



# CITY OF BUFFALO

2  
0  
1  
4



P  
A  
P  
E  
R

**POPULAR ANNUAL FINANCIAL REPORT**  
**COMPTROLLER MARK J.F. SCHROEDER**  
BUFFALO, NEW YORK • FOR FISCAL YEAR ENDED JUNE 30, 2014

# About This Report

Table  
of  
Contents

Business &  
Economic  
Development  
Pages 2 - 3

Education &  
Culture  
Page 4

Demographics  
Page 5

City  
Government  
Page 6

City  
Finances  
Pages 7 - 9

## *A Message from the Comptroller*

December 30, 2014

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, 2014.



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, the City's first ever, 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 eighth consecutive year Buffalo has earned that honor. Electronic copies of both the CAFR and PAFR can be found at our website:

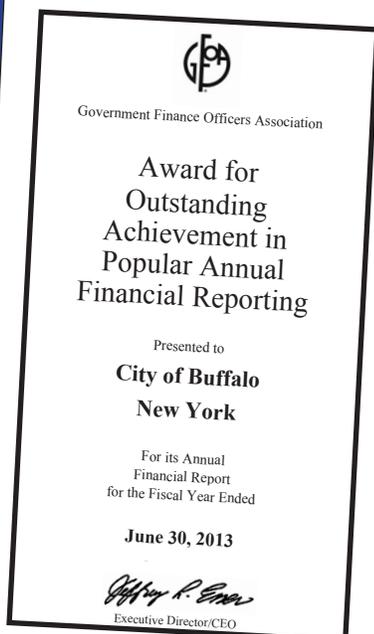
[www.city-buffalo.com/comptroller](http://www.city-buffalo.com/comptroller)

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,

A handwritten signature in blue ink that reads "Mark J.F. Schroeder". The signature is fluid and cursive.

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  
LPCiminelli  
Jack Hunt Coin Broker  
Employer Services  
Sevenson Environmental Services  
Cannon Design  
Curbell  
Stampede Presentation Products  
Realty USA.com  
Buffalo Hospital Supply

## Largest Employers

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

## Headquartered in Buffalo

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



## Buffalo Niagara Medical Campus

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 2016 due to the completion of several major projects at the campus. These projects include **Kaleida Health's \$250 million Children's Hospital (above)**, and the **University at Buffalo's \$375 million new medical school (below)**, which are both under construction. Conventus, a \$100 million medical office facility, and a \$50 million expansion of Roswell Park Cancer Institute, are also currently under construction. Plans for a \$105 million genomic and supercomputing center at the campus were announced in 2014.



Source: Buffalo Business First Book of Lists

# Business & Economic Development

Buffalo's economy continues to build momentum, with major construction projects progressing on the waterfront and Buffalo Niagara Medical Campus, as well as a \$5.8 billion solar panel production facility, which broke ground earlier this year. Since 2011, \$10.4 billion in construction projects are either completed or underway in the City of Buffalo, according to Buffalo Business First, a business newspaper. That figure climbs to \$16.6 billion when including projects from the region as a whole.



## Buffalo RiverBend project grows exponentially

The plans for this solar panel production facility grew considerably when one of the original anchor tenants, Silevo, was acquired by industry giant SolarCity in 2014. While Silevo was planning for a \$750 million investment and 475 new jobs, SolarCity is investing **\$5 billion**, and coupled with New York State's \$750 million, the project will create **3,000 new jobs**. Upon completion, the 1.2 million square-foot facility will be the **largest solar manufacturing facility in the western hemisphere**. Below is an artist's rendering of the facility, which broke ground in September 2014.



## IBM taps Governor Cuomo's "Buffalo Billion"

While RiverBend is the signature project in Governor Andrew Cuomo's pledge to invest \$1 billion in state funds to spur economic development, the "Buffalo Billion" also led to a commitment by **IBM**, announced in February 2014, to bring **500 jobs** to an information technology center in Buffalo.



## Buffalo Bills sale cements franchise's future

The long term future of the National Football League's Buffalo Bills was ensured with the purchase of the franchise for **\$1.4 billion** by Buffalo Sabres owner Terry Pegula and his wife Kim, who have pledged to keeping the team in the Buffalo area. The Pegulas have also committed to building a new stadium for the Bills, which could potentially be located in the City of Buffalo.



## Progress continues on Waterfront

The Pegulas' \$172 million HarborCenter project is nearing completion, with two ice rinks and a sports bar open for business, and a 200-room hotel slated to open in 2015. Meanwhile, the adjacent Canalside project continues to grow, with replica canals opening for ice skating in December 2014, and three new buildings, including a children's museum, to begin construction in 2015.



# 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.



# Demographics



<b>Population</b> (2010 census)	261,310
<b>Population</b> (2013 estimate)	258,959
<b>Metropolitan area population</b> (2013 estimate)	1,134,115
<b>Land area in square miles</b>	40.38
<b>Persons per square mile</b> (2010)	6,470
<b>Male</b> (2010)	47.90%
<b>Female</b> (2010)	52.10%
<b>Persons 65 or older</b> (2010)	11.40%
<b>Per Capita money income</b> (2008-2012)	\$20,245
<b>Persons below poverty level</b> (2008-2012)	30.1%
<b>Speak language other than English</b> (2008-2012)	14.8%
<b>Foreign-born</b> (2008-2012)	7.7%
<b>Homeownership rate</b> (2008-2012)	42.3%
<b>Mean travel time to work</b> (2008-2012)	20 minutes
<b>Education attainment</b> (over the age of 25)	
<i>High school graduate or higher</i> (2008-2012)	81.7%
<i>Bachelors degree or higher</i> (2008-2012)	23.3%
<b>Occupations</b> (2008-2012)	
<i>Management, Business, Science &amp; Arts</i>	31.8%
<i>Service</i>	24.4%
<i>Sales and Office</i>	24.9%
<i>Natural Resources, Construction, Maintenance</i>	5.2%
<i>Production, Transportation &amp; Material Moving</i>	13.7%
<b>Class of Worker</b> (2008-2012)	
<i>Private worker</i>	78.2%
<i>Government worker</i>	18.3%
<i>Self-employed</i>	3.5%
<b>By Household</b> (2008-2012)	
<i>Households</i>	112,144
<i>Median Value of Owner Occupied Housing</i>	\$66,700
<i>Median household income</i>	\$30,502
<i>Persons Per Household</i>	2.25
<b>Unemployment rate (as of 6/14)*</b>	
<i>Buffalo (metro)</i>	6.0%
<i>New York State</i>	6.5%
<i>United States</i>	6.3%

Source: U.S. Census Bureau

\*Source: N.Y.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

Demone A. Smith  
Majority Leader  
Masten District  
(716) 851-5145

David A. Rivera  
President Pro Tempore  
Niagara District  
(716) 851-5125

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

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

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

Michael J. LoCurto  
Delaware District  
(716) 851-4553

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

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 34,480 calls in 2014.\*

### **HUMAN RESOURCES**

Responsible for all personnel functions,  
including benefits and training programs,  
for the City's 2,561 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 35,934 inspections  
and 230 demolitions in 2014.\*

### **POLICE DEPARTMENT**

Made 13,795 arrests and enforced  
34,944 traffic violations in 2014.\*

### **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: 2014 Comprehensive  
Annual Financial Report*

# City Finances

## Fund Balance

### General Fund:

**\$146.4 million**  
*The City's main operating fund*

#### **Includes:**

#### Emergency Stabilization Fund

**\$37.7 million**  
*30 days' worth of expenditures; only for unanticipated non-recurring expenses. Also known as the Rainy Day Fund*

Non-spendable  
**\$26.7 million**  
*Land Held for Resale, Solid Waste Deficit, Prepaids*

Restricted  
**\$8.8 million**  
*Capital Outlay, Emergency Medical Service, BFSAs Deficit Bond Set Aside*

Assigned  
**\$42.5 million**  
*Encumbrances, Judgments and Claims, Next Year's Budget Deficit*

Unassigned  
**\$30.7 million**  
*Free and clear for general purpose use*

## Standard & Poor's upgrades Buffalo to "A+"

*"A+" rating by Fitch and "A1" by Moody's are maintained*

Citing recent economic development and "strong financial management," Standard & Poor's has upgraded the City of Buffalo's bond rating to "A+" in its latest rating report.

"We are pleased that Standard & Poor's has recognized the progress Buffalo has made, both financially and economically," said Buffalo Comptroller Mark J.F. Schroeder. "This is an exciting time for Buffalo, and Wall Street has taken notice."

Schroeder took analysts from Standard & Poor's on a tour of Buffalo in 2013 - with stops at the Buffalo Niagara Medical Campus, the waterfront, and Larkintown - in an effort to showcase the city's economic development projects.

"I wanted the analysts to see first-hand the momentum our economy is experiencing," said Schroeder. "I believe they left here impressed with the direction the city is headed."

In addition to noting the city's **"very strong reserve position,"** Standard & Poor's pointed out that **"a number of development projects centering on health care and high-tech manufacturing are currently in progress...and could add to the city's employment, tax base, and income levels in the long term."**

Schroeder also took Moody's on a similar tour, and that rating agency affirmed Buffalo's "A1" rating in its latest rating report. The city also maintained its "A+" rating with Fitch.

The comptroller said Buffalo's ratings will work to the taxpayers' advantage when he goes to the bond market to finance the city's capital projects.

"We sell our bonds in a competitive bidding process," said Schroeder. "Better ratings mean lower interest costs for taxpayers."

The "A+" rating from Standard & Poor's is one notch higher than the "A" the city has received the previous three years.

## The "Big Three" credit rating agencies

### STANDARD & POOR'S

**Founded:** 1860

**Founder:** Henry Varnum Poor  
**President:** Douglas L. Peterson  
**Buffalo's Rating:** A+

### MOODY'S

**Founded:** 1909

**Founder:** John Moody  
**CEO:** Raymond McDaniel, Jr.  
**Buffalo's Rating:** A1

### Fitch Ratings

**Founded:** 1913

**Founder:** John Knowles Fitch  
**President:** Paul Taylor  
**Buffalo's Rating:** A+

# City Finances

## Revenues & Expenditures

General Fund revenues decreased by nearly \$20 million, or 12 percent, from 2013 to 2014. Under current operations, we can not expect revenue growth to keep pace with increases in expenditures in the long term. The City must address this discrepancy in order to provide a structurally balanced and sustainable budget, and to avoid depleting its healthy amount of reserves.

General Fund (in millions)	2014	2013
<b>Beginning General Fund Balance</b>	<b>\$165.8</b>	<b>\$113.6</b>
Revenues	451.9	505.0
Expenditures	(452.0)	(427.9)
Transfers to Debt Service and Refuse Funds	(35.1)	(36.0)
Other Transfers from Water and Parking Funds	15.8	11.1
Net Change in Fund Balance	(19.4)	52.2
<b>Ending General Fund Balance</b>	<b>\$146.4</b>	<b>\$165.8</b>

### Revenues

Revenue Source (in millions)	2014	2013
Intergovernmental	\$275.4	\$291.5
Property Tax	131.6	133.3
Gross Utility Tax	8.6	9.4
Other Taxes	9.1	4.9
Charges	22.7	24.4
Miscellaneous	4.5	41.5
<b>Total</b>	<b>\$451.9</b>	<b>\$505.0</b>

#### **Property Tax**

Imposed on taxable property in the City. The Homestead and Non-Homestead rates for 2014 were \$17.86 and \$27.54 per \$1,000 of assessed value, respectively.

#### **Gross Utility Tax**

Paid by providers of utilities on their gross receipts.

#### **Other Taxes**

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

#### **Intergovernmental**

New York State Aid and Sales Tax revenue.

#### **Charges**

Charges are comprised of license and permit fees, fines, and other charges for doing certain business in the City.

#### **Miscellaneous**

Includes reimbursement for items sold, insurance reimbursement, interest income and other rentals.

### Expenditures

Expenditure Type (in millions)	2014	2013
Personal Services	\$178.1	\$166.6
Fringe Benefits	143.9	136.0
Utilities	17.0	16.6
Supplies	10.1	8.5
Services	19.2	19.4
Miscellaneous	83.7	80.8
<b>Total</b>	<b>\$452.0</b>	<b>\$427.9</b>

#### **Personal Services**

Salary and overtime for City employees.

#### **Fringe Benefits**

Includes health and dental insurance for city employees and retirees, contributions to the state retirement system, FICA, Medicare, and Workers' Compensation costs.

#### **Utilities**

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

#### **Supplies**

Includes gasoline and automotive supplies.

#### **Services**

Includes expertise or services that are not available within the City departments.

#### **Miscellaneous**

Includes transfers out for debt service and to the school district, as well as payments of claims and judgments.

# City Finances

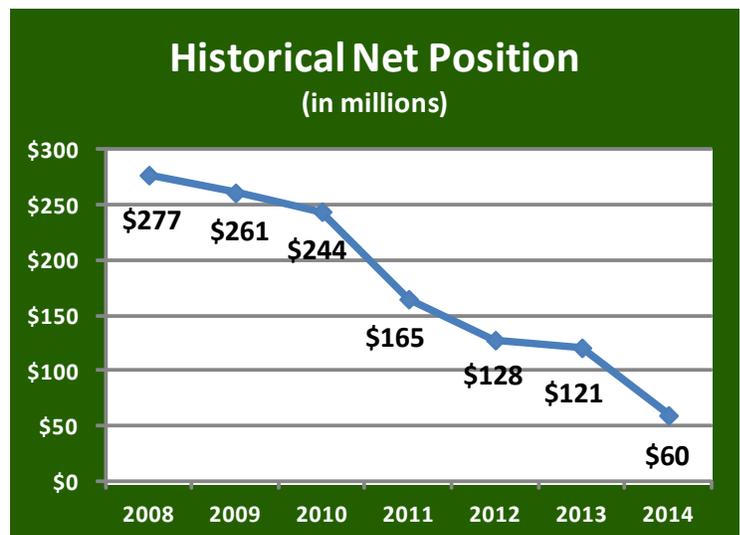
## Assets & Liabilities

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>	<i>(in millions)</i>
Unrestricted Current Assets consisting mainly of cash and amounts owed to the City	\$576.0
Restricted Cash and Cash Equivalents	144.0
Real Estate Acquired for Resale	8.8
Deferred Outflows of Resources	8.9
Net Capital Assets consisting primarily of buildings, equipment and vehicles	630.7
<b>Total Assets and Deferred Outflows of the City</b>	<b>\$1,368.4</b>
<i>Our Liabilities and Inflows (What We Owe)</i>	
Current Liabilities consisting of all the amounts the City owes and expects to pay in 2014, except City bonds	\$348.0
Other Amounts the City owes and expects to pay after 2014, except for bonds and Other Post-Employment Benefits	56.9
Other Post-Employment Benefits	446.3
Amount of Bonds Payable	457.4
Deferred Inflows of Resources	0.2
<b>Total Liabilities and Deferred Inflows of the City</b>	<b>\$1,308.8</b>
<b>Net Position</b>	<b>\$59.6</b>

Net position has been consistently trending downward over the past 6 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  
1225 CITY HALL  
BUFFALO, NY 14202  
(716) 851-5255  
COMPTROLLER@CITY-BUFFALO.COM**