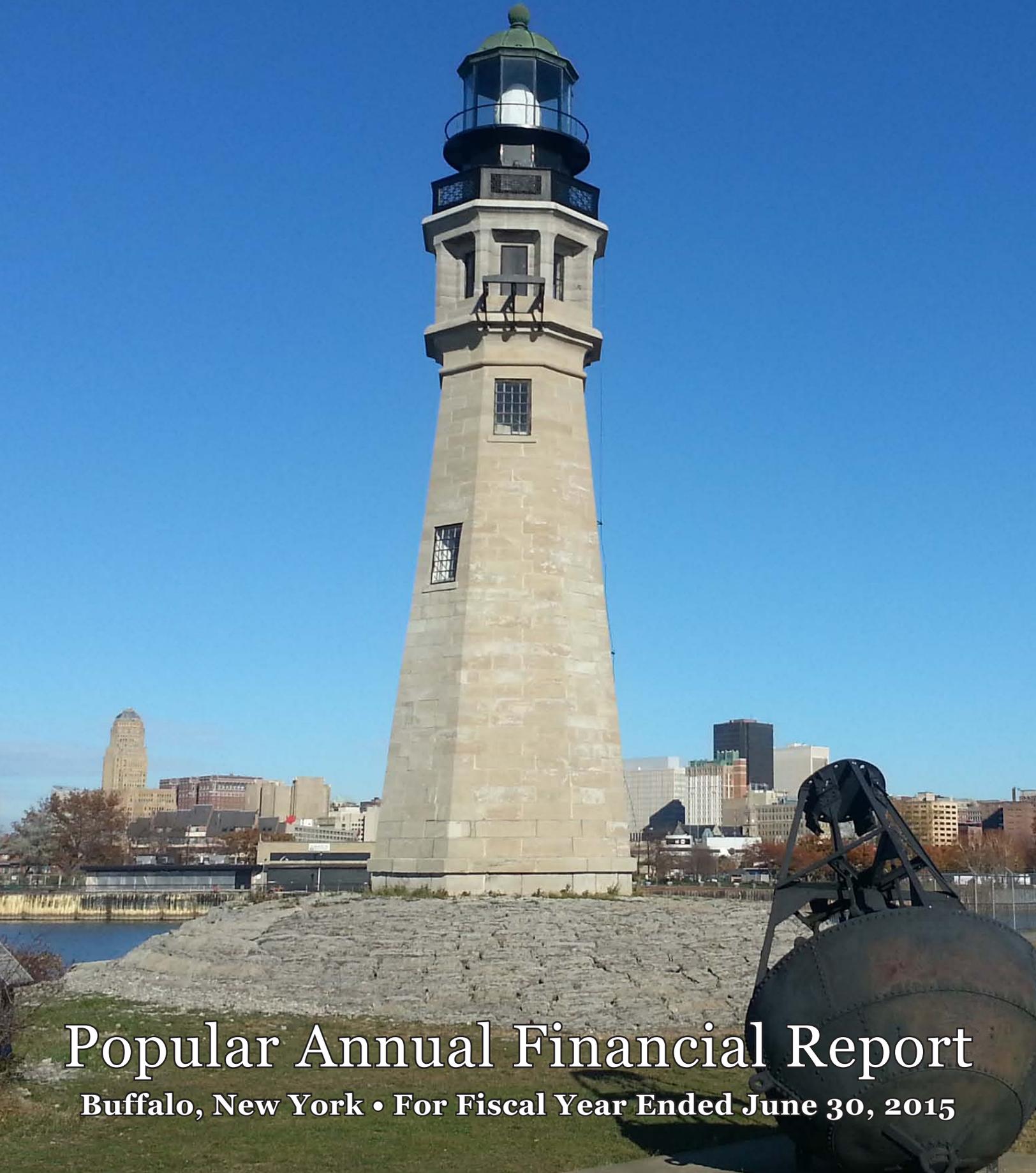


CITY OF BUFFALO



Popular Annual Financial Report
Buffalo, New York • For Fiscal Year Ended June 30, 2015

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A Message from the Comptroller

December 30, 2015

As the Comptroller for the City of Buffalo, I am pleased to present to you our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2015.

Annually, the City issues audited financial statements, known as the Comprehensive Annual Financial Report (CAFR), which is prepared in accordance with Generally Accepted Accounting Principles (GAAP). The CAFR contains detailed financial and disclosure information for the City that, although extremely informative, can prove challenging to interpret for those who do not regularly review financial statements.

The PAFR, on the other hand, presents the financial information from the CAFR in a more concise and user-friendly format. Please note that this PAFR is unaudited and presented on a non-GAAP basis. Only general government financial data is provided in this report. Information about component units and enterprise funds is available in the CAFR.

Last year's PAFR received an Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA also awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for last year's CAFR, the ninth consecutive year Buffalo has earned that honor. Electronic copies of both the CAFR and PAFR can be found at our website:

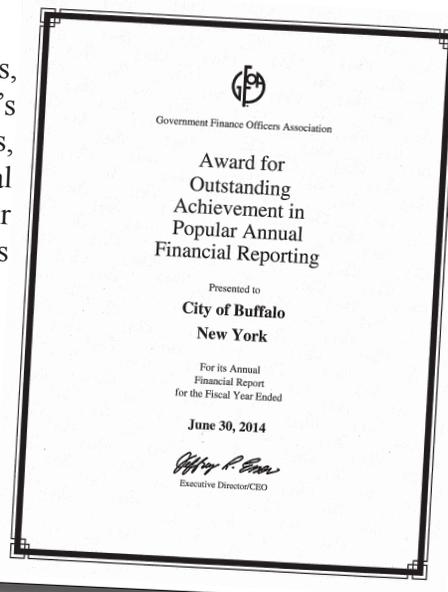
www.city-buffalo.com/comptroller

In addition to information about the City's finances, this PAFR contains information about Buffalo's governmental structure, economic progress, business climate, education system, cultural attractions, and demographics. Thank you for your interest in our City, and we hope you enjoy this report!

Sincerely,



Mark J.F. Schroeder



Business & Economic Development

Largest Public Companies

M&T Bank
Moog
National Fuel Gas
First Niagara
Gibraltar Industries
Columbus McKinnon
Computer Task Group
Astronics
Sovran Self Storage
Ecology and Environment

Largest Private Companies

Rich Products Corporation
Delaware North
Northtown Automotive
Jack Hunt Coin Broker
Employer Services
Cannon Design
Curbell
Stampede Presentation Products
Realty USA.com
Dunn Tire

Largest Employers

New York State
United States of America
Kaleida Health
University at Buffalo
Catholic Health
M&T Bank
Tops Markets
Buffalo City School District
Erie County
Seneca Gaming

Headquartered in Buffalo

M&T Bank
First Niagara
Rich Products
Labatt USA
New Era Cap
Sorrento Lactilis
Delaware North

Source: Buffalo Business First Book of Lists

Buffalo now ranks as the hottest construction market in the Northeast

- Buffalo Business First
December 4, 2015

The Buffalo area added 6,000 construction jobs in the past five years, a growth rate of 28.6 percent, according to the United States Bureau of Labor Statistics, outpacing Boston (28.4 percent) and New York City (20.2 percent).

**\$11.2
Billion**

in construction projects either completed or underway in the **City of Buffalo** since 2012

**\$19.5
Billion**

in construction projects either completed or underway in the **Buffalo Region** since 2012

Source: Buffalo Business First

Construction on HarborCenter (below) was completed in 2015



Business & Economic Development

The growth of Buffalo's construction industry is a result of major projects at the Buffalo Niagara Medical Campus, the waterfront (including Canalside and HarborCenter) and a SolarCity manufacturing facility known as Buffalo Riverbend.

The Buffalo Niagara Medical Campus is a consortium of the region's top health care, education, and research institutions. The 120-acre site adjacent to downtown employs more than 12,000 people currently, with 17,000

employees at the BNMC expected by 2017 due to the completion of several major projects at the campus. These projects include **Kaleida Health's \$250 million Children's Hospital (top right)**, and the **University at Buffalo's \$375 million new medical school (bottom right)**, which are both under construction. Conventus, a \$100 million medical office facility was completed in 2015.



Buffalo Niagara Medical Campus



Buffalo Riverbend

The cutting-edge solar panel production facility is the result of a \$5 billion investment from SolarCity, coupled with a \$750 million investment from New York State. Upon completion, the 1.2 million square-foot facility will be the largest solar manufacturing facility in the western hemisphere, and have the ability to expand five-fold to accommodate future growth. The 88-acre site is currently under construction and will create 3,000 permanent new jobs.

Waterfront Development

Capitalizing on its Lake Erie shoreline and historic significance as the western terminus of the Erie Canal, Buffalo has recently made great strides in developing its waterfront. The centerpiece of this effort is the Canalside project, which has blended public access with private development to create a destination in the heart of downtown. The latest phase of the Canalside project, which includes the construction of additional replica canals and bridges, is an all-season attraction with ice skating in the winter and paddleboats in the summer.



Adjacent to Canalside is HarborCenter, where the Buffalo Sabres have completed a \$200 million hockey-themed project, which includes a 20-story facility with two ice rinks, a 200-room Marriott hotel, retail, and the "716" sports bar. HarborCenter is expected to draw 500,000 visitors annually, create 350 full time jobs and generate \$4.1 million in state and local taxes.



Education & Culture

Colleges & Universities

The Buffalo area is home to 21 colleges & universities, for a total of 110,000 students and 32,000 employees in higher education, creating a \$3.2 billion economic impact.

University at Buffalo
Buffalo State College
Fredonia State College
Canisius College
Niagara University
Alfred State
D'Youville College
Daemen College
Alfred University
Medaille College
St. Bonaventure University
Houghton College
Hilbert College
Empire State College
Villa Maria College
Erie Community College
Niagara Community College
Genesee Community College
Jamestown Community College
Bryant & Stratton College
Trocaire College

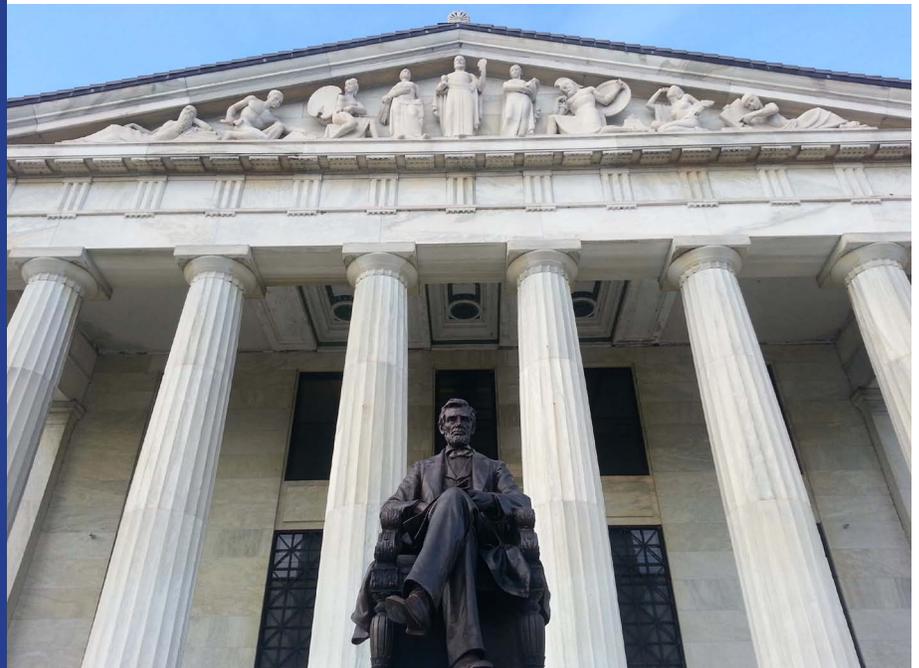
The Buffalo area is home to world-renowned architecture, museums, and other cultural attractions.

Cultural Attractions:

Albright-Knox Art Gallery
Buffalo History Museum
Burchfield Penney Arts Center
Buffalo Philharmonic Orchestra
Shea's Performing Arts Center
Chautauqua Institute
Buffalo Zoo
Bflo. & E.C. Botanical Gardens
Buffalo Museum of Science

Notable Architecture:

Darwin D. Martin House
H.H. Richardson Towers
Guaranty Building
Our Lady of Victory Basilica
Electric Tower
Ellicott Square Building
Central Terminal
Graycliff
Kleinhan's Music Hall



UB2020

The University at Buffalo is the largest public university in New York State, with more than 28,000 students across 3 campuses. UB2020 is a comprehensive growth strategy to increase jobs, enrollment, and research funding at the school, and is expected to create more than 1,000 jobs at the university, in addition to 2,000 private-sector research jobs, and 1,600 construction jobs.

UB 2020
ACHIEVING OUR VISION



Demographics



Population (2010 census)	261,310
Population (2014 estimate)	258,703
Metropolitan area population (2014 estimate)	1,136,360
Land area in square miles	40.38
Persons per square mile (2010)	6,470
Male (2010)	47.90%
Female (2010)	52.10%
Persons 65 or older (2010)	11.40%
Per Capita money income (2009-2013)	\$20,392
Persons below poverty level (2009-2013)	30.7%
Speak language other than English (2009-2013)	15.6%
Foreign-born (2009-2013)	8.4%
Homeownership rate (2009-2013)	42.2%
Mean travel time to work (2009-2013)	20 minutes
Education attainment (over the age of 25)	
<i>High school graduate or higher</i> (2009-2013)	82.3%
<i>Bachelors degree or higher</i> (2009-2013)	24.4%
Occupations (2009-2013)	
<i>Management, Business, Science & Arts</i>	31.9%
<i>Service</i>	24.7%
<i>Sales and Office</i>	24.8%
<i>Natural Resources, Construction, Maintenance</i>	5.4%
<i>Production, Transportation & Material Moving</i>	13.2%
Class of Worker (2009-2013)	
<i>Private worker</i>	78.3%
<i>Government worker</i>	17.9%
<i>Self-employed</i>	3.8%
By Household (2009-2013)	
<i>Households</i>	112,037
<i>Median Value of Owner Occupied Housing</i>	\$66,600
<i>Median household income</i>	\$30,942
<i>Persons Per Household</i>	2.24
Unemployment rate (as of 6/15)*	
<i>Buffalo (metro)*</i>	5.3%
<i>New York State*</i>	5.2%
<i>United States**</i>	5.3%

Source: U.S. Census Bureau

*Source: N.Y.S. Dept. of Labor

**Source: U.S. Dept. of Labor

City Government

Leadership

MAYOR

Byron W. Brown
201 City Hall
Buffalo, NY 14202
(716) 851- 4851

COMPTROLLER

Mark J.F. Schroeder
1225 City Hall
Buffalo, NY 14202
(716) 851- 5255

COMMON COUNCIL

Darius G. Pridgen
Council President
Ellicott District
(716) 851-4980

David A. Rivera
Majority Leader
Niagara District
(716) 851-5125

Christopher P. Scanlon
President Pro Tempore
South District
(716) 851-5169

Joel P. Feroletto
Delaware District
(716) 851-4553

Richard A. Fontana
Lovejoy District
(716) 851-5151

David A. Franczyk
Fillmore District
(716) 851-4138

Joseph Golombek Jr.
North District
(716) 851-5116

Ulysees O. Wingo
Masten District
(716) 851-5145

Rasheed Wyatt
University District
(716) 851-5165



Departments

ADMINISTRATION, FINANCE, POLICY, & URBAN AFFAIRS

Includes Divisions of Budget,
Treasury, Collections, and Purchase.

AUDIT & CONTROL

Led by the Comptroller, includes
Divisions of Accounting, Audit, and
Investment & Debt Management.

ASSESSMENT & TAXATION

Responsible for the preparation and
mailing of City property tax
and sewer rent bills.

COMMON COUNCIL

The legislative body of the City, which
also oversees the City Clerk's office.

COMMUNITY SERVICES

Includes Divisions of Youth
Services and Senior Services.

EXECUTIVE DEPARTMENT

Includes Office of Strategic
Planning and Divisions of
Citizen Services and Real Estate.

FIRE DEPARTMENT

Responded to 35,847 calls in 2015.*

HUMAN RESOURCES

Responsible for all personnel functions,
including benefits and training programs,
for the City's 2,634* employees.

LAW

Prosecutes and defends all actions
and proceedings brought by or
against the City. Also responsible
for drafting and reviewing all
contracts involving the City.

PARKING

Responsible for parking meters
and city owned parking ramps.

PERMITS AND INSPECTIONS

Conducted 33,664 inspections
and 270 demolitions in 2015.*

POLICE DEPARTMENT

Made 14,598 arrests and enforced
40,021 traffic violations in 2015.*

MANAGEMENT INFORMATION SYSTEMS

The City's Information Technology
department provides computers
and internet service.

PUBLIC WORKS, PARKS, & STREETS

Responsible for maintenance and
capital improvement to infrastructure
and buildings, street lighting, sanitation,
snow removal, and parks maintenance.

**Source: 2015 Comprehensive
Annual Financial Report*

City Finances

Fund Balance

General Fund:

\$151.2 million
The City's main operating fund

Includes:

Emergency Stabilization Fund

\$37.2 million
30 days' worth of expenditures; only for unanticipated non-recurring expenses. Also known as the Rainy Day Fund

Non-spendable
\$27.7 million
Land Held for Resale, Solid Waste Deficit, Prepaids

Restricted
\$7.9 million
Capital Outlay, Emergency Medical Service

Assigned
\$35.0 million
Encumbrances, Judgments and Claims, Next Year's Budget Deficit

Unassigned
\$43.4 million
Free and clear for general purpose use

Comptroller Schroeder launches Open Book Buffalo, an interactive government transparency web portal

In an effort to make Buffalo's finances more transparent and accessible to the public, Buffalo Comptroller Mark Schroeder has launched Open Book Buffalo, an interactive tool on his website that allows citizens to see how the city is spending their tax dollars.

"From the big picture down to the small details, Open Book Buffalo shows how the city is spending its money, with whom, and for what," said Schroeder. "It's the taxpayers' money – they deserve to know how it is being spent."

The web portal includes information on expenditures, revenue sources, vendor payments, and payroll records. Users can also compare the current year's finances to previous years' or to budget projections. All the information provided on the website is searchable and sortable, and is updated every two weeks.

"Whether you want to know how much was spent on overtime in a certain department or how much the City spent with a particular law firm, Open Book Buffalo can give you the answer quickly and easily," said Schroeder.

Schroeder said he wanted any financial information that is subject to the Freedom of Information

Law to be available on Open Book Buffalo.

"Anyone who has ever had to request information through the Freedom of Information Law knows that it can often be an arduous and time consuming process," said Schroeder. "With Open Book

Buffalo, you don't have to file a formal FOIL request and then wait for a response, you can get the information you want with a click of a mouse."

Schroeder said that an open, transparent government is vital to protecting

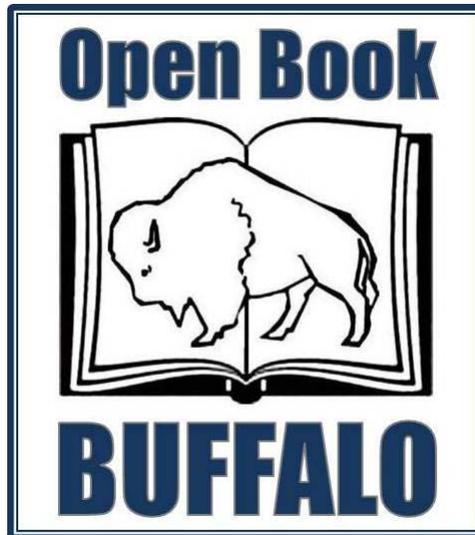
taxpayer money.

"As a former member of the New York State Legislature, I can assure you, anything that is done in secret is usually not in the best interests of taxpayers," said Schroeder, pointing to recent corruption scandals in Albany.

"With Open Book Buffalo, the city's finances are out there for the whole world to see," said Schroeder. "This openness promotes accountability, efficiency, and citizen participation in government."

Open Book Buffalo can be accessed through the comptroller's website:

www.city-buffalo.com/comptroller



City Finances

Revenues & Expenditures

While General Fund revenues increased by nearly \$5 million, or 3.3%, from 2014 to 2015, the increase was largely due to one-time revenues. Under current operations, revenues are not likely to keep pace with expenditures in the long term. The City must address this discrepancy in order to provide a structurally balanced budget and to avoid depleting its healthy amount of reserves.

General Fund (in millions)	2015	2014
Beginning General Fund Balance	\$146.4	\$165.8
Revenues	470.3	451.9
Expenditures	(446.6)	(452.0)
Transfers to Debt Service and Refuse Funds	(33.7)	(35.1)
Other Transfers from Water and Parking Funds	14.8	15.8
Net Change in Fund Balance	4.8	(19.4)
Ending General Fund Balance	\$151.2	\$146.4

Revenues

Revenue Source (in millions)	2015	2014
Intergovernmental	\$265.4	\$275.4
Property Tax	133.4	131.6
Charges	23.6	22.7
Gross Utility Tax	10.2	8.6
Other Taxes	5.8	9.1
Miscellaneous	31.9	4.5
Total	\$470.3	\$451.9

Intergovernmental

New York State Aid and Sales Tax revenue. A reduction in state aid largely accounts for the decrease in this revenue.

Property Tax

Imposed on taxable property in the City. The Homestead and Non-Homestead rates for 2015 were \$17.86 and \$27.54 per \$1,000 of assessed value, respectively.

Charges

License and permit fees, fines, and other service charges.

Gross Utility Tax

Paid by providers of utilities on a percentage of their gross receipts.

Other Taxes

Includes Franchise Tax, Mortgage Tax, and Foreign Fire Insurance Tax.

Miscellaneous

Includes reimbursement for items sold, insurance reimbursement, interest income, and other rentals. It also includes revenue from the settlement of collective bargaining agreements, which largely accounts for the increase in this revenue.

Expenditures

Expenditure Type (in millions)	2015	2014
Personal Services	\$183.5	\$178.1
Fringe Benefits	136.4	143.9
Supplies	9.2	10.1
Utilities	16.9	17.0
Services	21.1	19.2
Miscellaneous	79.5	83.7
Total	\$446.6	\$452.0

Personal Services

Salary and overtime for City employees.

Fringe Benefits

Includes health and dental insurance for City employees and retirees, FICA, Medicare, and Workers' Compensation costs. Also includes contributions to the state retirement system, a reduction of which largely accounts for the decrease in this expense.

Supplies

Includes gasoline and automotive supplies.

Utilities

Predominately electricity for street lights and City-owned buildings, this expense also includes natural gas costs.

Services

Includes expenses for professional services provided by contractors hired by the City.

Miscellaneous

Includes an annual payment to the school district, which represents nearly 90 percent of this expense. Also includes payments of claims and judgments.

City Finances

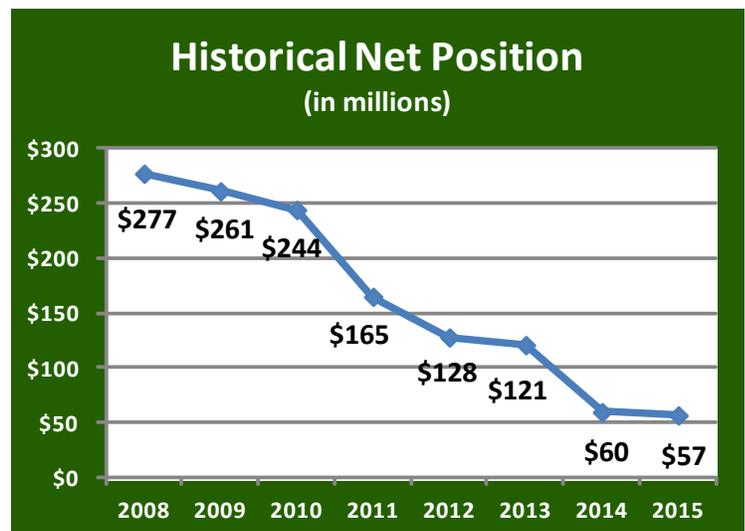
Assets & Liabilities

To understand the City's flow of financial resources, we looked at where the money comes from and goes. When looking at the City's financial condition we focus on the net position: assets minus liabilities. By looking at this in an accrual basis of accounting, we consider all assets and liabilities at a certain date. This is different than the previous general fund analysis that was presented in a modified accrual basis of accounting. Over time, increases or decreases in net position serve as an indication of whether the financial condition is improving or deteriorating. Our Primary Government consists of governmental activities as well as the activities of our Refuse, Parking and Water Funds (Business-Type activities).

Statement of Net Position (Primary Government)

<i>Our Assets and Outflows (What We Have)</i>	(in millions)
Unrestricted current assets consisting mainly of cash and amounts owed to the City	\$ 519.4
Restricted cash and cash equivalents	145.2
Real estate acquired for resale	9.5
Deferred outflows of resources	28.6
Net capital assets consisting primarily of buildings, equipment and vehicles	662.1
Total assets and deferred outflows of the City	\$1,364.8
<i>Our Liabilities and Inflows (What We Owe)</i>	
Current liabilities consisting of all the amounts the City owes and expects to pay in 2015, except City bonds	\$ 304.0
Other amounts the City owes and expects to pay after 2015, except for bonds, other post-employment benefits and net pension liability	55.2
Other post-employment benefits and net pension liability	513.2
Amount of bonds payable	435.2
Deferred inflows of Resources	0.1
Total liabilities and deferred inflows of the City	\$1,307.7
Net Position	\$ 57.1

Net position has been consistently trending downward over the past eight years. This decrease is largely a result of the recognition of Other Post-Employment Benefits, such as retiree health insurance, and annual revenue streams being less than annual expenses of the City of Buffalo. Some budgeting practices used in recent years could weaken the City's financial position and potentially jeopardize its bond rating, especially when relied upon year after year. The most concerning of these practices is the use of fund balance and other one-time revenues, as opposed to finding new recurring sources of revenue or reducing expenditures.



Presented by:



Comptroller Mark J.F. Schroeder

City of Buffalo

Department of Audit & Control

1225 City Hall

Buffalo, NY 14202

(716) 851-5255

www.city-buffalo.com/comptroller

Mission Statement:

“The Department of Audit & Control will protect, report, and strengthen the City’s finances to help ensure an efficient, effective, and transparent government that will better serve the citizens and taxpayers of Buffalo.”