonds outstanding within the Water System at the end of the current fiscal year were \$155,565.
- ◆ BFSA total bonded debt outstanding is \$106,760.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and sanitation, economic assistance and opportunity, culture and recreation, and health and community services. The business-type activities of the City include a water utility, refuse collection services, and parking ramps.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate school district for which the City is financially accountable and the Buffalo Urban Renewal Agency, a public benefit corporation through which Federal urban renewal grants for the City are channeled. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages immediately following this section as the first two pages of the basic financial statements.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. During the year ended June 30, 2011, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to change its fund balance classifications for governmental funds. The new classifications are nonspendable, restricted, committed, assigned and unassigned. Additional information on the City's fund balance classifications can be found in Notes 1 and 14 of this report.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources*, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement

of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund which are considered major funds. Additionally, the general fund of the BFSA is reported as a major fund of the City. The City's special revenue and permanent funds, as well as the debt service fund of the BFSA, are considered to be non-major funds and the data from these funds are combined into a single, aggregated presentation.

The financial statements for governmental funds can be found in the fund financial statements, following the government-wide financial statements.

***Proprietary funds.*** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water system, parking, and refuse collection operations. The *internal service fund* is used to account for the central print shop. Because the print shop predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements. The City has elected to present its solid waste and recycling fund as a major fund on the Proprietary Funds Statement of Net Assets and Statement of Revenues, Expenditures, and Changes in Net Assets. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water system, parking, and refuse collection operations. In addition, the internal service fund is presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found in the Basic Financial Statements section of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found in the Basic Financial Statements section of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Basic Financial Statement section of this report.

### **Government-wide Financial Analysis**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceed liabilities by \$165,057 at the close of the most recent fiscal year.

**Table 1—Condensed Statement of Net Assets—Primary Government (000s omitted)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	June 30,		June 30,		June 30,	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 700,354	\$ 675,496	\$ 77,686	\$ 82,288	\$ 778,040	\$ 757,784
Capital assets	<u>406,231</u>	<u>404,245</u>	<u>176,649</u>	<u>177,202</u>	<u>582,880</u>	<u>581,447</u>
Total assets	<u>\$ 1,106,585</u>	<u>\$ 1,079,741</u>	<u>\$ 254,335</u>	<u>\$ 259,490</u>	<u>\$ 1,360,920</u>	<u>\$ 1,339,231</u>
Current and other liabilities	\$ 344,843	\$ 307,060	\$ 10,306	\$ 9,354	\$ 355,149	\$ 316,414
Long-term liabilities	<u>649,183</u>	<u>582,176</u>	<u>191,530</u>	<u>196,746</u>	<u>840,713</u>	<u>778,922</u>
Total liabilities	<u>994,026</u>	<u>889,236</u>	<u>201,836</u>	<u>206,100</u>	<u>1,195,862</u>	<u>1,095,336</u>
Net assets (deficit):						
Invested in capital assets, net of related debt	\$ 249,347	\$ 236,923	\$ 49,432	\$ 46,962	\$ 298,779	\$ 283,885
Restricted	59,740	48,409	-	-	59,740	48,409
Unrestricted	<u>(196,529)</u>	<u>(94,827)</u>	<u>3,067</u>	<u>6,428</u>	<u>(193,462)</u>	<u>(88,399)</u>
Total net assets	<u>\$ 112,558</u>	<u>\$ 190,505</u>	<u>\$ 52,499</u>	<u>\$ 53,390</u>	<u>\$ 165,057</u>	<u>\$ 243,895</u>

The largest portion of the City’s net assets reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net assets, 36.2% of total net assets, represents resources that are subject to external restrictions on how they may be used.

The remaining component of the City’s net assets, a deficit of \$193,462, represents unrestricted net assets which reflect liabilities not related to the City’s capital assets and are not expected to be repaid from current resources. Long-term liabilities are funded annually within the funds. The long-term liability associated with other postemployment benefits (“OPEB”) as a result of adopting GASB Statement No. 45, totals \$256,500 and is greater than this deficit. As the revenue recognition criteria for the future funding of this liability has not been met, no asset has been recorded to offset this liability.

Total net assets decreased \$78,837 as a result of current year activities. Significant changes from 2010 to 2011 in the Statement of Net Assets and reasons for such changes are:

- ◆ Current and other assets increased by \$20,256. The primary reason for the increase is the overall increase in cash and cash equivalents of \$28,021 offset by decreases in accounts receivable and due from component units. The cash increase is largely attributed to the increase in cash held for the Board of Education as a result of their positive operations for the

fiscal year. The decrease in due from component units correlates to the net change in outstanding debt for the Board of Education.

- ◆ Capital assets increased by \$1,433. A significant portion of the increase was due to additions to infrastructure and building improvements.
- ◆ Current and other liabilities increased \$38,735 from June 30, 2010 to June 30, 2011. There are two major fluctuations that account for this difference. Firstly, accounts payable and accrued liabilities increased \$13,834 primarily due to the accrual for unpaid union salary increases. Secondly, the amount due to component units, primarily cash held for the Board of Education, increased by \$25,377 due to favorable results in operations for the fiscal year.
- ◆ Long-term liabilities increased by \$61,791. There were two debt issuances during fiscal year 2011, \$26,885 of general obligation bonds and \$34,650 of refunding bonds. Additionally, there was a \$65,573 increase in postemployment benefit liabilities. This was offset by payment of principal on debt outstanding.

***Governmental activities.*** Governmental activities decreased the City's net assets by \$77,946 thereby accounting for the majority of the decrease in the net assets of the City. Key elements of this decrease are as shown in Table 2 on the following page.

**Table 2—Changes in Net Assets—Primary Government (000s omitted)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>Year Ended June 30,</b>		<b>Year Ended June 30,</b>		<b>Year Ended June 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenues:						
Program revenues:						
Charges for services	\$ 24,169	\$ 25,061	\$ 62,674	\$ 63,188	\$ 86,843	\$ 88,249
Operating grants and contributions	12,910	13,059	-	-	12,910	13,059
Capital grants and contributions	17,753	34,053	-	-	17,753	34,053
General revenues:						
Property taxes	127,779	125,431	-	-	127,779	125,431
Other taxes	25,312	23,359	-	-	25,312	23,359
State aid	164,788	174,479	-	-	164,788	174,479
Intergovernmental	95,344	92,742	241	-	95,585	92,742
Grants and contributions	243	382	-	-	243	382
Unrestricted investment earnings	3,671	4,190	1,302	411	4,973	4,601
Miscellaneous	4,350	3,257	-	-	4,350	3,257
Total revenues	<u>476,319</u>	<u>496,013</u>	<u>64,217</u>	<u>63,599</u>	<u>540,536</u>	<u>559,612</u>
Expenses:						
General government support	112,279	87,044	-	-	112,279	87,044
Public safety	298,733	281,944	-	-	298,733	281,944
Streets and sanitation	33,951	31,328	-	-	33,951	31,328
Economic assist. and opportunity	8,505	14,921	-	-	8,505	14,921
Culture and recreation	14,511	8,450	-	-	14,511	8,450
Health and community services	5,685	2,645	-	-	5,685	2,645
Education	70,323	70,323	-	-	70,323	70,323
Interest and fiscal charges	16,458	18,179	-	-	16,458	18,179
Solid Waste and Recycling	-	-	23,759	22,283	23,759	22,283
Parking	-	-	2,656	2,932	2,656	2,932
Water System	-	-	32,514	36,839	32,514	36,839
Total expenses	<u>560,445</u>	<u>514,834</u>	<u>58,929</u>	<u>62,054</u>	<u>619,374</u>	<u>576,888</u>
Excess (deficiency) of revenues over (under) expenses	(84,126)	(18,821)	5,288	1,545	(78,838)	(17,276)
Transfers	<u>6,179</u>	<u>3,754</u>	<u>(6,179)</u>	<u>(3,754)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(77,947)	(15,067)	(891)	(2,209)	(78,838)	(17,276)
Net assets — beginning	<u>190,505</u>	<u>205,572</u>	<u>53,390</u>	<u>55,599</u>	<u>243,895</u>	<u>261,171</u>
Net assets — ending	<u>\$ 112,558</u>	<u>\$ 190,505</u>	<u>\$ 52,499</u>	<u>\$ 53,390</u>	<u>\$ 165,057</u>	<u>\$ 243,895</u>

The largest funding sources for the City's governmental activities, as a percent of total revenues, are state aid (34.6%), property taxes (26.8%), and intergovernmental (20.0%).

The largest expense categories for the City's governmental activities are public safety (53.3%), general government (20.0%) and education (12.5%). The education category represents the City allocation to the Board.

Significant changes from 2010 to 2011 in revenues and expenses for the City include the following:

- ◆ Capital grants and contributions decreased \$16,300 due primarily to less federal and state aid related to funding of road construction and demolitions received in 2011 as opposed to 2010.
- ◆ The net decline in state aid revenue was \$9,691 primarily due to decreased state funding for operations. However, intergovernmental revenue increased \$2,843 as a result of increases in sales tax revenues and miscellaneous grants.
- ◆ General government expenses increased \$25,235 primarily due to the increase in the accrual for OPEB liabilities. Public safety expenses increased \$16,789 due to increases in fringe benefit costs. Economic assistance expenses decreased \$6,416 due to less federal and state aid for demolitions. Cultural expenses increased \$6,061 due to a full year of operations of the parks that reverted back to the City in January 2010.

**Business-type activities.** Business-type activities decreased the City's net assets by \$891. Overall, revenues and expenses remained relatively consistent from 2010 to 2011. The overall decrease in net assets is due to the following:

- ◆ The water system's net assets decreased by \$1,260. This is largely attributable to recognition of an unrealized gain in the fair value of the derivative liability in accordance with GASB 53, *Accounting and Financial Reporting for Derivative Instruments*. Additionally, as a result of no new debt issuance during the year, long-term debt decreased. Also, the new operator agreement for the system resulted in savings on expenses.
- ◆ The net assets of the parking fund increased \$629. Operating revenues were greater than budget; however, the transfer of excess revenues to the general fund increased \$2,000 over prior year.
- ◆ The solid waste and recycling fund recorded a decrease in net assets of \$2,780 which was the result of a decline in service charges as well as an increase in OPEB expenses.

### **Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In the fund financial statements, the City reports fund balance as nonspendable, restricted, committed, assigned and unassigned. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$228,307 a decrease of \$8,603 in comparison with the prior year. Unassigned fund balance is \$5,653 or 1.2% of total general fund expenditures and transfers out. It should be noted that committed fund balance for the City's Rainy Day Fund is \$35,497 or 7.7% of total general fund expenditures and transfers out. Additionally, the City's assigned fund balances total \$53,284. Together, unassigned, committed, and assigned fund balance represents \$94,434 or 20.5% of general fund expenditures and transfers out.

Nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance totaling \$22,371 consists of \$7,519 of land held for resale, \$30 for permanent fund principal, \$30 for prepaid items, and \$14,792 to cover the deficit in the solid waste fund.

Restricted fund balance in the amount of \$111,503 are amounts constrained to specific purposes and consists of \$55,680 to finance specific capital projects, \$3,656 for future capital outlay, \$2,169 for federal and state programs, \$30,717 to pay debt service, \$109 for compliance with the permanent fund, \$17,993 for state mandated initiatives, and \$1,179 for emergency medical services.

Commitments are amounts that are subject to a purpose constraint imposed by a formal action of the City's highest level of decision-making authority. \$35,497 of fund balance is committed for the City's "Rainy Day" fund. Assigned fund balance consists of \$4,935 to liquidate contracts and purchase orders, \$33,896 for judgments and claims, \$12,329 for the subsequent year's budget, \$397 for motor vehicle self-insurance, and \$1,726 in funds held by the BFSAs. These assignments indicate management's intention to utilize these funds for the stated purposes. Unassigned fund balance totals \$5,653.

**General fund.** The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,653 while total fund balance reached \$129,951. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balances represent 1.3% of total fund expenditures (excluding other financing uses), while total fund balance represents 30.5% of that same amount. It should be noted that committed fund balance for the City's Rainy Day Fund is \$35,497 or 7.7% of general fund expenditures and transfers out. Additionally, assigned fund balances total \$51,557. Together, unassigned, committed and assigned fund balance represents \$92,707 or 20.0% of general fund expenditures and transfers out. The fund balance of the City's general fund decreased by \$12,789 during the current fiscal year. The decrease is attributed to \$14,776 of fund balance used as a resource in the current year offset by favorable budget variances related to personnel costs.

**Debt service fund.** The debt service fund has a total fund balance of \$4,129, which is reserved solely for the purpose of payment of debt service. The net decrease in fund balance during the current year in the debt service fund of \$1,856 is due to the use of \$1,744 of fund balance as a resource in the current year as well as budgetary shortfalls in revenues.

**Capital projects fund.** The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities which are accounted for in the appropriate proprietary fund. At the end of the current fiscal year, the fund balance was \$55,695, of which \$27,840 was considered encumbered for contracts underway, \$27,839 was restricted for future projects and \$15 reserved for prepaid items. The increase in fund balance of \$5,304 is the result of unexpended bond proceeds from bonds issued in 2011.

**BFSAs special revenue fund.** The BFSAs special revenue fund is used to account for the general fund of the BFSAs and, therefore, is their chief operating fund. Total fund balance at the end of the current fiscal year was \$19,735. Of this amount, \$17,993 is reserved by enabling legislation for state aid received on behalf of the City, \$15 is reserved for prepaid items and \$1,726 represents BFSAs's assigned fund balance for operations.

**Other governmental funds.** Other governmental funds consist of the special revenue fund, the BFSAs debt service fund, and the permanent fund. The special revenue fund is used to account for programs and projects primarily funded by grants from the federal and state governments. At the end of the current

fiscal year, fund balance of the special revenue fund was \$2,169. This balance is restricted for use in accordance with federal and state grant regulations. The fund balance of the special revenue fund decreased by \$314 over the prior year, and is attributed to the expenditures incurred in the current year for revenues that were received and recorded in prior years. The BFSFA debt service fund has a total fund balance of \$16,490, which is reserved to pay debt service. The positive change of \$1,149 is the result of increased set asides for future debt service payments. The permanent fund is used to report resources that are legally restricted to the extent that only earnings and not principal may be used for the purposes for which they were established. The balance at the end of the current fiscal year was \$139. The increase of \$1 was the result of investment income.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year totaled \$52,499. The balance includes \$46,172 for parking, \$26,590 for the water system, and a deficit balance of \$20,263 for solid waste and recycling. The underlying reasons for any changes were described under the heading Business-Type Activities.

**Internal service fund.** The internal service fund is used to account for the central print shop. The total net assets at the end of the fiscal year were \$204. This represents an increase of \$21, which is primarily from the excess of charges over cost.

### **Budgetary Highlights**

The City annually adopts an operating budget for the general fund as well as the debt service and enterprise funds. The City also adopts a capital improvement budget that determines what multi-year projects will be financed by the sale of bonds or the acquisition of capital grants. These projects are accounted for in the capital projects fund. The multi-year projects of the special revenue fund are established for specific projects as grant funds become available.

After adjustments for the prior year's encumbrances of \$6,549 the City's 2010-11 general fund operating budget was increased during the year by approximately \$2,582 for renovation of the City Court cell block facility. Actual revenues were \$227 greater than the final budget mostly related to a positive variance in the gross utility tax offset by decreases in state aid of \$2,299 and decreases in property taxes of \$1,301. Actual expenditures were \$3,779 less than the final budget. Major positive variances include a total of \$13,789 in salaries over multiple functions, as well as \$1,578 in judgments and claims. The negative variance in fringe benefits of \$11,588 is the result of estimating retroactive wage payments attributable to 2010-11 for unsettled union contracts.

### **Capital Assets and Debt Administration**

**Capital Assets.** In accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's capital assets for its governmental and business-type activities as of June 30, 2011, amounted to \$582,880 (net of accumulated depreciation). These capital assets include land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

**Table 3—Capital Assets—Primary Government (000s omitted)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	\$ 12,577	\$ 12,579	\$ 3,362	\$ 3,362	\$ 15,939	\$ 15,941
Buildings and improvements	169,356	163,418	115,499	115,862	284,855	279,280
Improvements other than buildings	14,129	15,466	135	139	14,264	15,605
Machinery and equipment	17,570	17,860	1,642	1,777	19,212	19,637
Infrastructure	191,578	183,950	55,070	55,349	246,648	239,299
Construction in progress	1,021	10,972	941	713	1,962	11,685
Total	<u>\$ 406,231</u>	<u>\$ 404,245</u>	<u>\$ 176,649</u>	<u>\$ 177,202</u>	<u>\$ 582,880</u>	<u>\$ 581,447</u>

Significant changes from 2010 to 2011 in capital assets include:

- ◆ Infrastructure increased \$7,349 due to completion of various road projects.
- ◆ Construction in progress decreased \$9,723 due to completion of two firehouses.

Additional information on the City's capital assets can be found in Note 5 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding for governmental activities of \$215,238, excluding bonds issued by BFSA. This entire amount is backed by the full faith and credit of the City. The City issued \$26,885 of general obligation bonds for capital projects during the year. The City also issued \$34,650 of refunding bonds during the year.

The BFSA's total bonded debt outstanding at the end of the current fiscal year is \$106,760.

The bonds outstanding for business-type activities at June 30, 2011 consisted of \$19,689 in general obligation bonds issued by the City and \$155,565 of revenue bonds issued by the Water Authority reported within the water system. No new debt was issued in the current year.

**Table 4—Outstanding Debt—Primary Government (000s omitted)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>June 30,</b>		<b>June 30,</b>		<b>June 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General obligation bonds	\$ 321,998	\$ 333,589	\$ 19,689	\$ 22,603	\$ 341,687	\$ 356,192
Revenue bonds	-	-	155,565	161,400	155,565	161,400
Total	<u>\$ 321,998</u>	<u>\$ 333,589</u>	<u>\$ 175,254</u>	<u>\$ 184,003</u>	<u>\$ 497,252</u>	<u>\$ 517,592</u>

The New York State Constitution restricts the annual real property tax levy for operating expenses to two percent of average full value of taxable City property over the last five years. This limitation does not apply to taxes for debt service. The Constitution also provides that the City may not contract indebtedness in an amount greater than 9% of the average full value of taxable real property for the most recent five years. Water debt, self-sustaining debt and revenue anticipation notes are excluded from the debt limit. This limit as of fiscal year end was \$584,642. The City had a debt-contracting margin of \$329,639 on July 1, 2011.

Additional information on the City's long-term debt can be found in Note 8 of this report.

### **Next Year's Budget**

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2012 budget. The total budgeted appropriations for the City's general fund operations are \$356,584. This budget reflects an increase of 0.4% to cover anticipated increased costs. This budget was approved by the BFSA.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Buffalo, Office of the Comptroller, 1225 City Hall, Buffalo, New York 14202, Buffalo Board of Education, Finance, 708 City Hall, Buffalo, New York 14202 and Buffalo Urban Renewal Agency, 214 City Hall, Buffalo, New York 14202.

# BASIC FINANCIAL STATEMENTS

**CITY OF BUFFALO, NEW YORK**  
**Statement of Net Assets (Deficits)**  
**June 30, 2011**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>BOE</u>	<u>BURA</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 471,457,618	\$39,954,840	\$ 511,412,458	\$ 274,904	\$ 3,113,950
Investments	18,499,539	-	18,499,539	-	673,874
Receivables (net of allowance for uncollectibles)	2,770,756	9,389,272	12,160,028	1,637,816	12,311,466
Due from other governments/agencies	51,714,569	379,335	52,093,904	76,603,204	575,119
Due from component units/primary government	116,615,559	-	116,615,559	250,076,297	203,818
Internal balances	15,192,844	(15,192,844)	-	-	-
Prepaid expenses and other assets	30,301	-	30,301	1,580,716	-
Deferred financing costs	6,027,009	2,912,954	8,939,963	26,612,014	-
Real estate acquired for resale	7,518,512	-	7,518,512	-	804,857
Restricted assets:					
Cash and cash equivalents	10,526,964	40,242,009	50,768,973	371,007,482	-
Capital assets:					
Land and construction in progress	13,598,030	4,303,584	17,901,614	166,127,438	627,931
Other capital assets (net of accumulated depreciation)	<u>392,632,949</u>	<u>172,345,903</u>	<u>564,978,852</u>	<u>922,115,868</u>	<u>10,247,893</u>
Total assets	<u>1,106,584,650</u>	<u>254,335,053</u>	<u>1,360,919,703</u>	<u>1,816,035,739</u>	<u>28,558,908</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	86,421,173	9,747,830	96,169,003	59,392,104	3,954,735
Due to component units/primary government	250,280,115	-	250,280,115	116,615,559	-
Due to other governments	115,519	-	115,519	25,244,196	329,238
Unearned revenue	8,026,370	558,584	8,584,954	-	4,016,973
Noncurrent liabilities:					
Due within one year	60,943,562	10,008,155	70,951,717	44,603,332	1,110,000
Due in more than one year	<u>588,239,669</u>	<u>181,521,354</u>	<u>769,761,023</u>	<u>1,695,154,459</u>	<u>15,681,937</u>
Total liabilities	<u>994,026,408</u>	<u>201,835,923</u>	<u>1,195,862,331</u>	<u>1,941,009,650</u>	<u>25,092,883</u>
<b>NET ASSETS (DEFICITS)</b>					
Invested in capital assets, net of related debt	249,347,204	49,431,754	298,778,958	152,526,964	10,628,263
Restricted for:					
Capital projects	3,656,412	-	3,656,412	1,655,950	-
Debt service	26,687,639	-	26,687,639	143,595,544	-
Grants	2,169,421	-	2,169,421	-	-
State mandated initiatives	17,993,004	-	17,993,004	-	-
Real estate	7,518,512	-	7,518,512	-	-
Judgments and claims	397,207	-	397,207	18,000,000	-
Unemployment insurance	-	-	-	3,156,044	-
Joint Schools Construction Board projects	-	-	-	224,350,164	-
Other purposes	1,178,568	-	1,178,568	533,964	-
Perpetual care:					
Expendable	108,762	-	108,762	-	-
Unexpendable	30,000	-	30,000	-	-
Stabilization	-	-	-	8,969,264	-
Unrestricted	<u>(196,528,487)</u>	<u>3,067,376</u>	<u>(193,461,111)</u>	<u>(677,761,805)</u>	<u>(7,162,238)</u>
Total net assets (deficits)	<u>\$ 112,558,242</u>	<u>\$52,499,130</u>	<u>\$ 165,057,372</u>	<u>\$(124,973,911)</u>	<u>\$ 3,466,025</u>

The notes to the financial statements are an integral part of this statement.

# CITY OF BUFFALO, NEW YORK

## Statement of Activities

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets (Deficit)				
		Charges for Services	Operating	Capital	Primary Government		Component Unit		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	BOE	BURA
<b>Primary government:</b>									
Governmental activities:									
General government support	\$ 112,278,479	\$ 8,426,082	\$ 5,516,088	\$ 4,372,037	\$ (93,964,272)	\$ -	\$ (93,964,272)	\$ -	\$ -
Public safety	298,733,158	9,701,627	6,477,719	262,596	(282,291,216)	-	(282,291,216)	-	-
Streets and sanitation	33,950,745	1,057,585	-	10,866,063	(22,027,097)	-	(22,027,097)	-	-
Economic assistance and opportunity	8,505,286	4,437,000	326,799	762,711	(2,978,776)	-	(2,978,776)	-	-
Culture and recreation	14,510,435	112,074	-	1,489,720	(12,908,641)	-	(12,908,641)	-	-
Home and community services	5,685,469	434,080	589,158	-	(4,662,231)	-	(4,662,231)	-	-
Education	70,322,758	-	-	-	(70,322,758)	-	(70,322,758)	-	-
Interest and fiscal charges	16,458,395	-	-	-	(16,458,395)	-	(16,458,395)	-	-
Total governmental activities	<u>560,444,725</u>	<u>24,168,448</u>	<u>12,909,764</u>	<u>17,753,127</u>	<u>(505,613,386)</u>	<u>-</u>	<u>(505,613,386)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Solid Waste and Recycling	23,759,060	18,118,832	-	-	-	(5,640,228)	(5,640,228)	-	-
Parking	2,656,179	7,612,172	-	-	-	4,955,993	4,955,993	-	-
Water System	32,513,867	36,943,085	-	-	-	4,429,218	4,429,218	-	-
Total business-type activities	<u>58,929,106</u>	<u>62,674,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,744,983</u>	<u>3,744,983</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 619,373,831</u>	<u>\$ 86,842,537</u>	<u>\$ 12,909,764</u>	<u>\$ 17,753,127</u>	<u>(505,613,386)</u>	<u>3,744,983</u>	<u>(501,868,403)</u>	<u>-</u>	<u>-</u>
<b>Component Units:</b>									
BOE	\$ 942,554,644	\$ 3,409,844	\$ 148,882,032	\$ -			(790,262,768)	-	
BURA	65,642,499	-	64,424,356	-			-	(1,218,143)	
Total component units	<u>\$ 1,008,197,143</u>	<u>\$ 3,409,844</u>	<u>\$ 213,306,388</u>	<u>\$ -</u>			<u>(790,262,768)</u>	<u>(1,218,143)</u>	
General revenues:									
Taxes:									
Property taxes					127,779,276	-	127,779,276	-	-
Other tax items					13,961,925	-	13,961,925	-	-
Gross utility tax					11,350,134	-	11,350,134	-	-
State aid (unrestricted)					164,787,593	-	164,787,593	594,028,848	-
Intergovernmental (unrestricted)					95,344,245	241,442	95,585,687	34,296,667	-
Grants and contributions not restricted to specific programs					243,308	-	243,308	-	-
Investment earnings					3,671,145	1,301,840	4,972,985	7,197,411	-
Contribution from City of Buffalo					-	-	-	70,322,758	-
Miscellaneous					4,350,146	-	4,350,146	13,481,544	-
Total general revenues					<u>421,487,772</u>	<u>1,543,282</u>	<u>423,031,054</u>	<u>719,327,228</u>	<u>-</u>
Transfers					6,179,178	(6,179,178)	-	-	-
Change in net assets (deficit)					(77,946,436)	(890,913)	(78,837,349)	(70,935,540)	(1,218,143)
Net assets (deficit)—beginning, as previously stated					190,504,678	53,390,043	243,894,721	(35,061,619)	4,684,168
Prior period adjustment					-	-	-	(18,976,752)	-
Net assets (deficit)—beginning, as restated					<u>190,504,678</u>	<u>53,390,043</u>	<u>243,894,721</u>	<u>(54,038,371)</u>	<u>4,684,168</u>
Net assets (deficit)—ending					<u>\$ 112,558,242</u>	<u>\$ 52,499,130</u>	<u>\$ 165,057,372</u>	<u>\$ (124,973,911)</u>	<u>\$ 3,466,025</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**June 30, 2011**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>BFSA Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 373,423,908	\$ 3,798,159	\$ 73,208,351	\$ 18,143,306	\$ 2,695,985	\$ 471,269,709
Investments	-	-	-	-	18,499,539	18,499,539
Receivables:						
Delinquent taxes and assessments	18,289,139	-	-	-	-	18,289,139
Accounts receivable	9,417,061	-	-	-	-	9,417,061
Other receivables	50	1,005	-	-	18,161	19,216
Due from other agencies	2,955,417	-	-	-	-	2,955,417
Due from other funds	48,595,625	209,489	94,831	-	13,959	48,913,904
Due from other governments	12,495,931	-	3,073,454	30,792,606	2,397,161	48,759,152
Allowance for uncollectibles	(24,972,851)	-	-	-	-	(24,972,851)
Net receivables	66,780,372	210,494	3,168,285	30,792,606	2,429,281	103,381,038
Real estate acquired for resale	7,518,512	-	-	-	-	7,518,512
Prepaid items	-	-	15,155	15,146	-	30,301
Restricted cash and cash equivalents	9,769,264	211,700	546,000	-	-	10,526,964
Total assets	<u>\$ 457,492,056</u>	<u>\$ 4,220,353</u>	<u>\$ 76,937,791</u>	<u>\$ 48,951,058</u>	<u>\$ 23,624,805</u>	<u>\$ 611,226,063</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 9,466,482	\$ -	\$ 4,159,712	\$ 25,827	\$ 627,088	\$ 14,279,109
Due to other governments and agencies	90,415	-	25,104	-	-	115,519
Due to other funds	77,942	91,080	5,855,780	25,266,630	2,429,506	33,720,938
Due to component units	236,568,327	-	9,786,960	3,906,078	18,750	250,280,115
Accrued liabilities	58,417,247	-	-	17,993	1,742,876	60,178,116
Deferred revenues	16,412,942	-	-	-	-	16,412,942
Retentions payable	9,434	-	869,616	-	8,474	887,524
Accrued pension	6,498,446	-	-	-	-	6,498,446
Deposits	-	-	546,000	-	-	546,000
Total liabilities	<u>327,541,235</u>	<u>91,080</u>	<u>21,243,172</u>	<u>29,216,528</u>	<u>4,826,694</u>	<u>382,918,709</u>
Fund balances:						
Nonspendable	22,310,965	-	15,155	15,146	30,000	22,371,266
Restricted	14,932,960	4,129,273	55,679,464	17,993,004	18,768,111	111,502,812
Committed	35,496,809	-	-	-	-	35,496,809
Assigned	51,557,210	-	-	1,726,380	-	53,283,590
Unassigned	5,652,877	-	-	-	-	5,652,877
Total fund balances	<u>129,950,821</u>	<u>4,129,273</u>	<u>55,694,619</u>	<u>19,734,530</u>	<u>18,798,111</u>	<u>228,307,354</u>
Total liabilities and fund balances	<u>\$ 457,492,056</u>	<u>\$ 4,220,353</u>	<u>\$ 76,937,791</u>	<u>\$ 48,951,058</u>	<u>\$ 23,624,805</u>	<u>\$ 611,226,063</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets (Deficits)—Governmental Activities**  
**June 30, 2011**

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Amounts reported for governmental activities in the statement of net assets are different because:

Fund balances—total governmental funds		\$228,307,354
City capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$725,377,798 and the accumulated depreciation is \$319,150,117.		406,227,681
Buffalo Fiscal Stability Authority capital assets used in governmental activities are not financial resources and, therefore, not reporting in the funds. The cost of these assets is \$81,839 and the accumulated depreciation is \$78,541.		3,298
To recognize interest accrual on long-term debt. Accrued interest for general obligation bonds is \$4,029,542 at year end.		(4,029,542)
Property taxes are not available to pay for current period expenditures and therefore are deferred in the funds.		8,386,572
Internal service funds are used by management to charge the costs of internal print services. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		203,542
Long-term liabilities applicable to the City's governmental fund are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consisted of:		
Bonds payable (net of of BFSFA mirror debt and amount due from Board)	(98,622,441)	
Notes payable	(1,558,970)	
Capital leases	(2,236,680)	
Deferred financing costs	4,402,793	
Unamortized premiums	(3,609,968)	
Compensated absences	(25,935,572)	
Workers' compensation	(8,376,975)	
Landfill post-closure monitoring	(1,250,000)	
Other postemployment benefits payable	(244,190,000)	
Judgments and claims	<u>(33,895,500)</u>	(415,273,313)
Long-term liabilities of the Buffalo Fiscal Stability Authority are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consisted of:		
Bonds payable	(106,760,000)	
Deferred financing costs	1,624,216	
Unamortized premiums	(5,817,344)	
Other postemployment benefits payable	<u>(314,222)</u>	<u>(111,267,350)</u>
Net assets of governmental activities		<u>\$112,558,242</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds**  
**Year Ended June 30, 2011**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>BFSA Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property taxes, assessments, and other tax items	\$ 138,368,936	\$ -	\$ -	\$ -	\$ -	\$ 138,368,936
Utility and other nonproperty tax items	14,464,927	-	-	-	-	14,464,927
Intergovernmental charges	256,222,405	16,721,723	15,962,315	4,010,446	8,257,495	301,174,384
Investment interest	1,917,655	425,260	-	-	854,872	3,197,787
License, permit, rentals, fines, and other service charges	21,931,471	263,011	-	-	-	22,194,482
Miscellaneous	6,146,032	1,157	1,141,221	-	5,005	7,293,415
Total revenues	<u>439,051,426</u>	<u>17,411,151</u>	<u>17,103,536</u>	<u>4,010,446</u>	<u>9,117,372</u>	<u>486,693,931</u>
<b>EXPENDITURES</b>						
Current:						
General government support	57,286,468	-	8,176,755	641,311	1,138,655	67,243,189
Public safety	138,904,449	-	3,306,665	-	4,612,631	146,823,745
Streets and sanitation	13,495,606	-	17,692,655	-	113,049	31,301,310
Economic assistance and opportunity	1,260,616	-	3,468,972	-	2,679,061	7,408,649
Culture and recreation	7,181,689	-	2,452,635	-	-	9,634,324
Health and community services	2,815,580	-	-	-	49,185	2,864,765
Education	70,322,758	-	5,038,423	-	-	75,361,181
Fringe benefits	127,913,375	-	-	90,034	-	128,003,409
Other	5,890,065	-	-	-	-	5,890,065
Debt service:						
Principal	-	23,966,000	-	-	14,360,000	38,326,000
Interest and fiscal charges	891,103	11,294,785	-	-	5,283,500	17,469,388
Total expenditures	<u>425,961,709</u>	<u>35,260,785</u>	<u>40,136,105</u>	<u>731,345</u>	<u>28,236,081</u>	<u>530,326,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,089,717</u>	<u>(17,849,634)</u>	<u>(23,032,569)</u>	<u>3,279,101</u>	<u>(19,118,709)</u>	<u>(43,632,094)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	9,545,222	32,208,909	400,000	-	19,954,010	62,108,141
Transfers out	(35,424,063)	(16,567,973)	(561,390)	(3,375,537)	-	(55,928,963)
Proceeds of debt issuance	-	34,650,000	26,885,000	-	-	61,535,000
Premium on bonds	-	1,788,678	1,613,027	-	-	3,401,705
Payment to escrow agent	-	(36,086,343)	-	-	-	(36,086,343)
Total other financing sources (uses)	<u>(25,878,841)</u>	<u>15,993,271</u>	<u>28,336,637</u>	<u>(3,375,537)</u>	<u>19,954,010</u>	<u>35,029,540</u>
Net change in fund balances	(12,789,124)	(1,856,363)	5,304,068	(96,436)	835,301	(8,602,554)
Fund balances—beginning	142,739,945	5,985,636	50,390,551	19,830,966	17,962,810	236,909,908
Fund balances—ending	<u>\$ 129,950,821</u>	<u>\$ 4,129,273</u>	<u>\$ 55,694,619</u>	<u>\$ 19,734,530</u>	<u>\$ 18,798,111</u>	<u>\$ 228,307,354</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities—Governmental Activities**  
**Year Ended June 30, 2011**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances—total governmental funds		\$ (8,602,554)
<p>The City's governmental funds report capital outlays as expenditures of \$27,201,968. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense of \$24,980,356. This is the amount by which capital outlays exceeded depreciation, net of related losses on disposal of capital assets of \$236,549.</p>		
		1,985,063
<p>Buffalo Fiscal Stability Authority governmental funds report capital outlays as expenditures of \$2,590. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense of \$1,362. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
		1,228
<p>Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.</p>		
		257,472
<p>Change in accrual of interest payable on notes and bonds payable.</p>		
		509,616
<p>Change in net assets of the internal service fund reported in governmental activities.</p>		
		21,252
<p>Bond proceeds are reported as a financing source in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.</p>		
Bond principal payments	23,966,000	
Note principal payments	242,291	
Lease payments	587,709	
Contribution from Board	(6,282,307)	
Debt issued	(61,535,000)	
Refunded debt	34,800,000	
Premium	(3,263,282)	
Financing costs on issued debt	<u>1,984,375</u>	(9,500,214)
<p>Revenues of the Buffalo Fiscal Stability Authority in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.</p>		
		(239,805)
<p>The repayment of long-term debt by the Buffalo Fiscal Stability Authority consumes current financial resources of governmental funds. Bond issuance costs are capitalized and bond premium deferred. The net effect of the reduction of long-term liabilities on the statement of net assets consists of following adjustments.</p>		
Bond principal payments	14,360,000	
Amortization of bond premiums	713,163	
Amortization of deferred financing costs	<u>(235,008)</u>	14,838,155
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses include changes in:</p>		
Compensated absences	490,919	
Workers' compensation	3,036,695	
Judgments and claims	(19,908,000)	
Landfill post-closure monitoring	550,000	
Other postemployment benefits	(61,182,325)	
Amortization of debt premium	134,177	
Amortization of deferred financing costs	<u>(673,740)</u>	<u>(77,552,274)</u>
Change in net assets of governmental activities		<u>\$ (78,282,061)</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances—Budget and Actual (Non-GAAP Budgetary Basis)—General Fund**  
**Year Ended June 30, 2011**

	Budgeted Amounts		Budgetary Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes, assessments, and other tax items	\$139,669,653	\$139,669,653	\$138,368,936	\$ (1,300,717)
Utility and other nonproperty tax items	12,350,000	12,350,000	14,464,927	2,114,927
Charges for services	11,205,932	11,205,932	11,327,929	121,997
Investment interest	1,300,000	1,300,000	1,917,655	617,655
Federal aid	771,749	771,749	1,237,109	465,360
State aid	185,916,573	185,916,573	183,617,882	(2,298,691)
Local sources and other	70,464,463	70,464,463	71,367,414	902,951
Licenses and permits	3,322,885	3,322,885	3,591,196	268,311
Fines	6,833,200	6,833,200	7,012,346	179,146
Miscellaneous	6,990,185	6,990,185	6,146,032	(844,153)
Total revenues	438,824,640	438,824,640	439,051,426	226,786
<b>EXPENDITURES</b>				
Current:				
General government support:				
Legislative	4,672,668	4,709,818	4,381,091	328,727
Executive	1,590,926	1,590,490	1,255,948	334,542
Audit and control	2,891,011	2,932,406	2,724,072	208,334
Law	3,194,454	3,737,963	3,730,048	7,915
Assessment	1,938,473	1,962,775	1,763,167	199,608
Public works, parks and streets	5,992,709	8,236,137	7,989,693	246,444
Management information systems	3,199,089	3,384,931	3,159,864	225,067
Administration and finance	10,515,045	10,469,785	9,247,918	1,221,867
Human resources	5,111,308	5,831,051	5,048,486	782,565
Other	20,356,905	20,225,666	19,654,046	571,620
Public safety:				
Administration and finance	1,406,916	1,459,632	1,295,021	164,611
Police	79,543,125	80,421,627	77,364,342	3,057,285
Fire	56,211,530	56,270,642	53,993,748	2,276,894
Public works, parks and streets	1,851,057	1,898,469	1,408,371	490,098
Permit and inspection services	5,597,453	6,015,996	5,880,113	135,883
Streets and sanitation:				
Public works, parks and streets	14,210,631	15,871,232	14,480,073	1,391,159
Health and community services:				
Public works, parks and streets	1,080,120	1,081,079	1,031,063	50,016
Community services	2,044,820	2,059,496	1,853,164	206,332
Other	20,000	20,000	-	20,000
Culture and recreation:				
Public works, parks and streets	5,804,213	7,229,115	5,721,004	1,508,111
Community services	1,739,531	1,853,777	1,615,066	238,711
Other	-	300,000	300,000	-
Economic assistance and opportunity:				
Executive	1,144,183	1,707,596	1,609,931	97,665
Community services	126,584	126,584	113,941	12,643
Education	70,322,758	70,322,758	70,322,758	-
Fringe benefits	119,146,149	116,386,403	127,974,227	(11,587,824)
Other	4,935,000	7,667,148	6,088,780	1,578,368
Debt service	903,900	903,900	891,103	12,797
Total expenditures	425,550,558	434,676,476	430,897,038	3,779,438
Excess of revenues over expenditures	13,274,082	4,148,164	8,154,388	4,006,224
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,545,222	9,545,222	9,545,222	-
Transfers out	(35,013,561)	(35,018,686)	(35,424,063)	(405,377)
Total other financing sources (uses)	(25,468,339)	(25,473,464)	(25,878,841)	(405,377)
Net change in fund balances	(12,194,257)	(21,325,300)	(17,724,453)	3,600,847
Fund balances—beginning	142,739,945	142,739,945	142,739,945	-
Fund balances—ending	\$130,545,688	\$121,414,645	\$125,015,492	\$ 3,600,847

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Statement of Fund Net Assets (Deficit)**  
**Proprietary Funds**  
**June 30, 2011**

	<b>Business-type Activities—Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Solid Waste and Recycling</b>	<b>Parking</b>	<b>Water System</b>	<b>Combined Total</b>	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 633,467	\$ 9,228,994	\$ 30,092,379	\$ 39,954,840	\$ 187,909
Receivables:					
Accounts receivable	13,414,918	3,871,056	16,510,165	33,796,139	18,191
Other receivables	342,568	31	866,646	1,209,245	-
Due from other agencies	-	-	134,526	134,526	-
Due from other funds	-	-	222,595	222,595	-
Due from other governments	-	-	244,809	244,809	-
Allowance for uncollectibles	(12,409,457)	-	(13,206,655)	(25,616,112)	-
Net receivables	<u>1,348,029</u>	<u>3,871,087</u>	<u>4,772,086</u>	<u>9,991,202</u>	<u>18,191</u>
Total current assets	<u>1,981,496</u>	<u>13,100,081</u>	<u>34,864,465</u>	<u>49,946,042</u>	<u>206,100</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	-	40,749	40,201,260	40,242,009	-
Capital assets not being depreciated:					
Land	1	3,217,093	145,116	3,362,210	-
Construction in progress	-	-	941,374	941,374	-
Capital assets being depreciated:					
Buildings and system	4,037,092	73,654,425	175,621,358	253,312,875	-
Improvements other than buildings	175,071	3,320	252,393	430,784	-
Machinery and equipment	7,461,921	109,762	1,275,718	8,847,401	-
Accumulated depreciation	(8,127,796)	(25,819,143)	(56,298,218)	(90,245,157)	-
Total capital assets being depreciated	3,546,288	47,948,364	120,851,251	172,345,903	-
Deferred financing costs, net	-	373,291	2,539,663	2,912,954	-
Total noncurrent assets	<u>3,546,289</u>	<u>51,579,497</u>	<u>164,678,664</u>	<u>219,804,450</u>	<u>-</u>
Total assets	<u>\$ 5,527,785</u>	<u>\$ 64,679,578</u>	<u>\$ 199,543,129</u>	<u>\$ 269,750,492</u>	<u>\$ 206,100</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>					
Current liabilities:					
Accounts payable	\$ 1,065,508	\$ 203,947	\$ 2,479,692	\$ 3,749,147	2,436
Due to other funds	14,792,453	176,612	446,374	15,415,439	122
Other accrued liabilities	333,970	331,718	4,469,047	5,134,735	-
Retainages payable	-	8,028	345,601	353,629	-
Deferred revenues	179,307	4,437	374,840	558,584	-
Accrued compensated absences	32,682	-	38,295	70,977	-
Accrued workers' compensation	371,124	-	242,118	613,242	-
Due to retirement systems	251,139	-	259,180	510,319	-
Notes, serial bonds, and revenue bonds payable within one year	-	2,425,042	6,898,894	9,323,936	-
Total current liabilities	<u>17,026,183</u>	<u>3,149,784</u>	<u>15,554,041</u>	<u>35,730,008</u>	<u>2,558</u>

(continued)

**CITY OF BUFFALO, NEW YORK**  
**Statement of Fund Net Assets (Deficit)**  
**Proprietary Funds**  
**June 30, 2011**

	<b>Business-type Activities—Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Solid Waste and Recycling</b>	<b>Parking</b>	<b>Water System</b>	<b>Combined Total</b>	
Noncurrent liabilities:					
Accrued compensated absences	1,023,643	-	791,122	1,814,765	-
Accrued workers' compensation	1,168,802	-	156,252	1,325,054	-
Accrued post employment benefits	6,572,000	26,000	5,712,000	12,310,000	-
Accrued derivative liability	-	-	3,897,514	3,897,514	-
General obligation bonds payable	-	15,331,459	1,571,614	16,903,073	-
Revenue bonds payable	-	-	145,270,948	145,270,948	-
Total noncurrent liabilities	<u>8,764,445</u>	<u>15,357,459</u>	<u>157,399,450</u>	<u>181,521,354</u>	<u>-</u>
Total liabilities	<u>25,790,628</u>	<u>18,507,243</u>	<u>172,953,491</u>	<u>217,251,362</u>	<u>2,558</u>
Net assets (deficit):					
Invested in capital assets, net of related debt	3,546,289	33,822,996	12,062,469	49,431,754	-
Unrestricted	<u>(23,809,132)</u>	<u>12,349,339</u>	<u>14,527,169</u>	<u>3,067,376</u>	<u>203,542</u>
Total net assets (deficit)	<u>(20,262,843)</u>	<u>46,172,335</u>	<u>26,589,638</u>	<u>52,499,130</u>	<u>203,542</u>
Total liabilities and net assets (deficit)	<u>\$ 5,527,785</u>	<u>\$ 64,679,578</u>	<u>\$199,543,129</u>	<u>\$ 269,750,492</u>	<u>\$ 206,100</u>

(concluded)

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets (Deficit)**  
**Proprietary Funds**  
**Year Ended June 30, 2011**

	<b>Business-type Activities—Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Solid Waste and Recycling</b>	<b>Parking</b>	<b>Water System</b>	<b>Combined Total</b>	
Operating revenues:					
Charges for services	\$ 17,934,874	\$ -	\$ 36,685,528	\$ 54,620,402	\$ 76,657
Other	183,958	-	257,557	441,515	-
Rent	-	7,612,172	-	7,612,172	-
Total operating revenues	<u>18,118,832</u>	<u>7,612,172</u>	<u>36,943,085</u>	<u>62,674,089</u>	<u>76,657</u>
Operating expenses:					
Services and supplies	17,597,982	114,375	14,995,601	32,707,958	55,405
Depreciation	366,127	1,595,094	4,164,884	6,126,105	-
Fringe benefits	5,770,152	5,078	5,427,230	11,202,460	-
Other	-	-	851,741	851,741	-
Total operating expenses	<u>23,734,261</u>	<u>1,714,547</u>	<u>25,439,456</u>	<u>50,888,264</u>	<u>55,405</u>
Operating income (loss)	<u>(5,615,429)</u>	<u>5,897,625</u>	<u>11,503,629</u>	<u>11,785,825</u>	<u>21,252</u>
Nonoperating revenues (expenses):					
Interest earnings	1,165	39,147	399,371	439,683	-
Interest expense	-	(941,632)	(7,074,411)	(8,016,043)	-
Unrealized gain on derivative	-	-	862,157	862,157	-
Other	(24,799)	-	241,442	216,643	-
Total nonoperating revenues (expenses)	<u>(23,634)</u>	<u>(902,485)</u>	<u>(5,571,441)</u>	<u>(6,497,560)</u>	<u>-</u>
Income (loss) before transfers	(5,639,063)	4,995,140	5,932,188	5,288,265	21,252
Transfers in	3,531,698	-	-	3,531,698	-
Transfers out	(673,048)	(4,365,654)	(4,672,174)	(9,710,876)	-
Change in net assets (deficit)	(2,780,413)	629,486	1,260,014	(890,913)	21,252
Total net assets (deficit)—beginning	<u>(17,482,430)</u>	<u>45,542,849</u>	<u>25,329,624</u>	<u>53,390,043</u>	<u>182,290</u>
Total net assets (deficit)—ending	<u>\$(20,262,843)</u>	<u>\$ 46,172,335</u>	<u>\$ 26,589,638</u>	<u>\$ 52,499,130</u>	<u>\$ 203,542</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2011**

	<b>Business-type Activities—Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Solid Waste and Recycling</b>	<b>Parking</b>	<b>Water System</b>	<b>Combined Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 17,430,132	\$ 8,440,886	\$ 42,210,126	\$ 68,081,144	\$ 66,559
Payments to suppliers for goods and services	(10,318,597)	87,758	(14,774,182)	(25,005,021)	(54,732)
Payments to employees for services	(10,520,497)	(4,262)	(9,206,174)	(19,730,933)	-
Net cash provided (used) by operating activities	<u>(3,408,962)</u>	<u>8,524,382</u>	<u>18,229,770</u>	<u>23,345,190</u>	<u>11,827</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	3,531,698	-	625,203	4,156,901	-
Transfers to other funds	(673,048)	(4,365,654)	(4,672,175)	(9,710,877)	-
Advances from other funds	723,527	98,729	255,056	1,077,312	(4,042)
Net cash provided (used) by noncapital financing activities	<u>3,582,177</u>	<u>(4,266,925)</u>	<u>(3,791,916)</u>	<u>(4,476,664)</u>	<u>(4,042)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition/construction of capital assets	(299,698)	(175,783)	(5,122,995)	(5,598,476)	-
Principal payments on bonds	-	(2,482,108)	(6,061,902)	(8,544,010)	-
Interest payments	-	(918,932)	(6,790,864)	(7,709,796)	-
Net cash (used) by capital and related financing activities	<u>(299,698)</u>	<u>(3,576,823)</u>	<u>(17,975,761)</u>	<u>(21,852,282)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received on short-term investments	1,167	39,198	363,878	404,243	-
Net cash provided by investing activities	<u>1,167</u>	<u>39,198</u>	<u>363,878</u>	<u>404,243</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(125,316)	719,832	(3,174,029)	(2,579,513)	7,785
Cash and cash equivalents—beginning	758,783	8,549,911	73,467,668	82,776,362	180,124
Cash and cash equivalents—ending	<u>\$ 633,467</u>	<u>\$ 9,269,743</u>	<u>\$ 70,293,639</u>	<u>\$ 80,196,849</u>	<u>\$ 187,909</u>

(continued)

**CITY OF BUFFALO, NEW YORK**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2011**

	<u>Business-type Activities—Enterprise Funds</u>				<b>Internal Service Funds</b>
	<b>Solid Waste and Recycling</b>	<b>Parking</b>	<b>Water System</b>	<b>Combined Total</b>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (5,615,429)	\$ 5,897,625	\$ 11,503,629	\$ 11,785,825	\$ 21,252
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	366,127	1,595,094	4,164,884	6,126,105	-
Change in assets and liabilities:					
Receivables	(646,280)	828,714	523,815	706,249	(10,098)
Payables	81,236	202,133	(159,534)	123,835	673
Other accrued liabilities	13,861	-	298,945	312,806	-
Due to retirement systems	59,640	-	69,818	129,458	-
Deferred revenue	(42,421)	-	-	(42,421)	-
Accrued compensated absences	8,384	-	(158,669)	(150,285)	-
Accrued workers' compensation	(120,193)	-	49,339	(70,854)	-
Accrued other postemployment benefits	2,486,113	816	1,937,543	4,424,472	-
Total adjustments	<u>2,206,467</u>	<u>2,626,757</u>	<u>6,726,141</u>	<u>11,559,365</u>	<u>(9,425)</u>
Net cash provided (used) by operating activities	<u>\$ (3,408,962)</u>	<u>\$ 8,524,382</u>	<u>\$ 18,229,770</u>	<u>\$ 23,345,190</u>	<u>\$ 11,827</u>

(concluded)

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

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	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 26,152	\$ 1,409,355
Investments	32,912	-
Receivables	4,395	-
Total assets	\$ 63,459	\$ 1,409,355
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 258
Due to other governments	-	25,117
Amount held in custody for others	-	1,383,980
Total liabilities	-	1,409,355
<b>NET ASSETS</b>		
Unrestricted	63,459	-
Total net assets	63,459	-
Total liabilities and net assets	\$ 63,459	\$ 1,409,355

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended June 30, 2011**

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	<b>Private Purpose Trust</b>
<b>ADDITIONS</b>	
Investment earnings:	
Interest	\$ 500
Total additions	500
<b>DEDUCTIONS</b>	
Awards	255
Total deductions	255
Change in net assets	245
Net assets - beginning	63,214
Net assets - ending	\$ 63,459

The notes to the financial statements are an integral part of this statement.

**CITY OF BUFFALO, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

*Definition of the City for Financial Reporting Purposes* — The City of Buffalo, New York (the “City”) is a municipal entity governed by an elected Mayor, Comptroller, and a nine-member elected City Common Council (the “Council”). As required by accounting principles generally accepted in the United States of America (“GAAP”), these financial statements present the City (the “primary government”) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationship to the City.

*Blended Component Units* — The Buffalo Municipal Water Finance Authority (the “Authority”) and the Buffalo Water Board (the “Water Board”) are legally separate from the City; however, the Authority and the Water Board are reported as if they were part of the primary government (the “Water System”) because a majority of their Boards of Directors and/or management are City officials. In addition, the sole purpose of the Authority was to facilitate the financing of the City Water System’s acquisition by the Water Board and to finance construction improvements. The Water Board purchased the net assets of the Water System and is responsible for generating sufficient revenues to meet the debt service requirements of the City and Authority related to the Water System.

The Buffalo Fiscal Stability Authority (“BFSA”) is a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation created by the Buffalo Fiscal Stability Authority Act (the “BFSA Act”), Chapter 122 of the State Laws of 2003, as amended from time to time. Nine directors, seven of which are appointed by the Governor, govern the BFSA. Its corporate purpose is to act as a temporary financial intermediary to the City. The BFSA is included as a blended component unit of the City’s primary government because their services are provided almost entirely to the City. The BFSA is fiscally dependent on the City, as they cannot issue debt without approval of the City, and cannot levy taxes or set rates that affect revenues. As such, the City is financially accountable for the BFSA.

The Water System and the BFSA are included as blended component units because exclusion would be misleading.

*Discretely Presented Component Units* — Financial data of the City’s component units that are not part of the primary government are reported in the component unit columns within the government-wide financial statements. These component units are reported in a separate column to emphasize that they are legally separate from the City. Such component units are not simply an extension of the primary government. The majority of the governing body of the Buffalo Urban Renewal Agency (“BURA”) is composed of City officials. BURA provides services to the general public. The Board of Education, City of Buffalo, New York (the “Board”) is governed by the Board of Education whose members are elected by the voters of the City in accordance with State statutes.

- ◆ BURA is a public benefit corporation formed by an act of the State Legislature in 1966. Its corporate purpose includes the general planning and operation of various urban renewal programs designed to prevent or eliminate blight and deterioration in the Buffalo urban area. Most of the funding for the various programs conducted by BURA is obtained from the federal government through the City, representing an ongoing relationship with both financial benefit and burden to the City. Additionally, the City has the ability to remove appointed members and to approve the BURA’s budget.

- ◆ The Board is a unit of local government created under the Constitution of the State. The Board’s primary function is to provide education for pupils. Services, such as transportation of pupils, administration, finance, and plant maintenance, support the primary function of the Board. The Board is financially dependent upon the City and has no independent authority to issue debt or levy taxes, with the exception of the Special Revenue Program Bonds issued by the State of New York Municipal Bond Bank Agency (see Note 8). The Board’s Joint Schools Construction Board (“JSCB”) bonds payable represents bonds issued by the Erie County Industrial Development Agency (the “Issuer”) to provide money to finance the renovation and/or equipping of certain public school facilities for use by the Board. The bonds are special limited obligations of the Issuer payable from amounts due from the Board under an installment sale agreement.

Complete financial statements of the individual component units can be obtained from their respective administrative offices as follows:

Buffalo Water Board  
502 City Hall  
Buffalo, NY 14202

Buffalo Municipal Water Finance Authority  
502 City Hall  
Buffalo, NY 14202

Buffalo Board of Education  
Office of the Chief Financial Officer  
708 City Hall  
Buffalo, NY 14202

City of Buffalo Urban Renewal Agency  
Financial Controls of Agencies  
214 City Hall  
Buffalo, NY 14202

Buffalo Fiscal Stability Authority  
Market Arcade Building, Suite 400  
617 Main Street  
Buffalo, NY 14202

*Related Organizations* — The Mayor also appoints the Board of Directors of the Buffalo Sewer Authority (the “Sewer Authority”), but the City’s accountability for the Sewer Authority does not extend beyond making these appointments. The Sewer Authority has its own taxing and debt-raising powers. The Mayor also is responsible for appointing five of the seven members of the Board of Directors of the Buffalo Municipal Housing Authority (the “Housing Authority”) and funds the operating deficits of the state-sponsored projects. The City’s accountability does not extend beyond this point. The Housing Authority was created by the State Legislature as a separate and independent government body not under City control. A 1982 State Supreme Court ruling supported the City’s conclusion regarding the independence of the Housing Authority.

*Buffalo Fiscal Stability Authority Act* — In May 2003, the State declared a state of fiscal crisis with respect to the City and enacted the BFSA Act, pursuant to Chapter 122 of the State Laws of 2003. Pursuant to the BFSA Act, the State currently is controlling the financial affairs of the City and certain “covered organizations” (as defined in the BFSA Act) affiliated with the City through the BFSA. The BFSA Act reserves to the City the ability to determine program and expenditure priorities within available financial resources.

The BFSA Act provides the BFSA different financial control and oversight powers depending upon whether the City’s financial condition causes it to be in a control period; thereafter, an advisory period commences, and the BFSA Act permits a control period to be reestablished as determined should conditions warrant. The control period declared pursuant to the BFSA Act began on July 3, 2003, and continues until the date the BFSA determines that (1) for each of the three immediately preceding City fiscal years, the City has adopted and adhered to budgets covering all expenditures, other than capital items, the results of which did not show a deficit, without the use of any BFSA assistance, as provided for under the BFSA Act, when reported in accordance with GAAP and

(2) the City Comptroller and State Comptroller jointly certify that securities were sold by the City during the immediately preceding fiscal year in the general public market and there is a substantial likelihood that such securities can be sold by the City in the general public market from such date through the end of the next succeeding City fiscal year in amounts that will satisfy substantially all of the capital and cash flow requirements of the City during that period in accordance with the financial plan then in existence. An advisory period shall continue after such BFSA determinations until June 30, 2037, unless another control period is imposed.

## **B. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including statement of net assets, statement of activities, and fund financial statements, which provide a more detailed level of financial information.

*Government-Wide Financial Statements* — The statement of net assets and the statement of activities display information on all nonfiduciary activities of the primary government and its component units. The activity of the internal service fund is eliminated to avoid “doubling up” of revenues and expenses. It is the City's policy to record transactions between funds as operating transfers. Therefore as a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statements distinguish between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net assets presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

*Fund Financial Statements* — During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Nonmajor funds, where applicable, are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation* — The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. BFSA special revenue fund nonexchange transactions, in which the BFSA receives value directly without giving equal value in exchange, include State aid and sales taxes and are recognized in the fiscal year for which stated aid and taxes are earned or designated.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include the State Revenue Sharing and Assistance, sales taxes, and various categorical grants. Long-term historical payment patterns of the State Revenue Sharing and Assistance are considered in determining whether such payments are susceptible to accrual.

The City reports the following major governmental funds:

**General Fund** — The general fund is used to account for all financial resources of the primary government, except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received, unless prohibited by the purpose and object of such funds.

**Debt Service Fund** — The debt service fund was established to receive and account for resources restricted for the payment of interest and principal on City and Board general improvement bonds, notes, and capital leases. The City has elected to always report the debt service fund as a major fund to enhance consistency even though it did not meet the criteria for mandatory reporting in the current year.

**Capital Projects Fund** — The capital projects fund is used to account for financial resources, such as proceeds from the sale of bonds, bond anticipation notes, capital notes, transfers from governmental funds, and federal and state grants, all provided for the specific purpose of constructing, reconstructing, or acquiring permanent or semipermanent capital improvements. Capital improvements intended for use of any of the Enterprise Funds are not included in the capital projects funds.

**BFSA Special Revenue Fund** — This fund represents the general fund of the BFSA and is used to account for all of their financial resources, except those required to be accounted for in another fund. This fund finances the operations of the BFSA, whereby they intercept state aid and sales tax from the City and transfer to the debt service account to pay debt issued on behalf of the City. The City has elected to report the BFSA special revenue fund as a major fund to enhance consistency even though it did not meet the criteria for mandatory reporting in the current year.

The City reports the following major proprietary funds:

Solid Waste and Recycling Fund — The solid waste and recycling fund is used to account for the City’s solid waste removal system.

Parking Fund — The parking fund is used to account for public parking facilities operated by the City.

Water System — This fund accounts for the City’s water treatment and distribution system and is responsible for water delivery to the residents of the City.

Additionally, the City reports the following fund types:

Internal Service Fund — The internal service fund accounts for operations in which amounts expended for the print shop are reimbursed by charges to the operations of other funds.

Other Governmental Fund — The other governmental fund includes the special revenue fund, the BFSAs debt service fund, and permanent fund:

Special Revenue Fund — The special revenue fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes.

BFSAs Debt Service Fund — This fund accounts for the state aid and sales tax resources that the BFSAs intercepts from the City to pay principal and interest on general obligations bonds issued by the BFSAs on behalf of the City.

Permanent Fund — The permanent fund is used to account for assets held by the City in a trustee capacity that are legally restricted to the extent that only earnings, and not principal, may be used for purposes stipulated in the bequests and trust agreements.

Fiduciary Funds — These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. These include private-purpose trust and agency funds. Activities reported in the fiduciary funds include monies held in trust for prisoners, deposits that are to be returned, and payroll withholding due other entities.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (“GASB”). Governments also have the option of following subsequent private sector guidance for their business-type and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: refuse collection charges for the solid waste and recycling fund, parking fees for the parking fund and sale of water for the water system. Operating expenses for the enterprise funds, and the internal service fund, include the cost of sales and

services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first and then unrestricted resources as they are needed.

*Accounting for Property Taxes and Special Assessments* — Real property taxes are levied as of July 1, on which date they become liens on real property. The first half may be paid on or before July 31 without interest and the second half on or before December 31 without interest. Interest on delinquent property taxes is charged at the rate of 18% per annum. The lien date is June 1 of the year following the levy of the taxes.

The City is permitted by the Constitution of the State to levy taxes up to 2% of the five-year average full-assessed valuation for general governmental services other than the payment of debt services and capital expenditures. The City utilizes a full value system, assessing all properties at 100% of full market value. For the year ended June 30, 2011, the City had a legal tax margin of approximately \$35.7 million.

*Deposits and Investments* — Deposits include demand deposits and certificates of deposit. Cash equivalents include U.S. government securities and U.S. government securities purchased through repurchase agreements. Repurchase agreement securities are valued monthly to confirm that the fair value of the securities is equal to or greater than the value of the investment. The City did not have any repurchase agreements included within cash equivalents at June 30, 2011. All highly liquid investments with an original maturity date of approximately three months or less are considered to be cash equivalents. Investments are stated at fair value which approximates cost.

*Restricted Assets* — Certain assets are classified in the balance sheet as restricted because their use is limited. The proceeds of bond and note sales can only be used for the stated purpose of the borrowing. Property taxes collected for debt service payments are legally restricted for that purpose.

*Capital Assets* — Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as within each individual proprietary fund. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000, and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Additions are recorded at cost and donated fixed assets are recorded at their estimated fair value as of the date donated.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Class	Life in Years
Buildings	50
Building improvements	20
Improvements other than buildings	10 - 30
Infrastructure	20 - 50
Water system	20 - 40
Machinery and equipment	4 - 30

The capitalization threshold for the Board is \$5,000. Capital assets of the Board are depreciated using the straight-line method over the following estimated useful lives:

Assets	Life in Years
Buildings	50
Building improvements	20
Land improvements	20
General equipment	10
Computer, business machine, and audit visual equipment	5
Automotive	7

*Deferred Financing Costs* – Costs associated with the issuance of refunding bonds have been capitalized and are being amortized on the straight line basis over the life of the bonds.

*Compensated Absences* — The City’s policy is to pay employees for unused vacation, compensatory time, and sick time based on union agreements when there is separation from service. For governmental activities, the amount is accrued in the government-wide statement of net assets as long-term liabilities. For business-type activities, the full liability is recognized in both the government-wide statement of net assets and the proprietary fund financial statements.

*Long-Term Liabilities* — In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, if any, are deposited in the debt service fund and used to retire debt. Bond issuance costs related to governmental activities or business-type activities are reported as deferred charges within the government-wide financial statements and proprietary fund financial statements, respectively, and are amortized into interest expense over the term of related debt.

In the fund financial statements, governmental fund types report bond premiums and discounts, as well as bond issuance costs, as revenues/other financing sources and expenditures/other financing uses during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as interest and fiscal charges.

*Fund Equity* —The government-wide and business-type activities financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

*Invested in Capital Assets — Net of Related Debt* — This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

*Restricted Net Assets* — This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$59,739,525 of restricted net assets, of which \$26,687,639 is restricted for debt service and \$17,993,004 is restricted for state mandated initiatives.

*Unrestricted Net Assets (Deficit)* — This category represents net assets of the City not restricted for any project or other purpose.

In the fund financial statements, the City reports fund balance as nonspendable, restricted, committed, assigned and unassigned. Management has evaluated, classified and reported amounts in the appropriate fund balance classifications by applying accounting policies that determine whether funds are nonspendable, restricted, committed, assigned or unassigned. These policies have been disclosed in Note 14.

*Encumbrances* — Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded, is employed as part of the City's budgetary control mechanism for all funds. Unencumbered appropriations lapse at fiscal year end.

The City, for budgetary control purposes, accounts for encumbrances as a charge against appropriations and does not distinguish the portion of encumbrances that represent liabilities for goods or services received but not paid for at the balance sheet date. For financial statement purposes, these encumbrances are segregated into the portion that represents an outstanding liability for goods or services received versus a commitment for goods and services not received. The amounts representing goods or services received are shown in the financial statements as accounts payable and included in expenditures, while the amounts representing commitments are shown as a reservation of fund balance. Encumbrances outstanding at the end of the fiscal year do not lapse.

*Accrued Pension* — Amounts owed to the State Retirement Systems for wages paid to employees of the City but not yet billed are reported as liabilities in the financial statements.

*Estimates* — The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses/expenditures, assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

*Reclassifications* — Certain amounts were reclassified from the Board's, BURA's, and BFSAs' financial statements to conform to the City's reporting presentation. In the BFSAs' statement of net assets, \$3,906,078 was reclassified from due to City of Buffalo to due to component units for sales tax that was a receivable from Erie County on behalf of the Board. And, in the BFSAs' statement of revenue, expenditures, and change in net assets, \$270,700,378 in investment income and intergovernmental revenue offset other distributions relating to proceeds and interest payments on bonds issued by the BFSAs on behalf of the City.

*Adoption of New Accounting Pronouncement* — During the year ended June 30, 2011, the City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to change its fund balance classifications for governmental funds. The new classifications are explained below.

Nonspendable fund balance—Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).

Restricted fund balance—Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.

Committed fund balance—Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be

used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned fund balance—Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance—Amounts that are available for any purpose; these amounts are reported only in the general fund.

Additionally, during the year ended June 30, 2011, the City completed the process of evaluating the impact that will result from adopting GASB Statement No. 59, *Financial Instruments Omnibus* effective for the year ending June 30, 2011. GASB Statement No. 59 did not have a material impact on the City's financial position or results from operations.

*Future Impacts of Accounting Pronouncements* — The City has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, effective for the year ending June 30, 2012; GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective for the year ending June 30, 2013. The City is, therefore, unable to disclose the impact that adopting GASB Statements Nos. 57, 60, 61, 62, 63 and 64 will have on its financial position and results of operations.

## 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

**Budgetary Information** — The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- ◆ Formal annual operating budgets are adopted by the Council for the general fund and the debt service fund. Annual budgets for proprietary funds serve only as financial plans. The budgets are prepared on a non-GAAP budgetary basis; encumbrances are charged against appropriations in the year the commitment is incurred. Formal budgetary integration is employed during the year as a management control device. The Common Council adopts long-term budgets covering the anticipated life of the project, grant, or program for the capital project and the special revenue fund.
- ◆ Prior to May 1, for the fiscal year beginning July 1, the Mayor submits to the Common Council a complete operating plan of proposed expenditures and estimated revenues for the City's general fund and the debt service fund.
- ◆ The Council considers the operating budgets at the first meeting following their submission by the Mayor and has the power to delete, reduce, or add items to the budgets. If no additions are made by the Council, the budgets as passed by the Council are adopted without any Mayoral action. Any additions to the proposed executive budgets require Mayoral approval.

- ◆ The appropriation for every function of each City department, division, agency, or other purpose is fixed. The total expenditures for each function may not exceed the original appropriation during the fiscal year without Council approval. Increases over budget appropriations as originally adopted require a two-thirds vote of approval by the Council after certification by both the Mayor and the Comptroller, demonstrating that the increase is necessary to meet a contingency which could not have been reasonably foreseen when the budget was adopted.

The City reports its budgetary status with the actual data, including outstanding encumbrances as charges against budget appropriations. Following is a reconciliation of the budgetary-basis (i.e., non-GAAP) and the GAAP-basis operating results:

Excess of revenues and other financing sources over expenditures and other financial uses — GAAP basis	\$ (12,789,124)
Less encumbrances	<u>(4,935,329)</u>
Excess of revenues and other financing sources over expenditures and other financial uses — basis of budgeting	<u>\$ (17,724,453)</u>

Budget columns presented in the accompanying financial statements reflect deficiencies of revenues and other financing sources over expenditures and other financing uses. These deficiencies are caused by the anticipated use of prior-year's fund balance, which had been designated for fiscal year 2011 expenditures during the budget process.

**Excess of Expenditures Over Appropriations** — For the year ended June 30, 2011, expenditures exceeded appropriations in fringe benefits. The unfavorable variance of \$11,587,824 for fringe benefits is the result of an estimate for the cost of retroactive wages from July 1, 2009 for unsettled union contracts which were not included in the budget. Additionally, an unfavorable variance of \$405,377 for transfers out was noted due to budgeted amounts for capital outlay included within other expenses and the actual expense included within transfers out.

### 3. DEPOSITS AND INVESTMENTS

The City's available cash is deposited and invested in accordance with the State General Municipal Law (Article 2, Section 11), which governs the City's investment policies. The City has its own written investment guidelines, which have been established by the Comptroller's Office pursuant to Section 114A of the City Charter. The City is authorized to deposit or invest funds in banks or trust companies located in, and authorized to do business in, the State. The City's investment policy governs the investment of excess funds. Funds generally may be invested in time deposits, certificates of deposit, obligations of the U.S. government and its agencies, and the State and its municipalities. Cash in banks was fully collateralized at June 30, 2011, of which the bank carrying balance at June 30, 2011, was \$529,435,866.

At June 30, 2011, cash and cash equivalents and investments consisted of the following:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash on hand (uncollateralized)	\$ 12,700	\$ -	\$ -	\$ 12,700
Deposits	481,971,882	80,196,849	1,435,507	563,604,238
Investments	<u>18,499,539</u>	<u>-</u>	<u>32,912</u>	<u>18,532,451</u>
Total	<u>\$ 500,484,121</u>	<u>\$ 80,196,849</u>	<u>\$ 1,468,419</u>	<u>\$ 582,149,389</u>

**Investments** — At June 30, 2011, total investments of \$18,532,451 consisted of investments held by the BFSA of \$18,438,067, held by the City of \$61,472 and maintained in fiduciary funds of \$32,912. Investments at June 30, 2011, consist of the following:

	<u>Carrying Value</u>	<u>Fair Value</u>
Governmental activities:		
Certificates of deposit	\$ 94,384	\$ 94,384
U.S. Treasury slugs	3,005,697	3,028,559
U.S. Treasury bills	138,950	138,950
Federal Home Loan Mortgage corporate discount paper	5,450,003	5,455,737
Federal National Mortgage Association discount notes	9,633,152	9,646,554
Accrued interest	<u>210,265</u>	<u>210,265</u>
Total	<u>\$ 18,532,451</u>	<u>\$ 18,574,449</u>

Investments in fiduciary funds consist solely of certificates of deposit at June 30, 2011.

The risk and type of investments presented above generally indicate activity and positions held throughout the year. Maturities related to the BFSA's investments are generally short term with certifications of deposits issued with 30-day maturities and U.S. Treasuries and commercial paper due within 45 days. The credit rating of Federal Home Loan Mortgage corporate discount paper and Federal National Mortgage Association discount notes as reported in November 2008 by Standard & Poor's for short-term debt is A-1+.

**Interest Rate Risk** — The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are generally limited to 180 days or less.

**Credit Risk** — In compliance with the State law, City investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint or cooperative investment programs.

**Custodial Credit Risk** — For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A margin of 2% or higher of the market value of purchased securities in repurchase transactions must be maintained and the securities must be held by a third party in the City's name. For deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. Collateral is required for deposits and certificates of deposit in an amount equal to or greater than the amount of all deposits not covered by federal deposit insurance. Banks can satisfy collateral requirements by furnishing a letter of credit, a surety bond, or by pledging eligible securities as specified in Section 10 of the State General Municipal Law. If collateral is required, it can be in the form of a surety bond or obligations of the United States, the State, or any municipality or college of the State. Certain balances for accounts held in trust are collateralized by the State.

Deposits are collateralized with eligible securities of an aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Securities that may be pledged as collateral are limited to obligations of the United States or any obligation fully insured as to interest and principal by the United States acting through an agency, and obligations of the State or obligations of any municipal corporation, school district, or district corporation of the State.

**Concentration of Credit Risk** — To promote competition in rates and service cost, and to limit the risk of institutional failure, City deposits and investments are placed with multiple institutions. The general rule is not to place more than \$100 million or 50% of the City's total investment portfolio, whichever is less, in overnight investments with any one institution.

**Deposits** — The City deposits cash into a number of bank accounts. Monies must be deposited in demand or time accounts or certificates of deposit issued by FDIC-insured commercial banks or trust companies located within the State. Some of the City's accounts are required by various statutes and borrowing restrictions for specific funds, while the remainder are used for City operating cash and for investment purposes. There are no deposits which are uninsured or not collateralized.

**Governmental Activities Restricted Cash and Cash Equivalents** — General fund restricted assets represent monies set aside as part of the funding requirements of the State for the settlement of the dispute between the Board and the Buffalo Teachers Federation. At June 30, 2011, the restricted cash amounted to \$9,769,264 and consisted of cash and cash equivalents held in a bank custodial account. The initial settlement was bonded and such restricted cash is being used to pay the debt service requirements. In addition, debt service fund restricted assets of \$211,700 are held by a trustee for future debt service payments and capital projects fund restricted assets of \$546,000 represent a good faith deposit for future bonds.

**Business-Type Activities Restricted Cash and Cash Equivalents** — Business-type restricted assets represent monies raised from the issuance of debt to fund additions to enterprise plant assets and may only be used for this purpose.

The restricted cash consists primarily of Treasury notes, Treasury bills, and certificates of deposit with a commercial bank. At June 30, 2011, \$720,958 of the water system's restricted cash consisted of U.S. government securities recorded in the water system's name and held in a bank custodial account. The water system also maintains money market accounts with fair values totaling \$39,480,302 at June 30, 2011. Restricted cash in the parking fund of \$40,749 consisted of cash and cash equivalents and is held in a bank account.

**Board of Education** — At June 30, 2011, cash in banks was \$274,904. This amount was fully collateralized.

**Restricted Cash** — The Board has restricted cash of \$371,007,482 at June 30, 2011, for various purposes as follows:

- ◆ Pursuant to the issuance of State of New York Municipal Bond Bank Agency Revenue Bonds, the Board is to maintain a Debt Service Reserve held with a fiscal agent of \$1,800,000. Such cash is held with a fiscal agent.
- ◆ \$549,813 is restricted for the joint account held in trust with the Buffalo Teachers Federation in relation to a teacher's settlement. Such cash is held with a fiscal agent.

- ◆ \$132,561,351 is restricted for the local share contribution held in trust which can only be disbursed in accordance with the Indenture Trust Agreement, and represents an amount of the Series 2003 bond proceeds to be deposited and maintained by a trustee. Such cash is held with a fiscal agent.
- ◆ Bond proceeds of \$224,220,002 at June 30, 2011, are held in trust and can only be utilized for approved project costs.
- ◆ \$11,034,193 represents a local share contribution to be held in trust and can only be disbursed in accordance with the Local Share Trust and Depository Agreement.
- ◆ \$345,310 represents endowment funds and can be used in accordance with the respective endowment document.
- ◆ \$496,813 is restricted to support obligations related to workers' compensation claims.

**Buffalo Urban Renewal Agency**

**Buffalo Urban Renewal Agency** — Bank balances totaled \$3,787,824 of which \$673,874 was fully collateralized at June 30, 2011.

#### 4. RECEIVABLES

Receivables at June 30, 2011, for the City's individual funds and related allowance for uncollectible accounts are as follows:

Receivables:	Receivable	Allowance	Net
<b>Governmental Funds:</b>			
General Fund:			
Taxes	\$ 18,289,139	\$ (8,635,384)	\$ 9,653,755
Accounts receivable	9,417,061	(5,127,878)	4,289,183
Other receivables	50	-	50
Due from other agencies	2,955,417	(1,507,740)	1,447,677
Due from other funds	48,595,625	-	48,595,625
Due from other governments	12,495,931	(9,701,849)	2,794,082
	<u>\$ 91,753,223</u>	<u>\$ (24,972,851)</u>	<u>\$ 66,780,372</u>
Debt Service Fund:			
Other receivables	\$ 1,005	\$ -	\$ 1,005
Due from other funds	209,489	-	209,489
	<u>\$ 210,494</u>	<u>\$ -</u>	<u>\$ 210,494</u>
Capital Projects Fund:			
Due from other funds	\$ 94,831	\$ -	\$ 94,831
Due from other governments	3,073,454	-	3,073,454
	<u>\$ 3,168,285</u>	<u>\$ -</u>	<u>\$ 3,168,285</u>
BFSA Special Revenue Fund:			
Due from other governments	\$ 30,792,606	\$ -	\$ 30,792,606
Other governmental funds:			
Other receivables	\$ 18,161	\$ -	\$ 18,161
Due from other funds	13,959	-	13,959
Due from other governments	2,397,161	-	2,397,161
	<u>\$ 2,429,281</u>	<u>\$ -</u>	<u>\$ 2,429,281</u>

(continued)

<b>Receivables:</b>	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
<b>Proprietary Funds:</b>			
Solid Waste and Recycling Fund:			
Accounts receivable	\$ 13,414,918	\$ (12,367,071)	\$ 1,047,847
Other receivables	<u>342,568</u>	<u>(42,386)</u>	<u>300,182</u>
	<u>\$ 13,757,486</u>	<u>\$ (12,409,457)</u>	<u>\$ 1,348,029</u>
Parking Fund:			
Accounts receivable	\$ 3,871,056	\$ -	\$ 3,871,056
Other receivables	<u>31</u>	<u>-</u>	<u>31</u>
	<u>\$ 3,871,087</u>	<u>\$ -</u>	<u>\$ 3,871,087</u>
Water System Fund:			
Accounts receivable	\$ 16,510,165	\$ (13,206,655)	\$ 3,303,510
Other receivables	866,646	-	866,646
Due from other agencies	134,526	-	134,526
Due from other governments	244,809	-	244,809
Due from other funds	<u>222,595</u>	<u>-</u>	<u>222,595</u>
	<u>\$ 17,978,741</u>	<u>\$ (13,206,655)</u>	<u>\$ 4,772,086</u>
Internal Service Fund:			
Accounts receivable	<u>\$ 18,191</u>	<u>\$ -</u>	<u>\$ 18,191</u>

Due from other governments at June 30, 2011, consists of the following:

**Due from other governments:**

**Governmental Funds:**

General Fund:

Due from Erie County	\$ 10,009,011
Due from New York State	1,974,421
Due from federal government	<u>512,499</u>
	<u>\$ 12,495,931</u>

Capital Projects Fund:

Due from New York State	<u>\$ 3,073,454</u>
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BFSA Special Revenue Fund:

Due from New York State	<u>\$ 30,792,606</u>
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Other Governmental Funds:

Special Revenue Fund:

Due from New York State	\$ 2,259,041
Due from federal government	<u>138,120</u>
	<u>\$ 2,397,161</u>

**Proprietary Funds:**

Water System:

Due from New York State	<u>\$ 244,809</u>
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**Board of Education**

*Accounts Receivable* — Accounts receivable represents amounts due for tuition and health services provided to other districts and other various items.

Major revenues consist of the following at June 30, 2011:

General Fund:

Health Services	\$ 570,630
Tuition billing	312,460
Miscellaneous revenues	584,750
School Food Service Fund	163,510
Special Aid Fund	<u>6,466</u>
Total	<u>\$ 1,637,816</u>

Due from other governments and agencies consists of the following at June 30, 2011:

General Fund:	
State aid - basic	\$ 11,482,761
State aid - excess	14,652,122
State aid - ARRA	944,697
State aid - Medicaid	1,329,334
Federal and state grants	45,715,016
Federal and state aid - Food Service Fund	1,544,972
Miscellaneous	<u>934,302</u>
Total	<u>\$ 76,603,204</u>

### **Buffalo Urban Renewal Agency**

Accounts receivable for BURA consist of program loans receivable, notes receivable, and advances to subgrantees. Additionally, BURA reports due from other governments.

*Program Loans* — Program loans receivable consist of several economic development loans made directly by BURA or indirectly through Buffalo Economic Renaissance Corporation (BERC) to qualifying developers. As of June 30, 2011, program loans receivable consist of Community Development Block Grant (“CDBG”) funds advanced by BURA to BERC for Section 108 program loans due within the year in the amount of \$300,000.

*Notes Receivable* — Various notes from individuals, businesses, and other organizations were outstanding at June 30, 2011, representing funds advanced by BURA for projects designed to stimulate economic development and housing improvements in the City. These notes are secured by mortgages with varying repayment terms.

*Advances to Subgrantees* — In the course of conducting various projects funded through the CDBG and other grant programs, BURA contracts with numerous subgrantees to perform program services at the community level. In connection with those subgrant contracts, BURA has advanced CDBG and other funds to provide working capital for the subgrantees which are reported as advances receivable.

*Due From Federal Government* — \$282,500 of the amount presented as due from the federal government represents a 10% guarantee on loans issued under the Department of Housing and Urban Development’s Section 108 program prior to October 30, 1986. This amount will become available for use in the CDBG grant program as Section 108 loan principal balances are reduced through repayments from the individual borrowers. The remaining amount represents amounts not yet received by BURA from the federal government for expenses incurred under federal grant programs.

## 5. CAPITAL ASSETS

### Governmental-Type Activities

Class	Balance July 1, 2010	Additions and Reclassifications	Deductions and Reclassifications	Balance June 30, 2011
Capital assets — not being depreciated:				
Land	\$ 12,579,280	\$ -	\$ 1,900	\$ 12,577,380
Construction in progress	<u>10,972,265</u>	<u>1,020,649</u>	<u>10,972,264</u>	<u>1,020,650</u>
Total capital assets — not being depreciated	<u>23,551,545</u>	<u>1,020,649</u>	<u>10,974,164</u>	<u>13,598,030</u>
Capital assets — being depreciated:				
Buildings and building improvements	255,483,751	11,267,988	426,717	266,325,022
Improvements other than buildings	40,688,995	342,503	49,095	40,982,403
Machinery and equipment	52,212,130	4,605,947	2,241,810	54,576,267
Infrastructure	<u>329,037,642</u>	<u>20,940,273</u>	<u>-</u>	<u>349,977,915</u>
Total capital assets — being depreciated	<u>677,422,518</u>	<u>37,156,711</u>	<u>2,717,622</u>	<u>711,861,607</u>
Less accumulated depreciation for:				
Buildings and building improvements	92,065,037	5,168,288	264,758	96,968,567
Improvements other than buildings	25,223,260	1,662,900	32,836	26,853,324
Machinery and equipment	34,352,737	4,836,262	2,183,479	37,005,520
Infrastructure	<u>145,088,341</u>	<u>13,312,906</u>	<u>-</u>	<u>158,401,247</u>
Total accumulated depreciation	<u>296,729,375</u>	<u>24,980,356</u>	<u>2,481,073</u>	<u>319,228,658</u>
Total capital assets being depreciated — net	<u>380,693,143</u>	<u>12,176,355</u>	<u>236,549</u>	<u>392,632,949</u>
Governmental activities' capital assets — net	<u>\$ 404,244,688</u>	<u>\$ 13,197,004</u>	<u>\$ 11,210,713</u>	<u>\$ 406,230,979</u>

**Business-Type Activities**

Class	Balance July 1, 2010	Additions and Reclassifications	Deductions and Reclassifications	Balance June 30, 2011
Capital assets — not being depreciated:				
Land	\$ 3,362,210	\$ -	\$ -	\$ 3,362,210
Construction in progress	713,135	5,553,105	5,324,866	941,374
Total capital assets — not being depreciated	<u>4,075,345</u>	<u>5,553,105</u>	<u>5,324,866</u>	<u>4,303,584</u>
Capital assets — being depreciated:				
Buildings and building improvements	156,685,567	2,890,912	-	159,576,479
Improvements other than buildings	415,137	15,647	-	430,784
Machinery and equipment	9,077,953	361,448	592,000	8,847,401
Infrastructure	91,634,166	2,102,230	-	93,736,396
Total capital assets — being depreciated	<u>257,812,823</u>	<u>5,370,237</u>	<u>592,000</u>	<u>262,591,060</u>
Less accumulated depreciation for:				
Buildings and building improvements	40,823,954	3,254,321	-	44,078,275
Improvements other than buildings	276,331	19,395	-	295,726
Machinery and equipment	7,300,736	471,773	567,200	7,205,309
Infrastructure	36,285,231	2,380,616	-	38,665,847
Total accumulated depreciation	<u>84,686,252</u>	<u>6,126,105</u>	<u>567,200</u>	<u>90,245,157</u>
Total capital assets being depreciated — net	<u>173,126,571</u>	<u>(755,868)</u>	<u>24,800</u>	<u>172,345,903</u>
Business-type activities' capital assets — net	<u>\$ 177,201,916</u>	<u>\$ 4,797,237</u>	<u>\$ 5,349,666</u>	<u>\$ 176,649,487</u>

Depreciation expense was charged to City functions and programs as follows:

Governmental activities:	
General government	\$ 2,713,492
Public safety	5,796,615
Streets and sanitation	12,937,369
Economic assistance and opportunity	10,467
Culture and recreation	3,038,146
Health and community services	<u>484,267</u>
Total depreciation expense — governmental activities	<u>\$ 24,980,356</u>
Business-type activities:	
Water	\$ 4,164,884
Parking	1,595,094
Solid waste and recycling	<u>366,127</u>
Total depreciation expense — business-type activities	<u>\$ 6,126,105</u>

The carrying value of idle impaired assets at June 30, 2011, totaling \$546,531, in accordance with GASB 42 *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, represents two impaired firehouses, a library and a community center building.

**Board of Education** — Capital asset activity of the Board for fiscal year ended June 30, 2011, was as follows:

Class	Balance July 1, 2010	Additions and Reclassifications	Deductions and Reclassifications	Balance June 30, 2011
Capital assets — not being depreciated:				
Land	\$ 3,725,598	\$ -	\$ 104,056	\$ 3,621,542
Construction in progress	103,760,429	105,025,737	46,280,270	162,505,896
Total capital assets — not being depreciated	<u>107,486,027</u>	<u>105,025,737</u>	<u>46,384,326</u>	<u>166,127,438</u>
Capital assets — being depreciated:				
Land improvements	4,730,785	10,000	139,395	4,601,390
Buildings and building improvement	1,209,075,535	98,098,715	3,769,076	1,303,405,174
Equipment	<u>22,638,282</u>	<u>3,397,725</u>	<u>8,430,989</u>	<u>17,605,018</u>
Total capital assets — being depreciated	<u>1,236,444,602</u>	<u>101,506,440</u>	<u>12,339,460</u>	<u>1,325,611,582</u>
Less accumulated depreciation for:				
Land improvements	4,337,620	35,592	137,699	4,235,513
Buildings and building improvement	338,694,183	52,516,218	3,227,484	387,982,917
Equipment	<u>18,276,181</u>	<u>1,885,793</u>	<u>8,884,690</u>	<u>11,277,284</u>
Total accumulated depreciation	<u>361,307,984</u>	<u>54,437,603</u>	<u>12,249,873</u>	<u>403,495,714</u>
Total capital assets being depreciated — net	<u>875,136,618</u>	<u>47,068,837</u>	<u>89,587</u>	<u>922,115,868</u>
Government activities' capital assets — net	<u>\$ 982,622,645</u>	<u>\$ 152,094,574</u>	<u>\$ 46,473,913</u>	<u>\$ 1,088,243,306</u>

**Buffalo Urban Renewal Agency** — BURA's governmental capital assets, recorded at cost, as of June 30, 2011, are summarized as follows:

Function and Activity	Construction					Total
	Land	In Progress	Building	Equipment	Vehicles	
Economic development administration	\$ 380,370	\$ 247,561	\$ 14,706,007	\$ 787,938	\$ 105,558	\$ 16,227,434
General administration	-	-	-	24,866	-	24,866
Subtotal	380,370	247,561	14,706,007	812,804	105,558	16,252,300
Accumulated depreciation	-	-	4,590,796	680,122	105,558	5,376,476
Capital assets — net	<u>\$ 380,370</u>	<u>\$ 247,561</u>	<u>\$ 10,115,211</u>	<u>\$ 132,682</u>	<u>\$ -</u>	<u>\$ 10,875,824</u>

For the year ended June 30, 2011, depreciation in the amount of \$337,068 has been recorded using the straight-line method over the useful lives of the assets, which range from 5 to 39 years.

**6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

To improve cash management, all City disbursements are made from a consolidated account in the general fund. Also, the cash balances of certain capital funds are consolidated to maximize investment return. Both these cash management practices, as well as normal delays in processing interfund transfers and reimbursements, are the main reasons why interfund receivables and payables exist. These receivables and payables are short term in nature and are typically repaid in less than one year.

At June 30, 2011, a schedule summarizing individual fund interfund receivables and payables is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Activities:		
General Fund	\$ 48,595,625	\$ 77,942
Debt Service Fund	209,489	91,080
Capital Projects Fund	94,831	5,855,780
BFSA Special Revenue Fund	-	25,266,630
Other governmental funds	<u>13,959</u>	<u>2,429,506</u>
	<u>48,913,904</u>	<u>33,720,938</u>
Business-type Activities:		
Solid Waste and Recycling Fund	-	14,792,453
Parking Fund	-	176,612
Water System	222,595	446,374
Internal Service Fund	<u>-</u>	<u>122</u>
	<u>222,595</u>	<u>15,415,561</u>
Total government-wide	<u>\$ 49,136,499</u>	<u>\$ 49,136,499</u>

The long-term portion in the amount of \$14,792,453 included within the general fund's due from other funds totaling \$48,595,625 has been set aside as nonspendable fund balance.

The City records the receipt of all property taxes levied as revenue in the general fund and records a transfer to the debt service fund where the payment on long-term debt is reported. Based on the financing and operation agreements of the Water Board, revenues collected are transferred to the Water Authority and water enterprise fund to cover their operational costs. Other transfers are the result of indirect costs.

A schedule summarizing interfund transfers during the year ended June 30, 2011 is as follows:

Transfer out	Transfer In					Total
	General	Debt Service	Capital Projects	Other Governmental	Solid Waste & Recycling	
General	\$ -	\$ 31,781,563	\$ 400,000	\$ 10,500	\$ 3,232,000	\$ 35,424,063
Debt Service	-	-	-	16,567,973	-	16,567,973
Capital Projects	-	261,692	-	-	299,698	561,390
BFSA	-	-	-	3,375,537	-	3,375,537
Solid Waste & Recycling	673,048	-	-	-	-	673,048
Parking	4,200,000	165,654	-	-	-	4,365,654
Water System	4,672,174	-	-	-	-	4,672,174
<b>Total</b>	<b>\$ 9,545,222</b>	<b>\$ 32,208,909</b>	<b>\$ 400,000</b>	<b>\$ 19,954,010</b>	<b>\$ 3,531,698</b>	<b>\$ 65,639,839</b>

## 7. CAPITAL LEASES

The City has entered into lease agreements as a lessee for financing the acquisition of various capital assets (computer equipment and traffic signals). Lease principal payments for governmental activities are recorded as expenditures in the appropriate fund. In the government-wide financial statements, no principal payments are reflected as expenditures.

The City's future minimum lease payments under capital leases as of June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2012	\$ 690,324
2013	690,324
2014	537,519
2015	486,584
Total minimum lease payments	2,404,751
Less: amount representing interest	(168,071)
Present value of minimum lease payments	<u>\$ 2,236,680</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Building improvements	\$ 4,094,136
Infrastructure	3,926,320
	8,020,456
Less: accumulated depreciation	(1,255,699)
	<u>\$ 6,764,757</u>

## 8. LONG-TERM DEBT

Governmental and business-type activities' long-term bonded debt consists of either general obligation bonds backed by the full faith and credit of the City or revenue bonds. The revenue bondholder's recourse is secured solely by the City's Water System revenues. Bonds issued by the BFSA are secured by sales tax and state aid. The debt issued by the City to the BFSA has been eliminated in the government-wide financial statements to eliminate the duplicative reporting of total outstanding debt.

In July 2010, the City issued \$26,885,000 of general obligation bonds, consisting of \$21,985,000 City general improvement serial bonds and \$4,900,000 of Board of Education serial bonds. Principal payments begin on April 1, 2011 and mature in 2025. These bonds bear an interest rate ranging between 2.0% and 5.0%.

In February 2011, the City issued \$34,650,000 of refunding bonds, consisting of \$12,825,000 of City general improvement refunding bonds and \$21,825,000 of Board of Education refunding bonds. Collectively, these bonds refund the previously issued Series 1999A, Series 2001A, Series 2001B, Series 2001D and Series 2002B serial bonds, originally issued for various capital improvements. The 2011 bonds bear an interest rate ranging between 3.0% and 5.0%. The payment to an escrow agent (\$36,068,343) was used to purchase direct obligations of the United States of America and fund transaction costs, with the remaining cash proceeds from the sale of the bonds, and placed in an irrevocable trust fund to pay for all future debt service payments of the original bonds. As a result, the original bonds are considered fully refunded and the liability of those bonds, the outstanding balance at the time of the 2011 refinancing totaled \$34,800,000, has been removed from the financial statements. The 2011 refinancing resulted in an economic gain of \$1,874,648.

Principal and interest are paid semiannually, generally in equal installments. Noncurrent liabilities at June 30, 2011, are as follows:

Calendar Year Issued	Original Amount	Interest Rate	Fiscal Year of Last Installment	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
<b>Governmental activities general obligations bonds issued by City Buffalo:</b>								
1974	\$ 4,200,000	5.6	2014	\$ 500,000	\$ -	\$ 125,000	\$ 375,000	\$ 125,000
1998	14,000,000	3.6-5.25	2025	2,507,500	-	730,000	1,777,500	530,000
1999	45,758,000	2.84-3.9	2019	12,860,000	-	9,990,000	2,870,000	2,870,000
1999	36,996,000	5.0	2014	5,870,000	-	1,905,000	3,965,000	1,960,000
2001	28,686,000	4.0-5.38	2021	8,490,000	-	7,370,000	1,120,000	1,120,000
2001	5,605,000	4-5.25	2020	3,815,000	-	-	3,815,000	-
2002	23,825,000	2.5-5	2022	9,935,000	-	1,610,000	8,325,000	1,680,000
2004	10,285,000	1.5-5.6	2025	8,230,000	-	385,000	7,845,000	400,000
2004	15,245,000	2-4.2	2016	9,010,000	-	1,365,000	7,645,000	1,415,000
2005	26,167,250	5.0	2025	17,264,027	-	1,944,542	15,319,485	1,983,770
2005	34,346,833	5.0	2019	23,525,764	-	6,230,916	17,294,848	4,825,826
2006	25,275,917	5.0	2022	19,748,211	-	1,572,640	18,175,571	1,650,571
2007	22,226,126	5.0	2023	19,176,784	-	1,001,261	18,175,523	1,142,824
2008	22,000,000	3.0-5.25	2023	19,490,000	-	1,110,000	18,380,000	1,165,000
2009	21,500,000	1.35-6.0	2024	20,195,000	-	1,105,000	19,090,000	1,150,000
2010	21,985,000	2.0-5.0	2025	-	21,985,000	1,330,000	20,655,000	1,065,000
2011	12,825,000	3.0-5.0	2021	-	12,825,000	-	12,825,000	100,000
Total				<u>180,617,286</u>	<u>34,810,000</u>	<u>37,774,359</u>	<u>177,652,927</u>	<u>23,182,991</u>

(continued)

Calendar Year Issued	Original Amount	Interest Rate	Fiscal Year of Last Installment	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
<b>Governmental activities – issued on behalf of Discretely Presented Component Unit – Board – General Obligations Bonds:</b>								
1998	\$ 10,950,000	3.60-5.25	2025	\$ 7,877,500	\$ -	\$ 415,000	\$ 7,462,500	\$ 785,000
1999	7,034,135	3.25-4.50	2011	565,000	-	565,000	-	-
2001	11,100,000	4.0-5.1	2021	5,670,000	-	5,235,000	435,000	435,000
2001	14,105,000	4.0-5.0	2012	3,000,000	-	1,000,000	2,000,000	1,000,000
2001	34,000,000	4.0-5.5	2016	19,875,000	-	17,335,000	2,540,000	2,540,000
2002	34,250,000	2.5-5.375	2020	23,840,000	-	3,940,000	19,900,000	1,765,000
2003	3,725,000	2.75-5.5	2014	1,411,000	-	331,000	1,080,000	344,000
2003	5,344,000	2.75-5.5	2018	3,805,000	-	214,000	3,591,000	223,000
2003	26,691,000	2.75-5.5	2019	19,541,000	-	995,000	18,546,000	1,034,000
2003	17,239,000	2.75-5.5	2019	12,707,000	-	636,000	12,071,000	662,000
2004	2,700,000	2.0-4.875	2022	2,070,000	-	135,000	1,935,000	140,000
2005	7,258,477	5.0	2016	4,681,366	-	710,307	3,971,059	740,239
2006	2,483,000	5.0	2020	1,941,000	-	154,000	1,787,000	162,000
2007	5,889,000	5.0	2019	4,709,000	-	402,000	4,307,000	451,000
2008	8,920,000	3.0-5.25	2023	7,890,000	-	450,000	7,440,000	465,000
2009	3,530,000	2.5-5.0	2024	3,315,000	-	185,000	3,130,000	190,000
2010	4,900,000	2.5-4.0	2025	-	4,900,000	305,000	4,595,000	265,000
2011	21,825,000	3.0-4.0	2021	-	21,825,000	-	21,825,000	105,000
Total				<u>122,897,866</u>	<u>26,725,000</u>	<u>33,007,307</u>	<u>116,615,559</u>	<u>11,306,239</u>
Less bonds issued by City to BFSA:								
2005A	\$ 26,167,250	4.0-5.0	2025	(17,264,027)	-	(1,944,542)	(15,319,485)	(1,983,770)
2005BC	41,605,310	5.0	2019	(28,207,130)	-	(6,941,223)	(21,265,907)	(5,566,065)
2006A	27,758,917	4.0-5.0	2020	(21,689,211)	-	(1,726,639)	(19,962,572)	(1,812,572)
2007A	28,115,126	4.0-5.0	2023	(23,885,783)	-	(1,403,261)	(22,482,522)	(1,593,824)
Total mirror bonds				<u>(91,046,151)</u>	<u>-</u>	<u>(12,015,665)</u>	<u>(79,030,486)</u>	<u>(10,956,231)</u>
Net governmental activities general obligation bonds issued by the City of Buffalo				<u>212,469,001</u>	<u>61,535,000</u>	<u>58,766,001</u>	<u>215,238,000</u>	<u>23,533,000</u>
<b>Governmental activities general obligations bonds issued by Buffalo Fiscal Stability Authority:</b>								
2004	\$ 25,745,000	4.0-5.25	2015	\$ 14,525,000	\$ -	\$ 2,610,000	\$ 11,915,000	\$ 2,750,000
2005A	28,030,000	4.0-5.0	2025	20,465,000	-	3,030,000	17,435,000	1,960,000
2005BC	47,065,000	5.0	2019	36,655,000	-	5,710,000	30,945,000	7,565,000
2006A	27,270,000	4.0-5.0	2020	23,315,000	-	1,575,000	21,740,000	1,760,000
2007A	28,470,000	4.0-5.0	2023	26,160,000	-	1,435,000	24,725,000	1,490,000
Total				<u>121,120,000</u>	<u>-</u>	<u>14,360,000</u>	<u>106,760,000</u>	<u>15,525,000</u>
Total governmental activities bonds				<u>333,589,001</u>	<u>61,535,000</u>	<u>73,126,001</u>	<u>321,998,000</u>	<u>39,058,000</u>
Unamortized premium - City				480,863	3,263,282	134,177	3,609,968	-
Unamortized premium - BFSA				<u>6,530,507</u>	<u>-</u>	<u>713,163</u>	<u>5,817,344</u>	<u>-</u>
Total governmental activities bonds - net				<u>340,600,371</u>	<u>64,798,282</u>	<u>73,973,341</u>	<u>331,425,312</u>	<u>39,058,000</u>

(continued)

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
Other noncurrent liabilities:					
Nittec loan	\$ 1,801,261	\$ -	\$ 242,291	\$ 1,558,970	\$ 247,137
Capital leases	2,824,389	-	587,709	2,236,680	612,691
Compensated absences	26,426,491	24,664,688	25,155,607	25,935,572	962,129
Workers' compensation	11,413,670	2,281,141	5,317,836	8,376,975	3,390,605
Landfill post-closure monitoring	1,800,000	-	550,000	1,250,000	100,000
Other postemployment benefits	183,042,270	61,147,730	-	244,190,000	-
Other postemployment benefits-BFSA	279,627	34,595	-	314,222	-
Judgments and claims	13,987,500	22,702,500	2,794,500	33,895,500	16,573,000
<b>Total</b>	<b>241,575,208</b>	<b>110,830,654</b>	<b>34,647,943</b>	<b>317,757,919</b>	<b>21,885,562</b>
<b>Total noncurrent liabilities—governmental activities</b>	<b>\$ 582,175,578</b>	<b>\$ 175,628,936</b>	<b>\$ 108,621,284</b>	<b>\$ 649,183,231</b>	<b>\$ 60,943,562</b>

Calendar Year Issued	Original Amount	Interest Rate	Fiscal Year of Last Installment	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
<b>Business-type activities — General Obligation Bonds:</b>								
1998	2,385,000	3.6-5.0	2012	\$ 470,000	\$ -	\$ 270,000	\$ 200,000	\$ 200,000
2001	11,660,000	4.0-5.3	2017	5,280,000	-	840,000	4,440,000	820,000
2002	21,310,000	2.5-5.375	2022	14,115,000	-	1,180,000	12,935,000	1,225,000
2005	6,552,147	5.0	2018	2,737,870	-	623,777	2,114,093	573,936
<b>Total</b>				<b>22,602,870</b>	<b>-</b>	<b>2,913,777</b>	<b>19,689,093</b>	<b>2,818,936</b>

<b>Business-type activities — Water System Revenue Bonds:</b>								
1998	\$ 16,325,000	4.0-4.75	2013	\$ 830,000	\$ -	\$ 265,000	\$ 565,000	\$ 275,000
1998	49,715,000	4.0-5.0	2013	8,900,000	-	2,720,000	6,180,000	2,850,000
2002	11,785,000	2.5-4.75	2018	2,375,000	-	255,000	2,120,000	265,000
2002	4,379,279	1.53-5.12	2022	2,925,000	-	205,000	2,720,000	210,000
2003	3,901,741	5.6-6.31	2031	3,240,000	-	100,000	3,140,000	105,000
2006	19,917,236	3.6-4.84	2028	17,000,000	-	735,000	16,265,000	750,000
2007	13,010,000	3.6-4.375	2038	12,545,000	-	245,000	12,300,000	255,000
2007	29,220,000	5	2027	28,900,000	-	-	28,900,000	-
2008	62,020,000	3.7-5.07	2036	60,710,000	-	1,310,000	59,400,000	1,335,000
2010	23,975,000	2.0-6.89	2040	23,975,000	-	-	23,975,000	460,000
<b>Total</b>				<b>161,400,000</b>	<b>-</b>	<b>5,835,000</b>	<b>155,565,000</b>	<b>6,505,000</b>
<b>Total business-type activities bonds</b>				<b>184,002,870</b>	<b>-</b>	<b>8,748,777</b>	<b>175,254,093</b>	<b>9,323,936</b>

(continued)

	Balance July 1, 2010	Additions and Reclassifications	Deductions and Reclassifications	Balance June 30, 2011	Due Within One Year
Unamortized bond premium	\$ 1,635,727	\$ -	\$ 242,258	\$ 1,393,469	\$ -
Unamortized bond discount	(169,172)	-	(6,266)	(162,906)	-
Unamortized refunding costs	(5,413,759)	-	(427,060)	(4,986,699)	-
Total business-type activities bonds—net	<u>180,055,666</u>	<u>-</u>	<u>8,557,709</u>	<u>171,497,957</u>	<u>9,323,936</u>
Other noncurrent liabilities:					
Compensated absences	2,036,027	1,676,651	1,826,936	1,885,742	70,977
Workers' compensation	2,009,150	306,982	377,836	1,938,296	613,242
Other postemployment benefits	7,885,528	4,424,472	-	12,310,000	-
Accrued derivative liability	<u>4,759,671</u>	<u>-</u>	<u>862,157</u>	<u>3,897,514</u>	<u>-</u>
Total	<u>16,690,376</u>	<u>6,408,105</u>	<u>3,066,929</u>	<u>20,031,552</u>	<u>684,219</u>
Total noncurrent liabilities—business-type activities	<u>\$ 196,746,042</u>	<u>\$ 6,408,105</u>	<u>\$ 11,624,638</u>	<u>\$ 191,529,509</u>	<u>\$ 10,008,155</u>

The City's debt service requirements for bonds in the aggregate and for each of the five succeeding fiscal years are as follows:

#### Governmental Activities — City of Buffalo, New York

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 23,182,991	\$ 8,223,672	\$ 31,406,663
2013	21,961,916	7,057,520	29,019,436
2014	20,710,149	6,109,248	26,819,397
2015	17,395,504	5,176,529	22,572,033
2016	15,060,554	4,406,577	19,467,131
2017-2021	54,785,641	13,210,602	67,996,243
2022-2025	<u>24,556,172</u>	<u>2,391,324</u>	<u>26,947,496</u>
Total	<u>\$ 177,652,927</u>	<u>\$ 46,575,472</u>	<u>\$ 224,228,399</u>

#### Governmental Activities — Buffalo Fiscal Stability Authority

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 15,525,000	\$ 5,007,552	\$ 20,532,552
2013	14,535,000	4,244,397	18,779,397
2014	13,540,000	3,513,517	17,053,517
2015	14,265,000	2,814,503	17,079,503
2016	8,780,000	2,175,244	10,955,244
2017-2021	33,020,000	5,297,544	38,317,544
2022-2026	<u>7,095,000</u>	<u>492,084</u>	<u>7,587,084</u>
Total	<u>\$ 106,760,000</u>	<u>\$ 23,544,841</u>	<u>\$ 130,304,841</u>

**Issued by City on behalf of Component Unit — Board of Education**

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 11,306,239	\$ 5,549,006	\$ 16,855,245
2013	11,578,006	5,045,877	16,623,883
2014	11,134,371	4,532,994	15,667,365
2015	11,168,083	3,971,431	15,139,514
2016	11,280,360	3,400,234	14,680,594
2017-2021	44,133,500	9,674,147	53,807,647
2022-2025	<u>16,015,000</u>	<u>1,470,898</u>	<u>17,485,898</u>
Total	<u>\$ 116,615,559</u>	<u>\$ 33,644,587</u>	<u>\$ 150,260,146</u>

**Business-Type Activities**

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 9,323,936	\$ 7,823,133	\$ 17,147,069
2013	9,086,753	7,414,247	16,501,000
2014	9,341,137	7,019,182	16,360,319
2015	9,985,852	6,588,734	16,574,586
2016	10,226,797	6,149,243	16,376,040
2017-2021	45,564,618	24,054,530	69,619,148
2022-2026	32,560,000	15,586,921	48,146,921
2027-2031	30,030,000	8,380,997	38,410,997
2032-2036	11,330,000	4,000,235	15,330,235
2037-2041	<u>7,805,000</u>	<u>1,194,952</u>	<u>8,999,952</u>
Total	<u>\$ 175,254,093</u>	<u>\$ 88,212,174</u>	<u>\$ 263,466,267</u>

**Water Authority** — On May 9, 2008, the water system issued \$62,020,000 par revenue bonds to currently refund \$62,300,000 of existing debt. The water system refunded the Series 2005B auction rate security bonds because of the increased costs and uncertainty of the auction rate market and the downgrade of the bond insurer on the issue. The Series 2008A bonds are variable rate demand obligations backed by a direct pay letter of credit

Of the \$62,020,000 variable bonds issued, \$61,500,000 are hedged by an interest rate swap agreement between the water system and Citibank, N.A, NY (“Swap Provider”) that converts the water system’s variable-rate exposure relating to the Series 2008-A Bonds to a fixed rate. The Swap Provider is an affiliate of the Underwriter and remarketing agent for the Series 2008-A Bonds. Under the terms of the Swap Agreement, the water system will pay the Swap Provider a fixed rate of 3.7% and the Swap Provider will pay the water system a variable rate equal to 70% of one-month LIBOR. The obligation of the Swap Provider to make payments to the system under the Swap Agreement does not affect the water system’s obligation to pay, when due, the principal and interest on the Series 2008-A Bonds. The coupon is reset weekly and paid monthly. The Swap Agreement will expire by its terms on the final maturity of the Series 2005-B Bonds on July 1, 2035. The water system entered into this swap agreement to hedge its interest rate exposure over the life of the bonds.

Upon the occurrence of certain events of default or termination events identified in the Swap Agreement, either the water system or the Swap Provider may terminate the Swap Agreement in accordance with its terms. Such termination will require the payment of a termination amount by one party that attempts to compensate the other party for its economic losses at the time of termination. The water system shall have the right to terminate the swap at par beginning on and after July 1, 2015.

The Swap was deemed effective using the synthetic instrument method. At June 30, 2011, the notional amount of the bonds is \$58,900,000. The amount that the water system received from the Swap Provider (a variable rate payment equal to 70% of one-month LIBOR), \$106,906, was exceeded by the variable rate paid by the water system (variable rate demand obligation) to the Swap Provider, \$127,816, by \$20,910. The fair value of the SWAP at June 30, 2011 based on quoted market prices is negative \$3,897,514 and is recorded as a derivative liability within the noncurrent liabilities on the Statement of Assets.

*Nittec Loan* — The Niagara International Transportation Technology Coalition and Management Council (NITTEC) provided a \$2,500,000 loan at 2% for 10 years to the City toward the installation of controllers to standardize the signal system and improve traffic flow on designated corridors. The outstanding balance at June 30, 2011, was \$1,558,970. The loan repayment schedule at June 30, 2011, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 247,137	\$ 31,179	\$ 278,316
2013	252,080	26,237	278,317
2014	257,121	21,195	278,316
2015	262,264	16,053	278,317
2016	267,509	10,807	278,316
2017	<u>272,859</u>	<u>5,457</u>	<u>278,316</u>
Total	<u>\$ 1,558,970</u>	<u>\$ 110,928</u>	<u>\$ 1,669,898</u>

*Capital Leases* — Refer to Note 7 for information related to the City’s capital leases.

*Compensated Absences* — As described in Note 1, the liability for compensated absences, which totals \$25,935,572 for governmental activities and \$1,885,742 for business-type activities, represents amounts relating to sick and personal leave for employees. Payments of these liabilities are dependent upon many factors (including retirement, termination, or employees leaving service) and, therefore, payments of such are not readily determinable. The City has estimated that \$962,129 and \$70,977 for governmental activities and business-type activities, respectively, will be paid in the next fiscal year.

*Workers' Compensation* — Accrued workers' compensation, which totals \$8,376,975 and \$1,938,296 for governmental activities and business-type activities, respectively, represents the City's best estimate of both asserted and unasserted workers' compensation losses. The payments related to these liabilities are dependent upon many factors and, therefore, payments are not readily determinable. The City has estimated that \$3,390,605 and \$613,242 for governmental activities and business-type activities, respectively, will be paid in the next fiscal year. Refer to Note 10 for information related to workers' compensation.

*Landfill Postclosure Monitoring Costs* – In accordance with the Environmental Conservation Law of the State of New York, the City is complying with postclosure monitoring of Squaw Island. The cost of postclosure is based on the percentage of the landfill's total capacity used to date, which is 100%. The City is still required to monitor the site for another 17 years, with an estimated annual cost of \$70,000 - \$100,000 per year. The estimate, which is subject to various changes resulting from inflation, deflation, technology or changes in the applicable laws or regulations, for the outstanding liability at June 30, 2011 was \$1,250,000.

*Other Postemployment Benefits* — Liabilities related to other postemployment benefits include the accrued liability for both medical and firefighters' disability, as discussed in Note 12.

*Judgments and Claims* — The City's judgments and claims liability, which totals \$33,895,500 at June 30, 2011, represent estimated amounts due for various outstanding claims. Payment of these estimated amounts are dependent upon many factors (including outstanding litigation). The City has estimated that \$16,573,000 will be paid in the next fiscal year.

**Debt Contracting Limitation and Unissued Bonds** — The City's debt contracting limitation under its legal debt margin at July 1, 2011, was approximately \$584.6 million. The effective borrowing capacity is \$323.5 million.

The list of the City's authorized and unissued bonds at June 30, 2011, is as follows:

Project	Total Authorized and Unissued
General Improvement Bonds —City of Buffalo	\$ 5,350,000
General Improvement Bonds —Board of Education	<u>820,000</u>
Total	<u>\$ 6,170,000</u>

**Board of Education** — A summary of changes in Board’s long-term liabilities for the year ended June 30, 2011, is as follows:

	Balance July 1, 2010	New issues/ Additions	Maturities/ Reductions	Balance June 30, 2011	Due Within One Year
Governmental activities:					
Due to other governments	\$ 14,546,667	\$ -	\$ 713,335	\$ 13,833,332	\$ 713,332
Revenue bonds payable	27,060,000	-	4,475,000	22,585,000	615,000
JSCB bonds payable	1,050,660,000	165,315,000	32,805,000	1,183,170,000	37,180,000
Deferred bond premium	89,694,940	15,247,401	5,528,344	99,413,997	-
Compensated absences	21,674,579	10,198,931	10,609,135	21,264,375	5,260,000
Workers' compensation	18,976,752	6,763,973	5,886,562	19,854,163	-
Other long-term debt EPC	3,299,929	-	800,834	2,499,095	835,000
Other postemployment benefits	281,185,000	153,898,000	58,256,000	376,827,000	-
Judgments, claims and contingencies	1,677,056	-	1,366,227	310,829	-
<b>Total</b>	<u>\$ 1,508,774,923</u>	<u>\$ 351,423,305</u>	<u>\$ 120,440,437</u>	<u>\$ 1,739,757,791</u>	<u>\$ 44,603,332</u>

In the current year, a prior period adjustment was recorded to the governmental activities beginning net assets. In prior years, the Board had not reported its liabilities for its self-funded workers’ compensation plan. This resulted in a decrease in the beginning net assets of \$18,976,752.

**Source of Funding** — Amounts due to other governments, revenue bonds payable, other long-term debt — Energy Performance Contracts (“EPC”), and judgments, claims, and contingencies are repaid through annual appropriation of the Board’s general fund. Payments to the retirement systems for early retirement incentives and other related items and payments for compensated absences are charged to the fund where employees’ normal payroll is charged, except for grant funded employees, whose payments would be charged to the Board’s general fund.

*Due to Other Governments* — In June 2000, the State Legislature passed special legislation to advance the Board \$20,000,000 in lottery aid to help pay for litigation settlement with the Buffalo Teachers Federation. In June 2006, the Board received an additional lottery advance of \$1,400,000. The advances are recorded as long-term interest-free loans with annual maturities as follows:

Fiscal Year Ending	Principal
June 30,	
2012	\$ 713,332
2013	713,334
2014	713,334
2015	713,332
2016	713,334
2017-2021	3,566,666
2022-2026	3,566,668
2027-2031	2,899,999
2032-2036	233,333
	<u>\$ 13,833,332</u>

*Revenue Bonds Payable*—Represents amounts due for Municipal Bond Agency Revenue Bonds issued pursuant to the State of New York Municipal Bond Agency (the “Agency”) Act and a

General Resolution and a Series Resolution to provide funds to (i) finance a portion of the cost of settling litigation involving the Board and the Buffalo Teachers Federation (ii) fund the Debt Service Reserve Fund to at least the Debt Service Reserve Fund Requirement and (iii) pay legal, accounting, financing, and other fees and expenses relating to the issuance of the Bonds.

The Bonds are special revenue obligations of the Agency and are secured by Annual Payments payable by the City from all monies legally available (which availability is, in general, dependent upon annual appropriations by the City), and amounts received by the Agency pursuant to the Agency's statutory right to intercept State School Aid payable to the City and all funds and accounts established by the General Resolution described in the Official Statement.

In May 2011, the remaining \$2,830,000 in the 2003, series D bonds were paid in full pursuant to a mandatory redemption provision in the original bond agreement.

The remaining annual maturities of revenue bonds payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 615,000	\$ 1,178,569	\$ 1,793,569
2013	650,000	1,146,281	1,796,281
2014	680,000	1,112,156	1,792,156
2015	715,000	1,076,456	1,791,456
2016	755,000	1,038,919	1,793,919
2017 - 2021	4,380,000	4,583,394	8,963,394
2022 - 2026	5,645,000	3,320,363	8,965,363
2027 - 2031	9,145,000	1,673,963	10,818,963
Total	<u>\$ 22,585,000</u>	<u>\$ 15,130,101</u>	<u>\$ 37,715,101</u>

*Joint Schools Construction Board Bonds Payable* — The Board's Joint Schools Construction Board ("JSCB") bonds payable represents bonds issued by the Erie County Industrial Development Agency (the "Issuer") to provide money to finance the renovation and/or equipping of certain public school facilities for use by the Board. The bonds are special limited obligations of the Issuer payable from amounts due from the Board under an installment sale agreement.

Remaining annual maturities are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 37,180,000	\$ 63,329,214	\$ 100,509,214
2013	50,320,000	62,504,975	112,824,975
2014	46,280,000	59,988,975	106,268,975
2015	48,765,000	57,618,538	106,383,538
2016	51,420,000	55,027,625	106,447,625
2017-2021	303,245,000	230,468,638	533,713,638
2022-2026	403,770,000	136,131,275	539,901,275
2027-2031	235,885,000	33,939,975	269,824,975
2032	6,305,000	331,013	6,636,013
Total	<u>\$1,183,170,000</u>	<u>\$ 699,340,228</u>	<u>\$ 1,882,510,228</u>

*Compensated Absences* — Compensated absences, which totaled \$21,264,375 at June 30, 2011, represent amounts relating to sick and personal leave for employees. Payment of these liabilities is dependent upon many factors (including retirement, termination, or employees leaving service), and, therefore, payment of such is not readily determinable. The Board has estimated that \$5,260,000 will be paid in the next fiscal year.

*Other Long-Term Debt* — EPC — The other long-term debt represents amounts due for equipment installed at school facilities to improve energy efficiency. Payments totaled \$800,834 during the year leaving a balance of \$2,499,095 at year-end. The remaining annual maturities are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 835,000	\$ 42,516	\$ 877,516
2013	839,380	26,567	865,947
2014	<u>824,715</u>	<u>10,423</u>	<u>835,138</u>
Total	<u>\$ 2,499,095</u>	<u>\$ 79,506</u>	<u>\$ 2,578,601</u>

*Judgments, Claims, and Contingencies* — Judgments, claims, and contingencies, which totaled \$310,829 at June 30, 2011, represent estimated amounts due for various outstanding claims. Payment of these estimated amounts are dependent upon many factors (including outstanding litigation).

*Other Postemployment Benefits* — Refer to Note 12.

**Buffalo Urban Renewal Agency** — The summary of changes in long-term liabilities for the year ended June 30, 2011, is as follows:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
Governmental activities:					
Section 108 loans	\$ 11,215,000	\$ -	\$ 1,550,000	\$ 9,665,000	\$ 1,110,000
Other postemployment benefits	4,710,599	2,416,338	-	7,126,937	-
Fannie Mae	<u>1,200,000</u>	-	<u>1,200,000</u>	-	-
Total	<u>\$ 17,125,599</u>	<u>\$ 2,416,338</u>	<u>\$ 2,750,000</u>	<u>\$ 16,791,937</u>	<u>\$ 1,110,000</u>

*Section 108 Loans* — BURA is indebted to the Federal Financing Bank under promissory notes for advances received under HUD Section 108 Loan Guarantee Program. There are two types of HUD Section 108 programs. Under the first type, promissory notes are payable in 20 annual installments of principal and interest beginning in August 1983. Under the second type, effective on October 30, 1986, interest on promissory notes is payable in 12 semiannual installments, starting with the first February and August after loan issuance. The entire principal amount of the loan is due at the same time as the 12th semiannual interest payment is due. Interest rates vary on each loan and are determined by HUD based on prevailing market rates at the time of loan issuance.

As of June 30, 2011, future maturities of the Section 108 loans are as follows:

Fiscal Year Ending June 30,	
2012	\$ 1,110,000
2013	1,265,000
2014	1,265,000
2015	2,155,000
2016	1,085,000
Thereafter	<u>2,785,000</u>
	9,665,000
Less current portion	<u>(1,110,000)</u>
Total long-term obligations	<u>\$ 8,555,000</u>

*Fannie Mae* — During the year ended June 30, 2006, BURA established a nonrevolving line of credit in the amount of \$6 million with Fannie Mae. Interest is at LIBOR rate, plus 150 basis points. The agreement, along with other stipulations, requires a cash collateral account of \$600,000 and includes a covenant requiring an annual line item with the CDBG program budget in the amount of \$1.2 million for the past four and this year. The annual budget allocations totaling \$6,000,000 are intended to be used to repay the line of credit. The funds have been designated for various revitalization projects in downtown Buffalo and other specified areas of the City. BURA borrowed a total of \$6 million from Fannie Mae, with draws of \$2,000,000 on March 31, 2006 and \$2,000,000 on March 23, 2007. This \$4 million was loaned to private developers. BURA borrowed another \$2 million from Fannie Mae during the fiscal year ended June 30, 2008. These funds are being used for construction financing for a new 24-unit housing development known as Sycamore Village. The first and second annual principal amount of \$1,200,000, plus interest was paid on June 26, 2007 and June 30, 2008, respectively. BURA made a third, fourth and fifth annual principal repayment of \$1,200,000 on March 30, 2009, 2010 and 2011. These funds have been repaid from a combination of proceeds from the sales of the homes and BURA general funds. As of June 30, 2011, eleven market rate homes were completed; and all of the homes were sold. Construction costs in the amount of \$247,561 for the remaining units are reported as Construction in Progress in the general fund.

The Fannie Mae loan has been closed as follows:

<u>June 30,</u>	<u>Amount</u>
2011	\$ 1,200,000
Paid during the year	<u>(1,200,000)</u>
Loan balance	<u>\$ -</u>

*Other Postemployment Benefits* — Refer to Note 12.

## 9. OPERATING LEASES

Operating lease obligations are primarily for rental of space and equipment. Lease expenditures/expenses for the year were approximately \$328,832. The future minimum rental payments required by the primary government for noncancelable operating leases are as follows:

Fiscal Year Ending June 30,	
2012	\$ 316,072
2013	279,847
2014	208,490
2015	<u>87,802</u>
Total	<u>\$ 892,211</u>

**Buffalo Fiscal Stability Authority** — The BFSA leases its office space from a City-related entity under the terms of an operating lease which expired as of May 31, 2011, and continues under a month to month arrangement. Rental expense amounted to \$41,035 for the year ended June 30, 2011.

**Board of Education** — Operating lease obligations are primarily for rental of space and equipment. Lease expenses for the year were approximately \$5,181,161. The future minimum rental payments required for noncancelable leases are as follows:

Fiscal Year Ending June 30,	
2012	\$ 4,229,678
2013	3,643,073
2014	2,754,877
2015	2,047,200
2016	1,928,575
2017-2021	8,131,166
2022-2025	<u>379,511</u>
Total	<u>\$ 23,114,080</u>

## 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries insurance coverage for Coca Cola Field, public employee liability, and data processing equipment. There have been no significant reduction in the levels of this commercial insurance from the prior year, nor have there been any settlements which exceeded insurance coverage for each of the past three fiscal years.

The City is self-insured for general liability risk. The City is self-insured for workers' compensation and has accrued its best estimate of both asserted and unasserted workers' compensation losses. The reserve for workers' compensation is recorded at an estimated percent value using a discount rate of 5%. For the fiscal years ended June 30, 2009, 2010, and 2011, the City incurred expenditures of, \$7,536,421, \$6,163,280 and \$4,505,275 respectively, for property damage and personal injury

claims. For the fiscal years ended June 30, 2009, 2010, and 2011, the City expensed \$6,343,330, \$6,194,389 and \$6,211,642, respectively, for workers' compensation claims, including medical payments for fire fighters and police officers. The estimated liabilities for business-type activities are recorded as liabilities of the individual enterprise funds, whereas general liabilities are only recorded in the government-wide financial statements. At June 30, 2011, the City estimated the following general liabilities:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Workers' compensation — fire and police medical	\$ 4,113,007	\$ -
Workers' compensation — other employees	<u>4,263,968</u>	<u>1,938,296</u>
	<u>\$ 8,376,975</u>	<u>\$ 1,938,296</u>

The proprietary-type funds claims and judgments applicable to self-insurance claims are recorded as expenses and liabilities in the appropriate enterprise fund.

Changes in the reported liability in the proprietary fund since June 30, 2009, are shown in the following chart:

	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Estimated claims — June 30, 2009	\$ 1,915,219	\$ -	\$ 1,915,219
Claims incurred	401,394	-	401,394
Payments 2009-2010	<u>(307,463)</u>	<u>-</u>	<u>(307,462)</u>
Estimated claims — June 30, 2010	2,009,150	-	2,009,150
Claims incurred	306,982	-	306,982
Payments 2010-2011	<u>(377,836)</u>	<u>-</u>	<u>(377,836)</u>
Estimated claims — June 30, 2011	<u>\$ 1,938,296</u>	<u>\$ -</u>	<u>\$ 1,938,296</u>

The City has estimated claims arising during the ordinary course of its operation which are probable of a future loss to total \$33,895,500 and has been included within the City's liabilities. Additionally, management has identified claims judged to be reasonably possible of a negative impact which are not included within the City's liabilities. Such claims have been estimated to total \$48,873,000.

#### **Board of Education:**

*Judgments, Claims, and Contingencies* — Various types of claims have been asserted against the Board by various claimants. Claims probable of resulting in an unfavorable outcome to the Board have been reasonably estimated and recorded as a liability. The claims are in various stages of processing and some may ultimately be brought to trial. Claims are paid and ultimately funded by the fund associated with the loss. For claims not accrued, the ultimate outcome of the suits cannot presently be determined and no provision for loss, if any, has been made in the accompanying financial statements. It is the opinion of management that there will not be any material adverse effects on the Board's financial statements as a result of these actions.

*State Aid* — The State periodically reviews its distribution of aid to school boards throughout the State. Thus, revenues recorded as of June 30, 2011, are subject to potential revision.

*Health Insurance Litigation* — On September 1, 2005, following a competitive bid process, the Board selected one insurance carrier to provide four health care plans to Board employees — three HMO plans and one traditional indemnity plan. Prior to September 1, 2005, the Board paid three insurance carriers to provide the same four plans. Some of the Board’s unions, including the Buffalo Teachers’ Federation (“BTF”), challenged the Board’s decision to go to a single carrier in arbitration. On October 21, 2006, the arbitrator in the BTF arbitration ruled that the Board must return to multiple carriers effective January 1, 2007, and reinstate all teachers laid off effective September 1, 2005, with “make whole” monetary damages, including back pay and benefits with interest at the statutory judgment rate. The arbitrator also retained jurisdiction to decide any unresolved claims for reimbursement of out-of-pocket expenses incurred by individual teachers under the signed carrier arrangement. The Board appealed the decision and the Appellate Division ruled that while the Board violated the contract in moving to a single carrier for health care, the Board is not required to reinstate all laid off teachers. The BTF moved and the Board cross-moved to appear to the Court of Appeals. The leave to appeal was denied. Subsequently, BTF commenced a contempt proceeding in the Supreme Court, which remains pending. The Court has agreed to several continuances of the return date with the expectation that negotiation of a successor collective bargaining agreement may resolve the health insurance issue. Contract negotiations are continuing.

*Construction Commitment* — As of June 30, 2011, the Board has approximately \$7,812,863 committed to various renovations.

*Grants* — The Board has received grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and request for a return of funds. Based on prior years’ experience, the Board’s administration believes disallowances, if any, will be immaterial.

**Buffalo Urban Renewal Agency** — BURA owns the land immediately east of the Waterfront School in the City. BURA fully investigated the land to the satisfaction of the New York State Department of Environmental Conservation (“NYSDEC”) at the cost of approximately \$250,000. Although the discussions were fruitful, there is not a formal agreement with the NYSDEC to accept BURA’s investigation of the sight as full settlement of any obligations it has for this site.

BURA is a defendant to litigation commenced by a contractor. This matter is in the dispositive motion stage. It involves a claim for contract breach by BURA related to a contract for services for lead testing by the plaintiff. BURA has taken the position that the quantity of work referred to ETC was in BURA’s sole discretion and so no damages under the contract have resulted.

BURA is a defendant to litigation commenced by a contractor of the City and BURA related to demolition of structures. This matter is in the early stages of litigation. It involves a claim of contract breach for claimed additional costs incurred by the contractor but not paid by BURA. BURA will take the position that the additional work was not authorized, not documented or included in the base price of the original agreement and, therefore, no damages under the contract have resulted.

BURA has been named as a defendant in a personal injury matter in which the claimant/infant alleges injury from lead paint at a residence where BURA provided lead paint remediation funds to the owner. The outcome cannot be determined at this early stage of litigation.

## 11. LABOR RELATIONS

Approximately 2,499 of the City's employees are covered by a total of eight collective bargaining agreements. The building inspectors negotiated a contract through June 30, 2012. The white-collar, blue collar and crossing guards unions have negotiated contracts through June 30, 2011. The agreements for the firefighters and pipe caulkers expired on June 30, 2004. The operating engineers' agreement expired on June 30, 2002. The police agreement expired on June 30, 2007. All unsettled union contracts are currently being negotiated.

## 12. OTHER POSTEMPLOYMENT BENEFITS

In adopting the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the City has opted to implement this statement prospectively. GASB Statement No. 45 states that postemployment benefits are part of an exchange of salaries and benefits for employee services rendered, and from an accrual perspective, the cost of OPEB should be recognized when the related services are received by the employer. In conjunction with the implementation of GASB Statement No. 45, the City recognizes the cost of postemployment health care in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the health insurance liability accumulated prior to July 1, 2007 will be amortized over 30 years, commencing with the 2008 liability, while the entire liability for firefighters' disability has been recognized.

Plan Description — The City provides continuation of medical insurance coverage to employees that retire under the New York State Retirement Systems at the same time such service is ended, if such employees have been continuously employed by the City for the equivalent of at least 10 years at the date of retirement. Based on collective bargaining agreements, the retiree and/or his beneficiaries receive health care coverage for the life of the retiree. The retiree's share of premium costs depends on the employee group and length of service. Health care benefits for nonunion employees are similar to those of union employees pursuant to City Charter. Additionally, under requirements of state and local law, the City compensates firefighters that retire due to disability before the mandatory retirement age of 70. This compensation is equal to the differential between the retiree's pension and the salary that he/she would receive if still in active service. There is no separate audited GAAP-basis postemployment benefit plan report available. There are currently 172 firefighters that receive such compensation.

The number of participants as of July 1, 2010, the effective date of the biannual OPEB valuation, is as follows. There have been no significant changes in the number of employees covered.

Active employees	2,780
Retired employees	2,778
Spouses of retirees	<u>1,819</u>
Total	<u>7,377</u>

**Funding Policy** — Postemployment benefits are financed on a pay-as-you-go basis.

**Annual OPEB Benefit Cost** — For the year ended June 30, 2011, the City’s annual OPEB cost (expense) is \$108,211,730 while the Annual Required Contribution (ARC) is \$108,011,500. Considering the annual expense, as well as payment for current health insurance premiums which totaled approximately \$42,640,000 for retirees and their beneficiaries, the result was an increase in the net OPEB obligation of approximately \$65,572,000 for the year ended June 30, 2011.

	Governmental Activities Medical	Governmental Activities Disability	Business-Type Activities	Primary Government
	(000s omitted)			
<b>Annual OPEB Cost and Net OPEB Obligation</b>				
Actuarial accrued liability (AAL)	\$ 1,461,668	\$ 87,105	\$ 88,386	\$ 1,637,159
Unfunded actuarial accrued liability (UAAL)	\$ 1,461,668	\$ 87,105	\$ 88,386	\$ 1,637,159
Normal cost — beginning of the year	\$ 40,139	\$ 383	\$ 2,812	\$ 43,334
Amortization factor based on 30 years	26.2	26.2	26.2	26.2
Annual covered payroll	\$ 169,335	\$ 2,611	\$ 13,174	\$ 185,120
UAAL as a percentage of covered payroll	863.2%	3336.1%	670.9%	884.4%
<b>Level Dollar Amortization</b>				
<b>Calculation of ARC Under Projected Unit Credit Method</b>				
ARC normal cost with interest — end of year	\$ 40,139	\$ 383	\$ 2,812	\$ 43,334
UAAL over 30 years with interest — end of year	55,854	3,329	3,377	62,560
Interest	1,920	74	124	2,118
Annual required contribution (ARC)	97,913	3,786	6,313	108,012
Interest on net OPEB obligation	3,700	3,600	300	7,600
Adjustment to ARC	(3,600)	(3,500)	(300)	(7,400)
Annual OPEB cost (expense)	98,013	3,886	6,313	108,212
Contribution for the year ended June 30, 2011	(34,637)	(6,114)	(1,889)	(42,640)
Increase in net OPEB obligation	63,376	(2,228)	4,424	65,572
Net OPEB obligation — June 30, 2010	92,147	90,895	7,886	190,928
Net OPEB obligation — June 30, 2011	<u>\$ 155,523</u>	<u>\$ 88,667</u>	<u>\$ 12,310</u>	<u>\$ 256,500</u>
Percent of annual OPEB cost contributed	35.3%	157.3%	29.9%	39.4%

**Funded Status and Funding Progress** — As of July 1, 2010, the most recent actuarial valuation date, the OPEB plan was unfunded, resulting in an unfunded accrued liability of \$1,637,158,900.

The City's schedule of funding progress for the most recent three actuarial valuations is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	Ratio of UAAL to Budget Covered Payroll
(000s omitted)						
As of July 1, 2006	\$ -	\$ 945,599	\$ 945,599	-	\$ 171,120	5.53
As of July 1, 2008	-	1,227,967	1,227,967	-	179,288	6.85
As of July 1, 2010	-	1,637,159	1,637,159	-	185,120	8.84

The schedule of the City's contributions for the three most recent fiscal years is shown below:

Year Ended June 30,	Annual Required Contribution	Contributions Made	Percentage Contributed
(000s omitted)			
2009	\$ 167,650	\$ 40,956	24.4%
2010	79,868	43,971	55.1%
2011	108,012	42,640	39.5%

**Actuarial Methods and Assumptions** — Projections of benefits for financial reporting purposes are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) and on the historical pattern of cost sharing between the employer and plan members at that point. The actuarial methods and assumption used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations. Included coverage plans are "experience-rated" and annual premiums for experience-rated coverage plans were used as a proxy for claims costs with age adjustment for pre-65 and post-65 participants. The unfunded actuarial accrued liability is being amortized on a closed amortization basis over 30 years on a level percentage of pay. Retiree contributions were assumed to increase in the future in accordance with the assumed increases in pre-65 medical costs.

In the July 1, 2010, actuarial valuation, the liability was computed using the projected unit credit method. The actuarial assumptions utilized a 4% investment rate of return for both governmental and business-type activities. The rate is based on the projected long-term earning rate of the assets expected to be available-to-pay benefits. The payroll growth for total payroll is assumed to be 3%, for fire base salary, 2.25%. The valuation assumes health care cost trends as follows: both pre-65 and post-65 medical and prescriptions, 8.0%; all reduced by decrements to reach a rate of 4.7% in 2082.

**Medical Reimbursements** — The City's Medicare Part D prescription drug subsidy, which reduces the cost of retiree health care premiums, is accrued as revenue only in the current year. Projected subsidies for future years cannot be recognized as a reduction to the actuarial accrued liabilities.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**Buffalo Fiscal Stability Authority:**

**Postemployment Healthcare Benefits** — The BFSA Maintains a single-employer defined benefit healthcare plan ( the “Plan”) providing for lifetime cost sharing of medical, dental, and vision premiums to eligible retirees and spouses.

The Plan does not issue a publicly available financial report. Eligibility is based on covered employees who retire from the BFSA over age 55 and with ten or more years of service. The required contribution is based on projected pay-as-you-go financing requirements, with no current funding of actuarially determined liabilities. For the year ended June 30, 2011 there were no retirees of the BFSA receiving benefits.

The BFSA’s annual other postemployment benefit (“OPEB”) expense is calculated based on the annual required contribution of the BFSA (“ARC”). The BFSA has elected to calculate the ARC and related information using the projected unit credit cost method permitted by GASB. The ARC represents a level funding that, if paid on an ongoing basis, is protected to cover the normal cost each year and to amortize the unfunded actuarial liability over 30 years.

The following table summarizes the BFSA’s annual OPEB for the year ended June 30, 2011.

	(000s omitted)
ARC normal cost with interest — end of year	\$ 28
UAAL over 30 years with interest — end of year	3
Interest	<u>14</u>
Annual required contribution (ARC)	45
ARC adjustment	(11)
Contribution for the year ended June 30, 2010	<u>-</u>
Increase in net OPEB obligation	34
Net OPEB obligation —June 30, 2010	<u>280</u>
Net OPEB obligation —June 30, 2011	<u><u>\$ 314</u></u>

The BFSA’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB for the past three years are as follows:

Year Ended June 30,	Annual Required Contribution	Contributions Made	Percentage Contributed
	(000s omitted)		
2011	\$ 35	\$ -	0.0%
2010	98	-	0.0%
2009	93	-	0.0%

As of June 30, 2011, the most recent actuarial valuation date, the actuarial accrued liability for future benefits was \$83,458, all of which is unfunded. The annual payroll of employees eligible to be covered by the Plan was \$228,327, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 37%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and ARC of the BFSA are subject to continual revision as actual results compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the Plan as understood by the BFSA and Plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the BFSA and Plan members. The methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations. The following assumptions were made:

*Retirement age for active employees* – assumed employees will not retire before age 55 and ten years of service.

*Marital status* – Assumed 67% of future retirees will be married, with male spouses assumed to be three years older than female spouses.

*Mortality* – RP2000, mortality table for males and females projected 10 years.

*Turnover* – Standard turnover assumptions – GASB 45 Paragraph 35b.

*Payroll growth* – A 4% growth rate was used.

*Healthcare cost trend rate* – The expected rate of increase in healthcare premiums was based on projections developed by the actuary's healthcare specialists. An initial inflation rate of 8%, reduced to an ultimate rate of 4.7% after ten years was used. Vision and dental plans were based on a 3.5% rate reduced to 3% after year 2, and the dental plan was based on a rate of 3%.

*Health insurance premiums* – 2011 health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the BFSA's general assets, a discount rate of 5.0% was used. The level percentage of projected payroll of active plan member's method is used to amortize the unfunded actuarial liability. The amortization period is 30 years.

#### **Board of Education:**

**Plan Description** —The Board administers the Board of Education, City of Buffalo, New York's Retiree Medical and Prescriptions Drug (the "Board's Plan") as a single-employer defined benefit other postemployment benefits plan ("OPEB"). The Board's Plan provides for the continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the Board subject to applicable collective bargaining and employment agreements. The Board's Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose for paying benefits under the Board's Plan.

**Funding Policy** — The obligations of the plan members, employers, and other entities are established by action of the Board pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members, varies depending on the applicable agreement. The Board currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Board’s Plan are paid by the Board.

**Accounting Policy** — The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, and paid by a willing buyer or a willing seller.

**Annual OPEB Costs and Net OPEB Obligation** — The Board’s OPEB cost (expense) is calculated based on the annual required contribution of the employer. The Board has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45 for employers in plans with more than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The components of the Board’s annual OPEB cost for the year, the amount actually contributed to the Board’s Plan, and the Board’s net OPEB obligation to the Board’s Plan at June 30, 2011, are as follows:

<b>Annual OPEB Cost</b>	(000's omitted)
Normal cost	\$ 61,678
Amortization of UAL	97,234
Interest	-
Annual required contribution (ARC)	158,912
Interest on net OPEB obligation	11,247
Adjustment to ARC	<u>(16,261)</u>
Annual OPEB cost (expense)	153,898
Contribution for the year ended June 30, 2011	<u>(58,256)</u>
Increase in net OPEB obligation	95,642
Net OPEB obligation — June 30, 2010	<u>281,185</u>
Net OPEB obligation — June 30, 2011	<u>\$ 376,827</u>
Percent of annual OPEB cost contributed	37.9%

**Funded Status and Funding Progress** — As of June 30, 2011, the accrued liability for benefits was \$1,681,374,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was not available, and the ratio of the unfunded actuarial accrued liability to the covered payroll was not available. The total post employment health insurance cost to the Board was \$58,256,000 for the year ended June 30, 2011.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented on the following page, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

	Actuarial Valuation Date (000's omitted)		
	<u>June 30, 2011</u>	<u>June 30, 2009</u>	<u>June 30, 2007</u>
<b>Schedule of Funding Progress</b>			
Actuarial accrued liability	\$ 1,681,374	\$ 1,206,245	\$ 1,081,714
Actuarial value of assets	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability	<u>\$ 1,681,374</u>	<u>\$ 1,206,245</u>	<u>\$ 1,081,714</u>
Funded ratio	0%	0%	0%

The Board's contributions for the three most recent fiscal years are shown below:

<u>Year Ended June 30,</u>	<u>Contributions Made</u>
2011	\$ 58,256
2010	51,422
2009	48,257

**Methods and Assumptions** — Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided and the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members up to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions were made:

The June 30, 2011 actuarial valuation utilized the projected unit cost method. The actuarial assumptions include a 4% investment rate of return (net of administrative expenses), which is the expected short-term investment rate of the Board's own assets since currently the plan has no assets at the valuation date in order to establish a plan investment rate. The assumed rate for all pre-65 healthcare benefits is initially at 10.0% and decreases to a 5% long-term trend rate after ten years. For all post-65 healthcare benefits this rate initially is at 8.5% and decreases to a 5% long-term trend rate after seven years. Both rates include a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The amortization period at June 30, 2011 was 28 years.

**Buffalo Urban Renewal Agency:**

**Plan Description** — BURA provides continuation of medical insurance coverage to employees that retire under the New York Retirement Systems at the same time they end their service to BURA. Based on the collective bargaining agreement, the retiree and his or her beneficiaries receive this coverage for the life of the retiree. Healthcare benefits for nonunion employees are similar to those of union employees. The retiree's share of premium cost range from 0% to 25%, depending on the employee length of service.

The number of participants as of June 30, 2011, was as follows:

Active employees	60
Retired employees	36
Spouses of retired employees	<u>16</u>
	<u>112</u>

**Funding Policy** — BURA currently pays for postemployment health insurance care benefits on a pay-as-you-go basis. Although BURA is studying the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue.

**Annual Other Postemployment Benefit Cost** — For the fiscal year ended June 30, 2011, BURA’s annual OPEB cost of \$2,735,088 was equal to the Annual Required Contribution. The payment of current health insurance premiums, which totaled \$376,850 for retirees and their beneficiaries, resulted in a net OPEB cost of \$7,126,937 for the year ended June 30, 2011.

**Annual OPEB Cost and Net OPEB Obligation** — BURA’s annual OPEB cost is calculated based on the ARC of the employer. BURA has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed 30 years. The components of BURA’s annual OPEB cost for the year, the amount actually contributed to the plan and changes in BURA’s net OPEB obligation to the Retiree Health Plan at June 30, 2011, are as follows:

	(000's omitted)
Annual required contribution —including interest	\$ 2,799
Contributions made	<u>(383)</u>
Increase in net OPEB obligation	2,416
Net OPEB obligation — beginning of year	<u>4,711</u>
Net OPEB obligation — end of year	<u>\$ 7,127</u>

BURA is required to report the annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year June 30, 2011 and the two preceding fiscal years.

Year ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$2,028,394	17.48%	\$ 2,997,941
2010	2,028,394	18.89%	4,710,599
2011	2,735,088	14.00%	7,126,937

**Funded Status and Funding Progress** — As of June 30, 2011, the actuarial accrued liability for benefits was \$28,717,970, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,820,508, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 1018.18%.

The projection of future benefit payments for an ongoing plan involves estimated of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as

required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

**Methods and Assumptions** — Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

**Retirement Age for Active Employees** — Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.

**Marital Status** — Marital status of members at the calculation date were assumed to continue throughout retirement

**Mortality** — Life expectancies were based on the RP 2000 Mortality Life Tables for males and for females

**Turnover** — Nongroup-specific-age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employees until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

**Health Care Cost Trend Rate** — The expected rate of increase in healthcare insurance premiums was based on projections of the Health and Human Services Office of the Actuary. A rate of 9 percent initially, reduced to an ultimate rate of 4.7 percent after six years, was used.

**Health Insurance Premiums** — The June 30, 2011, health insurance premiums for retirees were used as the basis for the calculation of the present value of total benefits to be paid.

**Inflation Rate** — The expected long-term inflation assumption of 3 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in the Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability insurance Trust Funds for an intermediate growth scenario.

**Payroll Growth Rate** — The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of BURA's short-term investment portfolio, a discount rate of 4.9% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 28 years.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2009	\$ -	\$ 25,032,240	\$ 25,032,240	0.0%	\$ 2,421,778	1033.63%
June 30, 2010	-	25,032,240	25,032,240	0.0%	2,285,350	1095.34%
June 30, 2011	-	28,717,970	28,717,970	0.0%	2,820,508	1018.18%

### 13. EMPLOYEE RETIREMENT BENEFITS

**Plan Description** — The City participates in the Employee Retirement System (“ERS”), the State and Local Police and Fire Retirement System (“PFRS”), and the Public Employees’ Group Life Insurance Plan (the “Systems”). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (“NYSRSSL”). As set forth in the NYSRSSL, the Comptroller of the State of New York (“Comptroller”) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

**Funding Policy** — The Systems are noncontributory except for employees who joined the ERS after July 27, 1976, who contribute 3% of their salary. The State Legislature passed legislation in 2000 that suspends the 3% contribution for employees who have 10 years or more of credited service. Additionally, members who meet certain eligibility requirements will receive one month additional service credit for each completed year of service up to a maximum of two additional years of service credit. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employees to the pension accumulation fund.

The City is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were as follows:

	ERS	PFRS
2011	\$ 6,862,458	\$ 21,030,167
2010	4,473,359	19,155,816
2009	4,252,841	17,635,667

The City’s contributions made to the Systems were equal to 100% of the contributions required for each year.

The BFSAs made 100% of its required contributions for the year ended June 30, 2011, which amounted to \$37,579, and is not included in the table above.

**Board of Education:**

The Board participates in the ERS and the Teachers' Retirement System ("TRS").

The Board's required contributions to ERS for the current and preceding two years are as follows:

2011	\$ 4,483,867
2010	2,391,143
2009	3,676,006

The Board's contributions made to the ERS were equal to 100% of the contributions required for each year.

**Teachers' Retirement System:**

**Plan Description** — The Board makes contributions to the TRS, a cost-sharing, multiple employer-defined benefit pension plan administered by the State Teachers' Retirement Board. The TRS provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State. The TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

**Funding Policy** — Plan members who joined the System before July 27, 1976, are not required to make contributions. Those joining after July 27, 1976 are required to contribute 3.0% to 3.5% of their annual salary. With the exception of TRS tier V employees, employees in the system more than ten years are no longer required to contribute. Employers are required to contribute at an actuarially determined rate.

The required contributions for the current year and two preceding years were as follows:

2011	\$ 17,683,274
2010	21,196,134
2009	21,303,123

The Board's contribution made to the TRS was equal to 100% of the contributions required for each year.

**Buffalo Urban Renewal Agency:**

BURA also participates in the ERS. The payroll for all employees covered by the System for the year ended June 30, 2011, was \$2,820,508. All full-time BURA employees at June 30, 2011, were covered by the pension plan.

BURA's required contributions for the current and preceding two years are as follows:

	<u>ERS</u>
2011	\$ 250,946
2010	250,946
2009	168,263

## 14. FUND BALANCE

During the year ended June 30, 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, (“GASB 54”). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance to be properly reported within one of the fund balance categories listed below.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the City at June 30, 2011 includes:

*Real Estate Held for Sale* – This amount represents \$7,518,512 of real estate acquired for resale.

*Long-term Receivable* – Represents a long-term receivable of \$14,792,453 from the Solid Waste and Refuse Fund for operating losses incurred in the fund since its inception.

*Prepaid Items* – Represents amounts, \$30,301, prepaid to vendors and employees that are applicable to future accounting periods.

*Permanent Fund – Corpus* – Represents the amount of principal, \$30,000, that is nonspendable due to specific purposes stipulated in the respective bequest and trust agreements.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.

Restrictions of the City at June 30, 2011 include:

Restricted for:	
Capital projects	\$ 55,679,464
Federal and State Programs	2,169,421
Debt service	30,717,181
Permanent fund - interest	108,762
Capital outlay	3,656,412
State mandated initiatives	17,993,004
Emergency medical services	<u>1,178,568</u>
Total	<u>\$ 111,502,812</u>

*Capital Projects* – Represents funds that have been reserved to fund future capital projects and the purchase of capital assets. This amount includes commitments for the expenditures of monies within the capital projects fund.

Within the fund balance restricted for capital projects, certain funds (\$27,839,996) have been restricted to fund future contractually obligated capital projects and the purchase of certain capital assets (encumbrances). The City considers encumbrances to be significant for amounts that are encumbered in excess of \$500,000.

As of June 30, 2011, the capital projects fund reported the following significant encumbrances:

Description	Amount
Reconstruction of streets	\$ 4,643,419
Purchase of fire fighting apparatus	3,689,287
Construction recreational basin	2,845,807
Emergency radio system upgrade	<u>2,467,082</u>
Total	<u>\$ 13,645,595</u>

*Federal and State Programs* – This category includes federal and state monies that have been restricted as they can only be used for specific purposes as authorized by grantor agencies. This amount includes \$2,169,421 which is restricted by commitments for the expenditure of money within the special revenue fund.

*Debt Service* – Represents funds to be used toward the future repayment of bonded debt.

*Permanent Fund – Interest* - Represents the amount of interest earnings on the nonspendable principal, that is reserved to be used for specific purposes stipulated in the respective bequest and trust agreements.

*Capital Outlay* – This category represents amounts set aside for future departmental capital expenditures.

*State Mandated Initiatives* – Represents money provided by the State through aid and incentives for municipality that is held by the BFSAs on behalf of the City. At June 30, 2011, \$17,993,004 of fund balance was restricted for state aid that did not meet the BFSAs special revenue fund revenue recognition criteria.

*Emergency Medical Services* – Represents funds that have been restricted as they can only be used for specific purposes as outlined within emergency ambulance service agreement.

Commitments are amounts that are subject to a purpose constraint imposed by a formal action of the City’s highest level of decision-making authority. As of June 30, 2011, the City reported the following commitment:

*Economic Stabilization* – Represents a minimum of 30 days of the prior fiscal year’s total general fund operating expenditures. If during a fiscal year, the City has extraordinary operating or capital needs that could not be anticipated and cannot be funded with current budget resources, the City may use its Rainy Day Fund. At June 30, 2011, the City reported \$35,496,809 within its Rainy Day Fund.

The Common Council authorizes the Comptroller to make a determination of the assigned amounts of fund balance. Assigned funds represent amounts intended to be used for a specific purpose. For example the amount appropriated to reduce the tax levy as determined through the budget process and finalized when the tax rates are established would be considered assigned fund balance. In the fund financial statements, assignments by the City at June 30, 2011 include:

*Encumbrances* – Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of monies are recorded, is employed as part of the City's budgetary control mechanism for all funds. Unencumbered appropriations lapse at fiscal year end. The City considers encumbrances of \$4,935,329 within the general fund as assignments of fund balance.

The City considers encumbrances to be significant for amounts that are encumbered in excess of \$500,000. As of June 30, 2011, the general fund reported no significant encumbrances

*Motor Vehicle Self-Insurance* – Represents fund balance (\$397,207) set aside for motor vehicle self-insurance.

*Subsequent Year's Expenditures* – Represents available fund balance (\$12,329,174) being appropriated to meet expenditure requirements in the 2011-2012 fiscal year.

*Judgments and Claims* – Represents amounts (\$33,895,500) assigned to cover the settlement of various claims and litigation.

*BFSA Special Revenue* – Represents fund balance (\$1,726,380) within the BFSA special revenue fund that is assigned for a specific purpose.

If the City must use funds for emergency expenditures the Common Council shall authorize the Comptroller to expend funds first from funds classified under GASB 54 as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB 54 will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available the City will use unassigned fund balance.

## **15. NET ASSETS DEFICIT**

The solid waste and recycling enterprise fund has a total net deficit of \$20,262,843 at June 30, 2011. Although the City anticipates the deficit to be remedied by future rate increase or through general fund subsidies, no formal plan exists.

The Board has a total net deficit of \$124,973,911 at June 30, 2011 which is caused primarily by its recognition of long-term liabilities including other postemployment benefits.

**16. SUBSEQUENT EVENT**

In July 2011, the City issued \$27,165,000 of general obligation bonds, consisting of \$22,265,000 City general improvement serial bonds and \$4,900,000 of Board of Education serial bonds. Principal payments begin on April 1, 2012 and mature in 2025. These bonds bear an interest rate ranging between 2.0% and 4.0%.

In August 2011, the City issued \$27,250,000 of refunding bonds, consisting of \$3,480,000 of City general improvement refunding bonds, \$15,355,000 of Board of Education refunding bonds, and \$8,430,000 of Parking refunding bonds. Principal payments begin on December November 15, 2011 and mature in 2021. These bonds bear an interest rate ranging between 2.0% and 5.0%.

In July 2011, the New York State Environmental Facilities Corporation issued \$2,720,000 of refunding bonds for the Buffalo Municipal Water Finance Authority. Principal payments begin on April 15, 2012 and mature in 2022. These bonds bear an interest rate ranging between 0.6% and 3.6%.

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# **SUPPLEMENTAL SCHEDULES**

**CITY OF BUFFALO, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances—Budget and Actual (Non-GAAP Budgetary Basis)—Debt Service Fund**  
**Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Budgetary Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental charges	\$16,916,597	\$16,916,597	\$ 16,721,723	\$ (194,874)
License, permit, rentals, fines, and other service charges	183,525	183,525	263,011	79,486
Investment interest	554,781	554,781	425,260	(129,521)
Miscellaneous	258,825	258,825	1,157	(257,668)
Total revenues	<u>17,913,728</u>	<u>17,913,728</u>	<u>17,411,151</u>	<u>(502,577)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	35,926,666	35,926,666	23,966,000	11,960,666
Interest and fiscal charges	<u>15,678,188</u>	<u>15,678,188</u>	<u>11,294,785</u>	<u>4,383,403</u>
Total expenditures	<u>51,604,854</u>	<u>51,604,854</u>	<u>35,260,785</u>	<u>16,344,069</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,691,126)</u>	<u>(33,691,126)</u>	<u>(17,849,634)</u>	<u>15,841,492</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	31,947,217	31,947,217	32,208,909	261,692
Transfers out	-	-	(16,567,973)	(16,567,973)
Proceeds of debt issuance	-	-	34,650,000	34,650,000
Premium on bonds	-	-	1,788,678	1,788,678
Payment to escrow agent	-	-	<u>(36,086,343)</u>	<u>(36,421,968)</u>
Total other financing sources (uses)	<u>31,947,217</u>	<u>31,947,217</u>	<u>15,993,271</u>	<u>(15,953,946)</u>
Net change in fund balances	(1,743,909)	(1,743,909)	(1,856,363)	(112,454)
Fund balances—beginning	<u>5,985,636</u>	<u>5,985,636</u>	<u>5,985,636</u>	<u>-</u>
Fund balances—ending	<u>\$ 4,241,727</u>	<u>\$ 4,241,727</u>	<u>\$ 4,129,273</u>	<u>\$ (112,454)</u>

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUND

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Federal and State Grant Fund—This fund is used to account for all the special Federal and State grants that are restricted for noncapital purposes by the grant award.

## BFSA DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Buffalo Fiscal Stability Authority Debt Service Fund—This fund is used to account for debt issued by the BFSA.

## PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Forsyth Park Permanent Fund—This fund is used to purchase objects to enhance the beauty of the Park System in the City of Buffalo.

**CITY OF BUFFALO, NEW YORK**  
**Combining Balance Sheet—**  
**Other Governmental Funds**  
**June 30, 2011**

	<b>Special Revenue Fund</b>	<b>BFSA Debt Service Fund</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,616,048	\$ 5,001	\$ 74,936	\$ 2,695,985
Investments	-	18,438,067	61,472	18,499,539
Receivables				
Other receivables	15,807	-	2,354	18,161
Due from other funds	13,959	-	-	13,959
Due from other governments	2,397,161	-	-	2,397,161
Total assets	<u>\$ 5,042,975</u>	<u>\$ 18,443,068</u>	<u>\$ 138,762</u>	<u>\$ 23,624,805</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 627,088	\$ -	\$ -	\$ 627,088
Due to other funds	2,219,242	210,264	-	2,429,506
Due to component units	18,750	-	-	18,750
Accrued liabilities	-	1,742,876	-	1,742,876
Retainages payable	8,474	-	-	8,474
Total liabilities	<u>2,873,554</u>	<u>1,953,140</u>	<u>-</u>	<u>4,826,694</u>
Fund balances:				
Nonspendable	-	-	30,000	30,000
Restricted	2,169,421	16,489,928	108,762	18,768,111
Total fund balances	<u>2,169,421</u>	<u>16,489,928</u>	<u>138,762</u>	<u>18,798,111</u>
Total liabilities and fund balances	<u>\$ 5,042,975</u>	<u>\$ 18,443,068</u>	<u>\$ 138,762</u>	<u>\$ 23,624,805</u>

**CITY OF BUFFALO, NEW YORK**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances—**  
**Other Governmental Funds**  
**Year Ended June 30, 2011**

	<u>Special Revenue Fund</u>	<u>BFSA Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>				
Intergovernmental	\$ 8,257,495	\$ -	\$ -	\$ 8,257,495
Investment interest	5,111	848,825	936	854,872
Miscellaneous	5,005	-	-	5,005
Total revenues	<u>8,267,611</u>	<u>848,825</u>	<u>936</u>	<u>9,117,372</u>
<b>EXPENDITURES</b>				
Current:				
General government support	1,138,655	-	-	1,138,655
Public safety	4,612,631	-	-	4,612,631
Streets and sanitation	113,049	-	-	113,049
Economic assistance and opportunity	2,679,061	-	-	2,679,061
Health and community services	49,185	-	-	49,185
Debt service:				
Principal	-	14,360,000	-	14,360,000
Interest and fiscal charges	-	5,283,500	-	5,283,500
Total expenditures	<u>8,592,581</u>	<u>19,643,500</u>	<u>-</u>	<u>28,236,081</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(324,970)</u>	<u>(18,794,675)</u>	<u>936</u>	<u>(19,118,709)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>10,500</u>	<u>19,943,510</u>	<u>-</u>	<u>19,954,010</u>
Total other financing sources	<u>10,500</u>	<u>19,943,510</u>	<u>-</u>	<u>19,954,010</u>
Net change in fund balances	(314,470)	1,148,835	936	835,301
Fund balances—beginning	<u>2,483,891</u>	<u>15,341,093</u>	<u>137,826</u>	<u>17,962,810</u>
Fund balances—ending	<u>\$ 2,169,421</u>	<u>\$ 16,489,928</u>	<u>\$ 138,762</u>	<u>\$ 18,798,111</u>

## AGENCY FUND

The Agency Fund is used to account for money and property received and held in the capacity of custodian or agent. The Agency Fund is custodial in nature and does not involve measurement of results of operations. Agency funds, such as payroll withholdings, are reported as liabilities.

**CITY OF BUFFALO, NEW YORK**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Fund**  
**June 30, 2011**

	<u>Agency Fund</u>						
	<u>Surety Bonds and Deposits</u>	<u>Prisoner Property</u>	<u>Payroll Revolving</u>	<u>Fire Insurance Revolving</u>	<u>Medical Revolving</u>	<u>Miscellaneous Revolving</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 22,751	\$1,148,096	\$ 25,117	\$ 191,145	\$ 3,764	\$ 18,482	\$1,409,355
Total assets	<u>\$ 22,751</u>	<u>\$1,148,096</u>	<u>\$ 25,117</u>	<u>\$ 191,145</u>	<u>\$ 3,764</u>	<u>\$ 18,482</u>	<u>\$1,409,355</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258	\$ 258
Due to other governments	-	-	25,117	-	-	-	25,117
Amount held in custody for others	<u>22,751</u>	<u>1,148,096</u>	<u>-</u>	<u>191,145</u>	<u>3,764</u>	<u>18,224</u>	<u>1,383,980</u>
Total liabilities	<u>\$ 22,751</u>	<u>\$1,148,096</u>	<u>\$ 25,117</u>	<u>\$ 191,145</u>	<u>\$ 3,764</u>	<u>\$ 18,482</u>	<u>\$1,409,355</u>

**CITY OF BUFFALO, NEW YORK**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2011**

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	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,437,166	\$ 9,305,159	\$ (9,332,970)	\$ 1,409,355
Total assets	<u>\$ 1,437,166</u>	<u>\$ 9,305,159</u>	<u>\$ (9,332,970)</u>	<u>\$ 1,409,355</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 14,877,234	\$(14,876,976)	\$ 258
Due to other governments	23,031	34,582	(32,496)	25,117
Amount held in custody for others:				
Surety bonds and deposits	22,751	-	-	22,751
Prisoner property	1,123,164	233,691	(208,759)	1,148,096
Fire insurance proceeds	201,494	175,000	(185,349)	191,145
Medical reimbursements	54,211	477,697	(528,144)	3,764
Miscellaneous - other	<u>12,515</u>	<u>10,502</u>	<u>(4,793)</u>	<u>18,224</u>
Total amount held in custody for others	<u>1,414,135</u>	<u>896,890</u>	<u>(927,045)</u>	<u>1,383,980</u>
Total liabilities	<u>\$ 1,437,166</u>	<u>\$ 15,808,706</u>	<u>\$(15,836,517)</u>	<u>\$ 1,409,355</u>

# STATISTICAL SECTION

This part of the City of Buffalo’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

<b>Contents</b>	<b>Page</b>
Capital Projects.....	91
<i>This schedule contains information to help the reader understand the City’s use of resources for individual capital projects for the year ended June 30, 2011.</i>	
Financial Trends .....	105
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
Revenue Capacity .....	114
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
Debt Capacity .....	118
<i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information .....	124
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	
Operating Information .....	126
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**CITY OF BUFFALO, NEW YORK**  
**Table I—Capital Projects Fund**  
**Schedule of Additions, Expenditures, and Unreserved Fund Balance**  
**Year Ended June 30, 2011**

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
DEPARTMENT OF ADMINISTRATION & FINANCE — Division of Budget — Planning for Capital Projects								
	\$ 1,064,067	\$ (245,385)	\$ 818,682	\$ (30,190)	\$ 848,872	\$ 60,595	\$ -	\$ 788,277
DEPARTMENT OF PUBLIC WORKS:								
Division of Engineering:								
Multi-Modal Program	368,646	-	368,646	-	368,646	100,000	-	268,646
New York State Chips 1998-99	3,292,267	(160,000)	3,132,267	1,247,492	1,884,775	879,523	-	1,005,252
Storm Damage FEMA Reimbursement 12/01	<u>532</u>	<u>-</u>	<u>532</u>	<u>532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Division of Engineering	<u>3,661,445</u>	<u>(160,000)</u>	<u>3,501,445</u>	<u>1,248,024</u>	<u>2,253,421</u>	<u>979,523</u>	<u>-</u>	<u>1,273,898</u>
Division of Buildings:								
Bailey Abbott Fire Station	208,000	-	208,000	-	208,000	-	-	208,000
Bailey Kensington Fire Station	250,000	-	250,000	62,955	187,045	-	-	187,045
Monument for Memorial Aud	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total Division of Buildings	<u>508,000</u>	<u>-</u>	<u>508,000</u>	<u>62,955</u>	<u>445,045</u>	<u>-</u>	<u>-</u>	<u>445,045</u>
DEPARTMENT OF PARKS:								
Capital Project Tree Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,400</u>	<u>(73,400)</u>	<u>203,995</u>	<u>-</u>	<u>(277,395)</u>
DEPARTMENT OF PUBLIC WORKS:								
Division of Engineering:								
Local Match-Recon Bridges & Streets	<u>286,604</u>	<u>301,544</u>	<u>588,148</u>	<u>-</u>	<u>588,148</u>	<u>-</u>	<u>-</u>	<u>588,148</u>
Division of Buildings - Restoration of Monuments								
	<u>19,163</u>	<u>-</u>	<u>19,163</u>	<u>19,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
DEPARTMENT OF PUBLIC WORKS:								
Division of Engineering:								
Squaw Island Remediation, 98-99	4,654	-	4,654	4,654	-	-	-	-
Local Match Reserve-Bridges, 98-99	155,019	-	155,019	-	155,019	-	-	155,019
Local Match Reserve-Roads, 98-99	1,448,516	63,795	1,512,311	7	1,512,304	-	-	1,512,304
Total Division of Engineering	1,608,189	63,795	1,671,984	4,661	1,667,323	-	-	1,667,323
Division of Buildings:								
Improvements to Various Libraries	-	7,756	7,756	-	7,756	-	-	7,756
Cazenovia Ice Rink	29,609	-	29,609	22,009	7,600	-	-	7,600
Kleinhans Music Hall Restoration 98-99	3,522	-	3,522	3,522	-	-	-	-
Cazenovia Park Casino, 98-99	19,219	-	19,219	12,335	6,884	-	-	6,884
Total Division of Buildings	52,350	7,756	60,106	37,866	22,240	-	-	22,240
DEPARTMENT OF COMMUNITY DEVELOPMENT — Division of Development:								
Neighborhood Development, Demolitions	400	-	400	400	-	-	-	-
Improvements Seneca Babcock, 91-92	94,151	-	94,151	21,504	72,647	72,647	-	-
Total Division of Development	94,551	-	94,551	21,904	72,647	72,647	-	-
DEPARTMENT OF PUBLIC WORKS:								
Division of Engineering:								
Lovejoy Bldg (Seneca/Babcock CC) 98-99	32,715	-	32,715	-	32,715	-	-	32,715
Division of Buildings:								
Restoration-Council Chamber 99-00	(40,711)	-	(40,711)	(40,711)	-	-	-	-
DEPARTMENT OF COMMUNITY DEVELOPMENT — Division of Development:								
Neighborhood Redevelopment 98-99	7,769	-	7,769	7,769	-	-	-	-
Imp Info System/Mapping 99-00	7,374	-	7,374	7,374	-	-	-	-
Total Division of Development	15,143	-	15,143	15,143	-	-	-	-

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
DEPARTMENT OF PUBLIC WORKS:								
Division of Engineering:								
Local Match Reserve 99-00	24,367	-	24,367	-	24,367	24,367	-	-
Division of Buildings:								
Expansion Tosh Collins Center 00-01	252,253	-	252,253	3,347	248,906	-	-	248,906
Reconstruction City Court 00-01	292,329	397,785	690,114	533,532	156,582	128,351	-	28,231
Shea's Theatre Exterior Expansion 00-01	6,460	-	6,460	6,460	-	-	-	-
Total Division of Buildings	551,042	397,785	948,827	543,339	405,488	128,351	-	277,137
Division of Demolitions — Demolition of City Buildings 00-01								
	64,399	-	64,399	64,399	-	-	-	-
DEPARTMENT OF COMMUNITY DEVELOPMENT — Division of Development:								
Neighborhood Redevelopment 99-00	4,975	-	4,975	4,975	-	-	-	-
EXECUTIVE DEPARTMENT — Enviro Test & Remediation 00-01								
	22,180	-	22,180	18,669	3,511	-	-	3,511
DEPARTMENT OF PUBLIC WORKS — Division of Engineering:								
60 Hedley Place 00-01	47,058	-	47,058	1,275	45,783	-	-	45,783
Neighborhood Redev/Cl 00-01	89,701	-	89,701	89,701	-	-	-	-
Total Division of Engineering	136,759	-	136,759	90,976	45,783	-	-	45,783
DEPARTMENT OF PUBLIC WORKS — Division of Buildings								
Handicap Access Improvements 00-01	54,050	-	54,050	-	54,050	54,050	-	-
Fire Alarms Various Libraries 99-00	52,930	-	52,930	-	52,930	-	-	52,930
Restoration of Monuments 99-00	25,049	-	25,049	25,049	-	-	-	-
City Blds Improv City Wide 2002	5,267	-	5,267	-	5,267	-	-	5,267
Total Division of Buildings	137,296	-	137,296	25,049	112,247	54,050	-	58,197

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
DEPARTMENT OF PARKS:								
City Parks Improv 2001	4,132	-	4,132	-	4,132	-	-	4,132
DEPARTMENT OF PERMITS AND INSPECTIONS — Neighborhood Redev/Clearance 2001								
	46,496	-	46,496	46,496	-	-	-	-
DEPARTMENT OF PUBLIC WORKS:								
Division of Buildings:								
Constr Fire Hse-Bailey/Genesee 2004	493	-	493	493	-	-	-	-
DEPARTMENT OF PERMITS AND INSPECTIONS:								
Citywide Neigh Redev/Clear 2002	31,723	-	31,723	31,723	-	-	-	-
DEPARTMENT OF PUBLIC WORKS:								
Parks and Streets — Purchase Snow Plows 05								
	243	-	243	243	-	-	-	-
Division of Engineering:								
Bond Sale Expense	838	-	838	-	838	-	-	838
Enviro Remediation 2005	6,826	-	6,826	5,709	1,117	-	-	1,117
Total Division of Engineering	7,664	-	7,664	5,709	1,955	-	-	1,955
Division of Buildings:								
60 Hedley Place 00-01	364,000	-	364,000	-	364,000	22,500	-	341,500
City Hall Restor 2005	52,095	-	52,095	-	52,095	52,095	-	-
Improv City Bldg 2005	10,522	30,112	40,634	-	40,634	9,990	-	30,644
Jefferson Library 2004	67,485	-	67,485	7,100	60,385	-	-	60,385
Total Division of Buildings	494,102	30,112	524,214	7,100	517,114	84,585	-	432,529
DEPARTMENT OF PARKS:								
Parks/Playground Improv City Wide 02								
	22,210	-	22,210	895	21,315	21,131	-	184
City Wide Tree Trim & Removal 2001	88,773	-	88,773	64,057	24,716	24,716	-	-
Total Division of Parks	110,983	-	110,983	64,952	46,031	45,847	-	184

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
DEPARTMENT OF PERMITS AND INSPECTIONS:								
City Wide Neighborhood Redv & Clrg 2002	4,240	-	4,240	4,240	-	-	-	-
Neighborhood Redv & Clrg City Wide 2005	72,231	-	72,231	72,071	160	-	-	160
<b>Total Permits and Inspections</b>	<b>76,471</b>	<b>-</b>	<b>76,471</b>	<b>76,311</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>160</b>
DEPARTMENT OF PUBLIC WORKS:								
Division of Engineering:								
Bond Sale Expense	382	-	382	-	382	-	-	382
Monument Restoration 02	164,726	-	164,726	132,295	32,431	24,865	-	7,566
Rehab Sts/Curbs/Sdwlk Homezone 06	714,464	-	714,464	714,464	-	-	-	-
Tree Trimming/Removal Citywide 06	39,558	-	39,558	35,144	4,414	4,414	-	-
Constr Outer Harbor Trail Ph II 06	240,000	-	240,000	9,900	230,100	168,100	-	62,000
<b>Total Division of Engineering</b>	<b>1,159,130</b>	<b>-</b>	<b>1,159,130</b>	<b>891,803</b>	<b>267,327</b>	<b>197,379</b>	<b>-</b>	<b>69,948</b>
Division of Buildings:								
Improve City Libraries 06	25,400	19,681	45,081	593	44,488	28,850	-	15,638
Improv Historical Society 06	95,145	-	95,145	80,085	15,060	15,060	-	-
Improve Museum of Science 06	147,964	-	147,964	44,450	103,514	54,700	-	48,814
Reconstr Firehouses 06	368,392	9,400	377,792	332,128	45,664	45,664	-	-
Improve Mass Ave CC 06	141,866	-	141,866	731	141,135	21,480	-	119,655
Improve Marcy Casino 06	26,047	-	26,047	9,668	16,379	925	-	15,454
Improve City Bldg/Fac Citywide 06	24,791	-	24,791	12,013	12,778	12,772	-	6
<b>Total Division of Buildings</b>	<b>829,605</b>	<b>29,081</b>	<b>858,686</b>	<b>479,668</b>	<b>379,018</b>	<b>179,451</b>	<b>-</b>	<b>199,567</b>
DEPARTMENT OF PARKS:								
Improve Parks/Playground Citywide 06	11,899	-	11,899	829	11,070	-	-	11,070
Centennial Pool Splash Pad 06	558,665	-	558,665	184,677	373,988	-	-	373,988
<b>Total Division of Parks</b>	<b>570,564</b>	<b>-</b>	<b>570,564</b>	<b>185,506</b>	<b>385,058</b>	<b>-</b>	<b>-</b>	<b>385,058</b>

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
<b>DEPARTMENT OF PERMITS AND INSPECTIONS:</b>								
Demo Private Bldg/Structures 06	195	-	195	195	-	-	-	-
Demo City Bldgs/Structures 06	11,995	-	11,995	-	11,995	9,785	-	2,210
<b>Total Permits and Inspections</b>	<b>12,190</b>	<b>-</b>	<b>12,190</b>	<b>195</b>	<b>11,995</b>	<b>9,785</b>	<b>-</b>	<b>2,210</b>
<b>DEPARTMENT OF FIRE:</b>								
Purch Fire Apparatus 07	843,418	-	843,418	-	843,418	825,178	-	18,240
<b>DEPARTMENT OF PUBLIC WORKS:</b>								
<b>Division of Engineering:</b>								
Bond Sale Expense	191	-	191	-	191	-	-	191
C/W Arterial Pavement 07	64,401	-	64,401	-	64,401	64,401	-	-
C/W Infrastructure Repair & Replace 07	190,333	17,274	207,607	80,559	127,048	109,707	-	17,341
Porter Ave Observ Pnt Impr 07	29,073	(92,929)	(63,856)	(63,856)	-	-	-	-
Sycamore Village Infrastr 07	908,983	-	908,983	148,586	760,397	64,981	-	695,416
Improv W/W Parks 07	33,738	147,045	180,783	22,645	158,138	5,915	-	152,223
C/W Tree Removal & Plant 07	46,450	-	46,450	-	46,450	46,450	-	-
<b>Total Division of Engineering</b>	<b>1,273,169</b>	<b>71,390</b>	<b>1,344,559</b>	<b>187,934</b>	<b>1,156,625</b>	<b>291,454</b>	<b>-</b>	<b>865,171</b>
<b>Division of Buildings:</b>								
Bailey/Gen Fire Station 07	86,355	-	86,355	5,169	81,186	-	-	81,186
Bailey/Kensington Fire Station 07	60,192	-	60,192	8,398	51,794	7,158	-	44,636
City Court Fire Alarm 07	428,472	-	428,472	32,585	395,887	65,567	-	330,320
City Hall Fire Alarm 07	1,019,954	-	1,019,954	-	1,019,954	-	-	1,019,954
City Hall Reconstruction 07	417,155	-	417,155	118,065	299,090	167,293	-	131,797
Improv Buildings & Facilities C/W 07	42,837	33,278	76,115	75,439	676	-	-	676
Improv Kleinhans Electric 07	2,543	-	2,543	2,543	-	-	-	-
Museum of Science Ph I Plumbing 07	28,734	-	28,734	-	28,734	-	-	28,734
New Streets Garage 07	266,670	-	266,670	-	266,670	-	-	266,670
NW Comm Center Air Condition 07	89,881	-	89,881	717	89,164	88,800	-	364
Police Garage Car Wash 07	67,938	-	67,938	-	67,938	-	-	67,938
<b>Total Division of Buildings</b>	<b>2,510,731</b>	<b>33,278</b>	<b>2,544,009</b>	<b>242,916</b>	<b>2,301,093</b>	<b>328,818</b>	<b>-</b>	<b>1,972,275</b>
Street Sanitation — Vehicle Purch PW 07	20,371	-	20,371	-	20,371	4,103	-	16,268

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
DEPARTMENT OF PERMITS AND INSPECTIONS — Emer Demo Bldg & Str 07	89	-	89	89	-	-	-	-
DEPARTMENT OF FIRE: Purch Fire Apparatus 08	2,872,734	-	2,872,734	-	2,872,734	2,864,109	-	8,625
DEPARTMENT OF PUBLIC WORKS: Division of Engineering:								
Signal Improvements 99-00	32,158	-	32,158	-	32,158	32,158	-	-
C/W Infrastructure Repair & Replace 08	12,284	-	12,284	3,916	8,368	8,368	-	-
C/W Infrastructure Repair & Replace 08	976,673	(500,000)	476,673	228,828	247,845	68,135	-	179,710
C/W Arterial Pavement Mill & Res 08	383,513	-	383,513	30,445	353,068	353,068	-	-
Emergency Bridge Repair 08	130,151	-	130,151	25,846	104,305	63,722	-	40,583
Humboldt Parkway Streetscape 08	746,016	-	746,016	-	746,016	-	-	746,016
Bridge EIS 08	266,078	-	266,078	-	266,078	-	-	266,078
C/W Environmental Remediation 08	1,480,795	-	1,480,795	673,915	806,880	218,691	-	588,189
Streets Vehilces 08	78,159	-	78,159	42,324	35,835	-	-	35,835
Planning Neighborhood Infrastructure 08	73,039	-	73,039	-	73,039	-	-	73,039
Total Division of Engineering	4,178,866	(500,000)	3,678,866	1,005,274	2,673,592	744,142	-	1,929,450
Division of Buildings:								
Bailey/Kensington Fire Station 08	1,386,511	-	1,386,511	248,988	1,137,523	-	-	1,137,523
Marcy Casino Reconstruction 08	128,300	-	128,300	105,638	22,662	-	-	22,662
District Heating System Replacement 08	145,826	-	145,826	6,922	138,904	21,195	-	117,709
Total Division of Buildings	1,660,637	-	1,660,637	361,548	1,299,089	21,195	-	1,277,894
Division of Parks:								
C/W Parks Improvements 08	91,396	-	91,396	89,870	1,526	-	-	1,526
DEPARTMENT OF PERMITS AND INSPECTIONS — Demo Bldg & Struct 08	33	-	33	28	5	5	-	-
DEPARTMENT OF POLICE: Radio System Upgrade 09	1,709,422	-	1,709,422	756,848	952,574	951,248	-	1,326
DEPARTMENT OF FIRE: Purch Fire Apparatus 09	1,917,621	-	1,917,621	1,904,637	12,984	-	-	12,984

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
DEPARTMENT OF PUBLIC WORKS:			-					
Division of Engineering:								
Bridge Repair 09	460,484	-	460,484	111,287	349,197	281,900	-	67,297
Fargo/D'youville Streetscape 09	95,292	(95,219)	73	-	73	-	-	73
Fillmore Resurface & Streetscape 09	83,503	-	83,503	-	83,503	-	-	83,503
Franklin, Linwood, N.Pearl Infrac 09	239	-	239	-	239	-	-	239
Humboldt Pkwy Streetscape 09	787,875	-	787,875	575,477	212,398	-	-	212,398
Middlesex Ave Reonstruction 09	225,950	-	225,950	1,886	224,064	223,891	-	173
Niagara Gateway Project 09	108,062	-	108,062	-	108,062	-	-	108,062
Seneca Street Resurf & Streetscape 09	38,236	-	38,236	886	37,350	-	-	37,350
South Park Resurf & Streetscape 09	121,816	(121,723)	93	-	93	-	-	93
C/W Infrastructure Repair & Replace 09	956,565	-	956,565	912,540	44,025	44,025	-	-
Signal Improvements 99-00	1,434,692	(211,000)	1,223,692	145,052	1,078,640	128,384	-	950,256
<b>Total Division of Engineering</b>	<b>4,312,714</b>	<b>(427,942)</b>	<b>3,884,772</b>	<b>1,747,128</b>	<b>2,137,644</b>	<b>678,200</b>	<b>-</b>	<b>1,459,444</b>
Division of Buildings:								
Broadway Market Rehab 99-00	637,631	-	637,631	409,106	228,525	177,274	-	51,251
Autumnwood Sr Ctr Recon 09	74,611	-	74,611	72,822	1,789	-	-	1,789
Historical Society Electrical System 09	627,963	-	627,963	106,062	521,901	72,069	-	449,832
Cazenovia Casino Rehab 09	147,358	-	147,358	10,500	136,858	-	-	136,858
City Hall Improvements 09	106	-	106	-	106	-	-	106
Community Center Improv 09	30,222	-	30,222	12,576	17,646	16,399	-	1,247
Critical Infra Technical Upgrade 09	283,937	-	283,937	4,400	279,537	-	-	279,537
District Heating System Replacement 09	180,103	-	180,103	173,226	6,877	6,877	-	-
Saunders Comm Ctr Roof	25,542	-	25,542	-	25,542	-	-	25,542
Genesee Moselle Comm Ctr Imprv 09	207,531	-	207,531	-	207,531	-	-	207,531
Lafayette Ice Rink Imprv 09	164,255	-	164,255	147,652	16,603	16,603	-	-
Marcy Casino Reconstr 09	198,443	-	198,443	92,248	106,195	-	-	106,195
NW Buffalo Comm Ctr Window Repl 09	34,813	-	34,813	34,177	636	-	-	636
Roosevelt Park Shelter House Ren 09	185,701	-	185,701	58,298	127,403	-	-	127,403
Service Building Improv 09	25,340	19,959	45,299	36,922	8,377	8,217	-	160
JB Wiley Sports Complex 09	45,341	-	45,341	-	45,341	-	-	45,341
60 Hedley Restoration 07	314,364	-	314,364	-	314,364	97,500	-	216,864
<b>Total Division of Buildings</b>	<b>3,183,261</b>	<b>19,959</b>	<b>3,203,220</b>	<b>1,157,989</b>	<b>2,045,231</b>	<b>394,939</b>	<b>-</b>	<b>1,650,292</b>

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
Division of Parks:								
Centennial Pool and Splashpad 09	52,066	-	52,066	-	52,066	-	-	52,066
LaSalle Park Dog Park 09	25,542	-	25,542	18,667	6,875	983	-	5,892
LaSalle Park Shelter house 09	31,437	-	31,437	-	31,437	-	-	31,437
MLK Park Improvements 09	1,863,859	-	1,863,859	294,521	1,569,338	1,569,338	-	-
C/W Park Improvements 09	356,927	-	356,927	18,052	338,875	-	-	338,875
Riverside Park Lights & Field IMP 09	52,067	-	52,067	-	52,067	-	-	52,067
Shoshone Park Field Improv 09	25,542	-	25,542	-	25,542	-	-	25,542
<b>Total Division of Parks</b>	<b>2,407,440</b>	<b>-</b>	<b>2,407,440</b>	<b>331,240</b>	<b>2,076,200</b>	<b>1,570,321</b>	<b>-</b>	<b>505,879</b>
Division of Streets:								
Streets Vehilces 09	82,319	-	82,319	-	82,319	82,000	-	319
DEPARTMENT OF PERMITS AND INSPECTIONS — Emergency Demo 09								
	261,977	-	261,977	235,356	26,621	-	-	26,621
DEPARTMENT OF FIRE:								
Purch Fire Apparatus 10	-	1,029,505	1,029,505	29,505	1,000,000	-	-	1,000,000
Police/Fire Radio System 10	-	1,704,180	1,704,180	56,980	1,647,200	1,558,882	-	88,318
<b>Total Department of Fire</b>	<b>-</b>	<b>2,733,685</b>	<b>2,733,685</b>	<b>86,485</b>	<b>2,647,200</b>	<b>1,558,882</b>	<b>-</b>	<b>1,088,318</b>
DEPARTMENT OF PUBLIC WORKS:								
Division of Engineering:								
Bailey Ave Bridge Reconstruction 10	-	121,639	121,639	3,618	118,021	-	-	118,021
Bridge Rehabilitation Various10	-	552,903	552,903	16,451	536,452	-	-	536,452
Buffalo River Pedestrian Pathway 10	-	543,257	543,257	16,165	527,092	-	-	527,092
Chatham Median Improvement 10	-	261,995	261,995	7,796	254,199	254,199	-	-
Colvin Est Road Construction 10	-	663,483	663,483	609,924	53,559	53,559	-	-
East Lovejoy Infrastructure Improvements 10	-	543,257	543,257	16,165	527,092	-	-	527,092
Erie Canal Harbor Streets Phase 3	-	55,125	55,125	1,640	53,485	-	-	53,485
Fargo Street Reconstruction 10	-	221,161	221,161	6,580	214,581	-	-	214,581
Fruit belt Infrastructure Improvements 10	-	939	939	939	-	-	-	-
C/W Infrastructure Improvements 10	-	4,901,123	4,901,123	2,833,491	2,067,632	1,427,705	-	639,927
Nevilly Court Area Improvements 10	-	413,385	413,385	12,300	401,085	-	-	401,085
Porter Ave. Streetscape 10	-	6,580	6,580	6,580	-	-	-	-
Zoo Parking Lot/Pathway Improvement 10	-	435,336	435,336	74,004	361,332	359,949	-	1,383
<b>Total Division of Engineering:</b>	<b>-</b>	<b>8,720,183</b>	<b>8,720,183</b>	<b>3,605,653</b>	<b>5,114,530</b>	<b>2,095,412</b>	<b>-</b>	<b>3,019,118</b>

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
Division of Buildings:								
725 Humboldt Lead Abatement 10	-	580,548	580,548	17,273	563,275	-	-	563,275
Ball Park Improvements 10	-	275,346	275,346	37,192	238,154	-	-	238,154
Building Improvements 10	-	387,032	387,032	81,078	305,954	9,178	-	296,776
Cazenovia Park Casino HVAC 10	-	165,871	165,871	18,796	147,075	9,800	-	137,275
City Hall Improvements 10	-	479,182	479,182	179,221	299,961	210,529	-	89,432
Community Center Improvement 10	-	746,418	746,418	205,721	540,697	81,489	-	459,208
Delaware Park Radio Station Rehab 10	-	552,903	552,903	118,486	434,417	27,900	-	406,517
JB Wiley Main Office Improvement 10	-	442,322	442,322	14,741	427,581	52,300	-	375,281
Kleinhans A/C Rehabilitation 10	-	543,343	543,343	16,167	527,176	-	-	527,176
Libraries Various 10	166,605	116,242	282,847	147,236	135,611	27,465	-	108,146
MLK Park Basin & Casino Improvements 10	-	1,879,868	1,879,868	56,917	1,822,951	1,822,951	-	-
Monument & Art Restoration 10	-	234,596	234,596	26,978	207,618	-	-	207,618
Penhurst/Forest Archway Improvements 10	-	304,788	304,788	9,072	295,716	-	-	295,716
Riverside Branch Library Improvements 10	-	22,901	22,901	681	22,220	-	-	22,220
Service Building Improvements 10	-	442,322	442,322	58,906	383,416	-	-	383,416
<b>Total Division of Buildings</b>	<b>166,605</b>	<b>7,173,682</b>	<b>7,340,287</b>	<b>988,465</b>	<b>6,351,822</b>	<b>2,241,612</b>	<b>-</b>	<b>4,110,210</b>
Division of Parks:								
Broderick Park Infrastructure Improvement 10	-	206,693	206,693	6,151	200,542	-	-	200,542
Nevilly Court Planning/Design 10	-	129,871	129,871	3,864	126,007	-	-	126,007
Park Improvement Various 10	-	924,156	924,156	51,897	872,259	296,843	-	575,416
Roosevelt Park Fencing 10	-	60,819	60,819	1,809	59,010	-	-	59,010
Roosevelt Shelter House Renovation 10	-	232,529	232,529	6,918	225,611	-	-	225,611
<b>Total Division of Parks</b>	<b>-</b>	<b>1,554,068</b>	<b>1,554,068</b>	<b>70,639</b>	<b>1,483,429</b>	<b>296,843</b>	<b>-</b>	<b>1,186,586</b>
Division of Streets:								
Purchase of Streets Vehilces 10	-	712,573	712,573	437,731	274,842	249,960	-	24,882
<b>DEPARTMENT OF PERMITS AND INSPECTIONS — Demolitions 10</b>	<b>-</b>	<b>2,103,097</b>	<b>2,103,097</b>	<b>2,102,440</b>	<b>657</b>	<b>657</b>	<b>-</b>	<b>-</b>

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
DEPARTMENT OF PERMITS AND INSPECTIONS — Demolitions Emergency 11	-	-	-	103,900	(103,900)	-	-	(103,900)
DEPARTMENT OF PUBLIC WORKS:								
Division of Engineering:								
LaSalle Park Phase 1	654,830	-	654,830	243,641	411,189	411,189	-	-
LaSalle Park Phase 2	-	993,506	993,506	575,000	418,506	418,506	-	-
Marine Midland Arena-Phase I	118,889	-	118,889	9,990	108,899	-	-	108,899
BMC Streetscape Imp PH2	509,416	(224,049)	285,367	218,590	66,777	64,550	-	2,227
BMC Streetscape Imp PH1	-	950,000	950,000	528,067	421,933	421,933	-	-
Porter Ave. Reconstr	76,400	1,966,581	2,042,981	158,025	1,884,956	1,800,729	-	84,227
Niagara St. Gateway Project	279,921	-	279,921	-	279,921	-	-	279,921
Bridge Washing Project	20,392	-	20,392	-	20,392	10,410	-	9,982
Fuhrmann Blvd Project	21,073	-	21,073	-	21,073	15,208	-	5,865
JB Wiley Sports Complex	257,064	-	257,064	186,029	71,035	71,035	-	-
Cars on Main St - 700 Block	68,920	(68,920)	-	-	-	-	-	-
Intermodal Trans Center Project	10,178	-	10,178	-	10,178	-	-	10,178
Squaw Island Remediation Grant	168,336	-	168,336	-	168,336	-	-	168,336
GIS Development	55,795	-	55,795	-	55,795	11,740	-	44,055
Ferry St Lift Bridge Rehab	804,510	28	804,538	122,529	682,009	440,140	-	241,869
Emerson Playgrd Ftbll Field	400	-	400	-	400	-	-	400
So Park Lift Bridge Rehab	737,285	(69,000)	668,285	-	668,285	-	-	668,285
Classific Study Rt 198 Study Scaj	41,475	-	41,475	-	41,475	-	-	41,475
Bflo Corridor Mgt - Porter/Niagara to Amvets	1,113,246	88,784	1,202,030	1,039,488	162,542	91,741	-	70,801
Bflo Corridor Mgt -Porter Ave	300,000	-	300,000	128,168	171,832	15,583	-	156,249
Recon Main St	4,890,415	-	4,890,415	444,650	4,445,765	123,326	15,155	4,307,284
Recon Main St. Ph II	3,412,137	-	3,412,137	1,061,950	2,350,187	852,689	-	1,497,498
Recon Fuhrmann Blvd	48,098	-	48,098	-	48,098	-	-	48,098
Signal Improv-Sycamore & Walden	218,584	(44,758)	173,826	-	173,826	-	-	173,826
Signal Improv-Filmore-Best/Main	194,422	-	194,422	-	194,422	4,829	-	189,593
Signal Improv-Bailey	445,701	-	445,701	-	445,701	5,243	-	440,458
Signal Improv-Elmwd/Chip	91,978	100,000	191,978	89,789	102,189	19,632	-	82,557
Signal Improv-Amherst	383,820	60,162	443,982	279,352	164,630	-	-	164,630
Signal Improv-Genesee	223,456	-	223,456	-	223,456	-	-	223,456
Signal Improv-Buffalo Citywide	406,125	(98,967)	307,158	-	307,158	-	-	307,158
Replace Babcock St Bridge	1,682,802	-	1,682,802	732,637	950,165	189,585	-	760,580

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	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
Inner Harbor Transport Infrac Facility	198,010	123,483	321,493	128,722	192,771	68,876	-	123,895
Elmwood-Delavan to Rt 198	1,516,100	-	1,516,100	55,385	1,460,715	316,146	-	1,144,569
N. Bflo Rails to Trails	93,914	-	93,914	-	93,914	6,262	-	87,652
Tiftt St Greenway	482,338	(482,338)	-	-	-	-	-	-
Grider St Reconstr	1,540,456	-	1,540,456	462,984	1,077,472	-	-	1,077,472
Seneca-Caz Instrastr Proj	100,000	-	100,000	-	100,000	-	-	100,000
Bailey Ave Bridge — Caz Creek	201,317	17,889	219,206	48,714	170,492	150,477	-	20,015
Peace Bridge Area Improvements	328,641	-	328,641	-	328,641	-	-	328,641
Delavan Signal Removal	41,555	9,520	51,075	2,975	48,100	-	-	48,100
CN Rail Road Bridge over Rt I-190	3,047	414,157	417,204	-	417,204	-	-	417,204
Michican Ave Streetscape	147,710	63,448	211,158	22,831	188,327	100,517	-	87,810
Fargo/D'Youville College Gateway	166,183	1,252,429	1,418,612	210,429	1,208,183	1,028,167	-	180,016
North Buffalo Paving Project	390,214	272,575	662,789	557,602	105,187	417	-	104,770
South Park Avenue Improvements	2,653,527	282,527	2,936,054	2,669,822	266,232	168,210	-	98,022
Stimulus - Mill and Overlay	761,355	-	761,355	608,467	152,888	-	-	152,888
Stimulus - Curb and Sidewalk	212,155	-	212,155	184,619	27,536	-	-	27,536
Hickory Woods St Improvements	625,000	-	625,000	624,996	4	-	-	4
Seneca Street Project	207,775	100,000	307,775	90,444	217,331	217,195	-	136
BURA Projects	114,000	-	114,000	-	114,000	114,000	-	-
Cars on Main St - 600 Block	258,175	1,296,512	1,554,687	1,376,349	178,338	99,211	-	79,127
MLK Shelter House Renovation	630,850	-	630,850	-	630,850	573,500	-	57,350
Safe Routes to School	400,000	136,000	536,000	41,681	494,319	493,541	-	778
Safe Routes to School - Ed Phase	150,000	-	150,000	-	150,000	150,000	-	-
Franklin/Linwood/North Project	820,000	-	820,000	530,633	289,367	169,197	-	120,170
Erie Canal Harbor Phase 1	-	33,611	33,611	-	33,611	-	-	33,611
Erie Canal Harbor Phase 2	2,379,886	-	2,379,886	1,052,940	1,326,946	28,330	-	1,298,616
Kenmore Ave-Starin to Main	921,957	-	921,957	538,278	383,679	380,957	-	2,722
BURA Project-CW Streets Sidewalk	710,650	-	710,650	683,342	27,308	27,308	-	-
BURA Project-NRSA Curbs Sidewalks	500,000	-	500,000	364,545	135,455	66,573	-	68,882
BURA Project CDBG	-	637,776	637,776	213,331	424,445	424,445	-	-
Traffic Signal & Controllers	352,948	-	352,948	112,452	240,496	87,090	-	153,406
Friut Belt Redevelopment	-	366,196	366,196	141,004	225,192	199,608	-	25,584
Union Ship Canal Open Space	-	1,419,100	1,419,100	738,280	680,820	680,820	-	-
Erie Basin Marina Site Improvements	-	1,247,600	1,247,600	175,091	1,072,509	81,702	-	990,807
<b>Total Division of Engineering</b>	<b>34,143,431</b>	<b>10,843,852</b>	<b>44,987,283</b>	<b>17,453,821</b>	<b>27,533,462</b>	<b>10,600,617</b>	<b>15,155</b>	<b>16,917,690</b>

(continued)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
Division of Buildings:								
Historical Society Building	59,661	-	59,661	1,544	58,117	18,152	-	39,965
Energy Services Ph 6	2,581	-	2,581	369	2,212	-	-	2,212
Renovations Buffalo Zoo	7	-	7	-	7	-	-	7
Renovation Zoo Camp Conserv	4,097	-	4,097	-	4,097	-	-	4,097
City Court Chiller	493,150	-	493,150	107,159	385,991	261,675	-	124,316
Shea Buffalo Improvements	1,033	-	1,033	1,033	-	-	-	-
Historical Society Ext Restor	41,150	-	41,150	27,502	13,648	13,648	-	-
Shea's Improvement HVAC	911	-	911	911	-	-	-	-
City Court Tenant Work	-	275,429	275,429	-	275,429	6,105	-	269,324
Total Division of Buildings	602,590	275,429	878,019	138,518	739,501	299,580	-	439,921
DEPARTMENT OF COMMUNITY DEVELOPMENT — Division of Development:								
Scajaquada Pathway-Phase II	243,082	-	243,082	-	243,082	-	-	243,082
Scajaquada Pathway-Phase III	216,808	-	216,808	5,400	211,408	-	-	211,408
Remediation Brownfields	238,733	-	238,733	-	238,733	-	-	238,733
Total Division of Development	698,623	-	698,623	5,400	693,223	-	-	693,223
EXECUTIVE DEPARTMENT:								
Union Ship Canal (03)	166,025	-	166,025	-	166,025	-	-	166,025
Remediation 90 Hopkins	58,220	42,445	100,665	37,676	62,989	8,535	-	54,454
Total Executive Department	224,245	42,445	266,690	37,676	229,014	8,535	-	220,479
DEPARTMENT OF PARKS:								
Massachusetts Ave Park	1,063	-	1,063	-	1,063	-	-	1,063
Franczyk Park Enviro Remediation	863	-	863	-	863	-	-	863
Buffalo Riverfest Park	-	200,000	200,000	-	200,000	128,160	-	71,840
Total Division of Parks	1,926	200,000	201,926	-	201,926	128,160	-	73,766

(continued)

(concluded)

	Fund Balance July 1, 2010	Revenues and Other Financing Sources	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2011	Encumbrances	Reserves	Unreserved, Designated Fund Balance June 30, 2011
DEPARTMENT OF PERMITS AND INSPECTIONS								
Demo Project - Economic Development	87,770	-	87,770	87,757	13	-	-	13
Restore NY Comm 06-07	7,534	-	7,534	-	7,534	-	-	7,534
Restore NY Phase II	910,062	-	910,062	407,850	502,212	476,223	-	25,989
Restore NY Phase 3	-	7,635,526	7,635,526	-	7,635,526	-	-	7,635,526
1318 Niagara Remediation	649,289	-	649,289	291,730	357,559	129,052	-	228,507
	-	-	-	-	-	-	-	-
Total Department of Permits & Inspections	<u>1,654,655</u>	<u>7,635,526</u>	<u>9,290,181</u>	<u>787,337</u>	<u>8,502,844</u>	<u>605,275</u>	<u>-</u>	<u>7,897,569</u>
BOARD OF EDUCATION	<u>-</u>	<u>5,038,423</u>	<u>5,038,423</u>	<u>5,038,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNDESIGNATED	<u>137,291</u>	<u>-</u>	<u>137,291</u>	<u>-</u>	<u>137,291</u>	<u>-</u>	<u>-</u>	<u>137,291</u>
GRAND TOTAL (Non-GAAP)	76,541,894	46,654,336	123,196,230	42,827,166	80,369,064	28,881,820	15,155	51,472,089
PRIOR YEAR FINANCING SOURCES REPORTED AS REVENUE AS OF JUNE 30, 2011	(22,979,848)	22,979,848		-	-	-	-	-
CURRENT YEAR FINANCING SOURCES NOT REPORTED AS REVENUE AS OF JUNE 30, 2011	-	(23,632,621)		-	(23,632,621)	-	-	(23,632,621)
ENCUMBRANCES AT JUNE 30, 2010 REPORTED AS EXPENDITURES AS OF JUNE 30, 2010	(3,171,495)	-		(3,171,495)	-	-	-	-
ENCUMBRANCES AT JUNE 30, 2011 REPORTED AS EXPENDITURES AS OF JUNE 30, 2011	<u>-</u>	<u>-</u>		<u>1,041,824</u>	<u>(1,041,824)</u>	<u>(1,041,824)</u>	<u>-</u>	<u>-</u>
TOTAL ON A GAAP BASIS	<u>\$ 50,390,551</u>	<u>\$46,001,563</u>		<u>\$40,697,495</u>	<u>\$ 55,694,619</u>	<u>\$27,839,996</u>	<u>\$ 15,155</u>	<u>\$27,839,468</u>

**CITY OF BUFFALO, NEW YORK**  
**Table II—Net Assets by Component**  
**Last Nine Years**  
**(Unaudited, amounts expressed in thousands)**

	June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>GOVERNMENTAL ACTIVITIES:</b>									
Invested in capital assets — net of related debt	\$ 94,802	\$ 139,514	\$ 161,821	\$ 156,122	\$ 176,114	\$ 192,336	\$ 213,493	\$ 236,923	\$ 249,347
Restricted	12,585	14,155	19,390	23,093	50,939	58,163	57,782	48,409	59,739
Unrestricted	<u>(45,862)</u>	<u>(10,286)</u>	<u>(41,596)</u>	<u>(18,878)</u>	<u>(15,446)</u>	<u>(27,307)</u>	<u>(65,703)</u>	<u>(94,827)</u>	<u>(196,528)</u>
Total governmental activities net assets	<u>\$ 61,525</u>	<u>\$ 143,383</u>	<u>\$ 139,615</u>	<u>\$ 160,337</u>	<u>\$ 211,607</u>	<u>\$ 223,192</u>	<u>\$ 205,572</u>	<u>\$ 190,505</u>	<u>\$ 112,558</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>									
Invested in capital assets — net of related debt	\$ 41,446	\$ 31,727	\$ 34,945	\$ 40,674	\$ 39,680	\$ 43,550	\$ 45,189	\$ 46,962	\$ 49,432
Unrestricted	<u>12,194</u>	<u>(8,813)</u>	<u>(6,659)</u>	<u>(3,178)</u>	<u>6,718</u>	<u>10,201</u>	<u>10,410</u>	<u>6,428</u>	<u>3,067</u>
Total business-type activities net assets	<u>\$ 53,640</u>	<u>\$ 22,914</u>	<u>\$ 28,286</u>	<u>\$ 37,496</u>	<u>\$ 46,398</u>	<u>\$ 53,751</u>	<u>\$ 55,599</u>	<u>\$ 53,390</u>	<u>\$ 52,499</u>
<b>PRIMARY GOVERNMENT:</b>									
Invested in capital assets — net of related debt	\$ 136,248	\$ 171,241	\$ 196,766	\$ 196,796	\$ 215,794	\$ 235,886	\$ 258,682	\$ 283,885	\$ 298,779
Restricted	12,585	14,155	19,390	23,093	50,939	58,163	57,782	48,409	59,739
Unrestricted	<u>(33,668)</u>	<u>(19,099)</u>	<u>(48,255)</u>	<u>(22,056)</u>	<u>(8,728)</u>	<u>(17,106)</u>	<u>(55,293)</u>	<u>(88,399)</u>	<u>(193,461)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>									
<b>NET ASSETS</b>	<u>\$ 115,165</u>	<u>\$ 166,297</u>	<u>\$ 167,901</u>	<u>\$ 197,833</u>	<u>\$ 258,005</u>	<u>\$ 276,943</u>	<u>\$ 261,171</u>	<u>\$ 243,895</u>	<u>\$ 165,057</u>

Note: The City began to report net asset information when it implemented GASB Statement No. 34 in the year ended June 30, 2003.

**CITY OF BUFFALO, NEW YORK**  
**Table III—Changes in Net Assets**  
**Last Nine Years**  
**(Unaudited, amounts expressed in thousands)**

	Year end June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>EXPENSES:</b>									
Governmental activities:									
General governmental (5)	\$ 111,367	\$ 139,917	\$ 147,731	\$ 172,605	\$ 173,843	\$ 207,031	\$ 233,026	\$ 87,044	\$ 112,279
Public safety (5)	136,642	131,927	128,972	124,879	130,179	142,437	155,265	281,944	298,733
Streets and sanitation (5)	20,129	19,271	20,451	14,045	50,666	22,532	24,346	31,328	33,951
Economic assistance and opportunity (5)	9,171	3,951	6,016	5,536	5,886	10,649	9,328	14,921	8,505
Culture and recreation (5)	4,965	3,954	3,076	4,994	555	3,121	4,448	8,450	14,511
Health and community services (5)	3,187	2,816	3,205	4,709	3,219	3,469	3,605	2,645	5,685
Education (1)	-	61,409	68,936	62,416	70,955	70,323	70,323	70,323	70,323
Interest on long-term debt	23,005	22,665	25,072	26,371	24,251	19,659	18,995	18,179	16,458
Total governmental activities expenses	<u>308,466</u>	<u>385,910</u>	<u>403,459</u>	<u>415,555</u>	<u>459,554</u>	<u>479,221</u>	<u>519,336</u>	<u>514,834</u>	<u>560,445</u>
Business-type activities:									
Dunn Tire Park (2)	2,045	-	-	-	-	-	-	-	-
Solid waste and recycling	17,300	18,385	16,366	18,810	18,937	21,758	23,368	22,283	23,759
Parking	3,378	3,398	4,286	5,028	4,406	2,913	2,842	2,932	2,656
Water	33,014	31,052	29,737	29,179	28,191	27,780	32,094	36,839	32,514
Total business-type activities expenses	<u>55,737</u>	<u>52,835</u>	<u>50,389</u>	<u>53,017</u>	<u>51,534</u>	<u>52,451</u>	<u>58,304</u>	<u>62,054</u>	<u>58,929</u>
Total primary government expenses	<u>364,203</u>	<u>438,745</u>	<u>453,848</u>	<u>468,572</u>	<u>511,088</u>	<u>531,672</u>	<u>577,640</u>	<u>576,888</u>	<u>619,374</u>
<b>PROGRAM REVENUES:</b>									
Governmental activities:									
Charges for services:									
General governmental	10,932	7,373	8,585	8,853	8,834	8,643	8,889	9,971	8,426
Public safety	7,045	7,559	7,812	9,007	8,620	7,597	9,137	9,150	9,702
Streets and sanitation	220	1,339	1,063	1,138	1,120	1,282	1,199	1,237	1,058
Economic assistance and opportunity	2,258	3,495	3,441	3,778	3,654	3,628	4,354	4,166	4,437
Culture and recreation	750	732	1	-	-	-	-	-	112
Health and community services	317	735	532	502	634	622	727	537	434
Operating grants and contributions	9,159	13,528	12,285	8,110	45,122	12,277	8,334	13,059	12,910
Capital grants and contributions	13,768	12,809	14,178	25,176	20,785	18,562	22,555	34,053	17,753
Total governmental activities program revenues	<u>44,449</u>	<u>47,570</u>	<u>47,897</u>	<u>56,564</u>	<u>88,769</u>	<u>52,611</u>	<u>55,195</u>	<u>72,173</u>	<u>54,832</u>

(continued)

**CITY OF BUFFALO, NEW YORK**  
**Table III—Changes in Net Assets**  
**Last Nine Years**  
**(Unaudited, amounts expressed in thousands)**

	Year end June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services:									
Dunn Tire Park (2)	669	-	-	-	-	-	-	-	-
Solid waste and recycling	15,096	15,572	18,969	18,928	18,564	18,431	19,526	19,634	18,119
Parking	5,233	4,890	5,578	6,145	6,862	7,397	7,435	7,835	7,612
Water	34,849	34,578	37,783	41,738	38,658	37,230	35,615	35,719	36,943
Total business-type activities program revenues	<u>55,847</u>	<u>55,040</u>	<u>62,330</u>	<u>66,811</u>	<u>64,084</u>	<u>63,058</u>	<u>62,576</u>	<u>63,188</u>	<u>62,674</u>
Total primary government program revenues	<u>100,296</u>	<u>102,610</u>	<u>110,227</u>	<u>123,375</u>	<u>152,853</u>	<u>115,669</u>	<u>117,771</u>	<u>135,361</u>	<u>117,506</u>
NET (EXPENSE) REVENUE:									
Governmental activities	(264,017)	(338,340)	(355,562)	(358,991)	(370,785)	(426,610)	(464,141)	(442,662)	(505,613)
Business-type activities	<u>110</u>	<u>2,205</u>	<u>11,941</u>	<u>13,794</u>	<u>12,550</u>	<u>10,607</u>	<u>4,272</u>	<u>1,134</u>	<u>3,745</u>
Total primary government net assets	<u>(263,907)</u>	<u>(336,135)</u>	<u>(343,621)</u>	<u>(345,197)</u>	<u>(358,235)</u>	<u>(416,003)</u>	<u>(459,869)</u>	<u>(441,528)</u>	<u>(501,868)</u>
GENERAL REVENUES AND OTHER									
CHANGES IN NET ASSETS:									
Governmental activities:									
Taxes:									
Property taxes	127,758	127,766	128,382	127,150	128,721	131,240	127,027	125,431	127,779
Sales taxes (3)	59,542	-	-	-	-	-	-	-	-
Other taxes	16,286	28,716	28,836	28,128	27,156	25,756	13,705	13,665	13,962
Gross utility tax (4)	-	-	-	-	-	-	10,555	9,694	11,350
State aid	138,949	120,083	136,817	139,591	132,968	158,356	173,583	174,479	164,788
Intergovernmental (3)		88,508	70,743	63,687	111,652	101,242	104,570	92,742	95,344
Unrestricted grants and contributions	1,171	867	553	460	399	412	407	382	243
Investment earnings	2,159	1,686	3,696	10,605	12,722	11,482	6,353	4,189	3,671
Allocation to school district (1)	(59,849)	-	-	-	-	-	-	-	-
Miscellaneous	3,889	4,118	2,416	4,061	2,689	4,234	6,935	3,257	4,350
Transfers	1,845	3,800	7,215	6,034	5,747	5,473	3,386	3,755	6,179
Total governmental activities	<u>291,750</u>	<u>375,544</u>	<u>378,658</u>	<u>379,716</u>	<u>422,054</u>	<u>438,195</u>	<u>446,521</u>	<u>427,594</u>	<u>427,666</u>

(continued)

**CITY OF BUFFALO, NEW YORK**  
**Table III—Changes in Net Assets**  
**Last Nine Years**  
**(Unaudited, amounts expressed in thousands)**

	(concluded)								
	Year end June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Intergovernmental	-	-	-	-	-	-	-	-	241
Investment earnings	958	467	576	1,450	2,100	2,219	962	412	1,302
Miscellaneous	370	4,031	70	-	-	-	-	-	-
Transfers	<u>(1,524)</u>	<u>(3,733)</u>	<u>(7,215)</u>	<u>(6,034)</u>	<u>(5,747)</u>	<u>(5,473)</u>	<u>(3,386)</u>	<u>(3,755)</u>	<u>(6,179)</u>
Total business-type activities	<u>(196)</u>	<u>765</u>	<u>(6,569)</u>	<u>(4,584)</u>	<u>(3,647)</u>	<u>(3,254)</u>	<u>(2,424)</u>	<u>(3,343)</u>	<u>(4,877)</u>
Total primary government	<u>291,554</u>	<u>376,309</u>	<u>372,089</u>	<u>375,132</u>	<u>418,407</u>	<u>434,941</u>	<u>444,097</u>	<u>424,251</u>	<u>422,789</u>
CHANGE IN NET ASSETS:									
Governmental activities	27,733	37,204	23,096	20,725	51,269	11,585	(17,620)	(15,067)	(77,946)
Business-type activities	<u>(86)</u>	<u>2,970</u>	<u>5,372</u>	<u>9,210</u>	<u>8,903</u>	<u>7,353</u>	<u>1,848</u>	<u>(2,209)</u>	<u>(891)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 27,647</u>	<u>\$ 40,174</u>	<u>\$ 28,468</u>	<u>\$ 29,935</u>	<u>\$ 60,172</u>	<u>\$ 18,938</u>	<u>\$ (15,772)</u>	<u>\$ (17,276)</u>	<u>\$ (78,837)</u>

- (1) Tax levy for school purposes reclassified from transfers to education.
- (2) Operation of Dunn Tire Park transferred to County on January 1, 2003.
- (3) Intergovernmental includes sales tax, transfers from school district for debt service and BFSAs deficit borrowings.
- (4) Included in Other taxes prior to 2009.
- (5) During the year ended June 30, 2010, the City adjusted its allocation basis of certain fringe benefits and other costs.

Note: The City began to report net asset information when it implemented GASB Statement No. 34 in the year ended June 30, 2003.

**CITY OF BUFFALO, NEW YORK**  
**Table IV—Governmental Activities Tax Revenues by Source**  
**Last Ten Years**  
**(Unaudited, amounts expressed in thousands)**

	Year ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PROPERTY TAX (1)	\$ 114,581	\$ 115,482	\$ 127,766	\$ 128,382	\$ 127,149	\$ 128,721	\$ 131,240	\$ 127,027	\$ 125,431	\$ 127,779
GROSS UTILITY TAX	12,144	13,652	13,558	12,887	13,455	12,050	12,033	10,555	9,693	11,586
COB FRANCHISE TAX	3,005	2,280	2,416	2,646	2,576	2,491	2,244	2,485	2,714	2,879
MORTGAGE TAX	2,037	2,022	2,606	2,701	2,716	2,704	2,431	1,944	1,810	1,603
FOREIGN FIRE INSURANCE TAX	324	354	346	353	343	340	-	-	-	-
OCCUPANCY TAX	<u>8</u>	<u>7</u>	<u>8</u>	<u>11</u>	<u>11</u>	<u>9</u>	<u>8</u>	<u>5</u>	<u>70</u>	<u>10</u>
	<u>\$ 132,099</u>	<u>\$ 133,797</u>	<u>\$ 146,700</u>	<u>\$ 146,980</u>	<u>\$ 146,250</u>	<u>\$ 146,315</u>	<u>\$ 147,956</u>	<u>\$ 142,016</u>	<u>\$ 139,718</u>	<u>\$ 143,857</u>

(1) Does not include property tax levy paid by New York State as STAR Aid.

Note: Data is not available for years prior to the year ended June 30, 2002.

**CITY OF BUFFALO, NEW YORK**  
**Table V—Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(Unaudited, amounts expressed in thousands)**

	Year ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (2)
<b>GENERAL FUND:</b>										
Reserved	\$ 8,138	\$ 9,262	\$ 6,630	\$ 7,663	\$ 9,204	\$ 11,936	\$ 19,815	\$ 37,674	\$ 32,259	n/a
Unreserved:	<u>9,678</u>	<u>26,744</u>	<u>47,365</u>	<u>69,369</u>	<u>86,457</u>	<u>105,421</u>	<u>113,480</u>	<u>100,923</u>	<u>110,481</u>	n/a
<b>TOTAL</b>	<b><u>\$ 17,816</u></b>	<b><u>\$ 36,006</u></b>	<b><u>\$ 53,995</u></b>	<b><u>\$ 77,032</u></b>	<b><u>\$ 95,661</u></b>	<b><u>\$ 117,357</u></b>	<b><u>\$ 133,295</u></b>	<b><u>\$ 138,597</u></b>	<b><u>\$ 142,740</u></b>	n/a
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>										
Reserved	\$ 31,602	\$ 23,106	\$ 40,139	\$ 52,250	\$ 44,251	\$ 56,723	\$ 77,078	\$ 85,076	\$ 63,448	n/a
Unreserved — reported in:										
Capital debt service fund (1)	-	-	19,054	2,798	-	-	-	-	-	n/a
Capital projects funds	43,308	23,836	11,404	18,752	26,894	45,171	12,040	31,897	28,607	n/a
Fiduciary funds	-	-	-	-	-	-	-	-	-	n/a
Special revenue funds	<u>2,408</u>	<u>-</u>	<u>420</u>	<u>61</u>	<u>1,599</u>	<u>1,952</u>	<u>1,619</u>	<u>2,030</u>	<u>2,115</u>	n/a
<b>TOTAL</b>	<b><u>\$ 77,318</u></b>	<b><u>\$ 46,942</u></b>	<b><u>\$ 71,017</u></b>	<b><u>\$ 73,861</u></b>	<b><u>\$ 72,744</u></b>	<b><u>\$ 103,846</u></b>	<b><u>\$ 90,737</u></b>	<b><u>\$ 119,003</u></b>	<b><u>\$ 94,170</u></b>	n/a
<b>General Fund:</b>										
Nonspendable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 22,311
Restricted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14,933
Committed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35,497
Assigned	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	51,557
Unassigned	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<u>5,653</u>
<b>Total General Fund</b>										<b><u>\$ 129,951</u></b>
<b>All other governmental funds:</b>										
Nonspendable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 60
Restricted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	96,570
Assigned	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<u>1,726</u>
<b>Total all governmental funds</b>										<b><u>\$ 98,356</u></b>

(1) Fund balance categories for the capital debt service fund were shifted from unreserved to reserved with the adoption of GASB Statement No. 34.

(2) During the fiscal year ended June 30, 2011, the City implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions.

**CITY OF BUFFALO, NEW YORK**  
**Table VI—Changes in Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(Unaudited, amounts expressed in thousands)**

	Year ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>REVENUES:</b>										
Property taxes, assessments, and other tax items	\$ 127,479	\$ 128,653	\$ 139,562	\$ 141,272	\$ 140,347	\$ 140,457	\$ 143,045	\$ 138,824	\$ 136,329	\$ 138,369
Utility and other non-property tax items	72,269	75,829	16,320	15,886	16,841	14,881	14,277	13,040	12,408	14,465
Intergovernmental	149,226	163,047	224,110	246,582	255,805	320,309	301,038	320,916	325,476	301,174
Investment interest	4,869	2,998	1,697	3,818	8,842	11,642	10,756	5,552	3,563	3,198
Licenses, permits, rentals, fines, and service charges	16,761	18,215	19,014	18,853	19,570	19,632	18,587	21,404	20,644	22,194
Miscellaneous	8,053	6,341	9,172	4,956	6,863	6,834	7,571	9,769	7,902	7,293
Total revenues	<u>378,657</u>	<u>395,083</u>	<u>409,875</u>	<u>431,367</u>	<u>448,268</u>	<u>513,755</u>	<u>495,274</u>	<u>509,505</u>	<u>506,322</u>	<u>486,693</u>
<b>EXPENDITURES:</b>										
General government	49,819	50,146	49,599	53,162	56,924	63,735	65,225	66,282	67,378	67,243
Public safety	141,791	138,673	131,860	133,372	136,140	136,496	150,004	158,351	155,707	146,824
Streets and sanitation	30,796	27,322	18,682	23,199	34,682	58,047	28,081	38,024	32,800	31,301
Economic assistance and opportunity	8,575	9,075	3,422	5,704	5,488	5,880	10,671	9,315	12,763	7,409
Culture and recreation	11,585	5,218	5,279	1,985	3,825	2,650	2,177	3,982	7,639	9,634
Health and community services	4,666	3,127	2,790	3,205	4,694	2,655	3,141	2,973	3,040	2,865
Education	-	-	68,733	71,288	71,238	76,844	70,323	70,323	70,323	75,361
Fringe benefits	62,982	64,514	82,525	85,246	87,900	90,484	100,785	107,352	116,891	128,003
Other	1,802	6,713	5,577	7,675	3,618	4,972	17,695	9,368	9,058	5,890
<b>Debt service:</b>										
Principal retirement	30,598	31,125	35,312	35,818	35,564	32,608	31,836	38,179	37,295	38,326
Interest and other fiscal charges	25,275	30,220	22,350	26,828	28,525	23,614	18,909	19,225	17,873	17,469
Total expenditures	<u>367,889</u>	<u>366,133</u>	<u>426,129</u>	<u>447,482</u>	<u>468,598</u>	<u>497,985</u>	<u>498,847</u>	<u>523,374</u>	<u>530,767</u>	<u>530,325</u>

(continued)

**CITY OF BUFFALO, NEW YORK**  
**Table VI—Changes in Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(Unaudited, amounts expressed in thousands)**

(concluded)

	Year ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,768</u>	<u>28,950</u>	<u>(16,254)</u>	<u>(16,115)</u>	<u>(20,330)</u>	<u>15,770</u>	<u>(3,573)</u>	<u>(13,869)</u>	<u>(24,445)</u>	<u>(43,632)</u>
OTHER FINANCING SOURCES (USES):										
Transfers in	\$ 31,527	\$ 31,399	\$ 38,914	\$ 76,738	\$ 46,008	\$ 74,467	\$ 50,994	\$ 57,600	\$ 59,246	\$ 62,108
Transfers out	(29,343)	(29,554)	(35,064)	(69,523)	(39,974)	(68,720)	(45,521)	(54,214)	(55,492)	(55,929)
Disbursement of bond proceeds	-	-	-	-	(42,819)	-	-	-	-	-
Disbursement of bond proceeds to Enterprise Funds	-	-	-	-	(6,761)	-	-	-	-	-
Refunding bonds issued	-	52,999	10,285	-	-	-	-	-	-	-
Capital Notes	-	-	-	-	-	1,557	929	14	-	-
Bonds issued	25,479	-	40,990	28,030	74,335	28,470	-	43,500	-	61,535
Premium on bonds/BANs issued	-	1,504	2,038	2,656	5,968	1,254	-	538	-	3,402
Payments to refunded bond escrow agent	-	(48,515)	(9,802)	-	1,084	-	-	-	-	(36,086)
Allocation to/from school district	(51,876)	(49,491)	-	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	4,095	-	-	-	-	-	-
Total other financing sources (uses)	<u>(24,213)</u>	<u>(41,658)</u>	<u>47,361</u>	<u>41,996</u>	<u>37,841</u>	<u>37,028</u>	<u>6,402</u>	<u>47,438</u>	<u>3,754</u>	<u>35,030</u>
NET CHANGE IN FUND BALANCES	<u>\$ (13,445)</u>	<u>\$ (12,708)</u>	<u>\$ 31,107</u>	<u>\$ 25,881</u>	<u>\$ 17,511</u>	<u>\$ 52,798</u>	<u>\$ 2,829</u>	<u>\$ 33,569</u>	<u>\$ (20,691)</u>	<u>\$ (8,602)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>17.02%</u>	<u>18.72%</u>	<u>14.31%</u>	<u>15.35%</u>	<u>15.65%</u>	<u>12.19%</u>	<u>10.86%</u>	<u>11.85%</u>	<u>11.16%</u>	<u>11.03%</u>

**CITY OF BUFFALO, NEW YORK**  
**Table VII—General Governmental Activities Tax Revenues by Source**  
**Last Ten Years**  
**(Unaudited, amounts expressed in thousands)**

	Year ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PROPERTY TAX (1)	\$ 115,369	\$ 116,376	\$ 126,820	\$ 127,969	\$ 128,250	\$ 128,183	\$ 131,565	\$ 127,604	\$ 125,377	\$ 127,522
GROSS UTILITY TAX	12,144	13,652	13,558	12,887	13,455	12,050	12,033	10,556	9,693	11,586
COB FRANCHISE TAX	3,005	2,280	2,416	2,646	2,576	2,491	2,244	2,485	2,714	2,879
MORTGAGE TAX	2,037	2,022	2,606	2,701	2,716	2,704	2,431	1,944	1,810	1,603
FOREIGN FIRE INSURANCE TAX	324	354	346	353	343	340	-	-	-	-
OCCUPANCY TAX	<u>8</u>	<u>7</u>	<u>8</u>	<u>11</u>	<u>11</u>	<u>9</u>	<u>8</u>	<u>5</u>	<u>70</u>	<u>10</u>
	<u>\$ 132,887</u>	<u>\$ 134,691</u>	<u>\$ 145,754</u>	<u>\$ 146,567</u>	<u>\$ 147,351</u>	<u>\$ 145,777</u>	<u>\$ 148,281</u>	<u>\$ 142,594</u>	<u>\$ 139,664</u>	<u>\$ 143,600</u>

(1) Does not include property tax levy paid by New York State as STAR Aid.

**CITY OF BUFFALO, NEW YORK**  
**Table VIII—Assessed Value and Estimated Actual Value of Taxable Real Property**  
**Last Ten Years**  
**(Unaudited, amounts expressed in thousands)**

Fiscal Year Ended June 30,	Real Property Residential Property	Real Property Commercial Property	Special Franchise	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Value
2002	\$ 3,984,045	\$ 4,196,745	\$ 322,376	\$ 3,172,192	\$ 5,330,974	\$ 24.55	\$ 5,320,333	100.20%
2003	4,136,457	4,070,799	333,981	3,165,997	5,375,240	24.53	5,436,674	98.87%
2004	4,350,924	3,931,817	328,224	3,196,397	5,414,568	26.10	5,430,316	99.71%
2005	4,405,889	3,886,173	312,129	3,189,036	5,415,155	27.02	5,604,591	96.62%
2006	4,511,611	3,989,602	341,763	3,249,728	5,593,248	26.16	5,788,315	96.63%
2007	4,626,173	4,025,731	330,093	3,275,707	5,706,290	25.64	6,168,296	92.51%
2008	4,936,090	4,285,076	348,041	3,483,436	6,085,771	24.04	6,322,880	96.25%
2009	4,911,903	4,451,237	347,704	3,578,736	6,132,108	23.42	6,536,035	93.82%
2010	4,984,712	4,488,325	360,679	3,530,987	6,302,729	22.92	6,722,274	93.76%
2011	5,079,838	4,594,201	390,519	3,657,707	6,406,851	22.52	6,932,321	92.42%

(1) Taxable assessed value adjusted by special equalization ratios established by New York State Office of Real Property Services.

Source: City of Buffalo, Division of Accounting

**CITY OF BUFFALO, NEW YORK**  
**Table IX—General Governmental Activities Tax Revenues by Source**  
**Last Ten Years**  
**(Unaudited, per \$1000 of assessed valuation)**

Fiscal Year	(3) Class	City of Buffalo (1)			School District			City Direct Blended Rate (5)	(2) (4) Total County of Erie	(1) (4) Total Sewer Authority	Direct and Overlapping Rates
		Operating	Debt Service	Total City	Operating	Debt Service	Total School				
2002	H	\$ 5.29	\$ 3.70	\$ 8.99	\$ 7.97	\$ 1.33	\$ 9.30	\$ 24.55	\$ 5.00	\$ 1.57	\$ 31.12
2002	NH	10.68	7.46	18.14	16.58	2.78	19.36				
2003	H	5.91	3.64	9.55	8.09	1.40	9.49	24.53	4.81	1.73	31.07
2003	NH	10.91	6.71	17.62	15.38	2.66	18.04				
2004	H	6.57	4.29	10.86	7.61	2.38	9.99	26.10	4.68	2.06	32.84
2004	NH	11.59	7.56	19.15	13.79	4.32	18.11				
2005	H	6.92	4.72	11.64	7.97	2.08	10.05	27.02	4.59	2.06	33.67
2005	NH	12.15	8.30	20.45	14.37	3.74	18.11				
2006	H	6.75	4.49	11.25	8.41	1.30	9.71	26.16	5.13	1.99	33.28
2006	NH	11.91	7.92	19.84	15.21	2.36	17.57				
2007	H	6.63	4.21	10.84	8.33	1.58	9.91	25.64	5.10	1.94	32.68
2007	NH	11.40	7.23	18.63	14.68	2.77	17.45				
2008	H	6.67	3.72	10.39	7.94	1.44	9.38	24.04	5.19	1.80	31.03
2008	NH	10.92	6.10	17.02	13.33	2.42	15.75				
2009	H	5.90	3.82	9.72	7.71	1.40	9.11	23.42	5.40	1.78	30.60
2009	NH	10.15	6.57	16.72	13.58	2.47	16.05				
2010	H	5.47	3.97	9.44	7.63	1.38	9.01	22.92	5.25	1.75	29.92
2010	NH	9.41	6.82	6.23	13.40	2.43	15.83				
2011	H	5.30	3.99	9.29	7.32	1.33	8.65	22.52	5.37	1.70	29.59
2011	NH	9.38	7.06	16.44	13.22	2.40	15.62				

(1) The City of Buffalo and Buffalo Sewer Authority fiscal year begins on July 1.

(2) The County of Erie fiscal year begins on January 1.

(3) H — Homestead class NH — Non-homestead class.

(4) The County of Erie and the Buffalo Sewer Authority do not differentiate between Homestead and Non-homestead classes.

(5) The blended rate is calculated using the total tax levy and total taxable assessed valuation.

Source: City of Buffalo, Division of Accounting; County of Erie; and Buffalo Sewer Authority

**CITY OF BUFFALO, NEW YORK**  
**Table X—Principal Property Taxpayers**  
**Years Ended June 30, 2011 and June 30, 2002**  
**(Unaudited, amounts expressed in thousands)**

Taxpayer	Year ended June 30,					
	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
National Grid	\$ 308,625	1	4.82 %	\$ 201,805	1	3.79 %
National Fuel Gas	156,425	2	2.44 %	130,395	2	2.45 %
Seneca One Realty LLC	80,150	3	1.25 %			
Verizon New York Inc	70,600	4	1.10 %	83,430	3	1.57 %
Manufacturers & Traders Trust Co.	49,012	5	0.76 %	29,200	6	0.55 %
Con-Rail Corporation	31,236	6	0.49 %	44,205	5	0.83 %
Violet Realty	19,299	7	0.30 %	17,000	8	0.32 %
Government Properties Income Trust	14,500	8	0.23 %			
WNY Lodging LLC	12,500	9	0.20 %			
General Mills	10,400	10	0.16 %	11,472	10	0.22 %
Marine Buffalo Associates (HSBC)				52,000	4	0.98 %
Norfolk-Western				18,118	7	0.34 %
Hyperion Telecommunications				14,073	9	0.26 %

Source: City of Buffalo, Division of Accounting

**CITY OF BUFFALO, NEW YORK**  
**Table XI—Property Tax Levies and Collections**  
**Last Ten Years**  
**(Unaudited, amounts expressed in thousands)**

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Interest Added to Levy (1)	Final Tax Levy for Fiscal Year	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage				Amount	Percentage of Levy
2002	\$ 116,054	\$ 108,237	93.26 %	\$ 1,407	\$ 117,461	\$ 8,803	\$ 117,040	99.64 %
2003	116,465	108,771	93.39	1,385	117,850	7,436	116,207	98.61
2004	124,716	116,714	93.58	1,440	126,156	7,874	124,588	98.76
2005	129,365	121,485	93.91	1,418	130,783	7,373	128,858	98.53
2006	129,260	121,415	93.93	1,413	130,673	7,639	129,054	98.76
2007	129,631	121,849	94.00	1,401	131,032	7,456	129,305	98.68
2008	130,108	123,394	94.84	1,209	131,317	5,083	128,477	97.84
2009	128,689	121,873	94.70	1,227	129,916	441	122,314	94.15
2010	126,219	119,932	95.02	1,260	127,479	464	120,396	94.44
2011	129,069	122,281	94.74	1,224	130,293	393	122,674	94.15

(1) Interest of 18% for one year is added to tax levy for all properties not paid in current year.

Source: City of Buffalo, Division of Accounting

**CITY OF BUFFALO, NEW YORK**  
**Table XII—Ratios of Outstanding Debt by Type**  
**Last Ten Years**

**(Unaudited, amounts expressed in thousands, except Total Debt to City Population)**

Fiscal Year Ended June 30,	Governmental Activities									Business-Type Activities			Total Primary Governmental Debt	Total Debt to Personal Income (2)	Total Debt per Capita (2)
	City General Obligation Bonds (1)	Plus BFSAs Mirror Bonds City	City General Obligation Bonds Total	Schools General Obligation Bonds (1)	Plus BFSAs Mirror Bonds Schools	General Obligation Total Schools	Total Governmental Bonded Debt	BFSAs Revenue Bonds	Capital Leases	General Obligation Bonds (1)	Water Authority Bonds	Capital Leases			
2002	\$ 229,260	\$ -	\$ 229,260	\$ 184,007	\$ -	\$ 184,007	\$ 413,267	\$ -	\$ 2,775	\$ 52,618	\$ 110,367	\$ 1,024	\$ 580,051	5.91 %	\$ 2,018
2003	208,494	-	208,494	178,133	-	178,133	386,627	-	2,283	49,246	123,601	456	562,213	4.65	1,976
2004	202,015	-	202,015	168,825	-	168,825	370,840	25,745	1,841	44,739	120,474	149	563,788	5.16	1,986
2005	178,565	26,167	204,732	156,458	2,351	158,809	363,541	53,775	5,658	40,472	117,175	-	580,621	5.49	2,058
2006	126,364	84,407	210,771	136,648	11,174	147,822	358,593	126,075	5,036	28,478	125,260	-	643,442	5.92	2,331
2007	106,611	102,582	209,193	127,254	16,085	143,339	352,532	151,085	4,449	26,188	153,467	-	687,721	6.04	2,523
2008	91,040	95,420	186,460	118,213	14,716	132,929	319,389	143,860	3,929	23,833	147,852	-	638,863	5.40	2,358
2009	117,328	88,585	205,913	120,707	13,241	133,948	339,861	132,850	3,388	21,350	143,007	-	640,456	5.38	2,370
2010	100,902	79,715	180,617	111,567	11,331	122,898	303,515	121,120	2,824	19,865	161,400	-	608,724	n/a	2,330
2011	108,688	68,965	177,653	106,551	10,065	116,616	294,269	106,760	2,237	17,575	155,565	-	576,406	n/a	n/a

Note: Detail regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) Net of bonds issued by City to BFSAs starting in 2005.

(2) Population and income data can be found in the schedule of demographic and economic statistics.

**CITY OF BUFFALO, NEW YORK**  
**Table XIII—Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**

(Unaudited, amounts expressed in thousands, except Total Debt to City Population)

Fiscal Year Ended June 30,	General Bonded Debt			Less Amounts Available in		Total Bonded Debt to Assessed Value (1)	Total Bonded Debt to Equalized Full Value (1)	Total Bonded Debt Per Capita (2)
	City	Schools	Total	Debt Service Fund	Total			
2002	\$ 229,260	\$ 184,007	\$ 413,267	\$ 2,755	\$ 410,512	7.70 %	7.72 %	\$ 1,428
2003	208,494	178,133	386,627	2,347	384,280	7.15	7.07	1,351
2004	202,015	168,825	370,840	6,225	364,615	6.73	6.71	1,284
2005	204,732	158,809	363,541	5,054	358,487	6.62	6.40	1,271
2006	210,771	147,822	358,593	4,152	354,441	6.34	6.12	1,284
2007	209,193	143,339	352,532	5,029	347,503	6.09	5.63	1,275
2008	186,460	132,929	319,389	4,329	315,060	5.18	4.98	1,163
2009	205,913	133,948	339,861	5,687	334,174	5.45	5.11	1,237
2010	180,617	122,898	305,515	4,830	300,685	4.77	4.47	1,143
2011	177,653	116,616	294,269	3,648	290,621	4.54	4.19	n/a

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See the schedule of assessed value and estimated actual value of taxable real property for property value data.
- (2) Population data can be found in the schedule of demographic and economic statistics.

Source: City of Buffalo, Division of Accounting

**CITY OF BUFFALO, NEW YORK**  
**Table XIV—Direct and Overlapping Debt**  
**As of June 30, 2011**  
**(Unaudited, amounts expressed in thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Erie County	\$ 498,948	13.20 %	\$ 65,861
Buffalo Sewer Authority	56,080	23.00	<u>12,898</u>
Subtotal — overlapping debt			78,759
City of Buffalo total gross debt			<u>313,958</u>
Total direct and overlapping debt			<u>\$ 392,717</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Buffalo. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) Excludes County general obligations sold for sewer districts in the County payable from assessments on property outside the City.
- (2) The percentage of overlapping debt applicable is estimated using the ratio of City to total County full valuation as equalized by the County Commissioner of Finance. The Sewer Authority percentage is the amount of operating fund revenues derived from a sewer rent on the assessed value of real property within the City.

Source: City of Buffalo, Division of Accounting

**CITY OF BUFFALO, NEW YORK**  
**Table XV—2011 Legal Debt Margin**  
**As of June 30, 2011**  
**(Unaudited, amounts expressed in thousands)**

Average Full Valuation of Taxable Real Property and Special Franchises as Determined by the Last Completed Roll and the Four Preceding Rolls	<u>\$ 6,496,017</u>
Debt Contracting Limitation — Nine percent of average full valuation — Article VIII, Section 4 of the Constitution of the State of New York	\$ 584,642
Gross indebtedness:	
Borrowings:	
Serial bonds	\$ 278,670
DASNY refunding	<u>35,288</u>
Total gross debt	<u>313,958</u>
Exclusions:	
Exempt debt:	
Water supply bonds	1,934
Parking facilities bonds	17,755
Reserve to pay non-exempt debt	3,387
Appropriation in current budget to pay non-exempt debt maturing during remainder of fiscal year	<u>35,879</u>
Total exclusions	<u>58,955</u>
Net indebtedness	<u>255,003</u>
Debt contracting margin	329,639
Authorized but unissued non-exempt debt	<u>6,170</u>
Effective borrowing capacity — July 1, 2011	<u>\$ 323,469</u>

Note: Under Article VIII, Section 4 of the Constitution of the State of New York, the City of Buffalo's outstanding general obligation debt should not exceed 9 percent of average full valuation of taxable property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: City of Buffalo, Division of Accounting

**CITY OF BUFFALO, NEW YORK**  
**Table XVI—Legal Debt Margin Information**  
**Last Ten Years**  
**(Unaudited, amounts expressed in thousands)**

	Year end June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 475,097	\$ 478,212	\$ 483,162	\$ 494,603	\$ 502,572	\$ 518,985	\$ 547,562	\$ 565,411	\$ 579,415	\$ 584,642
Total net debt applicable to limit	<u>385,113</u>	<u>349,434</u>	<u>333,049</u>	<u>341,786</u>	<u>320,264</u>	<u>314,275</u>	<u>279,302</u>	<u>297,822</u>	<u>262,758</u>	<u>255,003</u>
Debt Contracting Margin	89,984	128,778	150,113	152,817	182,308	204,710	268,260	267,589	316,657	329,639
Authorized but unissued non-exempt debt	<u>74,752</u>	<u>80,988</u>	<u>80,063</u>	<u>61,178</u>	<u>12,750</u>	<u>13,322</u>	<u>13,322</u>	<u>7,983</u>	<u>6,170</u>	<u>6,170</u>
Effective borrowing capacity — July 1	<u>\$ 15,232</u>	<u>\$ 47,790</u>	<u>\$ 70,050</u>	<u>\$ 91,639</u>	<u>\$ 169,558</u>	<u>\$ 191,388</u>	<u>\$ 254,938</u>	<u>\$ 259,606</u>	<u>\$ 310,487</u>	<u>\$ 323,469</u>
Total net debt applicable to the limit as a percentage of debt limit	81.06 %	73.07 %	68.93 %	69.10 %	63.72 %	60.56 %	51.01 %	52.68 %	45.35 %	43.62 %

Note: Under Article VIII, Section 4 of the Constitution of the State of New York, the City of Buffalo's outstanding general obligation debt should not exceed 9 percent of average full valuation of taxable property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: City of Buffalo, Division of Accounting

**CITY OF BUFFALO, NEW YORK**  
**Table XVII—Debt Service Coverage for Buffalo Municipal Water Finance Authority Revenue Bonds**  
**Last Ten Years**  
**(Unaudited, amounts expressed in thousands)**

Fiscal Year	Cash Receipts	Cash Disbursements for Operations	Net Available Revenue	Debt Service Payment	Debt Coverage
2002	\$ 27,127	\$ 17,358	\$ 9,769	\$ 8,317	117.46 %
2003	26,912	16,270	10,642	9,202	115.65
2004	31,519	20,676	10,843	9,270	116.97
2005	35,817	25,080	10,737	9,234	116.28
2006	40,352	25,566	14,786	9,542	154.96
2007	39,673	22,681	16,992	10,526	161.43
2008	40,785	22,388	18,397	11,477	160.29
2009	41,456	24,032	17,424	11,405	152.78
2010	41,403	22,982	18,421	11,795	156.18
2011	46,018	24,503	21,515	13,670	157.32

Note: The Buffalo Water Board is required to set rates such that excess reserves and revenues collected in a fiscal year will be equal to 115% of the debt service payable in the fiscal year and 100% of the operating expenses and required deposits payable in the fiscal year.

Source: City of Buffalo, Division of Accounting

**CITY OF BUFFALO, NEW YORK**  
**Table XVIII—Demographic and Economic Statistics**  
**Last Ten Years**  
**(Unaudited)**

	Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Population (1)	287,500	284,500	283,900	282,100	276,059	272,632	270,919	270,240	261,310	n/a
Total personal income (In thousands)(2)	\$ 9,823,013	\$12,096,371	\$10,933,273	\$10,572,826	\$10,861,541	\$11,381,023	\$11,820,196	\$11,908,666	n/a	n/a
Per capita Personal income (2)	\$ 34,167	\$ 42,518	\$ 38,511	\$ 37,479	\$ 39,345	\$ 41,745	\$ 43,630	\$ 44,067	n/a	n/a
School district Enrollment (3)	44,831	43,146	41,101	38,479	36,706	36,563	35,677	34,478	34,636	34,191
Unemployment Rate (4)	6.8 %	7.2 %	7.3 %	6.5 %	6.3 %	5.9 %	6.9 %	10.0 %	10.2 %	n/a
Employed (4)	116,400	115,400	115,600	115,500	115,100	114,100	114,300	110,800	108,900	n/a

Source

(1) Population figures from “Survey of Buying Power“ Sales and Marketing Management Magazine 1999–2005 and U.S. Census Bureau ([www.factfinder.census.gov](http://www.factfinder.census.gov)) 2006-2010.

(2) U.S. Census Bureau ([www.factfinder.census.gov](http://www.factfinder.census.gov)). Census Bureau is transitioning to a new website. Data not available at this time.

(3) Buffalo City School District’s Department of Research and Evaluation.

(4) [www.labor.state.ny.us](http://www.labor.state.ny.us). See "Buffalo, City of".

**CITY OF BUFFALO, NEW YORK**  
**Table XIX—Principal Employers in the Buffalo Metropolitan Area**  
**Years Ended June 30, 2011 and June 30, 2002**  
**(Unaudited)**

Employer	2011 (1)			2002 (2)		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
State of New York	27,995	1	6.55 %	15,564	1	3.50 %
University at Buffalo	10,898	2	2.55	5,421	5	1.22
Kaleida Health	10,000	3	2.34	5,243	7	1.18
Federal Executive Board (United States of America)	10,000	3	2.34	11,700	2	2.63
Catholic Health System	6,230	5	1.46	4,471	10	1.01
Employer Services Corp	6,089	6	1.43	n/a		
Buffalo City School District	5,200	7	1.22	6,829	4	1.54
Tops Markets	5,103	8	1.19	n/a		
HSBC Bank, USA	5,000	9	1.17	5,246	6	1.18
M&T Bank	4,611	10	1.08	4,812	9	1.08
Delphi Harrison Thermal Systems	n/a			5,000	8	1.13
Erie County	n/a			7,529	3	1.69
Total	<u>91,126</u>			<u>71,815</u>		

(1) From the 10/15-10/21/10 issue of “Business First.” Western New York’s weekly business newspaper.

(2) From the 10/28/02 issue of “Business First.”

**CITY OF BUFFALO, NEW YORK**  
**Table XX—Full-time Equivalent Employees by Function**  
**Last Ten Years**  
**(Unaudited)**

Function	As of June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	-	436	388	379	391	381	384	395	393	382
Public safety:										
Police:	917									
Officers and exempt	-	832	787	730	722	658	715	713	695	639
Civilians	-	198	148	150	151	144	142	139	142	137
Fire:	928									
Firefighters and officers	-	770	725	685	653	630	611	601	614	623
Civilians	-	42	42	38	47	38	40	45	34	36
Other	-	170	143	143	136	133	144	147	145	134
Streets and sanitation	-	247	196	177	173	165	202	204	194	203
Health and welfare	-	77	64	56	57	57	53	51	54	44
Culture and recreation	-	156	106	6	8	8	7	14	64	77
Economic assistance	-	36	21	23	23	21	22	20	21	18
Business activities:										
Water	134	124	128	126	129	127	126	122	112	104
Solid waste and recycling		120	153	176	177	173	146	149	140	139
Parking	-	-	-	1	1	1	-	-	-	-
Total	<u>3,429</u>	<u>3,208</u>	<u>2,901</u>	<u>2,690</u>	<u>2,668</u>	<u>2,536</u>	<u>2,592</u>	<u>2,600</u>	<u>2,608</u>	<u>2,536</u>

Note: Employee count by all functions not available prior to 2003. Detail does not equal total prior to 2003.

Source: City of Buffalo, Division of Accounting

**CITY OF BUFFALO, NEW YORK**  
**Table XXI—Operating Indicators by Function**  
**Last Ten Years**  
**(Unaudited)**

Function	Year ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administration and finance —										
Parking summons issued	202,440	201,521	193,724	195,000	200,757	179,229	142,801	149,531	176,192	192,643
Police:										
Physical arrests	15,005	19,125	17,229	10,132 (1)	18,105	21,483	19,780	17,037	15,791	19,211
Traffic violations	26,698	31,436	24,734	13,904 (1)	29,746	30,914	25,611	27,193	23,578	22,322
Fire:										
Number of calls answered	32,997	32,554	34,208	33,994	32,861	35,900	34,434	33,581	34,928	32,350
Inspections	5,800	6,272	6,167	4,350 (2)	2,050 (3)	3,600	2,332 (3)	2,753	4,670	3,240
Public works:										
Street resurfacing (square yards)	409,306	447,434	432,921	436,676	441,025	232,727	418,998	314,292	510,250	N/A
Pothole material used (in tons)	1,603	1,554	1,431	1,632	1,176	1,176	1,800	1,895	1,545	1,520
Sanitation:										
Refuse collected (tons/day)	n/a	428	418	394	525	474	498	478	415	420
Recyclables collected (tons/day)	n/a	41	37	35	35	26	33	32	32	33
Permits and inspections:										
Demolitions completed	466	347	355	618	238	367	481	765	693	486
Inspections	74,578	74,499	65,163	62,560	31,274	46,446	59,001	40,574	37,545	29,314
Water:										
Consumers	81,275	80,520	80,267	79,610	79,192	79,019	78,224	76,873	73,531	74,989
Water main breaks	166	486	357	263	191	175	184	216	246	233
Average daily consumption (thousands of gallons)	94,755	98,400	84,320	80,820	80,200	72,130	66,800	64,650	58,997	58,871

(1) Reflects data for the period January through June 2005.

(2) Numbers are approximates due to lack of source documents.

(3) Number reflects calendar basis.

Source: various City departments

**CITY OF BUFFALO, NEW YORK**  
**Table XXII—Capital Asset Statistics by Function**  
**Last Ten Years**  
**(Unaudited)**

Function	As of June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety:										
Police:										
Stations (including headquarters)	8	9	8	8	8	7	6	7	7	8
Satellite stations (substations)	4	5	5	5	5	3	1	-	1	-
Fire stations (including headquarters)	28	28	28	25	23	20	20	23	20	25
Sanitation — Collection trucks	44	38	38	38	39	39	44	44	39	42
Highways and streets:										
Streets (miles)	700	700	700	700	700	700	700	720	720	720
Streetlights	31,548	34,319	34,339	35,000	35,035	30,429	32,000	32,000	31,285	31,513
Traffic signals	660	662	664	660	650	665	665	663	663	663
Culture and recreation:										
Parks acreage (including public squares and circles)	2,000	2,000	2,000	2,025	2,025	1,500	1,900	1,900	1,800	1,800
Parks (major)	19	19	19	20	20	16	16	16	29	29
Minor parks and playgrounds	79	79	79	81	81	81	81	81	60	60
Community centers	n/a	n/a	n/a	34	34	34	35	35	38	32
Education — School buildings	79	76	76	74	74	74	69	72	71	60
Water:										
Water mains (miles)	783	783	783	783	783	875	875	875	875	809
Fire hydrants	7,432	7,432	7,432	7,432	7,432	8,004	8,004	8,004	8,004	7,877
Pumping plant-maximum daily capacity (thousands of gallons)	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000
Filtration plant-maximum daily capacity (thousands of gallons)	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000

Source: various City departments