

Comprehensive Annual Financial Report



Buffalo, New York

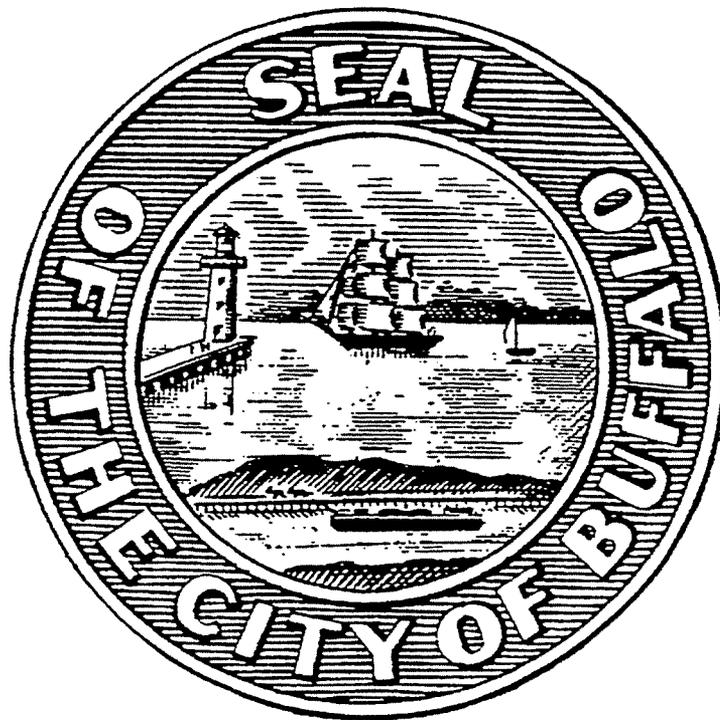
For the Fiscal Year Ended
June 30, 2006

Cover photo taken by John Choczynski

City of Buffalo, New York

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006
Andrew A. SanFilippo, 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, NEW YORK

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INTRODUCTORY SECTION

This section contains the following:

- LETTER OF TRANSMITTAL
- ELECTED CITY OFFICIALS
- ORGANIZATIONAL CHART



CITY OF BUFFALO

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

ANDREW A. SANFILIPPO

COMPTROLLER

December 28, 2006

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

I am pleased to submit the 174th Comprehensive Annual Financial report of the City of Buffalo for the fiscal year ended June 30, 2006. 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.

Deloitte & Touche LLP have issued an unqualified ("clean") opinion on the City of Buffalo's financial statements for the year ended June 30, 2006. The independent auditors' report is located at the front of the financial section of this report.

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. 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 and the eastern shore of Lake Erie. It has a land area of 42 square miles and a population of 292,648 based on the 2000 census. Buffalo is the second largest city in the state and serves as the seat of Erie County government. The Peace Bridge crossing the Niagara River connects downtown Buffalo with Fort Erie 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 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 of Buffalo, consists of nine Councilmembers 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.

After a review by the New York State Comptroller, New York State declared that the City was in a state of fiscal crisis and enacted the Buffalo Fiscal Stability Authority Act. Effective July 2, 2003, the Buffalo Fiscal Stability Authority (the "BFSA") monitors the fiscal affairs of the City. 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 of Buffalo is also financially accountable for a legally separate school district and urban renewal agency, both of which are reported separately within the City of Buffalo'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 10.5%. The reduction in manufacturing jobs is offset by an increase in service providing jobs which grew from 20% to 52% over the same period. The major employers in the area include federal, state and local governments, colleges and universities, banks, and health care professionals. During the past 10 years, the range of the unemployment rate rose from a low of 5.1% in 2001 to a high of 7.3% in 2003, and has declined to 6.5% in 2006. Jobs continue to increase in financial activities, professional and business services, and construction categories.

During the past 10 years, the amount of the City's General Fund revenues derived from state aid grew from \$52 million (16% of total revenues) to \$122 million (31% of total revenues). During the same period, property tax revenues declined from 46% to 33% of total revenues. On the expense side, the cost of fringe benefits grew from \$60 million (25% of total expenditures) to \$85 million (25% of total expenditures) at a time when the workforce was cut from 3,396 to 2,668 members. The cost of fringe benefits would have been higher if the City had not contracted 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 a growth revenue to alleviate its dependence on state aid and thereby ensure its fiscal stability.

The City continues to benefit economically from the 10-year, \$1 billion capital program to renovate 80 school facilities and create a modern-day learning environment to attract and maintain young families. The 2007 Board of Education, City of Buffalo, a component unit of the City (the "District") budget included the closure of three facilities as the District continues to face serious challenges as population losses continue, a trend that began in 1950 when the City's population peaked at 580,132. Despite the challenges, the District has maintained an adequate financial position but must continue to explore ways to reduce costs and improve efficiencies.

Overall, the City's financial position continues to improve, as signaled in the growth within the unreserved General Fund balance, aided significantly by BFSA actions. The many positives include investment in the Medical Campus, downtown housing growth, a coming together of forces to spur waterfront development, continued movement towards a Buffalo gaming casino, and the still vibrant major leagues sports franchises (Bills and

Sabres) that call Buffalo home and give the City and its rich architectural history a national presence.

Long-term financial planning

Unreserved fund balance in the General Fund is \$86 million (23 percent of total general fund revenues). This growth in fund balance is the result of conservative budget practices by the Mayor and Common Council under the oversight of the Buffalo Fiscal Stability Authority, unanticipated state aid, deficit borrowings, as well as a wage and hiring freeze. The City plans to continue to look for ways to control costs and has adopted a budget for 2007 that does not use any deficit borrowing. The goal of the City is to eliminate the wage freeze and produce balanced budgets while maintaining an optimal fund balance amount to cover unanticipated contingencies.

Major initiatives

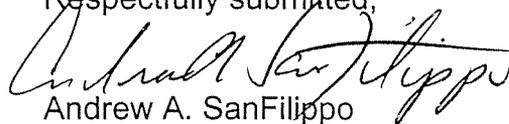
The Office of Strategic Planning developed the City's Comprehensive Plan. This document provides the framework to guide public and private investment in the City for the next twenty-five years. The development of Buffalo's waterfront is a major priority of the City. Plans include a state park, historic district, and casino. Significant investment continues to be made in the Buffalo Niagara Medical Campus, This complex located near downtown is home to the Hauptman-Woodward Structural Biology Research Center, the University of Buffalo's Center for Excellence in Bioinformatics and Life Science, Roswell Park Cancer Institute Center of Genetics and Pharmacology and Buffalo General Hospital. Other initiatives include restoring and expanding Frederick Law Olmsted's extraordinary system of parks and pathways as well as repairing and building on the Ellicott grid and radial system.

The Mayor initiated Citistat during 2006, a computer based data tracking system, that when coupled with best management practices, helps achieve policy objectives. Citistat was implemented in order to ensure accountability and reliability within the workforce as well as to identify any new technologies needed to improve service delivery.

Acknowledgements

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,



Andrew A. SanFilippo
Comptroller

CITY OF BUFFALO, NEW YORK

ELECTED CITY OFFICIALS

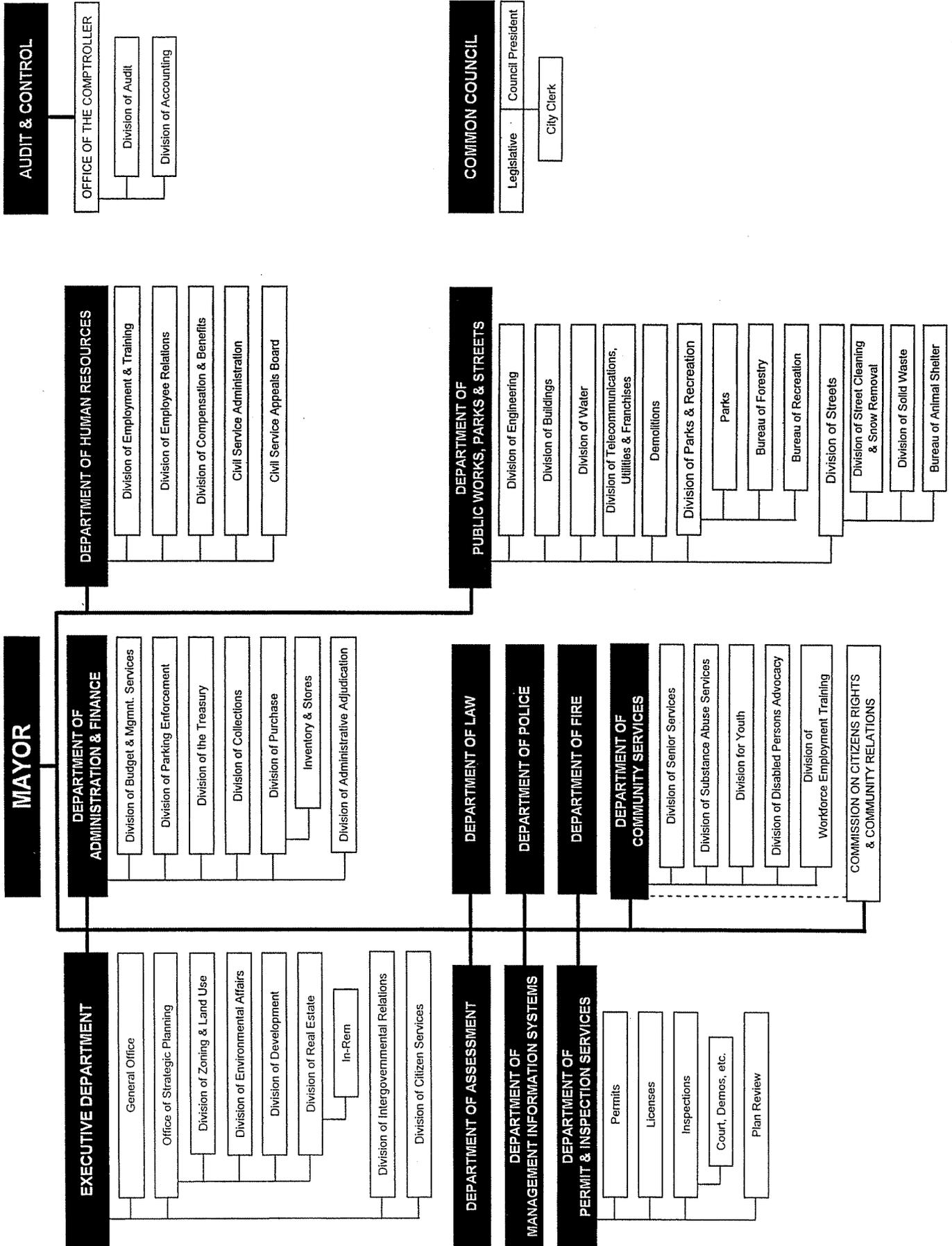
JUNE 30, 2006

MAYOR BYRON W. BROWN
COMPTROLLER ANDREW A. SANFILIPPO
PRESIDENT OF THE COUNCIL DAVID A. FRANCYK

DISTRICT COUNCIL MEMBERS

DELAWARE DISTRICT MICHAEL J. LOCURTO
ELLCOTT DISTRICT BRIAN C. DAVIS
FILLMORE DISTRICT DAVID A. FRANCYK
LOVEJOY DISTRICT RICHARD A. FONTANA
MASTEN DISTRICT ANTOINE M. THOMPSON
NIAGARA DISTRICT DOMINIC J. BONIFACIO, JR.
NORTH DISTRICT JOSEPH GOLOMBEK, JR.
SOUTH DISTRICT MICHAEL P. KEARNS
UNIVERSITY DISTRICT BONNIE E. RUSSELL

BUFFALO CITY GOVERNMENT



* Commissioner of Assessment and Commissioner of Management Information Systems are appointed by the Mayor, Comptroller, and Council President

FINANCIAL SECTION

This section contains the following:

- INDEPENDENT AUDITORS' REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- COMBINING STATEMENTS AND SCHEDULES

INDEPENDENT AUDITORS' REPORT

Honorable Comptroller
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, 2006, 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 10% and 2%, respectively, of the assets and revenues of the governmental activities, 23% and 2%, respectively, of the assets and revenues of the governmental funds within the fund financial statements, and 70% and 71%, respectively, of the assets and liabilities of the fiduciary funds. We also did not audit the financial statements of the City of Buffalo Urban Renewal Agency, which is shown as a discretely presented component unit. 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 and the City of Buffalo Urban Renewal Agency, 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 respective 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 respective 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 and the report of other auditors provide a reasonable basis for our opinion.

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, 2006, and the respective changes in financial position and respective 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.

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 the Governmental Accounting Standards Board. 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 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 City's respective financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and statistical sections as listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of the City's management. The combining and individual fund statements 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 sections and statistical tables have not been subjected to the auditing procedures applied in our audit of the basic financial statement and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

December 6, 2006

CITY OF BUFFALO, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2006

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, 2006. All amounts are expressed in thousands of dollars, unless otherwise indicated.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year ending June 30, 2006 by \$197,833 (*net assets*). This consists of \$196,796 invested in capital assets, net of related debt, \$23,093 restricted for specific purposes, and deficit unrestricted net assets of \$22,056.
- The City's total net assets increased by \$29,932 for the year ended June 30, 2006.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$168,405.
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$86,457 or 25% of total general fund expenditures. The unreserved undesignated fund balance for the general fund was \$56,188 or 16% of total general fund expenditures.
- The City's total bonded debt outstanding (excluding notes that have been refinanced but have not yet matured and bonds issued by the BFSA) is \$422,389. The City issued \$27,759 of bonds with the Buffalo Fiscal Stability Authority (the "BFSA") for capital projects during the year.
- The Buffalo Fiscal Stability Authority's ("BFSA") total bonded debt outstanding is \$126,075, of which \$27,270 was issued for City capital projects during the current year and \$47,065 was issued to refund \$47,015 of the City's general obligation bonds.

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.

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 five 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, both the general and debt service funds of the BFSA are reported as major funds of the City. The City's special revenue and the permanent fund 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, water board, water authority, 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.

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, water board, water authority, parking, and refuse collection operations, which are considered to be major funds of the City. 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 Statement 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 Statement 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 \$194,054 at the close of the most recent fiscal year.

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 is 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.

Table A-1

City of Buffalo, New York
Net Assets - Primary Government
(000's Omitted)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 464,548	\$457,510	\$ 46,580	\$ 35,639	\$ 511,128	\$ 493,149
Capital Assets	351,359	319,279	165,653	164,816	517,012	484,095
Total Assets	<u>\$ 815,907</u>	<u>\$776,789</u>	<u>\$212,233</u>	<u>\$200,455</u>	<u>\$ 1,028,140</u>	<u>\$ 977,244</u>
Current and Other Liabilities	145,760	146,327	11,558	10,851	157,318	157,178
Long-term liabilities	509,810	490,847	163,179	161,318	672,989	652,165
Total Liabilities	<u>655,570</u>	<u>637,174</u>	<u>174,737</u>	<u>172,169</u>	<u>830,307</u>	<u>809,343</u>
Net Assets (Deficit):						
Invested in capital assets,						
Net of related debt	156,122	161,821	40,674	34,944	196,796	196,765
Restricted	23,093	19,390			23,093	19,390
Unrestricted	<u>(18,878)</u>	<u>(41,596)</u>	<u>(3,178)</u>	<u>(6,658)</u>	<u>(22,056)</u>	<u>(48,254)</u>
Total Net Assets	<u>\$ 160,337</u>	<u>\$139,615</u>	<u>\$ 37,496</u>	<u>\$ 28,286</u>	<u>\$ 197,833</u>	<u>\$ 167,901</u>

An additional portion of the City's net assets (12 percent) represents resources that are subject to external restrictions on how they may be used. The negative balance for unrestricted net assets of \$22,056 shows that there are no excess funds available to meet the government's ongoing obligations to citizens and creditors.

Total net assets increased \$29,932 as a result of current year activities. Significant changes from 2005 to 2006 in the Statement of Net Assets and reasons for such changes are:

- Current and Other Assets increased by \$17,979 due primarily to an increase in investments and restricted cash that was offset by a decrease in cash. Cash decreased from prior year primarily due to the fact that the City has experienced consistent budget surpluses and, therefore, borrowed less to meet its' short term cash flow needs during 2006 and repaid this note prior to year end. Investments and restricted cash increased due to the fact that the BFSA is holding funds to pay the City's debt service due in August and September 2006 as a result of-refunding and new debt issuances.
- Capital Assets increased by \$32,917. A significant portion of the increase was due to road reconstruction and the construction of new buildings.
- Long-Term Liabilities increased by \$20,824. The increase is primarily due to the net effect of new bonded debt issued by the BFSA of \$27,270 and \$47,065 of refunding bonds issued by the BFSA as well as the repayment of \$141,892 of principal. Additionally, the Water Authority issued new debt of \$8,150 and refunding bonds of \$54,875.

Governmental activities. Governmental activities increased the City's net assets by \$20,7234, thereby accounting for the majority of the growth in the net assets of the City. Key elements of this increase are as follows:

Table A-2

City of Buffalo, New York
Changes in Net Assets - Primary Government
(000's Omitted)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 23,277	\$ 21,434	\$ 66,810	\$ 62,330	\$ 90,087	\$ 83,764
Operating grants and contributions	8,110	12,285			8,110	12,285
Capital grants and contributions	25,176	14,178			25,176	14,178
General revenues:						
Property taxes	127,149	128,382			127,149	128,382
Other taxes	28,128	28,836			28,128	28,836
State aid	139,591	136,817			139,591	136,817
Intergovernmental	63,687	70,743			63,687	70,743
Other	15,126	6,666	1,450	645	16,576	7,311
Total revenues	<u>430,244</u>	<u>419,341</u>	<u>68,260</u>	<u>62,975</u>	<u>498,504</u>	<u>482,316</u>
Expenses:						
General government	172,605	147,731			172,605	147,731
Public safety	124,879	128,972			124,879	128,972
Streets and sanitation	14,046	20,451			14,046	20,451
Economic assist. & opportunity	5,536	6,016			5,536	6,016
Culture and recreation	4,993	3,076			4,993	3,076
Health and community services	4,709	3,205			4,709	3,205
Education	62,416	68,936			62,416	68,936
Interest on long-term debt	26,371	25,072			26,371	25,072
Solid waste and recycling			18,810	16,366	18,810	16,366
Parking			5,028	4,286	5,028	4,286
Water Board			18,473	18,690	18,473	18,690
Water Authority			145	43	145	43
Water			10,561	11,004	10,561	11,004
Total expenses	<u>415,555</u>	<u>403,459</u>	<u>53,017</u>	<u>50,389</u>	<u>468,572</u>	<u>453,848</u>
Excess of revenue over expenses	14,689	15,882	15,243	12,586	29,932	28,468
Transfers	<u>6,034</u>	<u>7,215</u>	<u>(6,034)</u>	<u>(7,215)</u>	<u>-</u>	<u>-</u>
Increase in net assets	20,723	23,097	9,209	5,371	29,932	28,468
Net assets - beginning	<u>139,615</u>	<u>116,518</u>	<u>28,286</u>	<u>22,915</u>	<u>167,901</u>	<u>139,433</u>
Net assets - ending	<u>\$ 160,338</u>	<u>\$ 139,615</u>	<u>\$ 37,495</u>	<u>\$ 28,286</u>	<u>\$ 197,833</u>	<u>\$ 167,901</u>

Governmental activities

The largest funding sources for the City's governmental activities, as a percent of total revenues, are property taxes (30%), State aid (32%), and intergovernmental (15%).

The largest expense categories for the City's governmental activities are general government (41%), public safety (30%), and education (15%). The general government category includes fringe benefit costs for all employees. The education category represents the allocation to the school district.

Significant changes from 2005 to 2006 in revenue and expenses for the City include the following:

- State aid increased by approximately \$2,774 due primarily to additional general purpose State aid received in the current year. While the City received additional aid of \$19,000 in the current fiscal year, last year's new aid amounted to only \$15,600, a \$3,400 increase, which was offset by a decrease in STAR aid.
- Intergovernmental revenue decreased by \$7,056. This category represents sales tax receipts net of transfers by the BFSA to the Board of Education ("BOE") for debt service issued on the BOE's behalf. Sales tax receipts remained constant, however, the BFSA made more debt service payments for the BOE due to new debt issuance and a refunding, resulting in an overall decrease in the account.
- Other governmental revenue increased \$8,460 attributable mostly to an increase of \$6,909 in unrestricted investment earnings resulting from both additional cash balances as a result of unspent bond proceeds and operation surpluses along with higher interest rates.
- General government expenses increased \$24,874 primarily due to increases in pension, health care, and utility costs.
- Public safety expenses decreased \$4,093 due to a reduction in grant expenditures for public safety.
- Culture and recreation expenses increased \$1,917 and health and community service expenses increased \$1,504 as a result of availability of bond proceeds from the June 2005 bond sales.
- Education expenses decreased approximately \$6,520 due to an increase in debt issued by the BFSA on behalf of the BOE during 2006.

Business-type activities. Business-type activities increased the City's net assets by \$9,210. The overall increase is due to the following:

- The Water Board's net assets increased by \$9,228. This is attributable to an increase in operating income due to a 7.5% rate increase on July 1, 2005.
- Charges for services are the major revenue categories for the enterprise funds. Total business-type operating revenues are comprised of \$40,454 for water board, \$18,926 for refuse and recycling, and \$6,082 for parking.

Financial Analysis of the Government'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

financing requirements. In particular, *unreserved 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 \$168,405, an increase of \$17,511 in comparison with the prior year. Approximately 68 percent of this total amount or \$114,950 is available for spending at the government's discretion (*unreserved governmental fund balance*). The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed. Reserved fund balance includes \$31,065 to liquidate contracts and purchase orders of the period, \$15,522 to pay debt service, and \$6,868 for a variety of other restricted purposes. Unreserved fund balance has been designated in the amount of \$26,894 to finance specific capital projects, and \$30,270 for future budgets, which indicates management's intention to utilize these funds for these purposes.

General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$86,457 while total fund balance reached \$95,661. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balances represent 25 percent of total fund expenditures (excluding other financing uses), while total fund balance represents 28 percent of that same amount. The fund balance of the City's general fund increased by \$18,629 during the current fiscal year.

Debt service fund. The debt service fund has a total fund balance of \$10,999, which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund of \$2,881 was primarily due to the reporting of BFSA debt service as a separate debt service fund in 2006. In the 2005 financial statements, both the City and BFSA debt service was reported on a combined basis.

BFSA debt service fund. The BFSA debt service fund has a total fund balance of \$4,523 which is reserved to pay debt service.

BFSA special revenue fund. The BFSA Special Revenue fund is used to account for the general fund of the BFSA and, therefore, is their chief operating fund. Total fund balance at the end of the current fiscal year was \$1,599 in unrestricted funds

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 elsewhere. At the end of the current fiscal year, the fund balance was \$53,033 of which \$26,139 was encumbered for contracts underway, and \$26,894 was designated for subsequent years' expenditures.

Other governmental funds. The Special Revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$2,589. This balance includes \$1,322 encumbered for contracts underway. The balance will be used for future expenditures. 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 \$132.

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 \$37,495. The balance includes \$31,926 for parking, \$16,066 for the water board, and a negative balance of \$10,497 for solid waste and recycling. The increase in net assets that totaled \$9,209 were as follows: the water board increased by \$9,228, the parking fund increased by \$512, and the solid waste and recycling fund decreased by \$532.

Internal service fund. The internal service fund is used to account for the City-wide print shop. The total net assets at the end of the fiscal year were \$98. This represents an increase of \$11, 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 proprietary 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.

The City's 2005-06 original general fund operating budget (excluding other financing sources) decreased by \$13,199 or approximately 4 percent from the 2004-05 budget. During the year, the budget was increased by \$6,000 for additional state aid received to cover shortfalls in overtime and utility costs and \$1,835 from fund balance for demolitions and land purchases. Comparing the final amended budget with actual, the excess of revenues over expenditures was \$30,556. After adjusting for transfers, the result was an excess of revenues and other sources over expenditures and other uses-on a budget basis of \$29,751. Major factors contributing to the favorable budgetary variance included \$3,902 in unanticipated interest earnings as well as \$926 in cable franchise fees, \$741 in foreclosure fees, and \$885 in utility gross receipt tax. The negative variance in federal aid is attributable to reduced reimbursements from the Buffalo Urban Renewal Agency. The favorable variance on the expense side consisted of lower than anticipated costs in legal fees, utilities, and fringe benefits. Personnel service costs were lower than budgeted as the result of the hiring freeze that was in place throughout 2006.

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 investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounted to \$517,012 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 6.8%.

Table A-3

City of Buffalo, New York
Capital Assets - Primary Government
 Net of Depreciation (000's Omitted)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Land	\$ 12,904	\$ 12,740	\$ 3,362	\$ 3,362	\$ 16,266	\$ 16,102
Buildings	169,637	162,395	101,315	99,709	270,952	262,104
Improvements	12,208	11,942	153	164	12,361	12,106
Machinery and equipment	8,554	5,671	1,276	1,334	9,830	7,005
Infrastructure	144,277	122,242	58,595	58,880	202,872	181,122
Construction in Progress	<u>3,779</u>	<u>4,289</u>	<u>952</u>	<u>1,367</u>	<u>4,731</u>	<u>5,656</u>
Total	<u>\$ 351,359</u>	<u>\$ 319,279</u>	<u>\$ 165,653</u>	<u>\$ 164,816</u>	<u>\$ 517,012</u>	<u>\$ 484,095</u>

Significant changes from 2005 to 2006 in capital assets include:

- Infrastructure increased \$21,750 due to reconstruction of various road projects. Buildings increased \$8,848 and construction in progress decreased \$4,704 due primarily to completion of the construction of a library and two fire stations during the current fiscal year. Machinery and equipment increased \$2,825 primarily from the acquisition of new police and fire vehicles.

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 of \$422,389, excluding bonds issued by BFSA. This entire amount is backed by the full faith and credit of the City. The City issued \$27,759 of bonds with the Buffalo Fiscal Stability Authority (the "BFSA") for capital projects during the year.

The BFSA's total bonded debt outstanding at the end of the current fiscal year is \$126,075 of which \$27,270 was issued for City capital projects during the current year and \$47,065 of which was issued to refund \$47,015 in general obligation bonds.

Table A-4

City of Buffalo, New York
Outstanding Debt - Primary Government
(000's Omitted)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General Obligation Bonds	\$ 303,103	\$ 335,022	\$ 34,117	\$ 40,472	\$ 337,220	\$ 375,494
Revenue Bonds	<u>126,075</u>	<u>53,775</u>	<u>125,260</u>	<u>117,175</u>	<u>251,335</u>	<u>170,950</u>
Total	<u>\$ 429,178</u>	<u>\$ 388,797</u>	<u>\$ 159,377</u>	<u>\$ 157,647</u>	<u>\$ 588,555</u>	<u>\$ 546,444</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 \$483,162. The City had a debt-contracting margin of \$181,122 on July 1, 2006.

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 2007 budget. The total budgeted appropriations for the City's general fund operations are \$310,714. This budget reflects an increase of 9% to cover anticipated increased costs for utilities, healthcare, and overtime for police and fire. 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.

CITY OF BUFFALO, NEW YORK

Schedule 1

STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government		Component Units		
	Governmental Activities	Business-type Activities	Total	BOE	BURA
ASSETS					
Cash and cash equivalents	\$ 166,960,032	\$ 19,385,256	\$ 186,345,288	\$ 114,454	\$ 3,464,806
Investments	48,286,594		48,286,594		600,000
Receivables (net of allowance for uncollectibles)	15,747,641	8,279,780	24,027,421	2,353,357	17,023,111
Due from other governments/agencies	43,744,850	156,503	43,901,353	74,804,407	651,856
Due from component units/primary government for non-current liabilities	149,846,304		149,846,304	42,545,195	91,876
Internal balances	21,076,230	(12,365,713)	8,710,517	10,264	
Deferred financing costs, net		6,552,081	6,552,081		
Prepaid expenses and other	7,633		7,633	1,182,372	34,829
Bond issuance costs, net	6,516,208		6,516,208	14,751,206	
Real estate acquired for resale	4,760,197		4,760,197		1,751,718
Restricted assets:					
Cash and cash equivalents	10,937,592	24,572,298	35,509,890	225,405,481	
Capital assets (net of accumulated depreciation)	351,358,969	165,652,845	517,011,814	475,237,834	12,244,585
Total assets	\$ 819,242,250	\$ 212,233,050	\$ 1,031,475,300	\$ 836,404,570	\$ 35,862,781
LIABILITIES					
Accounts payable and accrued expenses	48,306,454	6,865,304	55,171,758	30,579,323	2,846,710
Bond anticipation note payable	40,055,968	2,655,757	42,711,725		
Due to component units/primary government	44,422,854		44,422,854	147,822,041	238,480
Due to other governments				27,596,037	1,151,101
Unearned revenue	7,880,453	2,037,632	9,918,085	53,823,798	2,463,771
Deferred bond premium (net)	8,429,110		8,429,110		
Long-term liabilities:					
Due within one year	41,238,627	9,966,785	51,205,412	25,197,597	3,665,000
Due in more than one year	468,571,388	153,212,186	621,783,574	534,140,222	18,682,391
Total liabilities	658,904,853	174,737,664	833,642,517	819,159,018	29,047,453
NET ASSETS					
Invested in capital assets, net of related debt	156,122,209	40,673,512	196,795,721	85,348,507	12,244,585
Restricted for:					
Capital projects	252,866		252,866	5,928,913	
Debt service	11,299,697		11,299,697		
Grants	2,589,292		2,589,292		
Other purposes	8,951,083		8,951,083	1,240,471	
Stabilization				10,266,408	
Unrestricted	(18,877,750)	(3,178,126)	(22,055,876)	(85,538,747)	(5,429,257)
Total net assets	\$ 160,337,397	\$ 37,495,386	\$ 197,832,783	\$ 17,245,552	\$ 6,815,328

See notes to financial statements.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Units		
	Program Revenues			Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	BOE	BURA
	Expenses	Charges for Services	Operating Grants and Contributions						
Primary government:									
Governmental activities:									
General government	\$ 172,605,084	\$ 8,852,486	\$ 1,267,492	\$ 1,706,486	\$ (160,778,620)	\$ -	\$ (160,778,620)		
Public safety	124,878,870	9,006,606	5,361,286	1,194,044	(109,316,934)		(109,316,934)		
Streets and sanitation	14,045,569	1,138,342		20,117,137	7,209,910		7,209,910		
Economic assistance and opportunity	5,536,393	3,777,600	496,086	630,759	(631,948)		(631,948)		
Culture and recreation	4,993,506		23,317	1,488,259	(3,481,930)		(3,481,930)		
Health and community services	4,708,738	501,635	961,604	39,070	(3,206,429)		(3,206,429)		
Education	62,416,084				(62,416,084)		(62,416,084)		
Interest on long-term debt	26,370,730				(26,370,730)		(26,370,730)		
Total governmental activities	<u>415,554,973</u>	<u>23,276,669</u>	<u>8,109,785</u>	<u>25,175,755</u>	<u>(358,992,764)</u>		<u>(358,992,764)</u>		
Business-type activities:									
Solid Waste and Recycling	18,809,979	18,927,796				117,817	117,817		
Parking	5,028,121	6,144,808				1,116,687	1,116,687		
Water Board	16,802,391	39,715,886				22,913,495	22,913,495		
Water Authority	144,974					(144,974)	(144,974)		
Water	10,560,729	350,556				(10,210,173)	(10,210,173)		
Total business-type activities	<u>51,346,194</u>	<u>65,139,046</u>				<u>13,792,852</u>	<u>13,792,852</u>		
Total primary government	<u>\$ 466,901,167</u>	<u>\$ 88,415,715</u>	<u>\$ 8,109,785</u>	<u>\$ 25,175,755</u>	<u>(358,992,764)</u>		<u>(345,199,912)</u>		
Component units:									
BOE	\$ 684,133,464	\$ 4,359,371	\$ 172,910,264	\$ -			\$ (506,863,829)		\$ -
BURA	61,646,225		64,116,258						2,470,033
Total component units	<u>\$ 745,779,689</u>	<u>\$ 4,359,371</u>	<u>\$ 237,026,522</u>	<u>\$ -</u>			<u>(506,863,829)</u>		<u>2,470,033</u>
General revenues:									
Taxes:									
Property taxes					127,149,395		127,149,395		
Other taxes					28,128,183		28,128,183		
State aid (unrestricted)					139,590,728		139,590,728		406,068,270
Intergovernmental (unrestricted)					63,686,645		63,686,645		32,128,685
Grants and contributions not restricted to specific programs					460,244		460,244		3,644,167
Unrestricted investment earnings					10,605,145	1,450,609	12,055,754		68,733,056
Contribution from City of Buffalo									9,285,578
Miscellaneous					4,060,975		4,060,975		
Transfers					6,034,304	(6,034,304)			
Total general revenues and transfers					<u>379,715,619</u>	<u>(4,583,695)</u>	<u>375,131,924</u>		<u>519,859,756</u>
Change in net assets					20,722,855	9,209,157	29,932,012		12,995,927
Net assets—beginning					139,614,542	28,286,229	167,900,771		4,249,625
Net assets—ending					<u>\$ 160,337,397</u>	<u>\$ 37,495,386</u>	<u>\$ 197,832,783</u>		<u>\$ 6,815,328</u>

See notes to financial statements.

CITY OF BUFFALO, NEW YORK

Schedule 3

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General	Debt Service	Capital Projects	BFS Special Revenue	BFS Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 70,367,685	\$ 8,479,566	84,220,081	269,087	\$ 6,494,039	\$ 3,524,072	\$ 166,860,491
Investments			4,302	41,726,781		61,472	48,286,594
Receivables:							
Delinquent taxes and assessments	17,508,157						17,508,157
Accounts receivable	18,139,289	20,440	759,020			208	18,918,749
Other receivables	91,824	2,688					94,720
Due from other agencies	2,622,912						2,622,912
Due from other funds	48,092,665	2,355,371	867,213			100,027	51,415,276
Due from other governments	7,995,650	5,000	3,249,333	29,138,418		517,672	40,906,073
Due from component units	1,931,964		92,299				2,024,263
Allowance for uncollectibles	(20,775,626)						(20,775,626)
Net receivables	75,606,835	2,383,499	4,967,865	29,138,418	-	617,907	112,714,524
Real estate acquired for resale	4,760,197						4,760,197
Prepaid expenses				7,633			7,633
Restricted cash and cash equivalents	10,266,408	671,184					10,937,592
Total assets	\$ 161,001,125	\$ 11,534,249	\$ 89,192,248	\$ 71,141,919	\$ 6,494,039	\$ 4,203,451	\$ 343,567,031
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 13,070,387	-	8,615,948	35,189	59,349	469,933	\$ 22,250,806
Due to other governments and agencies	2,107,180					5,934	2,113,114
Due to other funds	225,601	535,666	3,760,389	24,677,083		1,138,292	30,337,031
Due to component units	19,617,791		21,469,743	3,335,320			44,422,854
Accrued liabilities	8,678,325			1,495,378	1,911,242		12,084,945
Deferred revenues	16,319,519						16,319,519
Retentions payable			2,312,987				2,312,987
Bond anticipation note payable				40,000,000			40,000,000
Accrued pension	5,321,004						5,321,004
Total liabilities	65,339,807	535,666	36,159,067	69,542,970	1,970,591	1,614,159	175,162,260
Fund balances:							
Reserved for encumbrances	3,603,771		26,139,116			1,321,642	31,064,529
Reserved - other	5,600,178	10,998,583			4,523,448	1,267,650	22,389,859
Unreserved:							
Designated	30,269,585		26,894,065	1,598,949			57,163,650
Undesignated	56,187,784			1,598,949			57,786,733
Total fund balances	95,661,318	10,998,583	53,033,181	1,598,949	4,523,448	2,589,292	168,404,771
Total liabilities and fund balances	\$ 161,001,125	\$ 11,534,249	\$ 89,192,248	\$ 71,141,919	\$ 6,494,039	\$ 4,203,451	\$ 343,567,031

See notes to financial statements.

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
YEAR ENDED JUNE 30, 2006

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

Fund balance - total governmental funds	\$ 168,404,771
Capital assets used in governmental activities are not financial sources and, therefore, are not reported in the funds. The cost of the assets is \$571,984,256 and the accumulated depreciation is \$224,445,951	351,317,195
To recognize interest accrual on long term debt. Accrued interest for general obligation bonds is \$4,222,334 at year end.	(4,222,334)
Property taxes not available to pay for current period expenditures and therefore are deferred in the funds.	8,439,066
Internal service funds are used by management to charge the costs of management information systems and other internal services in addition to health insurance and workers' compensation. The assets and liabilities of the internal service funds are included in the governmental statement of net assets.	97,903
Long-term liabilities, including bonds payable and related unamortized bond premium, compensated absences, retirement liabilities, and judgments & claims are not due and payable in the current period and therefore are not reported in the funds.	(231,809,785)
Buffalo Fiscal Stability Authority capital assets used in governmental activities are not financial sources and therefore, not reported in the funds. The cost of the assets is \$75,633 and the accumulated depreciation is \$33,859.	41,774
To recognize Buffalo Fiscal Stability Authority interest receivable.	215,865
Long-term liabilities of the Buffalo Fiscal Stability Authority, including bonds payable and unamortized bond premium, are not due and payable in the current period and therefore are not reported in the funds. This balance is offset by related bond premiums and bond issue costs.	<u>(132,147,058)</u>
Net assets of governmental activities	<u>\$ 160,337,397</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	General	Debt Service	Capital Projects	BFSA Special Revenue	BFSA Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes, assessments and other tax items	\$ 140,347,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,347,573
Utility and other non-property tax items	16,840,478						16,840,478
Intergovernmental	203,079,949	16,880,746	24,320,316	7,825,217		3,698,623	255,804,851
Investment interest	4,903,340	2,876,706	33,184	922,921	91,068	14,881	8,842,100
Licenses, permits, rentals, fines and other service charges	19,542,887	26,996					19,569,883
Miscellaneous	5,716,035	291,398	855,438				6,862,871
Total revenues	390,430,262	20,075,846	25,208,938	8,748,138	91,068	3,713,504	448,267,756
Expenditures:							
Current:							
General government	46,036,669		9,772,829	937,610		176,623	56,923,731
Public safety	122,554,686		7,205,023			6,379,925	136,139,634
Streets and sanitation	8,522,426		26,159,117				34,681,543
Economic assistance and opportunity	1,076,331		3,948,336			463,774	5,488,441
Culture and recreation	561,861		3,237,812			25,199	3,824,872
Health and community services	2,382,496		2,291,101		2,505,098	20,781	4,694,378
Education	68,733,056						71,238,154
Fringe benefits	87,761,108			139,027			87,900,135
Other	3,618,333						3,618,333
Debt service:							
Principal retirement	4,330,998	33,528,272	50,490	3,420,272	2,035,000		35,563,272
Interest and other fiscal charges	345,577,964	13,719,866	50,490	3,420,272	7,003,764		28,525,390
Total expenditures	44,852,298	47,248,138	52,664,708	4,496,909	11,543,862	7,066,302	468,597,883
Excess (deficiency) of revenues over expenditures		(27,172,292)	(27,455,770)	4,251,229	(11,482,794)	(3,352,798)	(20,330,127)
Other financing sources (uses):							
Proceeds of general obligation bond issue					74,335,000		74,335,000
Proceeds from refunding bonds		42,930,559		953,900	5,013,175		42,930,559
Premium on bonds					1,084,333		1,084,333
Payments to refunding bond escrow agent - enterprise			1,029,444	(3,666,846)	7,938,280	464	46,008,101
Transfers in			(21,222)				(39,973,797)
Transfers out	5,790,962	31,248,951					(42,818,702)
Payments to refunding bond escrow agent	(32,014,295)	(4,271,434)					(6,760,852)
Disbursements of bond proceeds to Enterprise Funds		(42,818,702)					(42,818,702)
Allocation (from) to the Buffalo Fiscal Stability Authority / City			25,500,873		(6,760,852)		(6,760,852)
Total other financing (uses) sources	(26,223,333)	27,089,374	26,509,095	(2,712,946)	13,178,504	464	(42,930,559)
Change in fund balances	18,628,965	(82,918)	(946,675)	1,538,283	1,725,710	(3,352,334)	17,511,031
Fund balances - beginning of year	77,032,353	11,081,501	53,979,856	60,666	2,797,738	5,941,626	150,893,740
Fund balances - end of year	\$ 95,661,318	\$ 10,998,583	\$ 53,033,181	\$ 1,598,949	\$ 4,523,448	\$ 2,589,292	\$ 168,404,771

See notes to financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2006

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

Net change in fund balances - total governmental funds	\$ 17,511,031
Governmental funds report capital outlays as expenditures (\$52,622,220). However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$14,179,906). This is the amount by which capital outlays exceeded depreciation in the current period, net of related losses on the disposal of capital assets (\$4,780,225) and asset impairment of (\$1,568,606)	32,093,483
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	(1,101,040)
Change in accrual of interest payable on notes and bonds payable.	459,617
Change in net assets of the internal service fund reported in governmental activities.	11,253
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect in the treatment of long-term debt.	65,126,128
Buffalo Fiscal Stability Authority governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, net of related losses on the disposal of capital assets.	(13,665)
Change in accrued liabilities of the Buffalo Fiscal Stability Authority, including interest on bonds payable.	745,521
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.	215,865
The issuance of long-term debt by the Buffalo Fiscal Stability Authority provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Includes the amortization of bond premium. This amount is the net effect in the treatment of long-term debt.	(75,652,390)
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.	<u>(18,672,948)</u>
Change in net assets of governmental activities	<u>\$ 20,722,855</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
 YEAR ENDED JUNE 30, 2006

REVENUES	General Fund			
	Original	Final	Actual	Variance
Real property taxes	\$ 139,405,506	\$ 139,405,506	\$ 140,347,573	\$ 942,067
Other taxes	14,492,000	14,492,000	16,373,812	1,881,812
Charges for services	8,015,824	8,015,824	9,853,925	1,838,101
Interest	1,000,800	1,000,800	4,903,338	3,902,538
Federal aid	3,216,937	3,216,937	1,183,283	(2,033,654)
State aid	136,413,232	142,413,232	142,546,373	133,141
Local sources and other	60,779,592	60,779,592	59,350,293	(1,429,299)
Licenses and permits	2,480,795	2,830,795	3,322,362	491,567
Fines	6,040,897	6,040,897	6,833,268	792,371
Miscellaneous	6,492,626	6,680,594	5,716,035	(964,559)
Total revenues	378,338,209	384,876,177	390,430,262	5,554,085
EXPENDITURES				
General government:				
Legislative	2,769,720	2,808,144	2,660,813	147,331
Executive	1,007,507	971,615	889,504	82,111
Audit and control	2,369,957	2,430,481	2,173,994	256,487
Law	2,065,671	3,028,926	2,073,385	955,541
Assessment	1,551,623	1,624,576	1,502,671	121,905
Public works, parks and streets	7,283,087	7,825,943	7,057,211	768,732
Management information systems	2,461,375	2,692,508	2,585,592	106,916
Administration and finance	7,775,016	7,991,593	7,295,075	696,518
Human resources	3,067,605	3,392,153	3,423,022	(30,869)
Other	16,761,540	20,369,414	17,997,951	2,371,463
Public safety:				
Administration and finance	1,163,901	1,225,417	1,144,200	81,217
Police	65,498,284	66,013,739	64,370,329	1,643,410
Fire	49,614,961	52,504,079	51,418,992	1,085,087
Public works, parks and streets	1,472,745	1,478,860	1,372,307	106,553
Permit and inspection services	4,268,906	5,534,317	5,325,958	208,359
Streets and sanitation:				
Public works, parks and streets	10,179,276	10,698,544	8,914,506	1,784,038
Health and community services:				
Public works, parks and streets	669,662	683,704	710,846	(27,142)
Community services	1,900,197	1,907,797	1,682,793	225,004
Cultural and recreation:				
Public works, parks and streets	27,851	28,482	112,999	(84,517)
Community services	466,501	692,370	549,650	142,720
Economic assistance and opportunity:				
Executive	905,658	938,237	940,969	(2,732)
Community services	147,100	147,100	135,904	11,196
Permit and inspection services				
Education	68,733,056	68,733,056	68,733,056	-
Fringe benefits	93,214,921	98,301,617	88,098,815	10,202,802
Debt service	3,208,926	4,853,747	4,335,819	517,928
Other	4,964,000	7,306,885	3,675,374	3,631,511
Total expenditures	353,549,046	374,183,304	349,181,735	25,001,569
Excess of revenues over expenditures	24,789,163	10,692,873	41,248,527	30,555,654
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	6,195,223	6,195,223	5,790,962	(404,261)
Transfers to other funds	(30,984,386)	(31,614,295)	(32,014,295)	(400,000)
Total other financing sources (uses)	(24,789,163)	(25,419,072)	(26,223,333)	(804,261)
Net change in fund balance	-	(14,726,199)	15,025,194	29,751,393
Fund balance - beginning	77,032,353	77,032,353	77,032,353	
Fund balance - ending	\$ 77,032,353	\$ 62,306,154	\$ 92,057,547	\$ 29,751,393

See notes to financial statements.

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2006

	Solid Waste and Recycling	Parking	Water Board	Water Authority	Water Enterprise	Combined Total	Governmental Activities Internal Service Fund
Assets							
Current assets:							
Cash and cash equivalents	\$ 140,951	\$ 2,317,263	\$ 16,457,955	\$ 108,455	\$ 360,632	\$ 19,385,256	\$ 99,541
Receivables							
Accounts receivable	12,010,222	1,010,986	16,040,146	5,000		29,066,354	1,641
Other receivables	240,794	585	2,784,827			3,026,206	
Due from other agencies			127,425			127,425	
Due from other funds	2,870		68,922	106,128,154	9,147,658	115,347,604	
Due from other governments					29,078	29,078	
Allowance for uncollectibles	(11,525,376)		(12,287,404)			(23,812,780)	
Net receivables	728,510	1,011,571	6,733,916	106,133,154	9,176,736	123,783,887	1,641
Total current assets	869,461	3,328,834	23,191,871	106,241,609	9,537,368	143,169,143	101,182
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents		336,447		24,235,851		24,572,298	
Capital assets:							
Land	1						
Buildings and equipment	3,900,381	3,217,093	145,116			3,362,210	
General and moveable equipment	7,818,205	73,537,292	138,807,164			216,244,837	
Accumulated depreciation	(11,718,587)	(17,860,451)	(37,740,894)			(64,011,655)	
Construction in progress	3,308,277	58,897,254	102,495,799			164,701,330	
Total capital assets	3,308,277	58,897,254	103,447,314			165,652,845	
Deferred financing costs - net	52,738	618,203	5,871,900		9,240	6,552,081	
Total noncurrent assets	3,361,015	59,851,904	109,319,214	24,235,851	9,240	196,777,224	
Total assets	\$ 4,230,476	\$ 63,180,738	\$ 132,511,085	\$ 130,477,460	\$ 9,546,608	\$ 339,946,367	\$ 101,182

(Continued)

CITY OF BUFFALO, NEW YORK

Schedule 8
(Concluded)

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Solid Waste and Recycling	Parking	Water Board	Water Authority	Water Enterprise	Combined Total	Governmental Activities Internal Service Fund
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	\$ 1,623,907	\$ 380,597	\$ 959,625	\$ 18,125	\$ 601,296	\$ 3,583,550	\$ 1,264
Due to other funds	10,444,138	1,021,341	115,281,858		965,980	127,713,317	2,015
Other accrued liabilities	238,123	172,982	816	2,543,578	326,255	3,281,754	
Deferred revenues	187,277	167,539	202,321		1,480,495	2,037,632	
Accrued compensated absences	1,273,990	8,332			793,590	2,075,912	
Accrued workers' compensation	370,621				291,193	661,814	
Bond anticipation note payable				2,655,757		2,655,757	
Due to retirement systems	182,359	562			226,962	409,883	
Notes, serial bonds, and revenue bonds payable within one year	65,183	2,410,533		3,900,000	443,460	6,819,176	
Total current liabilities	14,385,598	4,161,886	116,444,620	9,117,460	5,129,231	149,238,795	3,279
Noncurrent liabilities:							
Accrued workers' compensation	166,792				354,849	521,641	
Due to retirement systems	41,956				90,867	132,823	
General obligation bonds payable	133,366	27,092,695			3,971,661	31,197,722	
Revenue bonds payable				121,360,000		121,360,000	
Total noncurrent liabilities	342,114	27,092,695	-	121,360,000	4,417,377	153,212,186	
Total liabilities	14,727,712	31,254,581	116,444,620	130,477,460	9,546,608	302,450,981	3,279
Net assets (deficit):							
Invested in capital assets, net of related debt	3,112,599	30,052,977	7,507,936			40,673,512	
Unrestricted	(13,609,835)	1,873,180	8,558,529			(3,178,126)	97,903
Total net assets (deficit)	(10,497,236)	31,926,157	16,066,465			37,495,386	97,903
Total liabilities and net assets	\$ 4,230,476	\$ 63,180,738	\$ 132,511,085	\$ 130,477,460	\$ 9,546,608	\$ 399,946,367	\$ 101,182

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2006

	Solid Waste and Recycling	Parking	Water Board	Water Authority	Water Enterprise	Combined Total	Governmental Activities
							Internal Service Fund
Operating revenues:							
Charges for services	\$ 18,115,438	\$ -	\$ 35,293,045	\$ -	\$ -	\$ 53,408,483	\$ 38,836
Other	810,775		3,466,264			4,277,039	
Reimbursement from operator			23,802			23,802	
Rent		6,081,794				6,081,794	
Total operating revenues	<u>18,926,213</u>	<u>6,081,794</u>	<u>38,783,111</u>			<u>63,791,118</u>	<u>38,836</u>
Operating expenses:							
Services and supplies	15,671,453	79,780	7,205,648	144,974	7,572,556	30,674,411	27,583
Depreciation and amortization	418,589	1,638,184	4,058,466		1,689	6,116,928	
Fringe benefits	2,708,963	25,092			2,318,751	5,052,806	
Other	1,999		138,137		513,706		
Total operating expenses	<u>18,801,004</u>	<u>1,743,056</u>	<u>11,402,251</u>	<u>144,974</u>	<u>10,406,702</u>	<u>41,844,145</u>	<u>27,583</u>
Operating income (loss)	125,209	4,338,738	27,380,860	(144,974)	(10,406,702)	21,293,131	11,253
Nonoperating revenues (expenses):							
Gain on refunding	1,583	63,014	(13,819)		350,556	401,334	
Interest earned	2,513	105,985	1,342,111			1,450,609	
Interest expenses	(8,975)	(1,231,761)	(5,386,321)		(154,027)	(6,781,084)	
Other		(2,053,304)	932,775			(1,120,529)	
Total nonoperating expenses	<u>(4,879)</u>	<u>(3,116,066)</u>	<u>(3,125,254)</u>		<u>196,529</u>	<u>(6,049,670)</u>	
Income (loss) before transfers	120,330	1,222,672	24,255,606	(144,974)	(10,210,173)	15,243,461	11,253
Transfers in							
Transfers out	21,222	(710,303)	(15,027,322)	144,974	10,210,173	10,376,369	
	<u>(673,048)</u>					<u>(16,410,673)</u>	
Change in net assets	(531,496)	512,369	9,228,284			9,209,157	11,253
Total net assets (deficit) - beginning	(9,965,740)	31,413,788	6,838,181			28,286,229	86,650
Total net assets (deficit) - ending	<u>\$ (10,497,236)</u>	<u>\$ 31,926,157</u>	<u>\$ 16,066,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,495,386</u>	<u>\$ 97,903</u>

See notes to financial statements.

CITY OF BUFFALO, NEW YORK
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006

Schedule 10

	Governmental Activities						Internal Service Fund
	Solid Waste and Recycling	Parking	Water Board	Water Authority	Water Enterprise	Combined Total	
Cash flows from operating activities:							
Cash received from customers	\$ 19,239,319	\$ 6,083,450	\$ 39,847,385	\$ -	\$ -	\$ 65,170,154	\$ 48,551
Cash payments to suppliers and employees	(18,001,533)	91,083	(9,895,623)	(140,049)	(10,335,258)	(38,281,380)	(28,757)
Net cash provided by (used in) operating activities	1,237,786	6,174,533	29,951,762	(140,049)	(10,335,258)	26,888,774	19,794
Cash flows from noncapital financing activities:							
Transfers in (out)	(651,826)	(710,303)	(15,027,322)	(4,874,246)	10,210,173	(6,179,278)	
Receipt (payment) on interfund loans	(236,434)	(465,869)	3,789,360		1,075,158	(712,031)	(23,659)
Net cash (used in) provided by noncapital financing activities	(888,260)	(1,176,172)	(11,237,962)	(4,874,246)	11,285,331	(6,891,309)	(23,659)
Cash flows from capital and related financing activities:							
Proceeds from New York State				1,282,091		1,282,091	
Payments to New York State				(70,610)		(70,610)	
Acquisition and construction of capital assets	(320,313)	(1,468,778)	(5,578,992)	(4,275,971)		(11,644,054)	
Proceeds from bond issuance				11,555,000		11,555,000	
Principal payments on bonds	(45,000)	(3,534,494)		(3,470,000)		(3,470,000)	
Net payments on bonds	(8,975)	(1,253,112)	(8,281,790)	(3,470,000)	(794,484)	(4,373,978)	
Interest payments					(156,348)	(9,700,225)	
Net cash (used in) provided by capital and related financing activities	(374,288)	(6,256,384)	(13,860,782)	5,020,510	(950,832)	(16,421,776)	
Cash flows from investing activities:							
Interest earned on short-term investments	2,513	105,985	1,544,430			1,652,928	
Net cash provided by investing activities	2,513	105,985	1,544,430			1,652,928	
Net (decrease) increase in cash and cash equivalents	(22,249)	(1,152,038)	6,397,448	6,215	(759)	5,228,617	(3,865)
Balances - beginning of year	163,200	3,469,301	10,060,507	102,240	361,391	14,156,639	103,406
Balances - end of year	\$ 140,951	\$ 2,317,263	\$ 16,457,955	\$ 108,455	\$ 360,632	\$ 19,385,256	\$ 99,541

(Continued)

CITY OF BUFFALO, NEW YORK
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2006

Schedule 10
 (Concluded)

	Governmental						Internal Service Fund
	Solid Waste and Recycling	Parking	Water Board	Water Authority	Water Enterprise	Combined Total	
Operating income	\$ 125,209	\$ 4,338,738	\$ 27,380,860	\$ (144,974)	\$ (10,406,702)	\$ 21,293,131	\$ 11,253
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation and amortization	418,589	1,638,184	4,058,466		1,689	6,116,928	
Operating transfer							
Change in assets and liabilities:							
Accounts receivable	300,267	1,656	1,064,274	(5,000)		1,361,197	9,715
Due from other governments					(29,078)	(29,078)	
Accounts payable	455,800	187,301	(2,414,335)	9,925	324,489	(1,436,820)	(1,174)
Other accrued liabilities	(204,333)	(240)	(137,503)		(219,327)	(561,403)	
Due to retirement systems	(13,876)	562			(17,073)	(30,387)	
Deferred revenue	12,839					12,839	
Accrued compensated absences	(12,057)	8,332			45,397	41,672	
Accrued workers' compensation	155,348				(34,653)	120,695	
Net cash provided by (used in) operating activities	\$ 1,237,786	\$ 6,174,533	\$ 29,951,762	\$ (140,049)	\$ (10,335,258)	\$ 26,888,774	\$ 19,794

See notes to financial statements.

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2006

	Private Purpose Trust	Agency	BFSA Agency
Assets			
Cash and cash equivalents	\$ 26,302	\$ 2,795,674	\$ 6,804,029
Investments	32,912	10,000	
Receivables	2,174		
Due from other funds		7,511	
Total assets	<u>\$ 61,388</u>	<u>\$ 2,813,185</u>	<u>\$ 6,804,029</u>
Liabilities and Net Assets			
Accounts payable	\$ -	\$ 99,812	\$ -
Due to other governments		799,614	
Due to other funds	240	1,913,759	6,804,029
Total liabilities	<u>240</u>	<u>2,813,185</u>	<u>6,804,029</u>
Net assets:			
Unrestricted	<u>61,148</u>		
Total net assets	<u>61,148</u>		
Total liabilities and net assets	<u>\$ 61,388</u>	<u>\$ 2,813,185</u>	<u>\$ 6,804,029</u>

See notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2006

	<u>Private-Purpose Trust</u>
Additions	
Miscellaneous	\$ 317
Change in net assets	317
Net assets - beginning	<u>60,831</u>
Net assets - ending	<u>\$ 61,148</u>

See notes to financial statements.

CITY OF BUFFALO, NEW YORK

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 of Buffalo Water System’s (the “Water System”) 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 (the “BFSA”) is a corporate governmental agency constituting a public benefit corporation created by the Buffalo Fiscal Stability Authority Act, (“BFSA Act”) Chapter 122 of the State Laws of 2003. The BFSA Act became effective July 3, 2003. The BFSA is included as a blended component unit of the City’s primary government as they provide services entirely to the City. The BFSA is fiscally dependent on the City as it 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 Authority, the Water Board, and the BFSA are included as blended component units pursuant to Governmental Accounting Standards Board (“GASB”) Statement No. 39, *Determining Whether Certain Organizations are Component Units*—an amendment of GASB Statement No. 14, because exclusion would be misleading.

Discretely Presented Component Units—The component unit columns in the government-wide financial statements include the financial data of the City’s other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The majority of the governing body of the Buffalo Urban Renewal Agency (the “BURA”) is comprised of City officials. The Buffalo Board of Education (the “BOE”) is governed by the Board of Education whose members are elected by the voters of the City.

- BURA is a public benefit corporation formed by an act of the New York 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.

- BOE’s primary function is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function. The BOE is financially dependent upon the City and has no independent authority to issue debt or levy taxes.

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 Board of Education
Superintendent of Schools
712 City Hall
Buffalo, NY 14202

Buffalo Municipal Water Finance Authority
502 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 power. 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 New York 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 of New York (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 control period declared pursuant to the BFSA Act extends from July 3, 2003, 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 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.

Government-Wide and Fund Financial Statements—The City’s basic financial statements consist of government-wide statements, including a 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 funds is eliminated to avoid “doubling up” revenues and expenses. 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 and fiduciary 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.

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 current fiscal period. 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 New York State Revenue Sharing and Assistance, sales taxes, and various categorical grants. Long-term historical payment patterns of New York 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 general improvement and school bonds, notes, and capital leases.

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 government 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 Enterprise Fund use 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.

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

The City reports the following major proprietary funds:

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

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

The Water Board, Water Authority Fund, and the Water Enterprise Fund—These funds account for the City's water treatment and distribution system. Together, these entities are 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 and Permanent Funds:

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.

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 that support the City's programs.

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.

For proprietary and fiduciary funds, the City has elected to apply all GASB pronouncements, applicable Financial Accounting Standards Board ("FASB") pronouncements, and Accounting Principals Board ("APB") opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to customers for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities.

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: sale of water for the Water Fund, refuse collection charges for the Solid Waste and Recycling Fund, and parking fees for the Parking Fund. 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 government'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 1st of the year following the levy of the taxes.

The City is permitted by the Constitution of New York 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, 2006, the City had a legal margin of approximately \$8.8 million.

Deposits and Investments—New York State General Municipal Law (Article 2, Section 11) governs the City’s investment policies. This 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 investments 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.

Deposits include demand deposits and certificates of deposit. 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.

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.

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 on 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 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
Improvements other than buildings	10–30
Infrastructure	20–50
Water system	20–40

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

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

Compensated Absences—It is the City’s policy 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 funds, the full liability is recognized at both the fund and entity-wide level.

Long-Term Obligations—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, if any, are deposited in the debt service fund and used to retire debt in the respective funds. Bond issuance costs related to business-type funds are reported as deferred charges and are amortized over the term of related debt.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as a capital project expenditure.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

Due to Retirement Systems—Amounts owed to the New York State Retirement Systems (“Retirement Systems”) for retirement incentives and related liabilities of the City are reported as liabilities in the government-wide statements and the proprietary fund financial statements. Employee deductions due to the Retirement Systems are recorded in the General Fund as a current liability.

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, 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 BOE's, BURA's, and BFSA's financial statements to conform to the City's reporting presentation.

Future Impacts of Accounting Pronouncements—The City has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 47, *Accounting for Termination Benefits*, and GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. GASB Statement Nos. 45, 47, and 48 are effective for the City's year ending June 30, 2008. The City is therefore unable to disclose the impact that adopting GASB Statement Nos. 45, 47, and 48 will have on its financial position and results of operations when such statements are implemented.

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 City's General Fund, Enterprise Fund, and the City's Debt Service Fund. The budget for the Debt Service Fund is adopted on a basis consistent with GAAP. The budget for the City's General Fund is 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. For most other funds, either annual budgets are adopted by other authorities and agencies, or long-term budgets covering the anticipated life of the project, grant, or program are adopted by the Common Council.
- 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 Debt Service Fund, the City's General Fund, and the City's Enterprise Funds.
- 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.

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.

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

In the fund financial statements, reserves represent that portion of fund balance that has been legally segregated for a specific use or is not appropriable for expenditure by the City. Designations are not legally required segregations, but are segregated for a specific purpose by the City. Reserves and designations of fund balance at June 30, 2006, include:

Reserved for Encumbrances—Representing commitments related to unperformed (executory) contracts for goods or services.

General Fund, Fund Balance Reserved, Other—The components of Fund Balance Reserved, Other in the amount of \$5,600,178 are \$4,760,197 for real estate acquired for resale, \$553,109 for departmental capital outlays and motor vehicle self insurance, and \$286,872 for emergency medical services.

Debt Service Fund, Fund Balance Reserved, Other—Represents funds to be used toward the future repayment of bonded debt.

General Fund, Fund Balance Unreserved, Designated—Unreserved, designated fund balance in the General Fund consists of \$11,120,366 designated for fiscal year 2006-07 to cover the settlement of various claims and litigation, subsequent year re-engineering agreements within the police and fire departments, and appropriations for the next fiscal year. Additionally, the City has designated \$12,345,191 for operating losses incurred in the Solid Waste and Refuse Fund since its inception and \$6,804,028 for funds held by the BFSFA to cover their operations and future debt service payments on the deficit financing bond.

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:

	General Fund
Excess of revenues and other financing sources over expenditures and other financial uses - GAAP basis	\$ 18,628,965
Less encumbrances	<u>3,603,771</u>
Excess of revenues and other financing sources over expenditures and other financial uses - basis of budgeting	<u>\$ 15,025,194</u>

Excess of Expenditures Over Appropriations—For the year ended June 30, 2006, expenditures exceeded appropriations in a few departments. Significant budget variance explanations are as follows:

The unfavorable variance of \$30,869 for human resources was the result of an increase in medical bills related to workers' compensation. The variance of \$111,659 in public works, consisting of \$27,142 in Health and Community Services and \$84,517 in Cultural and Recreation, was the result of increased personnel costs for animal control and marina operations, respectively. The \$2,732 variance in executive economic assistance and opportunity relates to unanticipated personnel costs as well. All of these items were included in the 2006-07 adopted budget; however, services were rendered and expenses were incurred prior to June 30, 2006.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's available cash is deposited and invested in accordance with New York 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 New York State. The City's investment policy governs the investments of excess funds. Funds generally may be invested in time deposits, certificates of deposit, obligations of the U.S. government and its agencies, and New York State and its municipalities. Cash in banks was fully collateralized at June 30, 2006.

At June 30, 2006, cash, cash equivalents and investments consisted of the following:

	Governmental Activities	Business-Type Activities	Fiduciary	Total
Cash on hand (uncollateralized)	\$ 12,800	\$ 200	\$ -	\$ 13,000
Cash in banks	177,884,824	43,957,354	9,626,005	231,468,183
Investments	<u>48,286,594</u>	<u> </u>	<u>42,912</u>	<u>48,329,506</u>
Total	<u>\$ 226,184,218</u>	<u>\$ 43,957,554</u>	<u>\$ 9,668,917</u>	<u>\$ 279,810,689</u>

Deposits—All deposits are carried at fair value:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 700,000	\$ 700,000
Uninsured—collateral held by bank's agent in City's name	<u>230,768,183</u>	<u>226,669,203</u>
Total deposits	<u>\$ 231,468,183</u>	<u>\$ 227,369,203</u>

Investments—At June 30, 2006, total investments of \$48,286,594 consisted of investments held by the BFSA of \$48,220,820 and held by the City of \$65,774. The following schedule summarizes investments at June 30, 2006:

	Cost	Fair Value
Governmental activities:		
Certificates of deposit	\$ 75,466	\$ 75,466
U.S. Treasury Slugs	1,274,797	1,274,797
U.S. Treasury Bills	101,540	101,540
Federal Home Loan Mortgage		
Corporate Discount Paper	3,777,685	3,778,801
Federal Farm Credit Bank Discount Paper	417,366	417,366
Federal National Mortgage		
Association Discount Notes	20,548,469	20,548,469
GE Credit Corporation Commercial Paper	9,999,707	9,999,707
Federal Home Loan Bank Discount Paper	331,562	332,086
CitiCorp Commercial Paper	11,670,414	11,670,414
Accrued Interest	<u>87,948</u>	<u>87,948</u>
 Total	 <u>\$48,284,954</u>	 <u>\$48,286,594</u>

The GE Credit Corporation Commercial Paper and CitiCorp Commercial Paper were rated as A1P1 at June 30, 2006. All federal investments were rated as AAA at June 30, 2006.

Investments in fiduciary funds consist solely of certificates of deposit at June 30, 2006.

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.

Interest Rate Risk—As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, it is the City's policy to generally limit investments to 180 days or less.

Credit Risk—In compliance with New York 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 of New York, time deposit accounts and certificates of deposit issued by a bank or trust company located in and authorized to do business in New York 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 New York 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 of New York.

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 \$100,000,000 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 Fund Restricted Cash—Governmental-type restricted assets represent monies set aside as part of the funding requirements of New York State for the settlement of the dispute between the BOE and the Buffalo Teachers Federation and debt service funds held by trustee. At June 30, 2006, the restricted cash amounted to \$10,937,592 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.

Enterprise Fund Restricted Cash and Investments—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, repurchase agreements, and certificates of deposit with a commercial bank. At June 30, 2006, \$6,581,869 of the Authority's restricted cash was secured by registered securities held by its agent in the Authority's name, and \$9,508,942 of restricted cash consisted of United States government securities recorded in the Authority's name and held in a bank custodial account. The Authority also maintains certificates of deposit with a bank with fair values totaling \$8,165,040 at June 30, 2006. Restricted cash in the Parking Fund of \$336,447 consisted of cash and cash equivalents and is held in a bank custodial account.

Board of Education—At June 30, 2006, cash consisted of cash on hand of \$300, and cash in banks of with a carrying amount of \$114,154. Cash in banks was fully collateralized at June 30, 2006.

Restricted Cash (BOE)—The BOE has restricted cash at June 30, 2006 for various purposes, as follows:

- Pursuant to the issuance of State of New York Municipal Bond Bank Agency Revenue Bonds, the BOE is to maintain a Debt Service Reserve held with a fiscal agent of \$1,800,000. Such cash is held with a fiscal agent.
- \$444,713 is restricted for joint account held in trust with the Buffalo Teachers' Federation in relation to a Teachers' Settlement. Such cash is held with a fiscal agent.
- \$64,936,992 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 Serie 2003 bond proceeds to be deposited and maintained by a trustee. Such cash is held with a fiscal agent.

- Bond proceeds of \$153,317,012 at June 30, 2006 are held in trust and can only be utilized for approved project costs.
- \$4,584,657 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.
- \$322,107 represent endowment funds and can be used in accordance with the respective endowment document.

Buffalo Urban Renewal Agency—Bank balances totaled \$3,956,040 and were fully collateralized at June 30, 2006.

4. RECEIVABLES

Receivables as of the year-end for the government's individual funds and related allowance for uncollectible accounts are as follows:

Accounts Receivable:	Receivable	Allowance	Net
Governmental Funds			
General Fund:			
Taxes	\$ 17,508,157	\$ (7,550,738)	\$ 9,957,419
Accounts receivable	18,139,289	(6,916,565)	11,222,724
Other receivables	91,824		91,824
Due from other agencies	2,622,912	(812,525)	1,810,387
Due from other funds	48,092,665		48,092,665
Due from other governments	7,995,650	(5,495,798)	2,499,852
Due from component unit	1,931,964		1,931,964
	<u>\$ 96,382,461</u>	<u>\$ (20,775,626)</u>	<u>\$ 75,606,835</u>
Debt Service Fund:			
Accounts receivable	\$ 20,440	\$ -	\$ 20,440
Other receivables	2,688		2,688
Due from other funds	2,355,371		2,355,371
Due from other governments	5,000		5,000
	<u>\$ 2,383,499</u>	<u>\$ -</u>	<u>\$ 2,383,499</u>
Capital Projects Fund:			
Accounts receivable	\$ 759,020	\$ -	\$ 759,020
Due from other funds	867,213		867,213
Due from other governments	3,249,333		3,249,333
Due from component unit	92,299		92,299
	<u>\$ 4,967,865</u>	<u>\$ -</u>	<u>\$ 4,967,865</u>
BFSA Special Revenue Fund:			
Due from other governments	<u>\$ 29,138,418</u>	<u>\$ -</u>	<u>\$ 29,138,418</u>
Other Governmental Funds:			
Accounts receivable	\$ 208	\$ -	\$ 208
Due from other funds	100,027		100,027
Due from other governments	517,672		517,672
	<u>\$ 617,907</u>	<u>\$ -</u>	<u>\$ 617,907</u>
Internal Service Fund—			
Accounts receivable	\$ 1,641	\$ -	\$ 1,641
Proprietary Funds			
Solid Waste and Recycling Fund:			
Accounts receivable	\$ 12,010,222	\$ (11,461,261)	\$ 548,961
Other receivables	240,794	(64,115)	176,679
Due from other funds	2,870		2,870
	<u>\$ 12,253,886</u>	<u>\$ (11,525,376)</u>	<u>\$ 728,510</u>
Parking Fund:			
Accounts receivable	\$ 1,010,986	\$ -	\$ 1,010,986
Other receivables	585		585
	<u>\$ 1,011,571</u>	<u>\$ -</u>	<u>\$ 1,011,571</u>

(Continued)

Accounts Receivable:	Receivable	Allowance	Net
Water Board:			
Accounts receivable	\$ 16,040,146	\$ (12,287,404)	\$ 3,752,742
Other receivables	2,784,827		2,784,827
Due from other agencies	127,425		127,425
Due from other funds	68,922		68,922
	<u>\$ 19,021,320</u>	<u>\$ (12,287,404)</u>	<u>\$ 6,733,916</u>
Water Authority:			
Other receivables	\$ 5,000	\$ -	\$ 5,000
Due from other funds	106,128,154		106,128,154
	<u>\$ 106,133,154</u>	<u>\$ -</u>	<u>\$ 106,133,154</u>
Water Enterprise:			
Due from other funds	\$ 9,147,658	\$ -	\$ 9,147,658
Due from other governments	29,078		29,078
	<u>\$ 9,176,736</u>	<u>\$ -</u>	<u>\$ 9,176,736</u>
DUE FROM OTHER GOVERNMENTS:			
Governmental Funds			
General Fund:			
Due from New York State	\$ 1,208,747		
Due from federal government	19,025		
Due from Erie County	6,767,878		
	<u>\$ 7,995,650</u>		
Debt Service Fund:			
Due from New York State	\$ 5,000		
Capital Projects Fund—			
Due from New York State	\$ 3,249,333		
BFSA Special Revenue Fund:			
Due from New York State	\$ 29,116,172		
Energy consultant grant	22,246		
	<u>\$ 29,138,418</u>		
Other Governmental Funds—			
Special Revenue Fund:			
Due from New York State	\$ 85,682		
Due from federal government	431,990		
	<u>\$ 517,672</u>		
Proprietary Funds			
Water Enterprise:			
Due from New York State	\$ 29,078		

(Concluded)

Board of Education—Major revenues accrued by the BOE include the following:

Accounts Receivable—Accounts receivable represents amounts due for tuition or other various items. Amounts accrued at June 30, 2006, consist of the following:

General Fund	\$2,214,980
School Food Service Fund	<u>138,377</u>
Total	<u>\$2,353,357</u>

Due From Other Governments—Due from other governments represents amounts due primarily from the state and the federal government. Amounts accrued at June 30, 2006, consist of the following:

General Fund:		
State aid—basic	\$ 17,618,174	
State aid—excess	10,181,823	
Erie County - sales tax	80,646	
Medicaid	1,683,700	
State aid—other	<u>23,411</u>	\$ 29,587,754
Special Aid Fund—		
Federal and state grants		43,934,125
Food Service Fund:		
State aid—CACFPC	15,690	
State aid—breakfast	67,515	
Federal Aid—breakfast	325,007	
State aid—lunch	77,128	
Federal Aid—lunch	<u>797,188</u>	<u>1,282,528</u>
Total		<u>\$ 74,804,407</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 indirectly to qualifying developers. Program loans receivable, all reported as due within one year, is \$3,098,000 at June 30, 2006.

Notes Receivable—Various notes from individuals, businesses, and other organizations were outstanding at June 30, 2006, representing funds advanced by BURA for projects designed to stimulate economic development 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 Community Development Block Grant (“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 accounts receivable.

Due From Other Governments—\$282,500 of the amount presented as due from the federal government represents a 10% guarantee on loans issued under HUD 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 June 30, 2005	Additions	Deductions	Balance June 30, 2006
Capital assets—not being depreciated:				
Land	\$ 12,739,370	\$ 198,387	\$ 34,202	\$ 12,903,555
Construction in progress	<u>4,288,957</u>	<u>3,778,890</u>	<u>4,288,957</u>	<u>3,778,890</u>
Total capital assets—not being depreciated	<u>17,028,327</u>	<u>3,977,277</u>	<u>4,323,159</u>	<u>16,682,445</u>
Capital assets—being depreciated:				
Buildings	233,861,508	14,269,608	1,707,688	246,423,428
Improvements other than buildings	30,548,032	1,767,024	294,781	32,020,275
Machinery and equipment	34,635,856	5,419,745	2,673,110	37,382,491
Infrastructure	<u>211,921,725</u>	<u>31,547,263</u>	<u>138,851</u>	<u>243,330,137</u>
Total capital assets—being depreciated	<u>510,967,121</u>	<u>53,003,640</u>	<u>4,814,430</u>	<u>559,156,331</u>
Less accumulated depreciations for:				
Buildings	71,465,885	6,231,672	911,239	76,786,318
Improvements other than buildings	18,605,848	1,381,307	174,791	19,812,364
Machinery and equipment	28,964,669	2,509,813	2,646,197	28,828,285
Infrastructure	<u>89,679,894</u>	<u>9,387,409</u>	<u>14,463</u>	<u>99,052,840</u>
Total accumulated depreciation	<u>208,716,296</u>	<u>19,510,201</u>	<u>3,746,690</u>	<u>224,479,807</u>
Total capital assets being depreciated—net	<u>302,250,825</u>	<u>33,493,439</u>	<u>1,067,740</u>	<u>334,676,524</u>
Government activities' capital assets—net	<u>\$ 319,279,152</u>	<u>\$ 37,470,716</u>	<u>\$ 5,390,899</u>	<u>\$ 351,358,969</u>

Business-Type Activities—

Class	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Capital assets—not being depreciated:				
Land	\$ 3,362,210	\$ -	\$ 1	\$ 3,362,209
Construction in progress	<u>1,367,160</u>	<u>7,089,429</u>	<u>7,505,074</u>	<u>951,515</u>
Total capital assets—not being depreciated	<u>4,729,370</u>	<u>7,089,429</u>	<u>7,505,075</u>	<u>4,313,724</u>
Capital assets—being depreciated:				
Buildings	125,979,776	4,333,675	127,418	130,186,033
Improvements other than buildings	364,502		5,224	359,278
Machinery and equipment	10,032,144	424,374	1,295,249	9,161,269
Infrastructure	<u>83,623,884</u>	<u>2,020,313</u>		<u>85,644,197</u>
Total capital assets—being depreciated	<u>220,000,306</u>	<u>6,778,362</u>	<u>1,427,891</u>	<u>225,350,777</u>
Less accumulated depreciations for:				
Buildings	26,270,760	2,664,820	64,681	28,870,899
Improvements other than buildings	200,233	11,731	5,224	206,740
Machinery and equipment	8,697,652	464,335	1,276,891	7,885,096
Infrastructure	<u>24,744,624</u>	<u>2,304,297</u>		<u>27,048,921</u>
Total accumulated depreciation	<u>59,913,269</u>	<u>5,445,183</u>	<u>1,346,796</u>	<u>64,011,656</u>
Total capital assets being depreciated—net	<u>160,087,037</u>	<u>1,333,179</u>	<u>81,095</u>	<u>161,339,121</u>
Business-type activities' capital assets—net	<u>\$ 164,816,407</u>	<u>\$ 8,422,608</u>	<u>\$ 7,586,170</u>	<u>\$ 165,652,845</u>

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

Governmental activities:	
General government	\$ 2,706,381
Public safety	3,442,126
Streets and sanitation	9,205,590
Economic assistance and opportunity	14,360
Culture and recreation	3,602,757
Health and community services	<u>538,987</u>
Total depreciation expense—governmental activities	<u>\$19,510,201</u>
Business-type activities:	
Water	\$3,453,825
Parking	1,588,471
Refuse	<u>402,887</u>
Total depreciation expense—business-type activities	<u>\$5,445,183</u>

Impairment losses recorded for the year ended June 30, 2006, are as follows:

Public Safety program expenses include impairment losses of \$68,339 related to 5 firehouses that became impaired due to unexpected restructuring of the fire department.

Cultural expenses include impairment losses of \$1,362,590 related to the unexpected closure and obsolescence of several community centers and the obsolescence of the Memorial Auditorium.

General government program expenses included impairment losses of \$137,677 related to the unexpected restructuring of the libraries and equipment obsolescence.

The carrying value of idle impaired assets at June 30, 2006 totaled \$4,051,520.

Board of Education—Capital asset activity of the BOE for fiscal year ended June 30, 2006, was as follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets—not being depreciated:				
Land	\$ 3,725,598	\$ -	\$ -	\$ 3,725,598
Construction in progress	<u>53,689,669</u>	<u>107,794,787</u>	<u>16,144,528</u>	<u>145,339,928</u>
Total capital assets—not being depreciated	<u>57,415,267</u>	<u>107,794,787</u>	<u>16,144,528</u>	<u>149,065,526</u>
Capital assets—being depreciated:				
Land improvements	4,580,970			4,580,970
Buildings and building improvements	503,656,350	22,076,472		525,732,822
Equipment	<u>29,741,234</u>	<u>1,012,140</u>	<u>1,684,292</u>	<u>29,069,082</u>
Total capital assets—being depreciated	<u>537,978,554</u>	<u>23,088,612</u>	<u>1,684,292</u>	<u>559,382,874</u>
Less accumulated depreciation for:				
Land improvements	4,195,229	42,042		4,237,271
Buildings and building improvements	185,419,205	19,437,021		204,856,226
Equipment	<u>24,238,397</u>	<u>1,510,448</u>	<u>1,631,776</u>	<u>24,117,069</u>
Total accumulated depreciation	<u>213,852,831</u>	<u>20,989,511</u>	<u>1,631,776</u>	<u>233,210,566</u>
Total capital assets being depreciated—net	<u>324,125,723</u>	<u>2,099,101</u>	<u>52,516</u>	<u>326,172,308</u>
Government activities capital assets—net	<u>\$ 381,540,990</u>	<u>\$ 109,893,888</u>	<u>\$ 16,197,044</u>	<u>\$ 475,237,834</u>

Buffalo Urban Renewal Agency—BURA's governmental capital assets, recorded at cost, as of June 30, 2006, are summarized as follows:

Function and Activity	Land	Buildings	Equipment	Vehicles	Total
Economic development administration	\$380,370	\$14,706,007	\$1,764,214	\$236,942	\$17,087,533
General administration			64,741		64,741
Subtotal	380,370	14,706,007	1,828,955	236,942	17,152,274
Accumulated depreciation		<u>3,120,195</u>	<u>1,550,552</u>	<u>236,942</u>	<u>4,907,689</u>
Capital assets—net	<u>\$380,370</u>	<u>\$11,585,812</u>	<u>\$ 278,403</u>	<u>\$ -</u>	<u>\$12,244,585</u>

For the year ended June 30, 2006, depreciation in the amount of \$354,960 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 reason 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, 2006, a schedule summarizing individual fund interfund receivables and payables is as follows:

	Interfund Receivable	Interfund Payable
Governmental Activities:		
General Fund	\$ 48,092,665	\$ (225,601)
Debt Service Fund	2,355,371	(535,666)
Capital Projects Fund	867,213	(3,760,389)
BFSA Special Revenue Fund		(28,012,403)
Other Governmental Funds—Special Revenue Fund	<u>100,027</u>	<u>(1,138,292)</u>
	<u>51,415,276</u>	<u>(33,672,351)</u>
Business-Type Activities:		
Solid Waste and Recycling Fund	2,870	(10,444,138)
Parking Fund		(1,021,341)
Water Board	68,922	(115,281,858)
Water Authority	106,128,154	
Water Fund	9,147,658	(965,980)
Internal Service Fund		<u>(2,015)</u>
	<u>115,347,604</u>	<u>(127,715,332)</u>
Fiduciary—Agency Fund	<u>7,511</u>	<u>(5,382,708)</u>
Total Interfund Balances	<u>\$ 166,770,391</u>	<u>\$ (166,770,391)</u>

Transfer Out	Transfer In								Total
	General	Debt Service	Capital Projects	BFSA Debt Service	Other Governmental	Solid Waste	Water Authority	Enterprise Water	
General	\$ -	\$30,984,387	\$1,029,444	\$ -	\$464	\$ -	\$ -	\$ -	\$32,014,295
Debt Service				4,271,434					4,271,434
Capital Project						21,222			21,222
BFSA Special Revenue				3,666,846					3,666,846
Solid Waste	673,048								673,048
Parking	445,739	264,564							710,303
Water Board	<u>4,672,175</u>						<u>144,974</u>	<u>10,210,173</u>	<u>15,027,322</u>
Total	<u>\$ 5,790,962</u>	<u>\$31,248,951</u>	<u>\$1,029,444</u>	<u>\$7,938,280</u>	<u>\$464</u>	<u>\$21,222</u>	<u>\$144,974</u>	<u>\$10,210,173</u>	<u>\$56,384,470</u>

In addition to Transfers In and Transfers Out shown above, the City has reported a balance of \$68,431,432 as an Allocation from the BFSA to the City. This represents funds borrowed by the BFSA at the request of the City.

7. CAPITAL LEASES

The City has entered into lease agreements as a lessee for financing the acquisition of various capital assets (garbage packers, radio equipment, aerial basket truck, 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, 2006, are as follows:

Fiscal Years Ending June 30	Governmental-Type Activities
2007	\$ 780,519
2008	690,324
2009	690,324
2010	690,324
2011	690,324
2012-2015	<u>2,404,751</u>
Total minimum lease payments	5,946,566
Less amount representing interest	<u>(910,454)</u>
Present value of future minimum lease payments	<u>\$ 5,036,112</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 bond holder'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 Series 2006A bond was issued by the BFSA to purchase general obligation bonds of the City for capital projects of both the City and BOE. The City issued bonds in the amount of \$25,275,917 with \$224,956 allocated to the premium to the BFSA. The BFSA bond was issued for \$27,270,000 and included a \$1,194,808 premium. The debt issued by the City to the BFSA has been eliminated in the government-wide financial statements.

Principal and interest are paid semiannually, generally in equal installments. Noncurrent liabilities at June 30, 2006 are as follows:

Calendar Year Issued	Original Amount	Interest Rates	Fiscal Year of Last Installment	Balance June 30, 2005	Additions	Deductions	Outstanding at June 30, 2006	Due Within One Year
GOVERNMENTAL ACTIVITIES GENERAL OBLIGATIONS BONDS ISSUED BY CITY OF BUFFALO:								
1974	\$4,200,000	5.6%	2014	\$ 1,095,000	\$ -	\$ 115,000	\$ 980,000	\$ 120,000
1993	14,664,000	4.6-5.25	2008	1,795,000		1,205,000	590,000	570,000
1993	18,849,068	4.00-8.50	2006	1,729,272		1,729,272		
1993	12,606,000	2.45-4.8	2006	1,244,000		1,244,000		
1994	13,387,000	4.75-4.85	2007	4,095,000		3,375,000	720,000	720,000
1995	20,464,000	3.9-4.9	2007	7,620,000		6,670,000	950,000	950,000
1997	36,152,000	4.0-4.7	2009	16,520,000		9,535,000	6,985,000	2,560,000
1998	35,980,000	3.70-4.75	2010	18,830,000		10,550,000	8,280,000	2,025,000
1998	14,000,000	3.60-5.25	2025	8,769,500		2,755,000	6,014,500	1,340,000
1999	45,758,000	2.84-3.9	2018	28,215,000		3,270,000	24,945,000	3,020,000
1999	8,669,715	3.25-4.50	2009	2,361,776		627,598	1,734,178	618,095
1999	36,996,000	5	2013	18,785,000		4,095,000	14,690,000	2,105,000
2001	28,686,000	4.0-5.375	2021	18,130,000		3,075,000	15,055,000	1,565,000
2001	5,605,000	4.0-5.250	2020	4,735,000		10,000	4,725,000	10,000
2002	23,825,000	2.5-5.00	2022	19,430,000		2,430,000	17,000,000	2,605,000
2004	10,285,000	1.56-5.6	2025	9,965,000		330,000	9,635,000	335,000
2004	15,245,000	2-4.2	2016	15,245,000		1,185,000	14,060,000	1,210,000
2005	26,167,250	5	2025	26,167,250		787,571	25,379,679	1,691,702
2005	34,346,833	5	2019		34,346,833	594,802	33,752,031	815,623
2006	25,275,917	5	2020		25,275,917		25,275,917	1,544,521
Total Governmental Activities Bonds				<u>\$204,731,798</u>	<u>\$59,622,750</u>	<u>\$53,583,243</u>	<u>\$210,771,305</u>	<u>\$23,804,941</u>
GOVERNMENTAL ACTIVITIES REVENUE BONDS ISSUED BY BUFFALO FISCAL STABILITY AUTHORITY:								
2004	25,745,000	4.0-5.25%	2014	\$ 25,745,000	\$ -	\$ 2,035,000	\$ 23,710,000	\$ 2,125,000
2005	28,030,000	4.0-5.0	2025	28,030,000			28,030,000	
2005B&C	47,065,000				47,065,000		47,065,000	1,335,000
2006A	27,270,000				27,270,000		27,270,000	
Total Governmental Activities Bonds				<u>\$ 53,775,000</u>	<u>\$74,335,000</u>	<u>\$ 2,035,000</u>	<u>\$126,075,000</u>	<u>\$ 3,460,000</u>

Calendar Year Issued	Original Amount	Interest Rates	Fiscal Year of Last Installment	Outstanding at June 30, 2005	Additions	Deductions	Outstanding at June 30, 2006	Due Within One Year
GOVERNMENT ACTIVITIES-DISCRETELY PRESENTED COMPONENT UNIT-BOE-GENERAL OBLIGATIONS BONDS:								
1991	\$10,970,000	4.65-6.25%	2007	\$ 1,550,000	\$ -	\$ 785,000	\$ 765,000	\$ 765,000
1993	3,609,000	4.0-8.5	2006	335,000		335,000		
1993	7,321,000	2.45-4.8	2006	1,433,000		1,433,000		
1995	1,020,000	3.9-4.9	2008	380,000		190,000	190,000	95,000
1997	18,800,000	4.0-4.7	2009	12,895,000		9,755,000	3,140,000	995,000
1998	10,950,000	3.60-5.25	2025	9,407,500		120,000	9,287,500	245,000
1999	7,034,135	3.25-4.50	2011	3,068,224		457,402	2,610,822	481,905
2001	11,100,000	4.0-5.1	2021	7,975,000		855,000	7,120,000	345,000
2001	14,105,000	4.0-5.0	2012	7,500,000		550,000	6,950,000	950,000
2001	34,000,000	4.0-5.5	2016	30,390,000		1,915,000	28,475,000	2,010,000
2002	34,250,000	2.5-5.375	2020	31,485,000		1,435,000	30,050,000	1,475,000
2003	3,725,000	2.75-5.5	2014	2,917,000		284,000	2,633,000	292,000
2003	5,344,000	2.75-5.5	2018	4,780,000		184,000	4,596,000	189,000
2003	26,691,000	2.75-5.5	2019	24,059,000		850,000	23,209,000	876,000
2003	17,239,000	2.75-5.5	2019	15,583,000		541,000	15,042,000	556,000
2004	2,700,000	2-4.875	2022	2,700,000		120,000	2,580,000	120,000
2005	2,351,650	5.0	2010	2,351,649			2,351,649	531,400
2005	7,258,477	5.0	2016		7,258,477	919,406	6,339,071	295,200
2006	2,483,000	5.0	2020		2,483,000		2,483,000	151,000
Total Board of Education				<u>158,809,373</u>	<u>9,741,477</u>	<u>20,728,808</u>	<u>147,822,042</u>	<u>10,372,505</u>
Gross Bonded Debt				<u>\$417,316,171</u>	<u>\$ 143,699,227</u>	<u>\$76,347,051</u>	<u>\$484,668,347</u>	<u>\$37,637,446</u>
Less Bonds issued by City to BFSA								
2005 A	26,167,250	5.0 %	2025	\$ (26,167,250)	\$ -	\$ (787,571)	\$ (25,379,679)	\$ (1,691,702)
2005 B	2,351,650	5.0	2010	(2,351,649)			(2,351,649)	(531,400)
2005 BC	7,258,477	5.0	2010		(41,605,310)	(1,514,209)	(40,091,101)	(1,110,823)
2006 A					(27,758,917)		(27,758,917)	(1,695,521)
Total Mirror Bonds				<u>\$ (28,518,899)</u>	<u>\$ (69,364,227)</u>	<u>\$ (2,301,780)</u>	<u>\$ (95,581,346)</u>	<u>\$ (5,029,446)</u>
Net Bonded Debt				<u>\$388,797,272</u>	<u>\$ 74,335,000</u>	<u>\$74,045,271</u>	<u>\$389,087,001</u>	<u>\$32,608,000</u>

	Balance at June 30, 2005	Additions/ Transfers	Deductions	Outstanding at June 30, 2006	Due Within One Year
GOVERNMENTAL ACTIVITIES GENERAL OBLIGATIONS BONDS:					
Total General Bonded Debt (see previous)	<u>\$388,797,272</u>	<u>\$ 74,335,000</u>	<u>\$74,045,271</u>	<u>\$389,087,001</u>	<u>\$32,608,000</u>
OTHER NONCURRENT LIABILITIES:					
Obligation to New York State					
Municipal Bond Bank Agency	115,529		115,529		
Capital leases	5,657,724		621,612	5,036,112	587,433
Compensated absences*	21,790,372	774,952	716,814	21,848,510	716,814
Workers' compensation	69,049,608	20,101,912	60,295	89,091,225	6,967,165
Due to retirement systems	1,436,835		689,668	747,167	359,215
Judgments and claims*	4,000,000			4,000,000	
Total other noncurrent liabilities	<u>102,050,068</u>	<u>20,876,864</u>	<u>2,203,918</u>	<u>120,723,014</u>	<u>8,630,627</u>
TOTAL NONCURRENT LIABILITIES	<u>\$490,847,340</u>	<u>\$ 95,211,864</u>	<u>\$76,249,189</u>	<u>\$509,810,015</u>	<u>\$41,238,627</u>

* Payment of compensated absences and judgments and claims are dependent upon many factors: therefore, timing of future payments is not readily determinable.

Calendar Year Issued	Original Amount	Interest Rates	Fiscal Year of Last Installment	Outstanding June 30, 2006	Additions	Deductions	Outstanding June 30, 2006	Due Within One Year
BUSINESS-TYPE ACTIVITIES -GENERAL OBLIGATION BONDS:								
1971	\$3,000,000	5.1%	2010	\$ 450,000	\$	\$ 90,000	\$ 360,000	\$ 90,000
1991	25,705,000	4.7-6.3	2009	3,785,000		1,395,000	2,390,000	790,000
1993	661,932	4.0-8.5	2006	60,728		60,728		
1993	20,023,000	4.5-4.8	2006	7,688,000		7,688,000		
1994	600,000	4.8-4.9	2007	180,000		135,000	45,000	45,000
1997	2,900,000	4.0-4.7	2009	1,600,000		955,000	645,000	205,000
1998	2,385,000	3.6-5.0	2012	1,618,000		270,000	1,348,000	140,000
2001	11,660,000	4.0-5.3	2017	5,690,000		410,000	5,280,000	
2002	21,310,000	2.5-5.375	2022	19,400,000		990,000	18,410,000	1,020,000
2005	6,552,147	5	2018		6,552,147	913,249	5,638,898	629,176
Total Business-Type Activities General Obligation Bonds				<u>40,471,728</u>	<u>6,552,147</u>	<u>12,906,977</u>	<u>34,116,898</u>	<u>2,919,176</u>
BUSINESS-TYPE ACTIVITIES BUFFALO MUNICIPAL WATER FINANCE AUTHORITY REVENUE BONDS:								
1992	58,730,000	5.2-5.5%	2006	1,925,000		1,925,000		
1995	17,460,000	3.65-5.25	2008	14,710,000		13,885,000	825,000	400,000
1996	11,105,000	4.8-6.5	2009	5,245,000		4,475,000	770,000	240,000
1998	16,325,000	4.0-4.75	2012	15,140,000		13,370,000	1,770,000	220,000
1998	49,715,000	4.0-5.0	2027	48,485,000		230,000	48,255,000	2,270,000
1999	12,690,000	6.0	2006	12,690,000		12,690,000		
2002	11,785,000	2.5-4.75	2017	11,380,000		8,085,000	3,295,000	215,000
2002	4,379,279	5.533-5.123	2022	3,880,000		185,000	3,695,000	185,000
2003	3,901,741	5.596-6.306	2031	3,720,000		95,000	3,625,000	95,000
2005	63,025,000	3.7	2036		63,025,000		63,025,000	275,000
Total Business-Type Activities Revenue Bonds				<u>117,175,000</u>	<u>63,025,000</u>	<u>54,940,000</u>	<u>125,260,000</u>	<u>\$ 3,900,000</u>
Total Business-Type Activities Bonds				<u>157,646,728</u>	<u>69,577,147</u>	<u>67,846,977</u>	<u>159,376,898</u>	<u>6,819,176</u>
OTHER NONCURRENT LIABILITIES:								
Compensated absences				2,034,240	53,729	12,057	2,075,912	2,075,912
Due to retirement systems				573,925	419,721	450,940	542,706	409,883
Workers' compensation				1,062,760	329,921	209,226	1,183,455	661,814
Total Other Noncurrent Liabilities				<u>3,670,925</u>	<u>803,371</u>	<u>672,223</u>	<u>3,802,073</u>	<u>3,147,609</u>
TOTAL NONCURRENT LIABILITIES				<u>\$161,317,653</u>	<u>\$ 70,380,518</u>	<u>\$ 68,519,200</u>	<u>\$163,178,971</u>	<u>\$ 9,966,785</u>

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

Governmental Activities—City of Buffalo, New York

Fiscal Years Ending June 30	Principal	Interest	Total
2007	\$ 23,804,941	\$ 9,583,806	\$ 33,388,747
2008	21,548,642	8,918,258	30,466,900
2009	21,682,018	7,919,546	29,601,564
2010	21,980,202	6,877,191	28,857,393
2011	20,413,098	5,866,361	26,279,459
2012–2016	73,157,055	16,227,290	89,384,345
2017–2021	23,954,499	4,137,455	28,091,954
2022–2026	<u>4,230,849</u>	<u>563,162</u>	<u>4,794,011</u>
Total	<u>\$210,771,304</u>	<u>\$60,093,069</u>	<u>\$270,864,373</u>

Governmental Activities—Buffalo Fiscal Stability Authority

Fiscal Years Ending June 30	Principal	Interest	Total
2007	\$ 3,460,000	\$ 5,878,659	\$ 9,338,659
2008	7,225,000	5,774,819	12,999,819
2009	10,080,000	5,404,918	15,484,918
2010	10,350,000	4,897,643	15,247,643
2011	12,925,000	4,426,593	17,351,593
2012–2016	58,015,000	12,642,417	70,657,417
2017–2021	22,615,000	2,752,645	25,367,645
2022–2026	<u>1,405,000</u>	<u>96,142</u>	<u>1,501,142</u>
Total	<u>\$126,075,000</u>	<u>\$41,873,836</u>	<u>\$167,948,836</u>

Component Unit—Board of Education

Fiscal Years Ending June 30	Principal	Interest	Total
2007	\$ 10,372,506	\$ 7,044,226	\$ 17,416,732
2008	9,977,984	6,676,343	16,654,327
2009	10,470,509	6,248,506	16,719,015
2010	10,017,177	5,788,908	15,806,085
2011	9,680,306	5,333,682	15,013,988
2012–2016	48,795,059	19,494,641	68,289,700
2017–2021	36,458,500	8,016,487	44,474,987
2022–2026	<u>12,050,000</u>	<u>1,125,198</u>	<u>13,175,198</u>
Total	<u>\$147,822,041</u>	<u>\$59,727,991</u>	<u>\$207,550,032</u>

Business-Type Activities

Fiscal Years Ending June 30	Principal	Interest	Total
2007	\$ 6,819,176	\$ 6,741,307	\$ 13,560,483
2008	7,301,411	6,464,652	13,766,063
2009	7,632,313	6,155,560	13,787,873
2010	6,921,128	5,871,509	12,792,637
2011	7,758,777	5,548,475	13,307,252
2012–2016	40,299,473	22,269,153	62,568,626
2017–2021	36,699,619	12,940,575	49,640,194
2022–2026	22,045,000	6,782,945	28,827,945
2027–2031	20,975,000	2,304,811	23,279,811
2032–2036	2,925,000	230,101	3,155,101
Total	<u>\$159,376,897</u>	<u>\$75,309,088</u>	<u>\$234,685,985</u>

City Refunding—Board of Education, Governmental Activities, and Business-Type Activities—On July 7, 2005, the City issued \$48,157,457 par General Obligation Bonds with a premium of \$1,533,953. The bonds have an average interest rate of 5.0% to advance refund \$47,015,000 of a portion of the outstanding 1993A, 1993 Refunding, 1994A, 1995 A&B, 1997 A & B, and 1998A & D with interest rates ranging from 4.75%–6.0%. The net proceeds of \$49,561,937.56 (after payment of \$129,473 issuance costs) were used to purchase Treasury Notes. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the aforementioned series of bonds. As a result, these bonds are considered to be defeased and the liability from those bonds has been removed from long-term liabilities on the government-wide financial statements. The City advance refunded the bonds to reduce its total debt service payments over the next 14 years by almost \$1.9 million to obtain an economic gain of \$1.7 million (the difference between the present values of the debt service payments of the old and new debt). This transaction has been allocated among the capital debt service fund and enterprise funds.

Water Authority Refunding and New Debt Issuance—On September 28, 2005, the Water Authority issued \$63,025,000 par revenue bonds consisting of \$8,150,000 for new capital projects and \$54,875,000 to advance refund \$51,470,000 of existing debt. The bonds have an average interest rate of 3.70% to advance refund the \$51,470,000 of the outstanding 1995, 1996, 1998A, 1999, and 2002 & 2002B with an average interest rate of 5.42%. The net refunding proceeds of \$54,786,748 (after payment of \$785,957 in issuance costs) were used to purchase State and Local Government Securities (“SLGS”). These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the aforementioned series of bonds. As a result, these bonds are considered to be defeased and the liability from those bonds has been removed from long-term liabilities on the financial statements. The City advance refunded the bonds to reduce its total debt service payments over the next 17 years by almost \$9.2 million to obtain an economic gain of \$5.6 million (the difference between the present values of the debt service payments of the old and new debt).

The Series 2005-B Bonds, which are variable rate bonds, are hedged by an interest rate swap agreement between the Water Authority and Citibank, N.A, NY (“Swap Provider”) that converts the Authority’s variable rate exposure relating to the Series 2005-B Bonds to a fixed rate. The Swap Provider is an affiliate of the Underwriter for the Series 2005-B Bonds. Under the terms of the Swap Agreement, the Authority will pay the Swap Provider a fixed rate of 3.70% and the Swap Provider will pay the Authority a variable rate equal to 70% of one-month LIBOR. The obligation of the Swap Provider to make payments to the Authority under the Swap Agreement does not affect the Authority’s obligation to

pay, when due, the principal and interest on the Series 2005-B Bonds. The Swap Agreement will expire by its terms on the final maturity of the Series 2005-B Bonds on July 1, 2035. The Water Authority 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 Authority 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 Authority shall have the right to terminate the swap at par beginning on and after July 1, 2015.

At June 30, 2006, the amount that the Water Authority received from the Swap Provider (a variable rate payment equal to 70% of one-month LIBOR), \$1,546,819.28, exceeded the variable rate paid by the Authority (auction rate securities) to the Swap Provider, \$1,344,498.27, by \$202,321.

Due to Retirement Systems—Due to retirement systems represents amounts due to the New York State and Local Employees Retirement System (“ERS”) for early retirement incentive obligations, which mature as follows:

Fiscal Years Ending June 30	Governmental-Type Activities	Business-Type Activities
2007	\$ 359,215	\$ 277,058
2008	<u>387,952</u>	<u>132,825</u>
	<u>\$ 747,167</u>	<u>\$ 409,883</u>

Compensated Absences—As described in Note 1, compensated absences represent 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.

Judgments and Claims—Judgments and claims, which total \$4,000,000 at June 30, 2006, represent estimated amounts due for various outstanding claims. Payment of these estimated amounts are dependent upon many factors (including outstanding litigation).

Obligation to New York State Municipal Bond Bank Agency—Obligation to New York State Municipal Bond Bank Agency represented amounts due for Municipal Bond Bank Agency Revenue Bonds issued pursuant to the State of New York Municipal Bond Bank 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 City unconstitutionally exceeding the maximum permissible tax levy on real property tax in the City, (2) fund the Debt Service Reserve Fund to at least the Debt Service Reserve Fund Requirement, and (3) pay legal, accounting, financing, and other fees and expenses relating to the issuance of the bonds. This obligation was fully paid during 2006.

The City’s debt contracting limitation under its legal debt margin at June 30, 2006, was approximately \$491 million. The effective borrowing capacity is \$123.7 million.

The list of the City's authorized and unissued bonds at June 30, 2006 is as follows:

Project	Total Authorized and Unissued
General Improvement Bonds—governmental	<u>\$ 12,750,000</u>

Board of Education

The following is a summary of changes in BOE's long-term liabilities for the year ended June 30, 2006:

	Balance June 30, 2005	New Issues/ Additions	Maturities/ Reductions	Balance June 30, 2006	Due Within One Year
Governmental Activities:					
Due to other governments	\$ 16,666,667	\$ 1,400,000	\$ 666,666	\$ 17,400,001	\$ 713,334
Due to NAYS and repayment	1,470,213		490,071	980,142	490,071
Revenue bonds payable	34,490,000		1,405,000	33,085,000	1,435,000
JSCB lease	483,885,000		8,475,000	475,410,000	12,310,000
Due to retirement systems	6,744,762		3,361,348	3,383,414	3,383,414
Compensated absences	20,794,845	4,473,373	5,261,726	20,006,492	6,000,000
Other long-term debt EPC	7,161,410		874,140	6,287,270	615,778
Judgments, claims, and contingencies	<u>3,211,500</u>		<u>426,000</u>	<u>2,785,500</u>	<u>250,000</u>
Total	<u>\$ 574,424,397</u>	<u>\$ 5,873,373</u>	<u>\$ 20,959,951</u>	<u>\$ 559,337,819</u>	<u>\$ 25,197,597</u>

Source of Funding (BOE)—Amounts due to other governments; Due to the City (bond debt); revenue bonds payable; other long-term debt—Energy Performance Contracts (“EPC”); and judgments, claims, and contingencies are repaid through annual appropriation of the 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.

Due to Other Governments (BOE)—In June 2000, the New York State Legislatures passed special legislation to advance the Board \$20,000,000 in lottery aid for a contract settlement. In June 2006, the BOE received an additional lottery aid advance of \$1,400,000. The advances are recorded as a long-term interest-free loan with annual maturities as follows:

Fiscal Years Ending June 30	Principal
2007	\$ 713,334
2008	713,334
2009	713,333
2010	713,334
2011	713,334
2012–2016	3,566,666
2017–2021	3,566,666
2022–2026	3,566,668
2027–2031	2,899,999
2032–2036	<u>233,333</u>
 Total	 <u>\$ 17,400,001</u>

Due to New York State Aid Repayment (BOE)—Due to New York State Aid Repayment (BOE) represents amounts due New York State as an amount due for aid to be repaid. Amount is payable over a five-year period, with payments of \$490,071 annually. The total balance outstanding at June 30, 2006, is \$980,142. This amount due to New York State is interest free.

Revenue Bonds Payable (BOE)—Revenue Bonds Payable (BOE) represents amounts due for Municipal Bond Bank Agency Revenue Bonds issued pursuant to the State of New York Municipal Bond Bank Agency (the “Agency”) Act and a General Resolution and a Series Resolution to provide funds to (1) finance a portion of the cost of settling litigation involving the Board and the Buffalo Teachers Federation, (2) fund the Debt Service Reserve Fund to at least the Debt Service Reserve Fund Requirement, and (3) 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 will be secured by annual payments payable by the City from all monies legally available therefore (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.

The remaining annual maturities with the State are as follows:

Fiscal Years Ending June 30	Principal	Interest	Total
2007	\$ 1,435,000	\$ 1,556,274	\$ 2,991,274
2008	1,480,000	1,515,379	2,995,379
2009	1,525,000	1,464,028	2,989,028
2010	1,585,000	1,407,753	2,992,753
2011	1,645,000	1,345,478	2,990,478
2012–2016	6,245,000	5,721,190	11,966,190
2017–2021	4,380,000	4,583,394	8,963,394
2022–2026	5,645,000	3,320,363	8,965,363
2027-2031	<u>9,145,000</u>	<u>1,673,963</u>	<u>10,818,963</u>
Total	<u>\$ 33,085,000</u>	<u>\$ 22,587,822</u>	<u>\$ 55,672,822</u>

JSCB Bonds Payable—JSCB Bonds Payable represents bond payments due for the acquisition, design, construction, and financing of new public educational facilities in the City.

Remaining annual maturities are as follows:

Fiscal Years Ending June 30	Principal	Interest	Total
2007	\$ 12,310,000	\$ 26,426,550	\$ 38,736,550
2008	14,250,000	25,811,050	40,061,050
2009	14,975,000	25,098,550	40,073,550
2010	15,745,000	24,349,800	40,094,800
2011	16,555,000	23,562,550	40,117,550
2012–2016	96,875,000	104,239,463	201,114,463
2017–2021	128,535,000	73,669,000	202,204,000
2022-2026	<u>176,165,000</u>	<u>31,353,025</u>	<u>207,518,025</u>
Total	<u>\$475,410,000</u>	<u>\$334,509,988</u>	<u>\$809,919,988</u>

Due to Retirement Systems (BOE)—Due to Retirement Systems represents amounts due to the New York State Teachers’ Retirement System (“TRS”) and the ERS, which mature as follows:

Fiscal Years Ending June 30	TRS	ERS	Total
2007	<u>\$2,926,898</u>	<u>\$456,516</u>	<u>\$3,383,414</u>

Compensated Absences (BOE)—Compensated absences, which total \$20,006,492 at June 30, 2006, 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 BOE has estimated that \$6,000,000 will be paid in the next fiscal year.

The Other Long-Term Debt—EPC (BOE)—The Other Long-Term Debt represents amounts due for equipment installed at school facilities to improve energy efficiency. Payments totaled \$874,141 during the year leaving a balance of \$6,287,270 at year-end. The remaining annual maturities are as follows:

Fiscal Years Ending June 30	Principal	Interest	Total
2007	\$ 615,778	\$ 167,924	\$ 783,702
2008	706,790	213,995	920,785
2009	735,586	185,200	920,786
2010	765,554	155,231	920,785
2011	796,744	124,041	920,785
2012–2014	<u>2,666,818</u>	<u>2,373,291</u>	<u>5,040,109</u>
Total	<u>\$ 6,287,270</u>	<u>\$ 3,219,682</u>	<u>\$ 9,506,952</u>

Judgments, Claims, and Contingencies (BOE)—Judgments, claims, and contingencies, which total \$2,785,500 at June 30, 2006, represent estimated amounts due for various outstanding claims. Payment of these estimated amounts are dependent upon many factors (including outstanding litigation). The Board has estimated that \$250,000 will be paid during the next fiscal year.

Buffalo Urban Renewal Agency—The summary of changes in long-term debt for the year ended June 30, 2006, is as follows:

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006	Due Within One Year
Section 108 loans	\$23,720,391	\$ -	\$3,373,000	\$20,347,391	\$2,465,000
Credit facility loan	300,000		300,000		
Livable communities funds		<u>2,000,000</u>		<u>2,000,000</u>	<u>1,200,000</u>
Total noncurrent liabilities	<u>\$24,020,391</u>	<u>\$2,000,000</u>	<u>\$3,673,000</u>	<u>\$22,347,391</u>	<u>\$3,665,000</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 semi-annual 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 semi-annual 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.

Credit Facility Loan—BURA funded a development loan of \$580,000 for a project known as “Ellicott Lofts” by borrowings from Fannie Mae in the amount of \$600,000. The annual principal amounts of \$150,000 plus interest began on December 31, 2003, and ended December 31, 2006.

Livable Communities Fund—During the year ended June 30, 2006, BURA established a nonrevolving line of credit in the amount of \$6,000,000 with Fannie Mae. Interest is at LIBOR Rate plus 125 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 \$1,200,000 for the current and next three years. The annual budget allocations totaling \$6,000,000 will

be used to repay the line of credit. BURA initially borrowed \$2,000,000 from Fannie Mae on March 31, 2006. The first annual principal amount of \$1,200,000 plus interest begins on June 26, 2007.

The future maturities of BURA's noncurrent liabilities are as follows:

Fiscal Years Ending June 30	Section 108 Loans	Livable Communities Fund	Total
2007	\$ 2,465,000	\$ 1,200,000	\$ 3,665,000
2008	2,350,000	800,000	3,150,000
2009	2,025,000		2,025,000
2010	1,970,000		1,970,000
2011	1,385,000		1,385,000
Thereafter	<u>10,152,391</u>		<u>10,152,391</u>
Total	<u>\$20,347,391</u>	<u>\$ 2,000,000</u>	<u>\$22,347,391</u>

9. SHORT-TERM DEBT

Short-term debt of the City may include revenue, tax, and/or bond anticipation notes. These notes are reported as a fund liability in the fund receiving the proceeds because legal steps have not been taken to refinance the notes on a long-term basis. A bond anticipation note is recorded in the Water Fund for short-term borrowings from the New York State Environmental Facilities Corporation for total cash drawn upon the authorized project amount to date in the amount of \$2,655,757. This project was bonded upon completion on July 27, 2006.

Buffalo Fiscal Stability Authority—Aggregate bond anticipation notes (“BANs”) outstanding at June 30, 2006, amounted to \$40,000,000 and carry interest at 4%. In 2006, \$90,000,000 of BANs were issued and \$84,000,000 were redeemed. The BANs mature August 14, 2006. The carrying amount on the accompanying statement of net assets includes the unamortized portion of a premium on the BAN of \$55,968.

10. OPERATING LEASES

Operating lease obligations are primarily for rental of space and equipment. Lease expenditures/expenses for the year were approximately \$360,953. The future minimum rental payments required by the primary government for noncancellable operating leases are as follows:

Fiscal Years Ending June 30	
2007	\$ 357,243
2008	307,608
2009	199,275
2010	94,153
2011	<u>12,760</u>
Total	<u>\$971,039</u>

Buffalo Fiscal Stability Authority—The BFSA leases its office space from a City-related entity under the terms of an operating lease. Rental expense amounted to \$32,946 for the year ended June 30, 2006. The lease expires in May 2007 with the minimum future rentals expected to be paid of \$28,600.

Board of Education—Operating lease obligations are primarily for rental of space and equipment. Lease expenses for the year were approximately \$7,269,226. The future minimum rental payments required for noncancellable operating leases for the next five fiscal years are as follows:

Fiscal Years Ending June 30	
2007	\$ 7,377,939
2008	7,314,742
2009	7,416,080
2010	5,233,488
2011	<u>5,056,406</u>
Total	<u>\$32,398,655</u>

11. 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 Dunn Tire Park, public employee liability, and data processing equipment. 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, 2004, 2005, and 2006, the City incurred expenditures of \$3,124,604, \$3,372,363, and \$4,614,499, respectively, for property damage and personal injury claims. For the fiscal years ended June 30, 2004, 2005, and 2006, the City expensed \$6,928,980, \$7,186,230, and \$7,506,522, respectively, for workers' compensation claims, including the health insurance portion. The estimated liabilities for business-type activities are recorded as liabilities of the funds, whereas general liabilities are only recorded in the government-wide financial statements. At June 30, 2006, the City estimated the following general liabilities:

	Governmental Activities	Business-Type Activities
Workers' Compensation—fire and police	\$ 85,639,996	\$ -
Workers' Compensation—other employees	<u>3,451,229</u>	<u>1,183,456</u>
Total	<u>\$ 89,091,225</u>	<u>\$ 1,183,456</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, 2006, when the liability was established, are shown in the following chart:

	Workers' Compensation	General Liability	Total
Estimated claims—June 30, 2005	\$ 1,062,759	\$ -	\$ 1,062,759
Claims incurred	843,621	193,538	1,037,159
Payments 2005–06	<u>(722,924)</u>	<u>(193,538)</u>	<u>(916,462)</u>
Estimated claims—June 30, 2006	<u>\$ 1,183,456</u>	<u>\$ -</u>	<u>\$ 1,183,456</u>

Board of Education

Risk Management—The Board assumes the liability for most risk including, but not limited to, health claims for certain employees. The health insurance and other judgments, claims, and contingencies are recorded as a liability in the BOE’s government-wide financial statements.

Health Insurance Program—During 1997, the Board began self-insuring the health benefits for certain employees. The Board maintains insurance coverage for all claims in excess of \$125,000 per employee, per year. Prior to 1997, the Board contracted with private carriers to insure against such risk. Additionally, certain employee groups continue to maintain insurance coverage. As of September 1, 2006, the self-insured plan was terminated and all outstanding claims were settled. Therefore, there is no longer a liability at year-end.

Changes in the claims liability from 2006 to 2005 are as follows:

	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year
2005	\$ 950,000	\$ 11,835,855	\$ (10,777,228)	\$ 2,008,627
2006	2,008,627		(2,008,627)	

12. LABOR RELATIONS

Approximately 2,581 of the City’s employees are covered by a total of eight collective bargaining agreements. Four of these agreements expired June 30, 2004, and three of these agreements expired on June 30, 2002. One of these agreements is negotiated through June 30, 2007.

13. OTHER POSTRETIREMENT BENEFITS

In addition to the retirement benefits described above, the City provides a portion of health care benefits to 2,618 eligible retired participants in accordance with their respective Bargaining Agreements. The average participant contribution rate was 3.3 % for the 2005–06 fiscal year. The City records the cost of retiree medical and hospitalization insurance plans on a cash basis. During the 2005–06 fiscal year, expenditures of \$21.0 million were incurred for postretirement health care.

Board of Education—The BOE provides employee benefits in the form of health insurance. The cost to the BOE for such benefits is \$36,037,354, which is net of employee contributions of approximately \$21,000. Twenty employees contribute to the cost of their health insurance. The BOE also provides postemployment benefits in the form of health insurance. The obligation of the BOE and its retirees to contribute to the cost of providing these benefits has been established pursuant to BOE resolution and various collective bargaining agreements. The cost of such benefits totaled \$30,484,112 on behalf of 3,075 eligible retirees for the year ending June 30, 2006.

14. EMPLOYEE RETIREMENT BENEFITS

Plan Description—The City participates in the Employee Retirement System (“ERS”), the New York 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 New York State and Local Retirement Systems, 110 State Street, Albany, New York 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
2006	\$ 5,993,620	\$ 13,754,100
2005	8,351,850	23,206,852
2004	4,325,968	6,572,901

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

Beginning in 1992, the State Legislature authorized local governments to make available retirement incentive programs with estimated total costs of \$1,071,668, of which \$747,167 was charged to expenditures/expenses in the governmental funds and \$255,807 to proprietary funds in the current fiscal year. The cost of each program will be billed and paid over five years and will include interest at 8.75%.

The BFSA made 100% of its required contributions for the year ended June 30, 2006, which amounted to \$51,068, and is not included in the table above.

Contributions to Pension Plans—The Authority participates in the ERS, which is a cost-sharing, multiple-employer, public employee retirement system. ERS offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. All benefits generally vest after ten years of service.

ERS requires contributions of 3% of salary except for employees who joined prior to July 27, 1976, or have greater than 10 years of service. The Comptroller annually certifies the required contribution rate expressed as a percentage of participants' wages for contributions to the pension accumulation fund by designating fund balance.

Board of Education—The BOE participates in the Teacher's Retirement System ("TRS") and the ERS. BOE's required contributions to ERS for the current and preceding two years are as follows:

2006	\$ 5,409,398
2005	5,939,646
2004	3,039,688

The BOE'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 New York 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 New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 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, who have less than 10 years of service are required to contribute 3% of their annual salary. Employers are required to contribute at an actuarially determined rate, currently 7.97% of the annual covered payroll for the fiscal year ended June 30, 2006. Rates applicable to the fiscal years ended June 30, 2005 and 2004, were 5.63% and 2.52%, respectively.

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

2006	\$ 16,495,409
2005	9,416,305
2004	3,826,339

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, 2006, was \$2,811,325. All BURA employees at June 30, 2006, were covered by the pension plan.

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

	ERS
2006	\$ 485,720
2005	256,040
2004	485,720

15. NET ASSETS DEFICIT

The Solid Waste and Recycling Enterprise Fund has a total net asset deficit of \$10,497,236 at June 30, 2006. The City does not budget for depreciation and other noncash expenditures. The City has made provisions for the deficit within the General Fund.

16. CONTINGENT LIABILITIES

Various claims and lawsuits are pending against the City (primary government). The ultimate outcome of these claims and lawsuits cannot presently be determined. In the opinion of the City Corporation Counsel, the potential loss on all claims and lawsuits pending against the City is estimated to be \$4,000,000. The range of potential loss is estimated between \$0 and \$9,856,000. The estimate of \$4,000,000 for general liabilities is reflected in the government-wide financial statements. This liability is the City's best estimate based on available information.

Board of Education—Various types of claims have been asserted against the BOE by various claimants. Claims probable of resulting in an unfavorable outcome to the BOE 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. For claims not accrued, the ultimate outcome of the suits cannot presently be determined and no provision for loss 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. Additionally, the State periodically reviews its distribution of aid to school boards throughout the State. Thus, revenues recorded as of June 30, 2006, are subject to potential revision.

17. SUBSEQUENT EVENTS

On July 27, 2006, the New York State Environmental Facilities Corporation (the "EFC") has provided long-term financing to the Authority through the issuance of \$19,917,236 revenue bonds to be used for improvements to the City's water system. The bonds mature on October 1, 2027, and have coupon rates ranging from 3.607% to 4.794%. \$2,695,520 of the funds were used to repay outstanding bond anticipation notes currently held by the EFC.

Board of Education—On September 1, 2005, following a competitive bid process, the BOE selected one insurance carrier to provide four health care plans to BOE employees – three HMO plans and one traditional indemnity plan. Prior to September 1, 2005, the BOE paid three insurance carriers to provide the same four plans. Some of the BOE's unions, including the Buffalo Teachers' Federation ("BTF"), challenged the BOE's decision to go to a single carrier in arbitration. On October 21, 2006, the arbitrator in the BTF arbitration ruled that the BOE 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 single carrier arrangement. The BOE is appealing the arbitrator's decision and does not expect a final decision until at least March 2007. The BOE has estimated that the cost of

the “make-whole” monetary damages for back pay and benefits together with interest thereon will not exceed \$2.5 million. However, the BOE will move to vacate this determination based on the grounds that the arbitrator has exceeded the scope of his authority. Counsel for the BOE is of the opinion that there is a reasonable basis for overturning the arbitrator’s award, particularly the part of the award concerning reinstatement and back pay. Specifically, it is inappropriate for an arbitrator to award the reinstatement of employees to remedy a contract violation pertaining to employee benefits. Furthermore, the remedy required the BOE to pay the statutory judgment rate on back pay and benefits is punitive and is an uncommon penalty imposed on a municipality. Accordingly, no amount has been accrued as of June 30, 2006.

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CITY OF BUFFALO, NEW YORK

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Special Revenue Funds	Permanent Fund	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,454,032	\$ 70,040	\$ 3,524,072
Temporary Investments		61,472	61,472
Receivables:			
Other receivables		208	208
Due from other funds	100,027		100,027
Due from other governments	517,672		517,672
Net receivables	<u>617,699</u>	<u>208</u>	<u>617,907</u>
 Total assets	 <u>\$ 4,071,731</u>	 <u>\$ 131,720</u>	 <u>\$ 4,203,451</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	469,933		469,933
Due to other governments and agencies	5,934		5,934
Due to other funds	1,138,292		1,138,292
Total liabilities	<u>1,614,159</u>	<u>-</u>	<u>1,614,159</u>
 Fund balance:			
Reserved for encumbrances	1,321,642		1,321,642
Reserved - Other	1,135,930	131,720	1,267,650
Total fund balances	<u>2,457,572</u>	<u>131,720</u>	<u>2,589,292</u>
 Total liabilities and fund balances	 <u>\$ 4,071,731</u>	 <u>\$ 131,720</u>	 <u>\$ 4,203,451</u>

CITY OF BUFFALO, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
OTHER GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds	Permanent Fund	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 3,698,623	\$ -	\$ 3,698,623
Investment interest	13,416	1,465	14,881
Total revenues	<u>3,712,039</u>	<u>1,465</u>	<u>3,713,504</u>
Expenditures:			
Current:			
General government	176,623		176,623
Public safety	6,379,925		6,379,925
Economic assistance and opportunity	463,774		463,774
Culture and recreation	25,199		25,199
Health and community services	20,781		20,781
Total expenditures	<u>7,066,302</u>	<u>-</u>	<u>7,066,302</u>
(Deficiency) excess of revenues over expenditures	<u>(3,354,263)</u>	<u>1,465</u>	<u>(3,352,798)</u>
Other financing sources:			
Operating transfers in	464		464
Total other financing sources	<u>464</u>	<u>-</u>	<u>464</u>
Change in fund balances	(3,353,799)	1,465	(3,352,334)
Fund balances - beginning of year	5,811,371	130,255	5,941,626
Fund balances - end of year	<u>\$ 2,457,572</u>	<u>\$ 131,720</u>	<u>\$ 2,589,292</u>

CITY OF BUFFALO, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - DEBT SERVICE FUND
 YEAR ENDED JUNE 30, 2006

	Debt Service Fund			
	Original	Final	Actual	Variance
REVENUES				
Interest	\$ 1,071,093	\$ 1,071,093	\$ 2,876,706	\$ 1,805,613
State aid			5,000	5,000
Intergovernmental	17,330,801	17,330,801	16,875,746	(455,055)
Miscellaneous	245,280	245,280	318,394	73,114
Total revenues	<u>18,647,174</u>	<u>18,647,174</u>	<u>20,075,846</u>	<u>1,428,672</u>
EXPENDITURES				
Debt services	53,468,299	53,468,299	51,407,715	2,060,584
Other			111,857	(111,857)
Total expenditures	<u>53,468,299</u>	<u>53,468,299</u>	<u>51,519,572</u>	<u>1,948,727</u>
(Deficiency) excess of revenues over expenditures	<u>(34,821,125)</u>	<u>(34,821,125)</u>	<u>(31,443,726)</u>	<u>3,377,399</u>
OTHER FINANCING SOURCES (USES):				
Proceeds of refunding bonds			42,930,559	42,930,559
Payments to refunding bond escrow agent			(42,818,702)	(42,818,702)
Transfers from other funds	31,239,770	31,239,770	31,248,951	9,181
Total other financing sources (uses)	<u>31,239,770</u>	<u>31,239,770</u>	<u>31,360,808</u>	<u>121,038</u>
Net change in fund balance	(3,581,355)	(3,581,355)	(82,918)	3,498,437
Fund balance - beginning	<u>11,081,501</u>	<u>11,081,501</u>	<u>11,081,501</u>	
Fund balance - ending	<u>\$ 7,500,146</u>	<u>\$ 7,500,146</u>	<u>\$ 10,998,583</u>	<u>\$ 3,498,437</u>

CITY OF BUFFALO, NEW YORK

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SOLID WASTE AND RECYCLING AND PARKING FUNDS
YEAR ENDED JUNE 30, 2006**

	Solid Waste and Recycling			Parking				
	Original	Final	Actual	Variance	Original	Final	Actual	Variance
REVENUES								
Charges for services	\$ 19,802,717	\$ 19,802,717	\$ 18,718,537	\$ (1,084,180)	\$ -	\$ -	\$ -	\$ -
Interest	3,710	3,710	2,513	(1,197)	20,000	20,000	105,985	85,985
Fines	95,589	95,589	104,288	8,699	6,609,225	6,609,225	6,081,794	(527,431)
Miscellaneous	35,364	35,364	103,387	68,023	6,629,225	6,629,225	63,014	(63,014)
Local sources and other			1,583	1,583				
Total revenues	19,937,380	19,937,380	18,930,308	(1,007,072)	6,629,225	6,629,225	6,250,793	(378,432)
EXPENDITURES								
Personal Services	5,737,385	5,737,385	6,318,441	(581,056)	31,921	31,921	32,068	(147)
Utilities	206,369	248,624	276,643	(28,019)	27,524	28,257	25,488	2,769
Materials and Supplies	688,687	696,611	797,567	(100,956)	525	569	334	235
Purchase of Services	7,899,052	8,869,127	8,013,197	855,930	29,660	36,730	21,890	14,840
Equipment	592,500	592,500	265,604	326,896	759,389	3,591,562	2,053,304	1,538,258
Fringe Benefits	2,469,809	2,644,076	2,708,963	(64,887)	15,845	16,564	25,092	(8,528)
Debt services			8,975	(8,975)	4,914,361	4,914,361	1,231,761	3,682,600
Depreciation and Amortization			418,589	(418,589)			1,638,184	(1,638,184)
Other	1,616,800	1,616,800	1,999	1,614,801				
Total expenditures	19,210,602	20,405,123	18,809,978	1,595,145	5,779,225	8,619,964	5,028,121	3,591,843
Excess (deficiency) of revenues over expenditures	726,778	(467,743)	120,330	588,073	850,000	(1,990,739)	1,222,672	3,213,411
OTHER FINANCING SOURCES (USES)								
Transfers from other funds			21,222	21,222				
Transfers to other funds	(726,778)	(726,778)	(673,048)	53,730	(850,000)	(886,901)	(710,303)	176,598
Total other financing sources (uses)	(726,778)	(726,778)	(651,826)	74,952	(850,000)	(886,901)	(710,303)	176,598
Net change in fund balances		(1,194,521)	(531,496)	663,025		(2,877,640)	512,369	3,390,009
Total net assets (deficit) - beginning	(9,965,740)	(9,965,740)	(9,965,740)		31,413,788	31,413,788	31,413,788	
Total net assets (deficit) - ending	\$ (9,965,740)	\$ (11,160,261)	\$ (10,497,236)	\$ 663,025	\$ 31,413,788	\$ 28,536,148	\$ 31,926,157	\$ 3,390,009

CITY OF BUFFALO, NEW YORK

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - WATER FUNDS
YEAR ENDED JUNE 30, 2006

	Division of Water				Buffalo Water Board				Buffalo Water Authority		Total Water Funds		Variance
	Original	Final	Actual	Original	Final	Actual	Original	Final	Original	Final	Actual	Actual	
REVENUES:													
Charges for services	\$ -	\$ -	\$ -	\$ 31,851,743	\$ 31,851,743	\$ 36,964,077	\$ -	\$ -	\$ -	\$ 31,851,743	\$ 36,964,077	\$ 5,112,334	
Interest				328,200	328,200	1,342,109				328,200	1,342,109	1,013,909	
Miscellaneous			350,557	6,843,752	6,843,752	4,422,840				6,843,752	4,773,397	(2,070,355)	
Total revenues	-	-	350,557	39,023,695	39,023,695	42,729,026	-	-	-	39,023,695	43,079,583	4,055,888	
EXPENDITURES:													
Personal Services	5,912,187	5,911,887	5,623,089							5,911,887	5,623,089	288,798	
Utilities	2,340,000	2,737,048	1,231,959							2,737,048	1,231,959	1,505,089	
Materials and Supplies	72,215	134,025	112,274							134,025	112,274	21,751	
Purchase of Services	211,735	216,179	211,738	7,171,204	10,454,180	7,205,648	24,100	24,100	24,100	10,694,459	7,421,786	3,272,673	
Equipment	220,000	48,155	713,857	2,000,000	2,000,000	138,137				2,220,000	851,994	1,196,161	
Fringe Benefits	2,657,012	2,837,574	2,318,751							2,837,574	2,318,751	518,823	
Debt service	1,167,354	1,167,354	154,027	500,000	500,000	5,386,321	16,500	141,500	140,574	1,308,854	5,690,922	(4,372,068)	
Other	30,000	207,130	195,035	9,671,204	12,954,180	5,743,317	40,600	165,600	144,974	530,000	707,130	(177,126)	
Total expenditures	12,610,503	13,259,352	10,560,730	29,352,491	26,089,515	24,255,603	(40,600)	(165,600)	(144,974)	16,701,388	13,900,456	1,255,893	
(Deficiency) excess of revenues over expenditures			(10,210,173)										
OTHER FINANCING SOURCES (USES):													
Transfers from other funds	12,610,503	12,610,503	10,210,173				40,600	165,600	144,974	12,651,103	10,355,147	(2,420,956)	
Transfers to other funds				(29,352,491)	(29,343,491)	(15,027,322)				(29,352,491)	(15,027,322)	14,316,169	
Total other financing sources (uses)	12,610,503	12,610,503	10,210,173	(29,352,491)	(29,343,491)	(15,027,322)	40,600	165,600	144,974	(16,701,388)	(4,672,175)	11,895,213	
Net change in net assets		(648,849)			(3,273,976)	9,228,281				(3,922,825)	9,228,281	13,151,106	
Net assets - beginning				6,838,181	6,838,181	6,838,181	6,838,181			6,838,181	6,838,181		
Net assets (deficit) - ending	\$ -	\$ (648,849)	\$ -	\$ 6,838,181	\$ 3,564,205	\$ 16,066,462	\$ -	\$ -	\$ -	\$ 6,838,181	\$ 16,066,462	\$ 13,151,106	

CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other Financing Sources (Uses)	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
Department of Administration & Finance:							
Division of Budget:							
Planning for Capital Projects	\$ 19,015	\$(3,266)	\$ 15,749	\$ -	\$ 15,749	\$ 15,749	-
Total Dept of Administration and Finance	19,015	(3,266)	15,749	-	15,749	15,749	-
Department of Public Works:							
Division of Engineering:							
Reconstruction of Jefferson Avenue	31		31		31		31
Reconstruction of Stevenson St Bridge	29,157		29,157	29,157			
Reconstr of Various Curbs, Sidewalks & Sts	64		64		64		64
Reconstruction of Michigan Ave Bridge	659		659		659		659
Reconstruction of Park - Allen to North	4,025		4,025		4,025		4,025
Multi-Modal Program	164,846	425,000	589,846		589,846	80,553	509,293
New York State Chips 1998-99	2,320,398	3,542,719	5,863,117	3,081,363	2,781,754	1,294,114	1,487,640
Niagara Street Reconstruction	2,413		2,413		2,413	1	2,412
Hillary Park Academy	(14,350)		(14,350)		(14,350)		(14,350)
Storm Damage FEMA Reimbursement 12/01	101,780		101,780	68,137	33,643		33,643
Total Division of Engineering	2,609,023	3,967,719	6,576,742	3,178,657	3,398,085	1,374,668	2,023,417
Division of Buildings:							
Cleaning & Restoration of City Monument	2,175		2,175	575	1,600	1,600	580
Construction of New Fire Station	580		580		580		1,025
Squaw Island Remediation	3,061		3,061		3,061	2,036	99
Reconstr City Swimming & Diving Pools	76,599		76,599		76,599	76,500	
Delaware Park Rose Garden	2,294		2,294		2,294		2,294
Reconstruction of the CAO Headquarters	2,736		2,736		2,736		2,736
Renovation of City Hall Dome & Tower	4,038		4,038		4,038	4,038	
Pratt-Willard Community Center	21,674		21,674	5,560	16,124	16,124	329
Reconstruction 118 East Utica	329		329		329		156,978
Constr East Side Transfer Station	156,978		156,978		156,978		2,957
Main/Mercer Fire Station	900,278		900,278	897,321	2,957		133,842
Delavan/Filmore Fire Station	1,793,665		1,793,665	1,510,329	283,336	149,494	196,200
Elmwood/Hertel Fire Station	1,993,337		1,993,337	1,737,369	255,968	59,768	220,000
Bailey Abbott Fire Station		220,000	220,000		220,000		250,000
Bailey Kensington Fire Station		250,000	250,000		250,000		987,202
Total Division of Buildings	4,957,744	470,000	5,427,744	4,151,144	1,276,600	289,398	
Department of Parks and Recreation:							
Division of Parks:							
Tree Planting Program	138		138		138		138
Total Division of Parks	138	-	138	-	138	-	138

(Continued)

CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Revenues and		Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
	Fund Balance June 30, 2005	Other Financing Sources (Uses)					
Department of Inspection and Licenses:							
Division of Housing and Bldg Inspection:							
Demolition of City-owned Buildings	9,290		9,290		9,290		9,290
Neighborhood Redevelopment Site Prep	103,203		103,203		103,203		103,203
Total Division of Housing and Bldg Inspection	112,493	-	112,493	-	112,493	-	112,493
Department of Community Development:							
Division of Development:							
Reconstr of Exchange Street	45,204		45,204		45,204		45,204
Land Acquisition Seneca Babcock	46,491		46,491		46,491		46,491
Improvements to McCarthy Park	117		117		117	117	
Improvements to Ellicott Dist	2,404		2,404		2,404		2,404
Restoration of Monuments	3,556		3,556		3,556	3,145	411
Reconstruction Martin Luther King	91		91		91		91
Conversion of School#62	5,282		5,282	5,282			
Redevelopment Broadway-Fillmore Area	10,891		10,891		10,891		10,891
Restoration of City Monuments	1,814		1,814		1,814		1,814
Misc Right-of-way Improv- Point of Entry	2,716		2,716	2,716			
War Memorial Stadium Site Improvement	1,985		1,985		1,985		1,985
Reconstruction/Renovations Mem Aud	4,045		4,045		4,045		4,045
Total Division of Development	124,596	-	124,596	7,998	116,598	3,262	113,336
Department of Public Works:							
Division of Engineerings:							
Reconstruction of Amherst Street	10,762		10,762		10,762		10,762
Reconstruction Seneca Street Garage	(1,137)		(1,137)		(1,137)		(1,137)
Total Division of Engineerings	9,625	-	9,625	-	9,625	-	9,625
Division of Buildings:							
Reconstruction Various Elevators	67,314		67,314		67,314		67,314
Total Division of Buildings	67,314	-	67,314	-	67,314	-	67,314
Department of Community Development:							
Division of Development:							
Reconstruction N.I.C. Facade	11,884		11,884		11,884		11,884
Total Division of Development	11,884	-	11,884	-	11,884	-	11,884
Department of Audit & Control							
Purchase of Data Systems	3,781		3,781		3,781	2,025	1,756
Total Department of Audit & Control	3,781	-	3,781	-	3,781	2,025	1,756

CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other Financing Sources (Uses)	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances June 30, 2006	Unreserved, Designated Fund Balance June 30, 2006
Department of Fire	38	38	38	-	38	-	38
Purchase of Vehicles & Equipment							
Total Department of Fire	38	-	38	-	38	-	38
Department of Public Works:							
Division of Engineering:							
Local Match-Recon Bridges & Streets	1,472,357	(393,167)	1,079,190	2,780	1,076,410	87,437	988,973
Reconstruction Curbs, Sidewalks	(115,536)		(115,536)		(115,536)		(115,536)
Installation of Lighting Allentown	13,895		13,895	7,519	6,376		
Squaw Island Remediation	118,085		118,085	117,535	550		
Reconstruction Exchange Street-Phase II	148,733		148,733		148,733		148,733
Total Division of Engineering:	1,637,534	(393,167)	1,244,367	127,834	1,116,533	94,363	1,022,170
Division of Buildings:							
Renovation of Appollo Theatre	10,333		10,333		10,333	10,332	1
Police Reorganization	22,005		22,005		22,005		22,005
Rehab Delaware Park Community Center	24,919		24,919		24,919	24,807	112
Restoration of Monuments	32,148		32,148	5,625	26,523	4,390	22,133
Restoration of Kleinhans Music Hall	5,175		5,175		5,175		5,175
East District Police Precinct	3		3		3	583	(580)
Reconstruction of Machnica Center	5,774		5,774		5,774	5,774	
Total Division of Buildings	100,357	-	100,357	5,625	94,732	45,886	48,846
Department of Community Development:							
Division of Development:							
Neighborhood Information Center	23,660		23,660		23,660		23,660
Total Division of Development	23,660	-	23,660	-	23,660	-	23,660
Department of Public Works:							
Division of Engineering:							
Erie Basin Marina Rehab - Phase IV	1,060		1,060		1,060	573	487
Reconstruction Niagara Falls Blvd.	29,674		29,674		29,674		29,674
Squaw Island Remediation, 98-99	396,771		396,771	100,184	296,587	130,235	166,352
Local Match Reserve-Bridges, 98-99	236,056		236,056	300	235,756		235,756
Local Match Reserve-Roads, 98-99	918,701	(460,795)	457,906	1,073	456,833	157	456,676
Infrastructure Improvements, 98-99	24		24	24			
Traffic Calming Project, 98-99	48,730		48,730		48,730		48,730
Total Division of Engineering:	1,631,016	(460,795)	1,170,221	101,581	1,068,640	130,965	937,675

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CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other Financing Sources (Uses)	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
Division of Buildings:							
Improvements to Hennepin Center	2,820		2,820		2,820		2,820
Architectural Costs - Various	933		933		933		933
Expansion Delavan-Moselle Center	4,368		4,368		4,368		4,368
Roof Replacement Parkside Lodge	861		861		861		861
Improvements to Library - Various	4,127		4,127		4,127		4,127
Renovation of Appollo Theater	20,406		20,406		20,406	19,753	653
Police Reorganization	93		93		93		93
City Court Reconstruction	12		12		12		12
Cazenovia Ice Rink	102,363		102,363		102,363		102,363
Various Libraries	5,021		5,021	4,500	521		521
Council Chamber Renovations	7,178		7,178		7,178		7,178
Construction Urban Arts Center	176,903		176,903	176,903			
City Hall Fire Safety Systems	16,693		16,693		16,693		16,693
Jefferson Avenue Library	295,732		295,732	295,732			
Kleinbans Music Hall Restoration 98-99	13,793		13,793		13,793		13,793
Tosh Collins Community Center, 98-99	523		523		523	523	
Cazenovia Park Casino, 98-99	37,136		37,136		37,136		37,136
Reconstruction Peter Machnica Ctr. 98-99	12,835		12,835		12,835	12,586	249
Friends of Elderly, Acq. & Expansion, 98-99	32,452	10,000	42,452	29,582	12,870		12,870
Public Parking, Land Acq. & Constr, 98-99	88,839		88,839		88,839		88,839
City Demolitions	66,492		66,492		66,492	66,492	
Improvements to Various Community Ctrs	(41,469)	(5,194)	(46,663)		(46,663)		(46,663)
S. District Buildings-Okell Field House	22,407		22,407		22,407	2,280	20,127
Total Division of Buildings:	870,518	4,806	875,324	506,717	368,607	101,634	266,973
Department of Community Development:							
Division of Development:							
Neighborhood Development, Demolitions	33,740		33,740		33,740	33,580	160
Rehabilitation of Jefferson Renaissance	10,219		10,219		10,219		10,219
Construction School #62	2,418		2,418	2,418			
Infrastructure Improvement Main/LaSalle	1,250		1,250		1,250		1,250
South Ellicott Land Acquisition	68,317		68,317		68,317		68,317
South Ellicott - Demolitions	5,355		5,355		5,355	5,355	
Improvements Seneca Babcock, 91-92	98,930		98,930		98,930		98,930
Reconstruction Crucial Building, 98-99	8,182		8,182		8,182		8,182
Broadway Market Renovation, 98-99	10,769		10,769		10,769	6,617	4,152
Tow Path Park Construction, 98-99	51,969		51,969		51,969		51,969
Improvements Niagara Square, 97-98	94,125		94,125	63,075	31,050		31,050
Allendale Theater Interior Renovations	576		576		576		576
Citywide Tree Planting & Removal	495		495		495		495
Total Division of Development	386,345	-	386,345	65,493	320,852	45,552	275,300

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CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other Financing Sources (Uses)	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
Department of Fire							
Purchase Pumper Truck 99-00	248,509		248,509	218,269	30,240	31,225	(985)
Purchase Airpack Equip 99-00	31,410		31,410	30,250	1,160		1,160
Total Department of Fire	279,919	-	279,919	248,519	31,400	31,225	175
Department of Public Works							
Division of Engineering							
Rec Marine Drive-Erie to Main	21,893		21,893		21,893		21,893
Lovejoy Infrast Improvements 98-99	1,186		1,186		1,186		1,186
Elmwood Ave.Pkg Lots 98-99	226,017		226,017		226,017		226,017
Citywide Tree Removal 98-99	9		9		9		9
Lovejoy Bldg. (Seneca/Babcock CC) 98-99	32,715		32,715		32,715	2,638	30,077
Reconst Marine Drive 99-00	15,481		15,481		15,481	10,696	4,785
Reconstruct Improve 99-00	17,961		17,961	5,947	12,014	12,014	
Infrastructure Impr/North&Niagara 99-00	168,089		168,089	44,161	123,928	15,599	108,329
Total Division of Engineering:	483,351	-	483,351	50,108	433,243	40,947	392,296
Division of Buildings:							
Rehab Underground Tanks 98-99	58,007		58,007	13,544	44,463	8,966	35,497
Main Tupper Police Pct. 98-99	13,790		13,790		13,790		13,790
Tift Farm-Water Line 98-99	5,037		5,037		5,037		5,037
Const Delavan Moselle Ctr 99-00	233,232		233,232		233,232		233,232
Monument Restoration 98-99	31,912		31,912		31,912		31,912
Fire Station Improvements 98-99	324		324		324		324
S Bflo Comm Ctr-Phase I 98-99	196,388		196,388		196,388		196,388
Handicapped Access Imp 99-00	16,427		16,427	713	15,714	7,874	7,840
Zoo Improvements 99-00	1,598		1,598		1,598		1,598
Science Museum-Fire Alarm 99-00	4,984		4,984		4,984		4,984
Restoration-Council Chamber 99-00	(28,861)		(28,861)	11,850	(40,711)		(40,711)
Constr Jefferson Library 99-00	9		9		9		9
Restoration Kleinhans 99-00	70,791		70,791	22,500	48,291	45,866	2,425
Neighborhood Redevelopment 98-99	(63,326)		(63,326)		(63,326)	10,585	(73,911)
Total Division of Buildings:	540,312	-	540,312	48,607	491,705	73,291	418,414
Department of Community Development:							
Division of Development:							
Citywide Park Improve 98-99	114		114		114	114	
Neighborhood Redevelopment 98-99	82,475		82,475		82,475	72,912	9,563
Allendale Theater Recon 98-99	3,836		3,836		3,836		3,836
Citywide Playground Renov 98-99	10,199		10,199		10,199	246	9,953
MLK Park Improvements 98-99	17,097	(5,744)	11,353	11,352	1	1	

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CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other Financing Sources (Uses)	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
Downtown Development 98-99	369,245		369,245	22,033	347,212	60,172	287,040
Imp Info System/Mapping 99-00	24,780		24,780		24,780	13,500	11,280
School #62 Conversion 99-00	87,126		87,126	12,271	74,855	8,196	66,659
Total Division of Development	594,872	(5,744)	589,128	45,656	543,472	155,141	388,331
Executive Department							
Division of Strategic Planning	63,681		63,681	17,992	45,689	39,927	5,762
Environmental Testing and Remediation 00-01	63,681	-	63,681	17,992	45,689	39,927	5,762
Total Division of Strategic Planning:							
Department of Public Works							
Division of Engineering	20,112		20,112	14,775	5,337		5,337
Citywide Tree Trim & Removal	3,677		3,677	576	3,101		3,101
Signal Improvements 99-00	24,367	(24,367)					
Local Match Reserve 99-00	10,420		10,420		10,420	3,003	7,417
Reconstruction Clinton Underpass 00-01	33,659		33,659	33,646	13	13	
Infrastructure Improvements 00-01	92,235	(24,367)	67,868	48,997	18,871	3,016	15,855
Total Division of Engineering:							
Division of Buildings:							
Delavan Armory Demo 99-00	1,479		1,479		1,479		1,479
Precinct #11 Renovation 99-00	39		39		39		39
"B" Dist -Main/Tupper 99-00	197,131		197,131	8,900	188,231	4,979	183,252
Bailey-Kensington CC 93-94	183,798		183,798		183,798	14,685	169,113
Reconstruct Various Community Centers 99-01	16,124		16,124		16,124		16,124
Apollo Center Equipment 00-01	280,642		280,642	33,934	246,708	4,305	242,403
Expansion Tosh Collins Center 00-01	257,763		257,763		257,763		257,763
Reconstruction City Court 00-01	326,808	270,992	597,800	295,214	302,586	6,450	296,136
Reconstruction City Hall 00-01	13,212		13,212	3,098	10,114		10,114
Reconstruct Fire Headquarters 00-01	1,620		1,620		1,620		1,620
Shea's Theatre Exterior Expansion 00-01	30,631		30,631	(34,189)	64,820	26,342	38,478
Total Division of Buildings:	1,309,247	270,992	1,580,239	306,957	1,273,282	56,761	1,216,521
Division of Demolitions							
Demolition of City Buildings 00-01	187,009		187,009		187,009	184,659	2,350
Total Division of Demolitions	187,009	-	187,009	-	187,009	184,659	2,350
Department of Community Development:							
Division of Development:							
Citywide Parks & Playgrounds	10,866		10,866	8,385	2,481	983	1,498
Neighborhood Redevelopment 99-00	105,025		105,025		105,025	100,050	4,975
Total Division of Development	115,891	-	115,891	8,385	107,506	101,033	6,473

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CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other Financing Sources (Uses)	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
Executive Department							
Enviro Test & Remediation 00-01	172,644	2,780	175,424	44,612	130,812	13,131	117,681
Total Mayor & Executive	172,644	2,780	175,424	44,612	130,812	13,131	117,681
Department of Fire							
Purchase Fire Fighting Vehicle	31	-	31	-	31	-	31
Total Fire	31	-	31	-	31	-	31
Department of Public Works							
Division of Engineering							
60 Hedley Place 00-01	69,608		69,608	19,050	50,558	26,714	23,844
Central Park Plaza Gateway 00-01	1,364		1,364		1,364		1,364
Symphony Circle Lighting 00-01	122,767		122,767		122,767		122,767
Restr Richmond/Ferry Cir 00-01	26,641		26,641		26,641		26,641
Recons Elmwood Ave 00-01	43,567		43,567		43,567		43,567
Signal Improvement 99-00	23		23		23		23
Neighborhood Redevel/CI 00-01	89,701		89,701		89,701	22,406	67,295
Total Division of Engineering:	353,671	-	353,671	19,050	334,621	49,120	285,501
Department of Public Works							
Division of Building							
McKinley Monument Analysis	9,451		9,451		9,451		9,451
Lanigan Community Center Master Plan	2,000		2,000		2,000		2,000
Broadway Garage Study	7,500		7,500		7,500		7,500
Cogenerating District Heating Plan	8,938		8,938		8,938		8,938
Handicap Access Improvements 00-01	157,330		157,330	14,800	142,530	9,102	133,428
Improve Various Fire Stations 99-00	360		360		360		360
Fire Alarms Various Libraries 99-00	52,930		52,930		52,930		52,930
Museum of Science Improvements	16,268		16,268		16,268		16,268
Restoration of Monuments 99-00	66,313		66,313		66,313		66,313
Reconstruction of Zoo Facilities 00-01	2,183		2,183		2,183		2,183
Auto Impound Roof 00-01	287,541		287,541		287,541		287,541
Reconstruction Delaware Park Casino 00-01	25,749		25,749	16,845	8,904	5,943	2,961
Reconstruction JFK Center 00-01	40,009		40,009		40,009		40,009
Kleinhaus Main Auditorium 00-01	196		196		196		196
Reconstruction Fronczak Library 00-01	57,168		57,168		57,168		57,168
Reconstruction East Clinton Library 00-01	54,076		54,076	6,176	47,900	7,953	39,947
North Buffalo Community Center 00-01	809		809		809		809
Constr Jefferson Ave Libr 99-00	765,318		765,318	686,670	78,648	78,648	78,648
City Bldg Improv City Wide 2002	348,438		348,438	323,301	25,137	24,188	949
Total Division of Buildings:	1,902,577	-	1,902,577	1,047,792	854,785	125,834	728,951

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CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other Financing Sources (Uses)	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
Department of Parks							
Refurbish Cazenovia Pool 00-01	27,160		27,160		27,160	8,176	18,984
Delaware Park Improv 00-01	500		500		500	500	
City Parks Improv 2001	35,296		35,296	4,753	30,543	30,543	
Total Division of Parks:	62,956	-	62,956	4,753	58,203	39,219	18,984
Department of Permits and Inspections							
Neighborhood Redev/Clearance 2001	66,633		66,633	1,892	64,741	40,493	24,248
Total Permits and Inspections	66,633	-	66,633	1,892	64,741	40,493	24,248
Department of Public Works							
Division of Engineering							
Signal Improv 99-00	2		2				
Hope IV Infrastr Impr 2001	600,000		600,000	600,000			
Citywide Infrastr Improv 2001	456,560		456,560	456,499	61	61	
Caz Slop Walls 2002	1,938,308		1,938,308	1,938,308			
Total Division of Engineering:	2,994,870	-	2,994,870	2,994,809	61	61	-
Division of Buildings:							
City Hall Restor 2003	1,399,540		1,399,540	119,976	1,279,564	1,280,879	(1,315)
Jefferson Library 2004	84,366		84,366	12,863	71,503	71,170	333
Fire Fac Assessment 2004	627		627		627		627
Recon Fire Hse- Main&Mercr 2004	30,464		30,464	30,207	257		257
Constr Fire Hse - Bailey/Genesee 2004	144,936		144,936	23,535	121,401	89,365	32,036
Total Division of Buildings:	1,659,933	-	1,659,933	186,581	1,473,352	1,441,414	31,938
Department of Parks							
Citywide Tree Trim&Remov 2001	759,270	25,000	784,270	696,812	87,458	130,700	(43,242)
Total Division of Parks:	759,270	25,000	784,270	696,812	87,458	130,700	(43,242)
Department of Permits and Inspections							
Neigh Redev/Clear 2001	160,072		160,072	165,076	(5,004)	900	(5,904)
Citywide Neigh Redev/Clear 2002	1,186,027		1,186,027	1,124,025	62,002	37,428	24,574
Total Permits and Inspections	1,346,099	-	1,346,099	1,289,101	56,998	38,328	18,670
Department of Fire							
Fire Apparatus 04	2,750,000		2,750,000	2,285,170	464,830	462,894	1,936
Total Fire	2,750,000	-	2,750,000	2,285,170	464,830	462,894	1,936

(Continued)

CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other Financing Sources (Uses)	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
Department of Public Works Parks and Streets	1,000,000	159,444	1,159,444	778,357	381,087	-	381,087
Purchase Snow Plows 05	1,000,000	159,444	1,159,444	778,357	381,087	-	381,087
Total Parks and Streets							
Division of Engineering	838		838		838		838
Bond Sale Expense	500,000		500,000	374,407	125,593		
Caz Slope Walls 2002	1,000,000	(30,000)	970,000	318,363	651,637		544,045
Enviro Remediation 2005	2,384,058	39,070	2,423,128	2,349,932	73,196		48,352
Infrastructure Improv-City Wide 2002	1,250,000	(71,000)	1,179,000	812,887	366,113		77,952
Infrastructure Improv-City Wide 2005	1,500,000	(1,500,000)					
Peace Bridge Area Improv 2005	500,000		500,000	500,000			
Reconstr Vulcan St 2003	7,134,896	(1,561,930)	5,572,966	4,355,589	1,217,377	546,190	671,187
Total Division of Engineering:							
Division of Buildings:	250,000		250,000	179,088	70,912	10,851	60,061
Reconst Fire Station Main&Mercer 04	400,000		400,000	36,000	364,000	22,500	341,500
60 Hedley Place 00-01	1,000,000		1,000,000	544,113	455,887	455,887	
City Hall Restor 2004	3,400,000		3,400,000	3,898	3,396,102	1,371,906	2,024,196
City Hall Restor 2005	1,523,398	26,250	1,549,648	640,294	909,354	22,415	886,939
Improv City Bldg 2005	400,000		400,000	129,279	270,721	120,484	150,237
Jefferson Library 2004	750,000		750,000	463,452	286,548	25,899	260,649
Reconst City Own Bldg 2005	7,723,398	26,250	7,749,648	1,996,124	5,753,524	2,029,942	3,723,582
Total Division of Buildings:							
Department of Parks	2,040,097	56,925	2,097,022	1,539,227	557,795	409,670	148,125
Parks/Playground Improv City Wide 02	1,000,000		1,000,000	92,750	907,250	780,265	126,985
City Wide Tree Trim & Removal 2001	3,040,097	56,925	3,097,022	1,631,977	1,465,045	1,189,935	275,110
Total Division of Parks:							
Department of Permits and Inspections	500,000		500,000	197,772	302,228	302,228	
City Wide Neighborhood Redv&Clrg 2002	3,500,000		3,500,000	1,369,985	2,130,015	2,129,341	674
Neighborhood Redv&Clrg City Wide 2005	4,000,000	-	4,000,000	1,567,757	2,432,243	2,431,569	674
Total Permits and Inspections							
Department of Fire	2,750,000		2,750,000		2,750,000	2,731,989	18,011
Fire Apparatus 04	-	2,750,000	2,750,000	-	2,750,000	2,731,989	18,011
Total Fire							

(Continued)

CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other Financing Sources (Uses)	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
Division of Engineering							
Bond Sale Expense		50,873	50,873	50,490	383		383
Monument Restoration 02	250,000	250,000	250,000		250,000		250,000
Rehab Sts/Curbs/Sdwk Citywide 06	3,935,000	3,935,000	3,935,961	499,039	3,435,961	2,237,798	1,198,163
Rehab Sts/Curbs/Sdwk Homezone 06	830,000	830,000	830,000		830,000		830,000
Tree Trimming/Removal Citywide 06	500,000	500,000	500,000		500,000		500,000
Constr Outer Harbor Trail Ph II 06	240,000	240,000	240,000		240,000		240,000
Rehab CN Rail Bridge 06	200,000	200,000	200,000		200,000		200,000
Improv Ellicott Gateway 06	435,000	435,000	435,000		435,000		435,000
Total Division of Engineering:	-	6,440,873	6,440,873	549,529	5,891,344	2,237,798	3,653,546
Division of Buildings:							
Improve City Libraries 06	180,000		180,000		180,000		180,000
Improv Historical Society 06	150,000		150,000		150,000		150,000
Improve Museum of Science 06	160,000		160,000		160,000		160,000
Reconstr Firehouses 06	3,000,000		3,000,000	330	2,999,670		2,999,670
Improve Mass Ave CC 06	300,000		300,000		300,000		300,000
Improve Northwest CC 06	100,000		100,000		100,000		100,000
Improve Marcy Casino 06	140,000		140,000		140,000		140,000
Improve City Bldg/Fac Citywide 06	1,000,000		1,000,000	1,247	998,753		998,753
Total Division of Buildings:	-	5,030,000	5,030,000	1,577	5,028,423	-	5,028,423
Department of Parks							
Improve Parks/Playground Citywide 06	1,100,000		1,100,000	1,460	1,098,540	234,579	863,961
Centennial Pool Splash Pad 06	650,000		650,000		650,000		650,000
Total Division of Parks:	-	1,750,000	1,750,000	1,460	1,748,540	234,579	1,513,961
Department of Permits and Inspections							
Demo Private Bldg/Structures 06	1,000,000		1,000,000	269,340	730,660	83,889	646,771
Demo City Bldgs/Structures 06	2,100,000		2,100,000	17,690	2,082,310	762,479	1,319,831
Total Permits and Inspections	-	3,100,000	3,100,000	287,030	2,812,970	846,368	1,966,602

(Continued)

CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
 For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other		Total Available	Expenditures and Other		Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
		Financing Sources (Uses)	Financing Uses		Financing Uses	Financing Uses			
Department of Public Works									
Division of Engineering									
Marine Midland Arena-Phase I	168,895	(32,734)		136,161	(40,917)		177,078		177,078
Michigan Ave Bridge Reconst	418,322			418,322			418,322		418,322
Recon Genesee St-Bailey/City Line	4,802,063	3,602,534		8,404,597	4,888,540		3,516,057	2,766,883	749,174
Reconstruction of Hertel Ave	247,138			247,138	43,552		203,586	45,961	157,625
Kleinhaus Music Hall Restoration	41,084			41,084	7,543		33,541		
Intermodal Trans Center Project	10,178			10,178			10,178		10,178
Squaw Island Remediation Grant	262,259			262,259	128,264		133,995	48,449	85,546
GIS Development	90,924	50,000		140,924	61,509		79,415	22,876	56,539
Ferry St Lift Bridge Rehab	79,950	727,453		807,403			807,403	15,563	791,840
Emerson Playgrd Ftball Field	400			400			400		400
So Park Lift Bridge Rehab	6,824,580	1,327,940		8,152,520	5,915,160		2,237,360	505,692	1,731,668
Classic Study Rt 198 Study Scaj	41,475	15,528		57,003	15,528		41,475	330	41,145
Bflo Corridor Mgt Proj	128,151	293,293		421,444	308,908		112,536	49,171	63,365
Recon Main St	9,168,735	2,000,000		11,168,735	5,962,695		5,206,040	2,866,769	2,339,271
Recon Fuhrmann Blvd	48,098			48,098			48,098		48,098
Signal Improv- Porter Ave	65,280	(65,280)							
Signal Improv-Sycamore&Walden	1,668,040			1,668,040	1,190,845		477,195	19,478	457,717
Signal Improv-Filmore-Best/Main	454,588			454,588	214,166		240,422	4,829	235,593
Signal Improv-Michigan	366,839	(328,664)		38,175	-		38,175	28,299	9,876
Signal Improv-Bailey	40,000	257,378		297,378	108,710		188,668	124,869	63,799
Signal Improv-Elmwd/Chip	40,000	106,120		146,120	24,500		121,620	102,020	19,600
Signal Improv-Amherst	40,000	160,000		200,000	-		200,000	40,000	160,000
Signal Improv-Genesee	34,497	270,000		304,497	33,980		270,517	517	270,000
Signal Improv-Buffalo Citywide	133,148	577,910		711,058	204,644		506,414	425,852	80,562
Signal Improv-Masten	261,669	(210,195)		51,474	-		51,474	50,127	1,347
Replace Babcock St Bridge	66,706	913,277		979,983	79,096		900,887	83,658	817,229
Inner Harbor Transport Infrac Fac	198,010	142,351		340,361	160,372		179,989	37,638	142,351
Elmwood-Delavan to Rt 198	507,311	1,080,000		1,587,311	71,210		1,516,101	70,416	1,445,685
N. Bflo Rails to Trails	50,000	124,936		174,936	74,920		100,016	30,759	69,257
Tiff St Greenway	462,339	1,212,973		1,675,312	1,143,092		532,220	341,466	190,754
Grider St Reconst	41,120	751,134		792,254	116,141		676,113	11,389	664,724
Seneca-Caz Instrastr Proj	100,000			100,000			100,000		100,000
Peace Bridge EIS	110,145			110,145	(45,219)		155,364	95,044	60,320
Cars on Main St		909,334		909,334	675,125		234,209	94,637	139,572
Bailey Ave Bridge - Caz Creek		248,719		248,719	129,648		119,071	65,607	53,464
Peace Bridge Area Improvements		3,585,628		3,585,628	1,138,269		2,447,359	2,441,791	5,568
Erie Canal Harbor St-Coml Ph I		1,601,964		1,601,964	135,407		1,466,557	43,361	1,423,196
Traffic Signal & Controllers		33,184		3,918,167	1,216,899		2,701,268	1,663,192	1,038,076
Total Division of Engineering:	3,884,983	19,354,783		50,211,710	23,962,587		26,249,123	12,130,184	14,118,939
	30,856,927								

(Continued)

CITY OF BUFFALO, NEW YORK
CAPITAL PROJECT FUND
SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
For the Fiscal Year Ended June 30, 2006

	Fund Balance		Revenues and Other		Total Available	Expenditures and Other Financing Uses	Fund Balance		Unreserved, Designated Fund Balance June 30, 2006
	June 30, 2005	June 30, 2006	Financing Sources (Uses)	Other			June 30, 2005	June 30, 2006	
Division of Buildings:									
Historical Society Building	29,660	59,660	30,000		59,660		59,660	59,660	
Parkside Lodge	2,416	2,416			2,416		2,416	2,416	
Energy Services Ph 6	37,240	37,240			37,240	28,409	8,831	8,831	
Renovations Buffalo Zoo	8	8			8		8	8	
Renovation Zoo Camp Conserv	4,096	4,096			4,096		4,096	4,096	
Restor Darwin Martin House	500,000	500,000			500,000	276,170	223,830	223,830	
Shea Buffalo Improvements									
Boone Park Remediation	611,179	611,179			611,179	523,585	87,594	87,594	42,669
City Court Chiller	1,075,387	1,075,387			1,075,387	566,125	509,262	509,262	414,683
Shea Buffalo Improvements						(2,933)	2,933	2,933	2,933
Historical Society Ext Restor	125,875	125,875			125,875	61,665	64,210	64,210	62,256
Total Division of Buildings:	2,385,861	2,415,861	30,000		2,415,861	1,453,021	962,840	367,704	595,136
Department of Community Development:									
Division of Development:									
Recons MLK Wading Pool	(14,692)	9,709	24,401		9,709	3,004	6,705	6,705	
Scajaquada Pathway - Phase II	256,168	256,168			256,168	7,993	248,175	4,282	243,893
Scajaquada Pathway-Phase III	417,625	916,276	498,651		916,276	651,792	264,484	88,398	176,086
Remediation Brownfields	93,575	93,575			93,575	34,195	59,380	3,884	55,496
Total Division of Development	752,676	1,275,728	523,052		1,275,728	696,984	578,744	103,269	475,475
Executive Department									
Union Ship Canal (03)	166,026	166,026			166,026		166,026	7,396	158,630
Certified Local Govt (CLG) Program	12,828	12,828			12,828		12,828		12,828
Remediation 90 Hopkins		95,548	95,548		95,548	13,786	81,762	66,501	15,261
Artspace- Family Loft Proj		248,000	248,000		248,000		248,000		248,000
Total Executive Department	178,854	522,402	343,548		522,402	13,786	508,616	73,897	434,719
Department of Parks									
MLK Park Splash Pad	1,027		(1,027)				1,061		1,061
Massachusetts Ave Park	61,152	61,152			61,152	60,091	1,061		1,061
Total Division of Parks	62,179	61,152	(1,027)		60,091	60,091	1,061		1,061

CITY OF BUFFALO, NEW YORK
 CAPITAL PROJECT FUND
 SCHEDULE OF ADDITIONS, EXPENDITURES, AND UNRESERVED FUND BALANCE
 For the Fiscal Year Ended June 30, 2006

	Fund Balance June 30, 2005	Revenues and Other Financing Sources (Uses)	Total Available	Expenditures and Other Financing Uses	Fund Balance June 30, 2006	Encumbrances	Unreserved, Designated Fund Balance June 30, 2006
Undesignated	137,291		137,291		137,291		137,291
	<u>137,291</u>		<u>137,291</u>		<u>137,291</u>		<u>137,291</u>
Grand Total (Non-GAAP)	85,572,461	41,855,876 \$	<u>127,428,337</u>	54,846,711	72,581,626	30,054,120	42,527,506
Prior year financing sources reported as revenue as of June 30, 2006	(25,516,820)	25,516,820					
Current year financing sources not reported as revenue as of June 30, 2006		(15,633,441)			(15,633,441)		(15,633,441)
Accounts payable at June 30, 2005 not included in encumbrances	(334,998)			(334,998)			
Encumbrances at June 30, 2005 reported as expenditures as of June 30, 2006				3,915,004	(3,915,004)	(3,915,004)	
Encumbrances at June 30, 2005 not reported as 2006 expenditures	(5,740,787)			(5,740,787)			
Total on a GAAP Basis	<u>\$ 53,979,856</u>	<u>\$ 51,739,255</u>		<u>\$ 52,685,930</u>	<u>\$ 53,033,181</u>	<u>\$ 26,139,116</u>	<u>\$ 26,894,065</u>

Source: City of Buffalo Division of Accounting

(Concluded)

City of Buffalo, New York
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 94,802	\$ 139,514	\$ 161,821	\$ 152,343
Restricted	12,585	14,155	19,390	23,094
Unrestricted	(45,862)	(10,286)	(41,596)	(18,878)
Total governmental activities net assets	<u>\$ 61,525</u>	<u>\$ 143,383</u>	<u>\$ 139,615</u>	<u>\$ 156,559</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 41,446	\$ 31,727	\$ 34,945	\$ 40,674
Unrestricted	12,194	(8,813)	(6,659)	(3,178)
Total business-type activities net assets	<u>\$ 53,640</u>	<u>\$ 22,914</u>	<u>\$ 28,286</u>	<u>\$ 37,496</u>
Primary government				
Invested in capital assets, net of related debt	\$ 136,248	\$ 171,241	\$ 196,766	\$ 193,016
Restricted	12,585	14,155	19,390	23,094
Unrestricted	(33,668)	(19,099)	(48,255)	(22,056)
Total primary government net assets	<u>\$ 115,165</u>	<u>\$ 166,297</u>	<u>\$ 167,901</u>	<u>\$ 194,054</u>

Prior years information not available.

City of Buffalo, New York
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Expenses	2003	2004	2005	2006
Governmental activities:				
General governmental	\$ 111,367	\$ 139,917	\$ 147,731	\$ 172,975
Public safety	136,642	131,927	128,972	125,024
Streets and sanitation	20,129	19,271	20,451	17,098
Economic assistance and opportunity	9,171	3,951	6,016	5,635
Culture and recreation	4,965	3,954	3,076	5,106
Health and community services	3,187	2,816	3,205	4,709
Education (1)		61,409	68,936	62,416
Invest on long-term debt	23,005	22,665	25,072	26,371
Total governmental activities expenses	\$ 308,466	\$ 385,910	\$ 403,459	\$ 419,334
Business-type activities:				
Dunn Tire Park(2)	2,045			
Solid waste and recycling	17,300	18,385	16,366	18,810
Parking	3,378	3,398	4,286	5,028
Water	33,014	31,052	29,737	29,179
Total business-type activities expenses	55,737	52,835	50,389	53,017
Total primary government expenses	\$ 364,203	\$ 438,745	\$ 453,848	\$ 472,351
Program Revenues				
Governmental activities:				
Charges for services:				
General governmental	\$ 10,932	\$ 7,373	\$ 8,585	\$ 8,853
Public safety	7,045	7,559	7,812	9,007
Streets and sanitation	220	1,339	1,063	1,138
Economic assistance and opportunity	2,258	3,495	3,441	3,778
Culture and recreation	750	732	1	-
Health and community services	317	735	532	502
Operating grants and contributions	9,159	13,528	12,285	8,110
Capital grants and contributions	13,768	12,809	14,178	25,176
Total governmental activities program revenues	44,449	47,570	47,897	56,564
Business-type activities:				
Charges for services:				
Dunn Tire Park (2)	669			
Solid waste and recycling	15,096	15,572	18,969	18,928
Parking	5,233	4,890	5,578	6,145
Water	34,849	34,578	37,783	41,738
Total business-type activities program revenues	55,847	55,040	62,330	66,811
Total primary government program revenues	\$ 100,296	\$ 102,610	\$ 110,227	\$ 123,375

(Continued)

City of Buffalo, New York
Changes in Net Assets
Last Four Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2003	2004	2005	2006
Net (expense)/revenue				
Governmental activities	\$ (264,017)	\$ (338,340)	\$ (355,562)	\$ (362,772)
Business-type activities	110	2,205	11,941	13,793
Total primary government net expense	<u>\$ (263,907)</u>	<u>\$ (336,135)</u>	<u>\$ (343,621)</u>	<u>\$ (348,979)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 127,758	\$ 127,766	\$ 128,382	\$ 127,150
Sales taxes (3)	59,542			
Other taxes	16,286	28,716	28,836	28,128
State aid	138,949	120,083	136,817	139,591
Intergovernmental (3)		88,508	70,743	63,687
Unrestricted grants and contributions	1,171	867	553	460
Investment earnings	2,159	1,686	3,696	10,605
Allocation to school district (1)	(59,849)			
Miscellaneous	3,889	4,118	2,416	4,061
Transfers	1,845	3,800	7,215	6,034
Total governmental activities	<u>291,750</u>	<u>375,544</u>	<u>378,658</u>	<u>379,716</u>
Business-type activities:				
Investment earnings	958	467	576	1,450
Miscellaneous	370	4,031	70	
Transfers	(1,524)	(3,733)	(7,215)	(6,034)
Total business-type activities	<u>(196)</u>	<u>765</u>	<u>(6,569)</u>	<u>(4,584)</u>
Total primary government	<u>\$ 291,554</u>	<u>\$ 376,309</u>	<u>\$ 372,089</u>	<u>\$ 375,132</u>
Change in Net Assets				
Governmental activities	\$ 27,733	\$ 37,204	\$ 23,096	\$ 16,944
Business-type activities	(86)	2,970	5,372	9,209
Total primary government	<u>\$ 27,647</u>	<u>\$ 40,174</u>	<u>\$ 28,468</u>	<u>\$ 26,153</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 BFSA deficit borrowings.

Prior years information not available.

City of Buffalo, New York
 Governmental Activities Tax Revenues By Source
 Last Four Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2003	2004	2005	2006
Property Tax (1)	\$ 115,482	\$ 127,766	\$ 128,382	\$ 127,149
Gross Utility Tax	13,652	13,558	12,887	13,455
COB Franchise Tax	2,280	2,416	2,646	2,576
Mortgage Tax	2,022	2,606	2,701	2,716
Foreign Fire Insurance Tax	354	346	353	343
Occupancy Tax	7	8	11	11
	<u>\$ 133,797</u>	<u>\$ 146,700</u>	<u>\$ 146,980</u>	<u>\$ 146,250</u>

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

Prior years information not available.

City of Buffalo, New York
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 5,566	\$ 6,029	\$ 4,988	\$ 6,809	\$ 6,761	\$ 8,138	\$ 9,262	\$ 6,630	\$ 7,663	\$ 9,204
Unreserved	8,914	14,017	14,153	15,655	23,441	9,678	26,744	47,365	69,369	86,457
Total general fund	\$ 14,480	\$ 20,046	\$ 19,141	\$ 22,464	\$ 30,202	\$ 17,816	\$ 36,006	\$ 53,995	\$ 77,032	\$ 95,661
All other governmental funds										
Reserved	\$ 8,414	\$ 16,992	\$ 21,262	\$ 43,405	\$ 21,692	\$ 31,602	\$ 23,106	\$ 40,139	\$ 52,250	\$ 44,251
Unreserved, reported in:										
Capital debt service fund	11,198	13,570	18,501	18,672	18,878			19,054	2,798	
Capital projects funds	29,059	38,702	55,161	35,652	33,670	43,308	23,836	11,404	18,752	26,894
Other funds	181	186	178	179	177	2,408		420	61	1,599
Total all other governmental funds	\$ 48,852	\$ 69,450	\$ 95,102	\$ 97,908	\$ 74,417	\$ 77,318	\$ 46,942	\$ 71,017	\$ 73,861	\$ 72,744

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

City of Buffalo, New York
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Property taxes, assessments and other tax items	\$163,647	\$163,101	\$155,775	\$152,930	\$140,451	\$127,479	\$128,653	\$139,562	\$141,272	\$140,347
Utility and other non-property tax items	68,700	68,673	69,776	73,181	75,244	72,269	75,829	16,320	15,886	16,841
Intergovernmental	61,063	67,312	83,244	98,256	126,075	149,226	163,047	224,110	246,582	255,805
Investment earnings	6,869	8,455	7,942	9,960	7,548	4,869	2,998	1,697	3,818	8,842
Licenses, permits, rentals, fines, and service charges	24,448	30,624	29,617	18,157	18,526	16,761	18,215	19,014	18,853	19,570
Miscellaneous	11,939	22,177	14,691	19,380	12,930	8,053	6,341	9,172	4,956	6,863
Total revenues	336,666	360,342	361,045	371,864	380,774	378,657	395,083	409,875	431,367	448,268
Expenditures										
General government	19,811	20,541	22,357	45,004	44,160	49,819	50,146	49,599	53,162	56,924
Public safety	110,223	114,042	118,054	125,398	134,711	141,791	138,673	131,860	133,372	136,140
Streets and sanitation	13,675	11,811	12,246	10,963	11,487	30,796	27,322	18,682	23,199	34,682
Economic assistance and opportunity	3,033	2,943	3,115	2,101	1,763	8,575	9,075	3,422	5,704	5,488
Culture and recreation	4,313	4,655	5,241	6,279	5,692	11,585	5,218	5,279	1,985	3,825
Health and community services	9,701	8,105	10,158	3,987	5,609	4,666	3,127	2,790	3,205	4,694
Education								68,733	71,288	71,238
Fringe benefits	56,389	53,047	49,867	50,188	61,088	62,982	64,514	82,525	85,246	87,900
Other	26,007	28,036	33,253	8,710	6,691	1,802	6,713	5,577	7,675	3,618
Debt service										
Principal	18,202	20,512	23,272	26,463	29,570	30,598	31,125	35,312	35,818	35,564
Interest and other fiscal charges	13,999	14,793	13,160	20,439	22,233	25,275	30,220	22,350	26,828	28,525
Total expenditures	275,353	278,485	290,723	299,532	322,994	367,889	366,133	426,129	447,482	468,598
Excess (deficiency) of revenues over expenditures	61,313	81,857	70,322	72,332	57,780	10,768	28,950	(16,254)	(16,115)	(20,330)
Other financing sources (uses)										
Transfers in	32,022	35,964	40,828	43,316	45,961	31,527	31,399	38,914	76,738	46,008
Transfers out	(86,339)	(89,747)	(94,496)	(90,746)	(98,738)	(29,343)	(29,554)	(35,064)	(69,523)	(39,974)
Disbursement of bond proceeds										(42,819)
Disbursement of bond proceeds to Enterprise Funds										(6,761)
Refunding bonds issued										-
Bonds issued	36,157	24,950	15,950	37,217	19,901	25,479	52,999	10,285	28,030	74,335
Premium on bonds/BANs issued		35,980	52,758		21,686		1,504	40,990	2,656	5,968
Payments to refunded bond escrow agent		(24,950)	(15,950)		(20,006)		(48,515)	(9,802)		1,084
Allocation to /from school district							(49,481)			-
Proceeds of capital lease										-
Total other financing sources (uses)	(18,160)	(17,803)	(910)	(10,213)	(31,196)	(24,213)	(41,658)	47,361	41,996	37,841
Net change in fund balances	\$ 43,153	\$ 64,054	\$ 69,412	\$ 62,119	\$ 26,584	\$ (13,445)	\$ (12,708)	\$ 31,107	\$ 25,881	\$ 17,511
Debt service as a percentage of noncapital expenditures	13.02%	14.67%	14.81%	19.26%	19.81%	17.02%	18.72%	14.31%	15.35%	15.65%

Source: City of Buffalo Division of Accounting.

City of Buffalo, New York
 Governmental Activities Tax Revenues By Source
 Last Four Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2003	2004	2005	2006
Property Tax (1)	\$ 115,482	\$ 127,766	\$ 128,382	\$ 127,149
Gross Utility Tax	13,652	13,558	12,887	13,455
COB Franchise Tax	2,280	2,416	2,646	2,576
Mortgage Tax	2,022	2,606	2,701	2,716
Foreign Fire Insurance Tax	354	346	353	343
Occupancy Tax	7	8	11	11
	<u>\$ 133,797</u>	<u>\$ 146,700</u>	<u>\$ 146,980</u>	<u>\$ 146,250</u>

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

Prior years information not available.

City of Buffalo, New York
Assessed Value and Estimated Actual Value of Taxable Real Property
Last Ten Fiscal Years
(in thousands of dollars)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30</u>	<u>Assessed Value</u> <u>City Purposes</u>	<u>Exemptions (1)</u>	<u>Assessed Value</u> <u>School Purposes</u>	<u>Estimated</u> <u>Actual Value</u> <u>School Purposes</u>	<u>Assessed Value as</u> <u>a Percentage of</u> <u>Actual Value (2)</u>
1997	\$ 6,153,277	\$ 140,241	\$ 6,293,518	\$ 5,948,505	105.80%
1998	6,074,454	133,301	6,207,755	5,740,480	108.14%
1999	5,965,577	131,987	6,097,564	5,508,188	110.70%
2000	5,833,526	132,596	5,966,122	5,358,952	111.33%
2001	5,723,298	127,079	5,850,377	5,269,660	111.02%
2002	5,222,776	108,198	5,330,974	5,320,334	100.20%
2003	5,270,571	104,670	5,375,241	5,436,675	98.87%
2004	5,312,877	101,691	5,414,568	5,430,316	99.71%
2005	5,316,926	98,230	5,415,156	5,441,274	99.52%
2006	5,495,592	97,657	5,593,249	5,647,464	99.04%

(1) Subject to School Purposes but not City Purposes.

(2) 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
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Per \$,1000 of Assessed Valuation)

Fiscal Year	Class (3)	City of Buffalo (1)						School District			County(2)(4)		Authority(1)(4)		Total Direct & Overlapping Rates
		Operating		Debt Service		Total City		Operating	Debt Service	Total School	County of Erie	Total County of Erie	Sewer Authority	Total Authority	
		Operating	Debt Service	Debt Service	Total City										
1997	H	9.47	1.83	11.30	6.81	1.06	7.87	7.76	7.76	1.52	1.52	1.52	28.45		
1997	NH	17.85	3.45	21.30	13.24	2.07	15.31	7.76	7.76	1.52	1.52	1.52	45.89		
1998	H	8.06	2.44	10.50	6.69	1.10	7.79	7.78	7.78	1.53	1.53	1.53	27.60		
1998	NH	17.00	5.15	22.15	14.55	2.39	16.94	7.78	7.78	1.53	1.53	1.53	48.40		
1999	H	7.07	2.86	9.93	7.24	1.12	8.36	6.90	6.90	1.55	1.55	1.55	26.74		
1999	NH	15.04	6.08	21.12	15.88	2.45	18.33	6.90	6.90	1.55	1.55	1.55	47.90		
2000	H	7.25	3.00	10.25	6.92	1.12	8.04	5.74	5.74	1.55	1.55	1.55	25.58		
2000	NH	15.53	6.41	21.94	15.29	2.46	17.75	5.74	5.74	1.55	1.55	1.55	46.98		
2001	H	6.31	3.47	9.78	7.27	1.24	8.51	4.52	4.52	1.76	1.76	1.76	24.57		
2001	NH	12.82	7.05	19.87	15.20	2.60	17.80	4.52	4.52	1.76	1.76	1.76	43.95		
2002	H	5.29	3.70	8.99	7.97	1.33	9.30	5.00	5.00	1.57	1.57	1.57	24.86		
2002	NH	10.68	7.46	18.14	16.58	2.78	19.36	5.00	5.00	1.57	1.57	1.57	44.07		
2003	H	5.91	3.64	9.55	8.09	1.40	9.49	4.81	4.81	1.73	1.73	1.73	25.58		
2003	NH	10.91	6.71	17.62	15.38	2.66	18.04	4.81	4.81	1.73	1.73	1.73	42.20		
2004	H	6.57	4.29	10.86	7.61	2.38	9.99	4.68	4.68	2.06	2.06	2.06	27.59		
2004	NH	11.59	7.56	19.15	13.79	4.32	18.11	4.68	4.68	2.06	2.06	2.06	44.00		
2005	H	6.92	4.72	11.64	7.97	2.08	10.05	4.59	4.59	2.06	2.06	2.06	28.34		
2005	NH	12.15	8.30	20.45	14.37	3.74	18.11	4.59	4.59	2.06	2.06	2.06	45.21		
2006	H	6.75	4.49	11.25	8.41	1.30	9.71	5.13	5.13	1.99	1.99	1.99	28.08		
2006	NH	11.91	7.92	19.84	15.21	2.36	17.57	5.13	5.13	1.99	1.99	1.99	44.53		

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

(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.

City of Buffalo, New York
 Principal Property Taxpayers
 Current Fiscal Year and Nine Years Prior
 (amounts expressed in thousands)

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nationalgrid	\$ 204,817	1	3.67%	\$ 234,509	1	3.73%
National Fuel Gas	138,671	2	2.48%	107,186	2	1.70%
Verizon New York Inc	78,311	3	1.40%	84,213	3	1.34%
Seneca One Realty LLC	50,768	4	0.91%			
Manufacturers & Traders Trust Co.	31,544	5	0.56%	43,207	6	0.69%
Violet Realty Inc	17,000	6	0.30%	25,000	7	0.40%
Con-Rail Corporation	13,234	7	0.24%	59,372	4	0.94%
General Mills Properties Inc	11,472	8	0.21%	14,183	9	0.23%
American Axle & Manufacturing Inc	11,041	9	0.20%			
OAB Holding Inc	8,743	10	0.16%			
Marine Midland Center dba HSBC				54,500	5	0.87%
Niagara Frontier Services				18,400	8	0.29%
Buffalo Hilton Hotel				14,000	10	0.22%

Source: City of Buffalo, Division of Accounting

City of Buffalo, New York
 Property Tax Levies and Collections
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the		Interest Added to Levy (1)	Final Tax Levy for Fiscal Year	Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy Amount	Percentage				Amount	Percentage of Levy
1997	156,039	143,336	91.86%	2,287	158,326	12,052	155,388	98.14%
1998	155,402	143,466	92.32%	2,148	157,550	11,371	154,837	98.28%
1999	147,132	136,241	92.60%	1,960	149,092	10,934	147,175	98.71%
2000	139,478	129,207	92.64%	1,849	141,327	10,922	140,129	99.15%
2001	128,895	119,370	92.61%	1,719	130,614	10,433	129,803	99.38%
2002	116,054	108,237	93.26%	1,407	117,461	8,670	116,907	99.53%
2003	116,465	108,771	93.39%	1,385	117,850	7,036	115,807	98.27%
2004	124,716	116,714	93.58%	1,440	126,156	7,011	123,725	98.07%
2005	129,365	121,485	93.91%	1,418	130,783	5,013	126,498	96.72%
2006	128,731	121,412	94.31%	1,413	130,144	445	121,857	93.63%

(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
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	General Obligation Bonds (1)	Component Unit			Total Entity	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Revenue Bonds	BFSAs	General Obligation Bonds	Water Authority Bonds	Capital Leases			Revenue Bonds	JSCB Lease	Energy Performance Contracts			
1997	\$ 149,281	\$ -	\$ -	\$ 53,219	\$ 84,600	N/A	\$ 287,100	\$ 89,247	\$ -	\$ 142	\$ 376,489	15.56	1,268	
1998	171,615			48,203	102,385	N/A	322,203	90,557		7,019	419,779	16.51	1,377	
1999	201,507			42,672	100,550	N/A	344,729	113,154		5,577	463,460	17.59	1,558	
2000	219,202			38,422	111,015	N/A	368,639	121,862		4,205	494,706	17.77	1,668	
2001	226,952			35,011	112,957	N/A	374,920	124,838	27,415	2,907	530,080	18.63	1,796	
2002	229,260			52,618	110,367	1,024	396,044	184,007	27,030	758	607,839	21.02	2,114	
2003	208,494			49,246	123,601	456	384,080	178,133	26,615		588,828	19.71	2,070	
2004	202,015	25,745		44,739	120,474	149	394,963	168,825	35,860		778,283	24.37	2,741	
2005	178,565	53,775		40,472	117,175		395,645	156,458	34,490	7,161	1,077,639	N/A	3,820	
2006	126,364	126,075		28,478	125,260		411,213	136,648	33,085	6,287	1,062,643	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
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Bonded Debt		Less: Amounts Available in Debt Service Fund	Total	Ratio to Assessed Value (1)	Ratio to Equalized Full Value (1)	Per Capita (2)
	City	Schools					
1997	\$149,281	\$89,247	\$238,528	\$237,555	3.77%	3.99%	\$9,816
1998	171,615	90,557	262,172	260,485	4.20%	4.54%	10,245
1999	201,507	113,154	314,661	310,469	5.09%	5.64%	11,786
2000	219,202	121,862	341,064	337,447	5.66%	6.30%	12,123
2001	226,952	124,838	351,790	348,173	5.95%	6.61%	12,235
2002	229,260	184,007	413,267	410,512	7.70%	7.72%	14,197
2003	208,494	178,133	386,627	384,280	7.15%	7.07%	12,866
2004	202,015	168,825	370,840	364,615	6.73%	6.71%	11,417
2005	204,732	158,809	363,541	358,487	6.62%	6.59%	N/A
2006	210,771	147,822	358,593	354,441	6.34%	6.28%	N/A

Source: City of Buffalo, Division of Accounting

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 Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

City of Buffalo, New York
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2006
 (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	\$ 516,410	14.00%	\$ 72,297
Buffalo Sewer Authority	83,738	22.43%	18,782
Subtotal, overlapping debt			<u>91,080</u>
City of Buffalo general bonded debt			<u>358,593</u>
Total direct and overlapping debt			<u>\$ 449,673</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. 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.

City of Buffalo, New York
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 660,228	\$ 695,440	\$ 730,604	\$ 594,489	\$ 492,836	\$ 483,392	\$ 475,097	\$ 478,212	\$ 483,162	\$ 494,603	\$ 502,572
Total net debt applicable to limit	186,664	218,893	237,209	284,714	308,011	301,036	385,113	349,434	333,049	341,786	320,264
Debt contracting margin	473,564	476,547	493,395	309,775	184,825	182,356	89,984	128,778	150,113	152,817	182,308
Authorized but unissued non-exempt debt	51,973	37,796	63,161	70,315	79,483	138,754	74,752	80,988	80,063	61,178	12,750
Effective borrowing capacity July 1	\$ 421,591	\$ 438,751	\$ 430,234	\$ 239,460	\$ 105,342	\$ 43,602	\$ 15,232	\$ 47,790	\$ 70,050	\$ 91,639	\$ 169,558
Total net debt applicable to the limit as a percentage of debt limit	28.27%	31.48%	32.47%	47.89%	62.50%	62.28%	81.06%	73.07%	68.93%	69.10%	63.72%

Legal Debt Margin Calculation for Fiscal Year 2006:

Average Full Valuation of Taxable Real Property and
Special Franchises as Determined by the Last Completed
Roll and the Four Preceding Rolls

\$ 5,584,136

Debt Contracting Limitation: Nine Percent of Average Full
Valuation - Article VIII, Section 4 of the Constitution of the State
of New York

502,572

Gross Indebtedness:

Borrowings:

Serial Bonds	\$ 347,230
DASNY Refunding	45,480
Total Gross Debt	<u>392,710</u>

Exclusions:

Exempt Debt:

Water Supply Bonds	4,415
Solid Waste	199
Parking Facilities Bonds	29,503
Reserve to Pay Non-Exempt Debt	4,151
Appropriation in Current Budget to Pay Non-Exempt Debt Maturing During Remainder of Fiscal Year	<u>34,178</u>
Total Exclusions	<u>72,446</u>

Net Indebtedness

Debt Contracting Margin	320,264
Authorized but Unissued Non-Exempt Debt	<u>182,308</u>
Effective Borrowing Capacity July 1, 2006	<u>12,750</u>
	<u>\$ 169,558</u>

Source: City of Buffalo, Division of Accounting

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.

City of Buffalo, New York
 Debt Service Coverage for Buffalo Municipal Water Finance Authority Revenue Bonds
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year	Cash Receipts	Cash Disbursements for Operations	Net Available Revenue	Debt Service Payment	Debt Coverage
1997	\$30,758	\$21,245	\$9,513	\$5,939	160.18%
1998	28,075	19,097	8,978	6,354	141.30%
1999	26,120	17,766	8,354	6,553	127.48%
2000	27,077	17,852	9,225	7,235	127.51%
2001	26,960	17,267	9,693	8,121	119.36%
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%

Note: The Buffalo Water Board is required to set rates such that 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.

The City of Buffalo, New York
 Demographic and Economic Statistics
 Last Ten Calendar Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Population (1)	296,900	304,900	297,400	296,600	295,200	287,500	284,500	283,900	282,100	N/A
Per Capita Personal Income Erie County (2)	\$ 24,200	\$ 25,426	\$ 26,343	\$ 27,836	\$ 28,457	\$ 28,915	\$ 29,868	\$31,935	N/A	N/A
School District Enrollment (3)	47,735	45,328	45,216	46,243	45,618	44,831	43,146	41,101	38,479	36,706
Unemployment Rate (4)	8.5%	8.7%	8.7%	5.1%	5.8%	6.8%	7.3%	7.3%	6.6%	6.5%
Employed (4)	133,300	132,400	131,300	118,400	116,400	116,900	116,100	116,200	116,500	117,200

Source

- 1) Population figures from "Survey of Buying Power" Sales and Marketing Management Magazine
- 2) U.S. Dept. of Commerce Bureau of Economic Analysis (www.bea.doc.gov)
- 3) Buffalo City School District's Department of Research and Evaluation
- 4) www.labor.state.ny.us (Average rates computed through August 2006)

City of Buffalo, New York
 Principal Employers in the Buffalo Metropolitan Area
 Current Year and Nine Years Prior

Employer	2006 (1)		1997 (2)	
	Employees	Rank	Employees	Rank
State of New York	16,655	1	15,571	1
United States of America	10,000	2	13,000	2
Tops Markets	8,000	3	4,409	9
Erie County	7,269	4	6,555	4
Kaleida Health	6,866	5	4,998	6
University at Buffalo	6,488	6		
Buffalo City School District	5,319	7	6,205	5
HSBC Bank, USA	5,100	8	4,499	8
Catholic Health System	4,616	9		
M & T Bank	4,163	10		
General Motors			11,100	3
Catholic Diocese of WNY			4,500	7
City Of Buffalo			4,032	10
	<u>74,476</u>		<u>74,869</u>	

(1) From the 10/21/05 issue of "Business First". Western New York's weekly business newspaper.
 (2) From the 9/29/97 issue of "Business First"

City of Buffalo
 Full-time Equivalent Employees by Function
 Last Ten Fiscal Years

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government							436	388	379	391
Public Safety										
Police	1,099	920	943	841	934	917	832	787	730	722
Officers and exempt							198	148	150	151
Civilians										
Fire	905	891	885	877	950	928	770	725	685	653
Firefighters and officers							42	42	38	47
Civilians							170	143	143	136
Other							247	196	177	173
Streets and sanitation							77	64	56	57
Health and welfare							156	106	6	8
Culture and recreation							36	21	23	23
Economic assistance										
Business activities										
Water	159	151	142	141	141	134	124	128	126	129
Solid waste and recycling							120	153	176	177
Parking									1	1
Total	3,396	3,286	3,458	3,442	3,507	3,429	3,208	2,901	2,690	2,668

Source: City of Buffalo, Division of Accounting

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

City of Buffalo, New York
Operating Indicators by Function
Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Function										
Administration and finance										
Parking summons issued	N/A	N/A	119,607	191,152	181,864	202,440	201,521	193,724	195,000	200,757
Police										
Physical arrests	16,205	14,491	13,828	12,437	11,674	15,005	19,125	17,229	10,132 (1)	18,105
Traffic violations	31,314	33,663	32,336	30,585	27,906	26,698	31,436	24,734	13,904 (1)	29,746
Fire										
Number of calls answered	32,522	29,808	32,929	32,460	32,406	32,997	32,554	34,208	33,994	32,861
Inspections	4,900	5,400 (2)	5,400 (2)	5,400 (2)	5,400 (2)	5,800	6,272	6,167	4,350 (2)	2,050 (3)
Public works										
Street resurfacing (square yards)	N/A	N/A	N/A	411,573	470,330	409,306	447,434	432,921	436,676	441,025
Pothole material used (in tons)	N/A	1,028	1,054	1,111	1,932	1,603	1,554	1,431	1,632	1,176
Sanitation										
Refuse collected (tons/day)	N/A	N/A	N/A	N/A	N/A	N/A	428	418	394	525
Recyclables collected (tons/day)	N/A	N/A	N/A	N/A	N/A	N/A	41	37	35	35
Permits and Inspections										
Demolitions completed	271	500	510	549	519	466	347	355	618	238
Inspections	70,132	73,774	70,202	76,678	78,825	74,578	74,499	65,163	62,560	31,274
Water										
Consumers	91,524	91,504	91,392	83,276	82,257	81,275	80,520	80,267	79,610	79,192
Water main breaks	186	196	175	220	206	166	486	357	263	191
Average daily consumption (thousands of gallons)	100,000	105,000	103,000	100,000	91,932	94,755	98,400	84,320	80,820	80,200

Sources: Various city departments.

(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

City of Buffalo, New York
Capital Asset Statistics by Function
Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Function										
Public safety										
Police:										
Stations (including headquarters)	7	7	8	8	8	8	9	8	8	8
Satellite stations (substations)	7	6	6	6	3	4	5	5	5	5
Fire stations (including headquarters)	28	28	28	28	28	28	28	28	25	23
Sanitation										
Collection trucks	N/A	N/A	N/A	45	44	44	38	38	38	39
Highways and streets										
Streets (miles)	687	700	700	700	700	700	700	700	863	863
Streetlights	33,766	33,038	32,967	32,907	31,709	31,548	34,319	34,339	35,000	36,035
Traffic signals	664	662	662	663	664	660	662	664	660	660
Culture and recreation										
Parks acreage (including public squares and circles)	1,850	1,850	1,852	1,859	1,859	2,000	2,000	2,000	2,025	2,025
Parks (major)	17	17	17	17	17	19	19	19	20	20
Minor parks and playgrounds	71	71	72	72	72	79	79	79	81	81
Community centers	N/A	34	34							
Education										
School buildings	78	78	78	79	79	79	76	76	74	74
Water										
Water mains (miles)	783	783	783	783	783	783	783	783	783	783
Fire hydrants	7,432	7,432	7,432	7,432	7,432	7,432	7,432	7,432	7,432	7,432
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

Sources: Various city departments.