PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 9, 2026

SERIAL BONDS
BOND ANTICIPATION NOTES

RATINGS:
(See "Ratings" herein)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds and the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds and the Notes is included in "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Bonds and the Notes is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York. See "TAX MATTERS" herein.

The City will NOT designate the Bonds and the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265 of the Code.

CITY OF BUFFALO, NEW YORK
$21,500,000*
SCHOOL SERIAL BONDS – 2026B
(the "Bonds")

Date of Issue: Date of Delivery

Maturity Dates: September 15, 2027-2041
(as shown on the inside cover)

$13,130,000*
BOND ANTICIPATION NOTES – 2026
(the "Notes")

Date of Issue: Date of Delivery

Maturity Date: September 28, 2027

The $21,500,000* School Serial Bonds – 2026B (the "Bonds") and $13,130,000* Bond Anticipation Notes – 2026 (the "Notes") are obligations of the City of Buffalo (the "City"), in the County of Erie (the "County") in the State of New York (the "State"), and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York, as amended (See " PROPERTY TAXES- *Tax Levy Limitation Law*," herein).

The Notes are dated September 29, 2026 and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser(s) of the Notes, payable on maturity. The Notes will mature on September 28, 2027. The Notes will not be subject to optional redemption prior to maturity. Interest on the Notes will be calculated on a 30-day month and 360-day year basis. Principal and interest will be paid by Manufacturers & Traders Trust Company, Buffalo, New York, as Paying Agent, to the Depository Trust Company ("DTC" or the "Securities Depository"), which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes, as described herein.

The Bonds are dated the date of delivery and will mature on the dates and in the amounts, will bear interest at the rates and will have the yields or public offering prices shown on the inside cover of this Official Statement. Interest on the Bonds will be payable on the dates as shown on the inside cover of this Official Statement, calculated on a 30-day month and 360-day year basis. Principal and interest will be paid by Manufacturers & Traders Trust Company, Buffalo, New York, as Paying Agent, to the Depository Trust Company ("DTC" or the "Securities Depository"), which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds maturing on or after September 15, 2036 will be subject to optional redemption prior to maturity, see "Optional Redemption" herein.

The Bonds and the Notes will be issued in book-entry form, registered to DTC in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the City to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds. (See "*Book-Entry-Only System*" herein).

The Bonds and the Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds and the Notes will be available for delivery on or about September 29, 2026.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE CITY FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE "RULE"). FOR A DESCRIPTION OF THE CITY'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AND THE NOTES AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

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* Preliminary, subject to change

$21,500,000* SCHOOL SERIAL BONDS – 2026B
(the "Bonds")

Dated: Date of Delivery

Principal Due: September 15 as shown below
Interest Due: September 15, 2027, and semi-annually thereafter on March 15 and September 15 in each year until maturity

Maturity	Amount*	Interest Rate	Yield	CUSIP+
2027	$585,000			
2028	1,060,000			
2029	1,145,000			
2030	1,190,000			
2031	1,245,000			
2032	1,300,000			
2033	1,375,000			
2034	1,470,000			
2035	1,540,000			
2036**	1,590,000			
2037**	1,650,000			
2038**	1,750,000			
2039**	1,800,000			
2040**	1,860,000			
2041**	1,940,000			

* Preliminary, subject to change. The principal amounts of the Bonds are subject to adjustment following their sale, pursuant to the terms of the accompanying Notice of Sale.

** Subject to optional redemption prior to maturity as described herein.

+ CUSIP numbers have been assigned by an organization not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated above.

CITY OF BUFFALO
NEW YORK

MAYOR
Sean M. Ryan

COMPTROLLER
Barbara Miller-Williams

COMMON COUNCIL
Joel P. Feroleto, President

Bryan J. Bollman
Christopher P. Scanlon
David A. Rivera
Mitchell P. Nowakowski
Zeneta B. Everhart
Leah Halton-Pope
Joseph Golombek, Jr.
Rasheed N.C. Wyatt

Bryce E. Link
Commissioner of Administration,
Finance, Policy and Urban Affairs

Rosa Alina Pizzi
Corporation Counsel

Hawkins Delafield & Wood LLP
Bond Counsel

Capital Markets Advisors, LLC
Municipal Advisor

No dealer, broker, salesman or other person has been authorized by the City, or any officer thereof, to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the City from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, since the date hereof.

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APPENDIX A

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OFFICIAL STATEMENT
OF THE

CITY OF BUFFALO, NEW YORK

$21,500,000* SCHOOL SERIAL BONDS – 2026B
(the "Bonds")

$13,130,000* BOND ANTICIPATION NOTES – 2026
(the "Notes")

This Official Statement (the "Official Statement"), which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the City of Buffalo, New York (the "City"), located in the County of Erie (the "County"), State of New York (the "State"), and was prepared by the City in connection with the sale of its $21,500,000* School Serial Bonds - 2026B (the "Bonds") and $13,130,000* Bond Anticipation Notes – 2026 (the "Notes").

The factors affecting the City's financial condition and the Bonds and the Notes are described throughout this Official Statement and many of these factors, including economic and demographic factors, are complex and may influence the City's tax base, revenues, and expenditures. This Official Statement should be read in its entirety.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Bonds and the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

INTRODUCTION

The City is a municipal corporation and the second largest city in the State. The City covers a land area of 42 square miles on the eastern shore of Lake Erie in western New York State. The City's 2020 population is estimated by the U.S. Bureau of the Census to be 278,349.

The Bonds and the Notes are general obligations of the City for which the City has pledged its faith and credit. For the payment of the principal of and interest on the Bonds and the Notes, the City has, under existing law, the power and statutory authorization to levy ad valorem taxes on all taxable real property in the City, subject to applicable statutory limitations. (See "PROPERTY TAXES - *Tax Levy Limitation Law*" herein).

Pursuant to special legislation enacted in March 1977 by the State at the request of the City, and an Enabling Resolution adopted by the Common Council of the City (the "Common Council" or the "Council") in March 1977, the City established a Capital Debt Service Fund (the "CDSF" or the "Fund"). In accordance with said Enabling Resolution, the City each year segregates and deposits with an appointed trustee the first real property taxes received in each of two tax collection periods, or other monies available in cash, in amounts sufficient to pay debt service on serial bonds and capital notes issued by the City. Manufacturers and Traders Trust Company, Buffalo, New York (the "Trustee") serves as the trustee for the CDSF. The CDSF was established in order to enhance the market acceptance for capital debt bonds issued by the City. (See "PAYMENT OF AND SECURITY FOR THE BONDS AND THE NOTES – *Capital Debt Service Fund*" and Appendices D and E herein.)

The audited government-wide financial statements for the City's fiscal year ended June 30, 2025 indicate a net position total of ($589,873) million, a decrease of $81.3 million from the prior year. Total revenues increased by $22.7 million mainly due to increases in miscellaneous revenue attributed to the sale of land and miscellaneous police, fire, and court facility aid grants. General Fund expenditures and other uses exceeded revenues and other sources by $14.8 million for the fiscal year ended June 30, 2025. This compares to expenditures and other uses exceeding revenues and other sources by $31.6 million for the fiscal year ended June 30, 2024 and revenues and other sources exceeding expenditures and other uses by $24.4 million for the fiscal year ended June 30, 2023. The City's audited General Fund fund balance at June 30, 2025 was $103.0 million compared to a General Fund fund balance of $117.8 at June 30, 2024 and $149.4 million at June 30, 2023.

The Buffalo City School District's (referred to herein as the "Buffalo CSD" or the "CSD") General Fund expenditures and and other uses exceeded revenues and other sources exceeded by $36.9 million determined in accordance with GAAP for the fiscal year ended June 30, 2025. This compares to revenues and other sources exceeding expenditures and other uses by $48.6 million and $50.9 million for the fiscal years ended June 30, 2024 and 2023, respectively. The Buffalo CSD's General Fund fund balance at June 30, 2025 was $387.2 million compared to a General Fund fund balance of $424.1 million at June 30, 2024, $375.5 at June 30, 2023, $324.6 million at June 30, 2022, $312.7 million at June 30, 2021 and $266.0 million at June 30, 2020. (See "DISCUSSION OF FINANCIAL OPERATIONS - City and Buffalo CSD General Fund Financial Operations, 2024-25, 2023-24 and 2022-23" and "Independent Audits" herein.)

THE CITY'S FINANCIAL PRACTICES/OUTLOOK

Since 2003, the City has operated under the fiscal oversight of the Buffalo Fiscal Stability Authority ("BFSA"), imposed and enacted by the State, which was created by the Buffalo Fiscal Stability Authority Act (the "BFSA Act"). During period from 2003 to 2012, the City experienced considerable and measurable improvement in its financial operations and cash flow results. On May 29, 2012, the BFSA determined that all provisions of §3851.1 of the BFSA Act have been met with respect to transitioning into an Advisory Period, and in accordance with this Section of the Act the Authority entered into an Advisory Period effective July 1, 2012. The advisory period shall continue through June 30, 2037, unless a control period is reimposed. (See "THE BUFFALO FISCAL STABILITY AUTHORITY" herein.)

THE BONDS AND THE NOTES

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in the principal amounts in each of the years and will bear interest at the rates shown on the inside cover page hereof.

Interest on the Bonds will be payable on September 15, 2027, and semi-annually thereafter on March 15 and September 15 in each year until maturity. Principal and interest will be paid by the City's Paying Agent, Manufacturers and Traders Trust Company, Buffalo, New York, to the Securities Depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein under "THE BONDS – Book-Entry-Only System."

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"). DTC will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds.

The record date for payment of principal of and interest on the Bonds will be the last business day of the calendar month immediately preceding each interest payment date.

Authorization for the Bonds

The Bonds are authorized pursuant to the Constitution and Laws of the State, and various bond resolutions adopted by the Common Council and approved by the Mayor.

Purpose of the Bonds

The proceeds received from the sale of the Bonds will provide $21,500,000 of financing to redeem a portion of the bond anticipation notes of the City maturing September 30, 2026 as detailed below pursuant to various bond resolutions adopted by the Common Council as detailed below:

Object or Purpose	Date of Authorization	Amount of Authorization	2026 New Money	Principal Paydown	Amount Funded with Bond Proceeds
PS #3 - D'Youville Porter Lighting	2/18/2025	$350,000	$0	$5,000	$345,000
PS #3 - D'Youville Porter Masonry	2/18/2025	1,000,000	0	25,000	975,000
PS #27 - Hillery Park Lighting	2/18/2025	350,000	0	5,000	345,000
PS #27 - Hillery Park PA	2/18/2025	200,000	0	5,000	195,000
PS #65 - Roosevelt ECC Lead Abatement/Window	2/18/2025	800,000	0	15,000	785,000
PS #65 - Roosevelt ECC Lighting	2/18/2025	350,000	0	5,000	345,000
PS #69 - Houghton Academy Lighting	2/18/2025	350,000	0	5,000	345,000
PS #69 - Houghton Academy Masonry	2/18/2025	500,000	0	10,000	490,000
PS #81 - Egress/Security	2/18/2025	250,000	0	5,000	245,000
PS #81 - Lead Abatement/Window	2/18/2025	600,000	0	15,000	585,000
PS #95 - Waterfront Elementary Lighting	2/18/2025	350,000	0	5,000	345,000
PS #156 - Olmsted Lighting	2/18/2025	350,000	0	5,000	345,000
PS #156 - Olmsted Masonry/Roof	2/18/2025	1,500,000	0	30,000	1,470,000
PS #156 - Olmsted Pool/Locker Room	2/18/2025	3,000,000	0	65,000	2,935,000
BAVPA Auditorium	2/18/2025	2,000,000	0	40,000	1,960,000
BAVPA Lighting	2/18/2025	350,000	0	5,000	345,000
PS #195 City Honors Interior/HVAC/Lighting	2/18/2025	5,300,000	0	115,000	5,185,000
PS #195 City Honors Masonry	2/18/2025	2,700,000	0	55,000	2,645,000
PS #301 Burgard HS PA System	2/18/2025	300,000	0	5,000	295,000
PS #301 Burgard HS Lighting	2/18/2025	350,000	0	5,000	345,000
PS #301 Burgard HS Masonry	2/18/2025	1,000,000	0	25,000	975,000
Total		**$21,950,000**	**$0**	**$450,000**	**$21,500,000**

Optional Redemption

The Bonds maturing in the years 2027 to 2035, inclusive, are not subject to redemption prior to maturity.

The Bonds maturing on or after September 15, 2036 will be subject to redemption prior to maturity, at the option of the City, on any date on or after September 15, 2035, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

The City may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the City shall determine to be in the best interest of the City at the time of such redemption. If less than all of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the City by lot in any customary manner of selection as determined by the City. Notice of such call for redemption shall be given by mailing such notice to the registered owner(s) of the Bonds to be redeemed not more than sixty (60) days nor less than thirty (30) days prior to the proposed redemption date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Description of the Notes

The Notes will be dated the Date of Delivery and will mature on September 28, 2027, with interest payable at maturity calculated on the basis of a 30-day month, 360-day year. The Notes are not subject to redemption prior to maturity. The Notes consist of a single issue in the aggregate principal amount of $13,130,000.

The Notes will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"). DTC will act as Securities Depository for the Notes. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes.

Authorization for the Notes

The Notes are authorized pursuant to the Constitution and Laws of the State, including various bond resolutions adopted by the Common Council and approved by the Mayor.

Purpose of the Notes

The proceeds received from the sale of the Notes will provide $6,085,000 of new money financing for capital projects of the Buffalo City School District and will renew a portion of the City's bond anticipation notes maturing on September 30, 2026 pursuant to various bond resolutions adopted by the Common Council as detailed below:

Object or Purpose	Date of Authorization	Amount of Authorization	2026 New Money	Principal Paydown	Amount Funded with Note Proceeds
Flooring Reconstruction Various Schools	7/21/2026	$7,000,000	$1,050,000	-	$1,050,000
Heating System Steam Trap Replacement Various Schools	7/21/2026	2,000,000	300,000	-	300,000
HVAC/Split System Reconstruction Various Schools	7/21/2026	5,000,000	750,000	-	750,000
Lighting & HVAC PS 18 Dr. Anonia Pantoja SE	7/21/2026	8,000,000	1,200,000	-	1,200,000
Lighting & HVAC PS 198 International Prep	7/21/2026	2,000,000	300,000	-	300,000
Lighting & HVAC PS 206 South Park HS	7/21/2026	2,000,000	300,000	-	300,000
Lighting & HVAC PS 80 Highgate Heights	7/21/2026	8,000,000	1,200,000	-	1,200,000
PA System Upgrade PS 19 Native American Magnet	7/21/2026	200,000	50,000	-	50,000
PA System Upgrade PS 64 Frederick Law Olmsted	7/21/2026	200,000	50,000	-	50,000
PA System Upgrade PS 76 Herman Badillo Academy	7/21/2026	200,000	50,000	-	50,000
PA System Upgrade PS 81	7/21/2026	200,000	50,000	-	50,000
PA System Upgrade PS 92 BUILD Community	7/21/2026	200,000	50,000	-	50,000
Roof Replacement (Full) PS 192 BAVPA	7/21/2026	1,200,000	30,000	-	30,000
Roof Replacement (Full) PS 72 Lorraine Academy	7/21/2026	500,000	-	-	-
Roof Replacement (Full) PS 89 Dr. Lydia T Wright SE	7/21/2026	6,200,000	-	-	-
Roof Replacement (Full) PS 95 Waterfront	7/21/2026	8,700,000	105,000	-	105,000
Terracotta Façade Improvement PS 198 International Prep	7/21/2026	4,000,000	600,000	-	600,000
Busti Avenue (Massachusetts-Virginia)	2/18/2025	160,000	-	9,380	150,620
Cars Sharing Main Street (Exchange-Mohawk)	2/18/2025	6,050,000	-	354,694	5,695,306
Jefferson Avenue Ph1 (Main-Best)	2/18/2025	1,273,750	-	74,676	1,199,074
Total		**$63,083,750**	**$6,085,000**	**$438,750**	**$13,130,000**

Optional Redemption

The Notes will not be subject to optional redemption prior to the final maturity.

PAYMENT OF AND SECURITY FOR THE BONDS AND THE NOTES

General

Each Bond and Note when duly issued and paid for will constitute a contract between the City and the owner thereof. The Bond and the Notes will be general obligations of the City and will contain a pledge of the faith and credit of the City for payment of principal and interest thereon. For the payment of such principal and interest, the City has, under existing law, the power and statutory authorization to levy ad valorem taxes on all taxable real property in the City, subject to applicable statutory limitations imposed by the Tax Levy Limitation Law. Such statutory limitation does not apply to the City's power to increase its annual tax levy for Buffalo CSD purposes. (See "PROPERTY TAXES - *Tax Levy Limitation Law*," herein).

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and the Notes, and the State is specifically precluded from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limitation Law imposes a statutory limitation on the City's power to increase its annual tax levy. As a result, the power of the City to levy real estate taxes on all the taxable real property within the City is subject to statutory limitations set forth in Tax Levy Limitation Law. The State Constitution requires the City to provide by appropriation for the payment of interest on all obligations which will become due during the fiscal year. In addition, the State Constitution requires the City to provide in each year by appropriation for the payment of all installments of principal of the Bonds and the Notes which will become due and payable in such year.

No principal of or interest on City indebtedness is past due. The City has never defaulted in the payment of principal of or interest on any indebtedness.

Capital Debt Service Fund

Pursuant to State legislation requested by the City, the Capital Debt Service Fund Act of the City, constituting Chapter 12 of the Laws of the State of New York of 1977 (the "Act") and an Enabling Resolution adopted by the Common Council (the "Enabling Resolution"), the City has established the CDSF, held by and maintained with the Trustee, for the purpose of paying debt service due and payable on all general obligation bonds and capital notes, and the interest on and, under certain circumstances, the amortized principal of bond anticipation notes of the City (the "Capital Debt Obligations"). The Bonds and the Notes are entitled to the benefits of the Act and the Enabling Resolution, including certain covenants of the City authorized by the Act and set forth in the Enabling Resolution (see Appendices D and E).

Operation of the CDSF is coordinated with the City's real property tax collection procedure in the following manner. The first real property taxes collected during each of two collection periods commencing July 1 and December 1 are deposited in the CDSF until the amount on deposit in the CDSF during each collection period equals the amount necessary to pay capital debt service as allocated to such collection periods. Capital debt service due and payable from July 1 through December 31 is paid from amounts deposited during the first collection period (July 1 - November 30) and capital debt service due and payable from January 1 through June 30 is paid from amounts deposited during the second collection period (December 1 - June 30). The City may deposit other funds at any time into the CDSF as such other funds are required by law or otherwise to be applied to payment of capital debt service.

The amounts to be deposited in the CDSF are certified by the Comptroller pursuant to an annual certificate prepared prior to the commencement of each fiscal year. Such certificate and the amounts to be deposited must be amended, if necessary, in order to provide for the payment of debt service due and payable during the fiscal year on Capital Debt Obligations issued and sold after the commencement of the fiscal year.

If at any time during a collection period, the amount on deposit in the CDSF exceeds the unpaid amount of capital debt service allocated to such collection period and any prior collection period, such excess may be returned to the City in the manner provided by the Enabling Resolution.

The Act provides that the CDSF is City property devoted to essential governmental purposes and is not subject to any order, judgment, lien, encumbrance, attachment, set off or counterclaim by any creditors of the City, other than a creditor for whose benefit the CDSF is established.

In the Enabling Resolution, the City has covenanted with the Trustee and the holders of Capital Debt Obligations that it will comply in all respects with the provisions of the Act and the Enabling Resolution, and that it will maintain the CDSF with the Trustee and operate the CDSF in the manner described. The Enabling Resolution also includes the pledge and agreement of the State to respect the Act and the contract of the City with holders of Capital Debt Obligations.

Rights and Remedies

The Act authorizes the City to include in an enabling resolution certain covenants of the City to protect and safeguard the security and rights of certain holders of Capital Debt Obligations. The Enabling Resolution provides special rights and remedies for holders of Capital Debt Obligations, and contains covenants, including its covenant to comply in all respects with the provisions of the Act, to maintain the Fund with a trustee, and to operate the Fund in the manner set forth in the Enabling Resolution. In general, the rights afforded to holders of outstanding Capital Debt Obligations by the Act and the Enabling Resolution significantly supplement the rights presently afforded holders of general obligations issued under general State law by other political subdivisions of the State.

The Enabling Resolution vests in a trustee the powers of enforcement of the Enabling Resolution. The Enabling Resolution provides that it shall be an "event of default" should the City fail or refuse to maintain the CDSF and the covenants with respect thereto made with holders of Capital Debt Obligations, including default in the payment of the principal of and interest on their obligations. The Trustee, during the happening and continuance of an event of default, may, by mandamus or other suit in law or in equity, enforce all such rights, including the right to require the City to carry out the covenants made with such benefited holders, and may enjoin any acts or things which may be unlawful or in violation of the rights of such holders.

In addition, the Act provides such benefited holders with certain other rights. Under the General Municipal Law of the State, the amount of interest that may be adjudged due to creditors is limited to nine per centum (9.0%) per annum. Pursuant to the Act, however, the rate of interest to be paid by the City upon any judgment or accrued claim with respect to obligations issued by it shall be the rate of interest per annum so stated on such obligations. In addition, the Act provides that the provisions of Title 6-A of the Local Finance Law shall not apply to the City and obligations issued by it. Title 6-A provides that any municipality for which the State has declared a financial emergency has the power to stay the commencement and continuation of any enforcement against such municipality of any claim for payment relating to any contract debt or obligation of the municipality during the emergency period. Title 6-A also contains the consent of the State to any municipality filing a petition under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

Neither the Act nor the Enabling Resolution purports to create any priority for the benefited holders should the City be under the jurisdiction of any federal court or court of bankruptcy. Under the United States Constitution and subject to State consent, Congress has jurisdiction over such matters, and has enacted amendments to the federal bankruptcy statute, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, easier access to judicially approved adjustments of debts, including judicial control over identifiable and unidentifiable creditors.

Legislation affecting remedies on default has from time to time resulted in litigation. While courts of final jurisdiction in various states have upheld and sustained the rights of bondholders, State and Federal courts might hold that future events, including financial crises as they may occur in the State and in municipalities of the State, require the exercise by the State of its emergency and police powers to ensure the continuation of essential public services, or if it is reasonable and necessary to serve an important service. However, in granting the City certain powers and duties in connection with the establishment of the CDSF, the State authorized and directed the City to include in its Enabling Resolution a pledge and agreement of the State with and for the benefit of the holders of Capital Debt Obligations.

The terms of the pledge and agreement are substantially as follows:

The State will not (a) repeal, revoke, repudiate, limit, alter, stay, suspend or otherwise reduce or rescind or impair the power of the City to exercise, perform, carry out and fulfill its responsibilities under the Act to the extent that the City has incorporated in the Enabling Resolution covenants and agreements to so exercise, perform, carry out and fulfill such responsibilities, (b) repeal, revoke, repudiate, limit, alter, stay, suspend or otherwise reduce or rescind or impair the rights and remedies of any such holders to fully enforce in a court of law such covenants and agreements so incorporated in the Enabling Resolution or to enforce the pledge and agreement of the State contained in the Act, or (c) otherwise exercise any sovereign power contrary to or inconsistent with the provisions of the Enabling Resolution.

The pledge and agreement shall be of no further force and effect if at any time all Capital Debt Obligations have been paid or provision for such payment has been made. The pledge and agreement by the State may be temporarily suspended upon the declaration of martial law in the City in the event of circumstances of the City deriving directly from a natural disaster (such as an earthquake or major conflagration or flood but not a snowstorm) or civil disturbance such as military invasions or civil insurrections but not strikes or crises created by fiscal or economic conditions or events.

In the opinion of Bond Counsel, the City has validly included the State pledge and agreement in the Enabling Resolution, and the State pledge and agreement is a valid and legally binding pledge and agreement of the State enforceable against the State in accordance with its terms.

Book-Entry-Only System

DTC will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of each series of the Bonds and the Notes and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds and the Noteswith DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds and the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such issue to be redeemed. The City is not responsible for sending notices to Beneficial Owners.

Beneficial Owners of the Bond and the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds and the Notes may wish to ascertain that the nominee holding the Bonds and the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds and the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee) or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and the Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Bond and Note certificates will be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the city believes to be reliable, but the City takes no responsibility for the accuracy thereof.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds and the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds and the Notes is included in "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the City (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds and the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Bonds and the Notes, and Bond Counsel has assumed compliance by the City with certain provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds and the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Bonds and the Notes is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds and the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, or any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds and the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds and the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds and the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City, in executing the Tax Certificate, will certify to the effect that the City will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds and the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds and the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds and the Notes.

Prospective owners of the Bonds and the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds and the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond or Note (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds and the Notes. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds and the Notes.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a bond or note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond or note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond or note (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds and the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond or Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds and the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds and the Notes under federal or state law or otherwise prevent beneficial owners of the Bonds and the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds and the Notes.

Prospective purchasers of the Bonds and the Notes should consult their own tax advisors regarding the foregoing matters

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City with respect to the Bonds and the Notes, which will be available at the time of delivery of the Bonds and the Notes, substantially in the forms as set forth in Appendices F-1 and F-2 hereto.

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Bonds and the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The City's credit rating could be affected by circumstances beyond the City's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of City property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the City's credit rating could adversely affect the market value of the Bonds and the Notes.

If and when an owner of any of the Bonds and the Notes should elect to sell a Bond or Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds and the Notes. The market value of the Bonds and the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Bond or Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds and the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the City to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds and the Notes, could be adversely affected.

The City is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The City's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the City fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys, the City is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the City will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the City requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "REVENUES – *"New York State Aid to Education" and "New York State General Purpose Aid"* herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds and the Notes, for income taxation purposes could have an adverse effect on the market value of the Bonds and the Notes (see "TAX MATTERS" herein).

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the City, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the City, may affect the market price and/or marketability for the Bonds and the Notes. (See PROPERTY TAXES - *"Tax Levy Limitation Law"* herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the City, could impair the financial condition of such entities, including the City, and the ability of such entities, including the City, to pay debt service on the Bonds and the Notes.

An outbreak of disease or similar public health threat, similar to the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the City's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid.

RATINGS

Moody's Investors Service ("Moody's") and S&P Global ("S&P") have assigned underlying ratings to the City's outstanding uninsured bonds, including the Bonds, of "A1" negative outlook and "A" stable outlook, respectively. Moody's also assigned an enhanced rating of "Aa3" with a stable outlook, assigned to bonds issued by the City on behalf of the Board of Education, including the Bonds, on account of the State aid intercept authorized by Section 99-b of the State Finance Law.

Moody's and S&P have assigned ratings to the City's Notes, of "MIG-1" and "SP-1", respectively.

The City has not requested a rating from Fitch Ratings on the Bonds or the Notes. On July 27, 2026, Fitch Ratings downgraded the City's underlying rating from 'A+" to 'A' with a negative outlook with respect to certain outstanding uninsured bonds of the City.

These ratings reflect only the view of the rating agency furnishing the same, and an explanation of the significance of each of these ratings may be obtained only from the respective rating agency. There is no assurance that any of these ratings will be maintained for any given period of time or will not be raised, lowered or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of any of these ratings may have an adverse effect on the market price of the Bonds and the Notes.

MUNICIPAL ADVISOR

Capital Markets Advisors LLC, has acted as the independent registered Municipal Advisor to the City in connection with the sale of the Bonds and the Notes.

In preparing this Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds and the Notes.

CYBER SECURITY

The City, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the City invests in various forms of cyber security, technical, and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage City digital networks and systems and the costs of remedying any such damage could be substantial.

On March 12, 2021, the Buffalo City School District experienced a cyber-attack which resulted in certain computer files and systems becoming inoperable. As of June 2024, the School District restored its student management, facilities management, and financial operating systems to a more secure environment than was in place prior to 2021. Restoration costs were approximately $9 million, with federal stimulus funds accounting for $5.5 million. There will be continuing costs to restore systems and to make enhancements to harden its network and security infrastructure in future years including essential IT managed services to staff, maintain and upgrade network infrastructure, firewalls, licensing, replacement cycle for building closets and wifi systems as well as cyber services for a 24x7 managed service operations center. Despite steps taken to prevent a similar incident in the future, no municipality or school district can provide assurances that such enhancements will be completely successful, and any future attacks could materially impact the City's or School District's operations and financial condition.

DISCLOSURE UNDERTAKING

In order to assist the purchaser in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") with respect to the Bonds and the Notes, the City will execute Undertakings to Provide Continuing Disclosure, the forms of which are attached hereto as Appendices G-1 and G-2.

ADDITIONAL INFORMATION

This Official Statement is not to be construed as a contract or an agreement between the City and the purchasers or holders of any of the Bonds and the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date hereof.

Additional copies of this Official Statement may be obtained upon request from the office of the Comptroller, Room 1225 City Hall, Buffalo, New York 14202 (716-851-5255), or from Capital Markets Advisors, LLC, 4211 North Buffalo Street, Suite 19, Orchard Park, New York 14127, (716-662-3910).

The preparation and distribution of this Official Statement has been authorized by the applicable bond resolutions of the City, which delegate to the City Comptroller the power to sell and issue the Bonds and the Notes.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the City nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the City disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the City also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Estimates and Forecasts. The statements contained in this Official Statement and the appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the City assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

CITY OF BUFFALO

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Barbara Miller-Williams
City Comptroller

September __, 2026

THE GOVERNMENT OF BUFFALO

The City of Buffalo (the "City") was incorporated in 1832 and operates under a Charter adopted in August 1927 and revised in 2001 pursuant to the Municipal Home Rule Law of the State. In its Charter, the City adopted the strong Mayor-Council form of government. The Mayor, as chief executive officer, is the head of the Executive Department and oversees all administrative functions. The Comptroller, as the chief fiscal officer, is the superintendent of the fiscal affairs of the City. The Common Council performs all legislative duties. As of July 1, 2012, the Buffalo Fiscal Stability Authority (BFSA) entered into an advisory period in which BFSA operates with a reduced set of financial oversight powers and responsibilities over the City. (See "The BUFFALO FISCAL STABILITY AUTHORITY" herein).

City Services

The City is responsible for and maintains police, fire, and sanitation services, streets and several parks and playgrounds. Although the City is also responsible, in large measure, for the financing of local primary and secondary educational expenditures, the Board of Education, comprising independently elected members, administers the City's school system. Pursuant to State law, the County, not the City, is responsible for the local funding of mandated social service programs, such as Medicaid, Aid to Families with Dependent Children and home relief programs.

Elected Officials

The Mayor, elected by general election for a four-year term and eligible to succeed himself, has the power to appoint and remove the non-elected heads of City departments, boards, commissions and agencies except for the Management Information Systems Chief Information Officer and the Commissioner of Assessment and Taxation. The Chief Information Officer of Management Information Systems and Commissioner of Assessment and Taxation shall be appointed by the Mayor, the Comptroller and the President of the Common Council, by a majority thereof. Most major appointments are subject to the approval of the Common Council. In addition, the Mayor is responsible for the initial preparation of the City's operating and capital budgets, which are then submitted to the Common Council for approval. The Mayor has the power of approval or veto of any additions to the budget made by the Common Council. The Mayor also has veto power over any resolution or ordinance passed by the Common Council. Any such vetoes can be overridden by a two-thirds majority vote of the Common Council.

The fiscal affairs of the City are the responsibility of the Comptroller, who is elected by the general electorate to a four-year term and is eligible to succeed herself. The specific responsibilities of the Comptroller are those delegated by the City Charter and by the Common Council, as authorized by the Local Finance Law, and include the audit and control of all financial activities of all departments, boards, commissions and other agencies of the City. The Comptroller also supervises the debt management function and the temporary investment of monies for both the City and the Buffalo CSD. In addition, the Comptroller serves as the head of the Department of Audit and Control, as well as chief fiscal officer of the Buffalo Sewer Authority and Buffalo Municipal Water Finance Authority. The Comptroller has the power to prevent any additions to the adopted operating or capital budget by refusing to sign the required certificate of necessity.

The legislative body of the City is the Common Council, which consists of nine council members, who are elected in a general election to four-year terms from their respective districts. At its organizational meeting, the Common Council is required to elect one of its members to serve a two-year term as President of the Common Council. In addition to the legislative power to adopt ordinances and resolutions, the Council has the specific power to override the Mayor's veto of any ordinance approved by the Council, and to review and approve the operating and capital budgets and most mayoral appointments. In addition, the Council has the power to make investigations of City affairs, to subpoena witnesses and records, to administer oaths and to compel testimony. The Council, through the adoption of salary ordinances passed separately from the budget, has the power to set salaries. The establishment of water rates is the responsibility of the Buffalo Water Board.

DISCUSSION OF FINANCIAL OPERATIONS

Four-Year Financial Plans

General

Pursuant to the BFSA Act, the City, the Buffalo CSD and other Covered Organizations are required to annually submit a four-year financial plan to the BFSA (See "THE BUFFALO FISCAL STABILITY AUTHORITY"). Not more than 20 days after such submission, the BFSA is required to determine whether such plan is complete and complies with the BFSA Act, and is required to submit its recommendations with respect to the financial plan. On April 15, 2026, the preliminary budgets and four-year financial plans were submitted for the City, the Buffalo Urban Renewal Agency, and the Buffalo Municipal Housing Authority pursuant to the Act; the budget of the Buffalo CSD was submitted on May 3, 2026, and the four year financial plan was submitted on August 27, 2026. Pursuant to the BFSA Act, the City, the Buffalo CSD and other Covered Organizations are required to annually submit a four-year financial plan to the BFSA (See "THE BUFFALO FISCAL STABILITY AUTHORITY"). Not more than 20 days after such submission, the BFSA is required to determine whether such plan is complete and complies with the BFSA Act, and is required to submit its recommendations with respect to the financial plan. The BFSA reviewed the financial plan on May 5, 2026, declared the plan to be incomplete, and required: 1) the 2026-27 proposed City budget be modified to reduce estimated revenue by $5.5 million for the expected replenishment of restricted fund balance for capital outlay; 2) the Mayor submit a City budget gap closing plan to address the potential budgetary shortfall in 2026-27 of $25.8 million; 3) the Mayor submit a City financial gap closing plan and/or supporting documentation by August 15, 2026 for revenue and cost estimates over the 2027-30 financial plan or alternatively modify the 2027-30 financial plan, or submit supporting documentation to ascertain the reasonableness of the estimates as included in the 2027-30 financial plan, for years 2027-28, 2028-29, and 2029-30 in the amounts of $65.9 million, $48.9 million, and $60.2 million, respectively; and 4) the Superintendent of the Buffalo CSD submit a 2027-30 financial plan. On June 17, 2026, the BFSA reviewed the City's adopted 2026-27 budget and found that revenues were reduced by $5.5 million for the expected replenishment of restricted fund balance for capital outlay and the requirement to submit a budget gap closing plan in the amount of $25.8 million had been fulfilled. The BFSA also reviewed the Buffalo CSD's adopted 2026-27 budget; a financial plan was not submitted. The financial plan was again found to be incomplete and required 1) the submission of a revised City 2027-30 financial plan for consistency with the adopted budget; and 2) the Superintendent of the Buffalo CSD submitted a 2027-30 financial plan on August 27, 2026. The requirement remains to submit a revised City 2027-30 financial plan or a financial gap plan by August 15, 2026.

City of Buffalo

The four-year financial plan projects balanced budgets for all four years. In the out years the plan includes a decrease in fringe benefits due to changes in health insurance plans, an increase in pension costs for Police and Fire employees and a small increase for all other employees. The plan includes an increase in the real property tax, sales tax, and and an increase in State Aid as given in the new New York State financial plan. As part of the strategic planning process, the City continues to assess its facilities and City-wide needs for the use and disposal of buildings. City expenses for health care have not increased due to changes made to coverage.

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The following chart summarizes revenues and expenditures under the City's four-year financial plan.

CITY OF BUFFALO FOUR-YEAR FINANCIAL PLAN
GENERAL FUND[1]
(000's Omitted)

ITEM DESCRIPTION	2026-2027	2027-2028	2028-2029	2029-2030
General Fund Revenues:				
Taxes	$ 243,699	$ 259,902	$ 274,392	$ 287,191
Non-Property Taxes	14,056	14,056	14,056	14,056
Licenses and Permits	8,421	9,204	9,683	10,204
Intergovernmental	315,358	341,616	317,535	321,806
Service Charges	17,386	24,629	25,153	25,705
Fines	24,491	14,635	14,989	15,354
Interest	7,550	7,550	8,305	9,136
Miscellaneous	11,823	12,363	12,586	12,820
Transfers In	32,199	21,859	11,494	12,056
Other Financing Sources	-	-	-	-
Total Revenues	$ 674,983	$ 705,815	$ 688,194	$ 708,326
General Fund Expenditures:				
Personal Services	322,879	329,336	$ 335,923	342,642
Grants In-Aid	198	198	198	198
Misc. Utilities	20,399	21,367	22,383	23,450
Misc. Services	1,482	1,482	1,482	1,482
Misc. Other	5,775	20,775	5,775	5,775
Fringe Personal Services	8,000	8,080	8,161	8,242
Fringe Benefits	215,360	196,494	200,284	206,129
Debt Service	103	103	103	103
Interfund Transfers Out	100,787	108,179	111,874	115,939
Total Expenditures	$ 674,983	$ 686,014	$ 686,183	$ 703,959
Change in Fund Balance	$ -	$ 19,801	$ 2,011	$ 4,367

[1]Source: City of Buffalo Administration, Finance, Policy and Urban Affairs, Division of Budget as submitted to BFSA, July 29, 2026.

Buffalo CSD

On August 27, 2026, the Buffalo CSD submitted a four-year financial plan for the years 2026-27 through 2029-30. The Buffalo CSD projects that it will use $125.3 million of fund balance over this four-year period. The plan indicates deficits of $19.1 million in 2028-29 and $8.4 million in 2029-30 before the planned use of fund balance. The Buffalo CSD expects that deficits will be closed through various gap closing measures, including school closures, staff reductions (mainly through attrition), increased revenues and other cost reductions.

BUFFALO CSD FOUR-YEAR FINANCIAL PLAN
GENERAL FUND[1]
(000's Omitted)

ITEM DESCRIPTION	2026-2027 4-Year	2027-28 4-Year	2028-29 4-Year	2029-30 4-Year
General Fund Revenues:				
Property Taxes	$ 70,823	$ 70,823	$ 70,823	$ 70,823
New York State - Foundation Aid	790,180	821,787	854,658	888,845
Other State Aid	205,778	206,398	195,768	182,591
Federal Sources	5,500	5,555	5,611	5,667
Sales Tax	60,300	61,205	62,123	63,054
Departmental and Other Revenues	18,118	18,661	19,221	19,798
Total Revenues	1,150,699	1,184,429	1,208,204	1,230,778
General Fund Expenditures:				
Personal Services	$ 436,057	$ 449,080	$ 460,748	$ 475,378
Departmental Expenditures	128,243	127,640	128,905	129,793
Tuition (other than Charter Schools)	36,129	35,015	35,365	35,719
Charter School Tuition	202,925	205,827	205,827	205,827
Fringe Benefits	235,928	249,789	253,104	258,755
Utilities	12,622	12,748	12,875	13,004
Contingency	11,463	2,000	2,000	2,000
Transportation	79,166	79,332	79,505	79,686
Transfers to Debt Service Fund	69,879	59,016	49,016	39,016
Transfers to Other Funds	-	-	-	-
Total Expenditures	1,212,412	1,220,447	1,227,345	1,239,178
Change in Fund Balance	$ (61,712)	$ (36,017)	$ (19,140)	$ (8,400)
Projected Surplus after use of fund balance	$ 269,106	$ 233,089	$ 213,949	$ 205,549

[1] Source: Buffalo CSD, Division of Finance, projections as of July 28, 2026, approved budget as of May 20, 2026, four year plan as submitted to BFSA, August 27, 2026

Projected Financial Information

The management of the City and the Buffalo CSD have prepared the projected financial information set forth herein under the sub-headings "CITY OF BUFFALO FOUR-YEAR FINANCIAL PLAN and BUFFALO CSD

FOUR-YEAR FINANCIAL PLAN" to present the plan for the City and the Buffalo CSD for the fiscal years 2027 through 2030. Such prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. However, in the view of the City's and the Buffalo CSD's management, such financial information was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the City and the Buffalo CSD. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this document are cautioned not to place undue reliance on the prospective financial information.

Neither the City's nor the Buffalo CSD's independent auditors, nor any other independent accountants have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The City and the Buffalo CSD used current financial information, historical trends, anticipated cost increases and projected changes in service delivery in developing the four-year plans. The assumptions and estimates underlying the prospective financial information are inherently uncertain and, though considered reasonable by the management of the City and the Buffalo CSD as of the date of preparation of the four-year plans, are subject to a wide variety of significant business, economic, and other risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of the City or the Buffalo CSD or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this document should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

Financial Control Procedures

The publicly elected City Comptroller is responsible for controlling municipal expenditures to ensure that budget appropriations for the City are not exceeded and for reviewing all revenues received by the City. Procedures of the Comptroller's Division of Audit provide for pre-audits of requests for encumbrance of municipal funds as to budget appropriation, departmental authorization and compliance with the City Charter, City ordinances, and State laws. The Division of Audit also conducts inspections to ensure that all revenues are being collected and deposited by the City. Similar audit and control procedures for the Buffalo CSD operating budget are exercised by the Buffalo CSD directly.

Expenditures of municipal appropriations are also monitored on a regular basis by the Budget Division. The Budget Division monitors payroll by a number of control systems including review of all personnel requisitions for adequate funding and legal authorization prior to filling vacancies or creating new positions.

The Comptroller's Debt Management Policy establishes the overall annual debt capacity for the City and the Buffalo CSD. The affordability of the incurrence of debt will be determined by calculating various debt ratios.

The City has a "Rainy Day Policy" whereby fund balance in an amount equal to no less than 30 days of prior year expenditures is to be set aside to be used for extraordinary operating or capital needs that could not be anticipated.

Charter Revisions

The voters of the City approved the recommendations of the Charter Revision Commission on November 2, 1999. The amended charter established more disciplined procedures for management of the City's capital assets (parks, streets, building, equipment, vehicles, etc.) and for planning and authorizing capital projects. The Comptroller is required to submit at the outset of the capital budgeting process an estimate of the amount of new debt the City can prudently incur during the next year and the following four years. Capital programming and budgeting are integrated into the new strategic planning process, and the Citizens Planning Council is required to review proposed capital projects and recommend a capital budget and four-year program of capital investments. Projects may be recommended by individual members of the Common Council in initial preparation of the capital budget and four-year program, and the Common Council is empowered to review and amend the four-year capital program submitted by the Mayor. Those measures, together with Common Council representation on the Citizens Planning Council, encourage the Common Council to participate in the planning of the capital budget rather than simply to add on projects after the planning process has been completed. The Mayor is required to issue systematic reports on the management of the City's Capital Assets and on Capital Investment proposals and decisions. The Capital Programming and Budgeting Process are completed by December 15th each year, which separates the process from the operating budget cycle, allows more time for deliberation by the Council, provides more definite information as to Debt Service Requirements for incorporation in the operating budget, and enables the City to take full advantage of the next construction season and favorable market conditions early in the year for issuing bonds or notes and taking bids on construction contracts (see Sections 20-19 through 20-31 of the Charter).

Section 20 of the Charter was amended effective May 1, 2008 to include a fund balance policy. Starting with the 2007-08 fiscal year, unassigned fund balance in an amount equal to no less than 30 days of prior year expenditures is to be set aside to be used for extraordinary operating or capital needs that could not be anticipated. In addition, a reserve of fund balance in an amount equal to 15 days of prior year general fund expenditures could be set aside for purposes allowed for in General Municipal Law, Section 6-c.

After unanimous passage by the Common Council on October 2, 2012, and the approval of the Mayor on October 22, 2012, the Buffalo Fiscal Integrity Act amended Article 20 of the City Charter to require the budget director to prepare and submit annually to the Mayor and Common Council a four-year financial plan. Beginning with the 2013-14 fiscal year, the four-year financial plan is required to include balanced budgets for each year included in the plan, covering all expenditures without a deficit when reported in accordance with generally accepted accounting principles. The plan shall also include adequate reserves to maintain essential services, adequate cash resources to meet obligations, and one year of cash flow projections of receipts and disbursements. This approval codifies a practice that had commenced in 2003. The Comptroller shall opine on the sufficiency of the financial plan and whether it contains sufficient data to support the outcomes projected.

Fund Structure and Accounts

The General Fund of the City is the general operating fund which is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for substantially all operating and maintenance costs. For a description of other governmental fund types see Appendix B.

In accordance with State law, the Buffalo CSD maintains its own accounts independently of the City. The Buffalo CSD is responsible for managing and controlling its own budget appropriations approved by the City's Common Council. Accordingly, the City levies and collects real property taxes for general City and Buffalo CSD purposes. The City accounts for the entire real property tax in its General Fund and records revenue allocations to the Board as operating transfers. The City accounts for the Buffalo CSD as a component unit. The Buffalo CSD is accounted for in this manner since the Buffalo CSD is a legally separate organization. A summary of its financial statements are presented in a discrete (i.e., separate) column in the City's government-wide financial statements, in accordance with the Governmental Accounting Standards Board, Statement No. 39, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

Basis of Accounting

The government-wide financial statements of the City 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, including the General Fund, 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 City 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 general purpose aid, sales taxes, and various categorical grants. Long-term historical payment patterns of general purpose State aid are considered in determining whether such payments are susceptible to accrual.

Cash Management/Cash Flow

The Comptroller is empowered by (i) the City Charter to invest all monies not immediately required and (ii) Common Council resolution to borrow monies as needed for the uninterrupted operations of the City, subject to the limitations of the Local Finance Law. Although the Treasurer has custody of all monies deposited with the City (both for City and Buffalo CSD purposes), the Comptroller is responsible for cash management.

Cash management is handled on a combined basis for the City and Buffalo CSD General Funds and summaries of cash receipts and cash disbursements provide the basis for establishing borrowing needs. Prior years' experience shows that disbursements on a combined basis are fairly consistent for the twelve months of the fiscal year.

The real property tax levy, which may be paid 50% in July and 50% in December without penalty, comprises about 11.63% and 10.84% for both of the combined general fund budgets of the City and the Buffalo CSD Board in fiscal years 2026-27 and 2025-26 respectively.

There is currently no outstanding short-term debt relating to cash flow timing for the City, Buffalo CSD or the BFSA. Cash flow continues to be monitored and if necessary the City will utilize short-term indebtedness for operating needs.

Budget Process

On or before April 15, 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 delete, reduce or add expenditure items but may not modify the Mayor's estimates of 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 8, the budget as submitted by the Mayor, including all additions which he has not vetoed, is adopted. Budget amendments during the fiscal year require approval of the Mayor, the Comptroller and two-thirds of the Council.

The Buffalo CSD submits its estimates of revenues and expenditures to the City's Budget Division. Pursuant to State law, the City determines total appropriations for the Board but the allocation of monies within its total appropriation is determined by the Board. The Board's budget, as contained within the Mayor's proposed budget, is not presented with the same detail and performance measures that appear in other sections of the City budget.

City and Buffalo CSD General Fund Financial Operations, 2024-25, 2023-24 and 2022-23

The City completed its fiscal year ended June 30, 2025 with expenditures and other uses exceeding revenues and other sources in the General Fund by $14.8 million, as determined in accordance with GAAP. This compares to prior fiscal year ended June 30, 2024 in which expenditures and other uses exceeding revenues and other sources in the General Fund by $31.6 million and for the fiscal year ended June 30, 2023 in which revenues and other sources exceeded expenditures and other uses in the General Fund by $24.4 million. At June 30, 2025, 2024 and 2023, the nonspendable fund balance, which is comprised of real estate acquired for resale, prepaid items and long term receivables, was $38.8 million, $34.0 million and $30.2 million, respectively; the restricted fund balance, which consists of capital outlays, and emergency medical funds, was $21.9 million, $20.8 million and $18.3 million, respectively; the committed fund balance, which consists of the Emergency Stabilization "Rainy Day" Fund, was $42.3 million, $50.7 million and $43.3 million, respectively; and the assigned fund balance, which consists of encumbrances, motor vehicle self-insurance and potential judgments and claims was $0 million, $12.3 million and $42.8 million, respectively; and the unassigned fund balance was $ 0, $0, and $14.9 million, respectively.

The Buffalo CSD completed its fiscal year ended June 30, 2025 with expenditures and other financing uses exceeding revenues and other financing sources by 36.9 million determined in accordance with GAAP. This compares with revenues and other financing sources exceeding expenditures and other financing uses by $48.6 million in 2024 and revenues and other financing sources exceeding expenditures and other financing uses by $50.9 million in 2023. At June 30, 2025, the non-spendable fund balance for inventory was $1.7 million; the restricted fund balance for judgments and claims, unemployment insurance and stabilization was $31.0 million; the assigned fund balance of $231.5 million consists of amounts appropriated for the 2025-26 budget, capital needs, prior year claims, other post-employment benefits, health insurance, continuation of programs in expiring grants, and encumbrances. There is no committed fund balance. Unassigned fund balance was $123.0 million.

City and Buffalo CSD General Fund 2025-26 and 2026-27 Adopted Budgets

The City's adopted 2026-27 General Fund budgeted appropriations are $675.0 million, representing a $52.9 million or 8.5% increase over the 2025-26 adopted budget.

The Buffalo CSD 2026-27 General Fund budgeted appropriations are $1,212.0 million, representing an increase of $25.5 million or 2.15% from the 2025-26 adopted Budget.

The adopted 2026-27 City and Buffalo CSD budgets aggregate to $1,887.0 million, a $78.4 million (or 4.3%) increase from the budget of $1,808.6 million adopted for fiscal year 2025-26. (See "DISCUSSION OF FINANCIAL OPERATIONS – *Summary of Operations*" herein.)

Summary of Operations

The following two tables present separate summaries of operations for fiscal years 2022-23 through 2024-25 for the City General Fund and for the Buffalo CSD derived from financial statements and prepared in accordance with GAAP. The tables also show a revised budget for the City and a projected budget for the Buffalo CSD for fiscal year 2025-26 and an adopted budget for fiscal year 2026-27 for the City and the Buffalo CSD.

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CITY OF BUFFALO, NEW YORK
GENERAL FUND - SUMMARY OF OPERATIONS
AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30
(000's Omitted)

	Actual 2022-23	Actual 2023-24	Actual 2024-25	Revised 2025-26(1)	Adopted 2026-27
REVENUES					
Property Taxes and Other Tax Items	$ 163,730	$ 167,036	$ 179,361	$ 201,098	$ 243,699
Utility and Other Non-Property Tax Items	13,023	13,413	12,524	13,600	14,056
Charges for Services	14,187	12,647	13,954	16,515	17,386
Interest	13,922	20,883	15,121	9,750	7,550
Federal Aid	80,284	80,385	94,991	14,360	315,358
State Aid	169,425	169,389	178,930	179,613	-
Local Sources and Other	114,479	113,354	116,154	115,913	-
Licenses and Permits	5,878	6,505	5,821	8,129	8,421
Fines	7,414	7,016	9,646	10,620	24,491
Miscellaneous	7,384	3,123	18,496	37,490	11,823
Total Revenues	589,726	593,751	644,998	607,088	642,784
EXPENDITURES					
General Government	70,298	72,081	72,050	88,621	91,518
Public Safety	179,722	205,011	210,147	195,838	214,442
Streets and Sanitation	18,191	21,507	17,217	17,089	21,114
Economic Assistance and Opportunity	3,163	3,476	3,465	8,382	3,504
Culture and Recreation	8,441	8,068	9,061	13,299	10,787
Health and Community Services	3,224	3,382	3,131	3,771	3,592
Education	70,823	70,823	70,823	70,823	70,823
Fringe Benefits	158,242	174,488	183,812	200,684	223,360
Other	5,297	47,970	20,221	6,655	5,775
Principal, Interest and Other Fiscal Charges	1,785	1,428	537	103	103
Total Expenditures	519,186	608,234	590,464	605,265	645,018
Excess (defict) of revenues over expenditures	70,540	(14,483)	54,534	1,823	(2,234)
OTHER FINANCING SOURCES (USES)					
Transfers In	11,864	13,694	14,154	14,986	32,199
Transfers Out	(60,171)	(73,927)	(83,457)	(36,649)	(29,965)
Serial Bonds & Premium on Serial Bonds Issued	-	43,092	-	-	-
Appropriated Fund Balance	-	-	-	5,503	-
Leases and subscription liability issued	2,128	-	-	-	-
Total Other Financing (Uses) Sources	(46,179)	(17,141)	(69,303)	(16,160)	2,234
Change in Fund Balances	24,361	(31,624)	(14,769)	(14,337)	
Fund Balance -Beginning of Year	125,060	149,421	117,797	103,028	88,691
Fund Balance -End of Year	$ 149,421	$ 117,797	$ 103,028	$ 88,691	$ 88,691
FUND BALANCE					
Non Spendable	$ 30,202	$ 34,019	$ 38,791		
Restricted	18,286	20,763	21,895		
Committed	43,266	50,686	42,342		
Assigned	42,752	12,329	-		
Unassigned	14,915	-	-		
Total Fund Balance	$ 149,421	$ 117,797	$ 103,028		

Source: City of Buffalo, Department of Audit & Control, Division of Accounting

(1) The 2025-26 budgetary figures reflect changes made to the budget as of March 31, 2026 and reflect the use of $14.3 million of fund balance and previous years' encumbrances which were rolled to 2025-26. These figures do not necessarily reflect the anticipated results for 2025-26, as there are encumbrances that will either be cancelled or rolled to the next fiscal year. The 2025-26 Budget includes $30.0 million from the sale of city owned parking ramps.

BUFFALO CSD
GENERAL FUND - SUMMARY OF OPERATIONS
AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30
(000's Omitted)

	Actual 2022-23	Actual 2023-24	Actual 2024-25	Projected 2025-26	Adopted 2026-27
REVENUES					
Property Taxes	$ 70,823	$ 70,822	$ 70,823	$ 70,823	$ 70,823
New York State - Foundation Aid	619,626	688,224	796,710	844,600	790,180
Other New York State Aid	228,583	238,318	147,033	129,900	205,778
Federal Sources	4,978	1,961	183	-	5,500
Sales Tax	59,860	58,999	60,271	61,000	60,300
Departmental and Other Revenues	25,271	13,132	17,209	17,400	18,118
Total Revenues	1,009,141	1,071,456	1,092,229	1,123,723	1,150,699
EXPENDITURES					
Personal Services	324,676	370,724	407,942	432,700	436,057
Departmental Expenditures	78,866	85,468	107,544	130,546	128,243
Tuition (other than Charter Schools)	30,496	32,300	35,485	36,500	36,129
Charter School Tuition	147,964	153,623	168,473	194,100	202,925
Fringe Benefits	186,457	203,880	228,458	230,400	235,928
Utilities	11,293	9,272	10,206	12,254	12,622
Contingency	-	-	-	-	11,463
Transportation	48,478	58,098	60,997	68,700	79,166
Total Expenditures	828,230	913,365	1,019,105	1,105,200	1,142,533
Excess (deficit) of revenue over expenditure	180,911	158,091	73,124	18,523	8,166
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(129,999)	(109,507)	(110,039)	(74,900)	(69,879)
Total other financing sources (uses)	(129,999)	(109,507)	(110,039)	(74,900)	(69,879)
Change in Fund Balance	50,917	48,584	(36,915)	(56,377)	(61,713)
Fund Balance – beginning of year	324,610	375,527	424,111	387,196	330,819
Fund Balance – end of year	$ 375,527	$ 424,111	$ 387,196	$ 330,819	$ 269,106
FUND BALANCE					
Non Spendable	1,184	$ 1,424	$ 1,729		
Restricted	30,845	30,905	30,963		
Committed	-	-	-		
Assigned	192,111	211,879	231,518		
Unassigned	151,387	179,903	122,986		
Total Fund Balance	$ 375,527	$ 424,111	$ 387,196		

Source: Buffalo CSD, Division of Finance
[1] 2025-26 Projections are based on available data as of July 28, 2026 and are unaudited and subject to change. The figures under this column are based, in part, on projections derived from results of operations for the Fourth Quarter of FY25-26. No assurance can be given that such projections will be realized at year end.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs of providing services on a continuing basis be financed or recovered primarily through revenues earned from user charges. The individual enterprises accounted for by the City in separate Enterprise Funds are solid waste collection and recycling, City-owned parking ramps and the water system.

The Solid Waste and Recycling Enterprise Fund was established on October 1, 1996 to account for the costs associated with the operation of refuse and recycling services in the City. The fund is supported by revenues from user fees assessed against all users of the service. Unpaid user fees become a lien against the property and are subject to the City's normal collection procedures. The change in net position for the year ended June 30, 2025 was $(1.9) million determined in accordance with GAAP. This compares to a change in net position of $(2.0) million for the year end June 30, 2024 and $(1.2) million for the year ended June 30, 2023. The City received $26.8 million in user fees for the fiscal year ended June 30, 2025, $25.9 million in user fees for the fiscal year ended June 30, 2024 and $24.9 million for the fiscal year ended June 30, 2023. The adopted 2026-27 budget includes $34.1 million for user fees compared to $28.3 million in the adopted 2025-26 budget. Nonspendable fund balance of the General Fund includes $28.4 million to cover deficits incurred by the Solid Waste and Recycling Enterprise Fund at June 30, 2025.

The Parking Enterprise Fund was established July 1, 1989 to account for the operations of City-owned parking ramps. The City had a management agreement with Buffalo Civic Auto Ramps, a non-profit organization, to operate the downtown ramps for several decades. Under the management agreement, revenues collected in excess of normal operating costs have been remitted to the City to cover administrative costs and debt service. Net position was reserved for debt service and major repairs. The change in net position for the fiscal year ended June 30, 2025 was $(2.1) million determined in accordance with GAAP. This compares to a change in net position of $(0.3) million for the fiscal year ended June 30, 2024 and $(0.7) million for the fiscal year ended June 30, 2023. Operating transfers out to the General Fund were $4.4 million for fiscal year ended June 30, 2025. The adopted budget for both fiscal year 2026-27 and 2025-26 include operating transfers out of $5.8 million. The 2026-27 budget amount includes $0.9 million for debt service and $2.0 million operating transfer to the General Fund compared to 2025-26 budget amount which included $0.9 million for debt service and $4.6 million operating transfer to the General Fund. The Buffalo Parking Authority, a newly-formed public benefit corporation, has taken over responsibility for operation of four City parking ramps and the current Parking Enterprise Fund will be dissolved. (See "CITY-RELATED ENTITIES – *Buffalo Parking Authority*" herein.)

The Water Enterprise Fund in conjunction with the Buffalo Water Board and the Buffalo Municipal Water Finance Authority, which are blended component units of the City, comprise the water system. The City's Water Enterprise Fund provides personnel to the operator contracted by the Water Board. Operating transfers from the Water Board cover all expenses of the Water Enterprise Fund. Total expenses of the Water Enterprise Fund for the fiscal year ended June 30, 2025 were $9.3 million. This compares to total expenses of $9.4 million for the fiscal year ended June 30, 2024 and $10.1 million for the fiscal year ended June 30, 2023. The adopted budget for 2026-27 totals $15.4 million compared to $15.9 million in 2025-26. (See "CITY-RELATED ENTITIES – *Buffalo Municipal Water Finance Authority*" and "*Buffalo Water Board*" herein.)

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REVENUES

The 2026-27 adopted General Fund budget estimates revenues to be derived approximately 53.6% from municipally generated revenues; 27.7% from State aid; 0.0% from federal aid and other assistance; and 18.7% from other local governments, the majority of which is the shared County sales tax.

Municipally Generated Revenues

Primarily, municipally generated revenues include, in order of magnitude, real property taxes, utility taxes, Parking and Other fines, and an annual payment from the Buffalo Water Board.

Real Property Tax

Real property taxes become payable upon levy of such taxes by the Common Council. The City collects real property taxes for general City and Buffalo CSD purposes. The total amount of the taxpayer's bill is due and payable on July 1; however, the first half may be paid without penalty on or before July 31 and the second half on or before December 31. Penalties are assessed for delinquencies at an effective rate of 18.0% per annum.

The General Fund accounts for the full receipt of the tax levy, including that portion of the levy raised for the Buffalo CSD and that portion of the levy deposited in the CDSF for the payment of capital debt service. The total valuation roll for general City tax purposes partially exempts certain properties (owned and occupied by veterans and senior citizens) which are taxable for school purposes. All provisions for uncollected taxes are charged against the general City budget. The Buffalo CSD receives its tax levy for operations in full from the City.

The City's property tax levying powers, other than for debt service and certain other purposes, are limited by the State Constitution to 2.0% of the 5-year average full valuation of taxable real property of the City. On June 24, 2011, the Tax Levy Limitation Law was enacted, which imposes a Tax Levy Limitation upon the municipalities, school districts and fire districts in the State, including the City, without providing an exclusion for debt service on obligations issued by municipalities, including the City. (See "PROPERTY TAXES - *Tax Levy Limitation Law,"* herein.) For a more complete discussion of property tax assessment, levy, collection and related matters, see "PROPERTY TAXES" herein.

BUDGETED ALLOCATION OF REAL PROPERTY TAX LEVY
Fiscal Year Ended June 30
(000's Omitted)

	2023	2024	2025	2026	2027
Buffalo CSD Operations	$ 65,409	$ 66,466	$ 69,913	$ 68,969	$ 67,883
City Operations	47,582	60,909	64,008	77,412	119,147
Capital Debt Service(1)	40,049	31,525	36,897	38,102	32,504
Total Budgeted Real Property Tax Levy	$ 153,040	$ 158,900	$ 170,818	$ 184,483	$ 219,534

Source: City of Buffalo Administration, Finance, Policy and Urban Affairs, Division of Budget
(1)The tax levy for Capital Debt Service includes City and Buffalo CSD debt

Utility Taxes

The Class I Utility Tax collected by the City quarterly is levied against gas, electric and telephone utilities. Since 1990, the utility tax rate has been 3.0% of total gross receipts. The revenue from this source was $10.2 million for the 2024-25 fiscal year compared to $9.7 million for the 2023-24 fiscal year and $10.3 million for the 2022-23 fiscal year. The budgeted amount for 2026-27 is $9.8 million compared to $9.8 million in 2025-26.

Fines

The City of Buffalo assesses various fines and penalties in accordance with the City Charter. Parking tag fines represents the largest amount budgeted from this category. The revenue from parking tag fines was $5.2 million for the 2024-25 fiscal year compared to $4.2 million for the 2023-24 fiscal year and $5.1 million for the 2022-23 fiscal year. The amount budgeted for parking tag fines in 2026-27 is $8.3 million compared to $5.5 million in 2025-26.

Annual Payment from the Water Board

Pursuant to an operation agreement by and between the City and the Buffalo Water Board dated September 24, 1992, the Board initially paid the City $4.0 million in the 1992-93 fiscal year. This amount may be increased by 5.0% compounded annually at the City's sole discretion. The actual amounts received were $9.3 million for 2024-25, $8.8 million for 2023-24 and $8.4 million for 2022-23. The adopted budget amount for 2026-27 is $10.2 million compared to $9.7 million in 2025-26. Such payment is made in lieu of utility taxes and also for certain legal, payroll and other services performed by City personnel.

Annual Payment from the Buffalo Parking Authority

Pursuant to an operation agreement created by and between the City and the Buffalo Parking Authority, the City will receive payments of approximately $30 million in 2025-26, $20.0 million in 2026-27, and $10.90 million in 2027-28 related to the sale of bonds on four City parking ramps. In addition, the Authority will pay a management fee of approximately $100,000) to the City general fund starting in the 2026-2027 fiscal year.

Departmental and Other Revenues

Departmental revenues consist of various fees received from licenses, permits, rentals, concessions, commissions and asset sales as well as interest earnings on the temporary investment of idle funds.

DEPARTMENTAL AND OTHER REVENUE
Fiscal Year Ended June 30
(in millions)

	Actual 2022-23	**Actual 2023-24**	**Actual 2024-25**	**Adopted 2025-26**	**Adopted 2026-27**
Fines	$7.4	$7.0	$9.6	$10.6	$24.5
Interest Earnings	13.9	20.9	15.1	9.8	7.6
License and Permits	5.8	6.5	5.8	8.1	8.4
Cable Franchise Tax	2.9	2.3	2.2	3.0	3.6
Payment In Lieu of Taxes	3.7	4.2	3.3	6.1	4.0

Source: City of Buffalo Administration, Finance, Policy and Urban Affairs, Division of Budget
City of Buffalo, Department of Audit & Control, Division of Accounting

Intergovernmental Revenues

The principal categories of State aid to the City are State aid for education, general State aid and Aid and Incentives for Municipalities (AIM). In addition, there are several lesser State aid, grants and shared revenues including the mortgage tax (collected for the City by the State at the rate of 50 cents per $100 of mortgages) which was $4.0 million for 2024-25, $3.7 million for 2023-24 and $4.7 million for 2022-23. The adopted budgeted amount for the 2026-27 fiscal year is $4.6 million compared to $3.9 million in 2025-26. State grants and aids for operating purposes are accounted for in the City's General Fund. State aid for education is accounted for in the Buffalo CSD's General Fund.

New York State Aid to Education

Beginning with the 2007-08 fiscal year, the majority of State aid to be received by the Buffalo CSD has been calculated using "Foundation Aid." Foundation Aid was established by the 2007-08 State budget and combined four categorical aid grants with certain other formula aids. Formula aids consist of State aid determined in accordance with an application submitted to the State Education Department ("SED"), which incorporates required data concerning district enrollment, attendance and approved expenditures. At its inception, Foundation Aid established minimum annual increases in State aid of 3.0% per year through 2010-11, with high poverty districts such as the Buffalo CSD receiving more assistance. However, based on the economy of New York State, the State aid guarantees were abandoned after the first year. The Buffalo CSD received its first increase in Foundation Aid since 2008-09 with the adoption of the 2012-13 New York State Budget and has received increases each year since, until the 2020-21 State Budget, where Foundation Aid was frozen at the 2019-20 level, while the State implemented a Pandemic Adjustment which reduced overall State Aid by $29.5 million, offsetting the same amount of Federal Disaster relief received by Buffalo CSD under the Federal CARES Act. Foundation Aid for the 2022-23 fiscal year was $619.6 million and $688.8 million for 2023-24. The adopted 2024-25 State Budget included $708.7 million. The adopted 2025-26 State Budget included $744.1 million, a $35.4 million, or 5.0% increase in Foundation Aid, as part of the third and final year of the three year phase-in of Foundation Aid legislated in the 2021-22 State Budget. Foundation Aid may decline in the future and no assurance can be given that Foundation Aid will continue at its current level.

The receipt of Foundation Aid is dependent upon, among other factors, satisfaction of certain monitoring and expenditure requirements. In addition, within Foundation Aid there are stipulations that the Buffalo CSD must use a formula-based amount on new programs, or expansion of existing programs, to improve student achievement as outlined in the Contract for Excellence ("CFE") and the Community Schools set-aside that was established in 2016-17. For fiscal years 2014-15 through 2022-23, the total CFE set-aside was $13.6 million. The Community Schools set-aside was $12.5 million in 2016-17; $15.5 million in 2017-18; $18.3 million in 2018-19 and $21.1 million in 2019-20 through 2023-24. During the 2023-24 fiscal year the State reassessed the CFE Minimum Set-Aside Schedule using a 5-Year phase-in timeline with 2023-24 as year-1. 2024-25 CFE set-aside (Year-2 set aside schedule) increased to $28.3 million, 2025-26 (Year-3 set aside schedule) is $35.7 million. The full phased in CFE contract amount will increase to $57.6 million in 2026-27 (Year-4 set aside schedule) and $57.6 million in 2027-28 (Year-5 set aside schedule).

Other State aid includes State Building Aid, the purpose of which is to assure that each school district provides suitable and adequate facilities to accommodate students and programs of the district. To this end, new facilities, new buildings, additions and major alterations must meet specific standards pertaining to type, size and number of teaching stations, as well as building code requirements. Existing facilities must meet health and safety regulations and reconstruction of existing facilities must meet building code requirements.

The State Commissioner of Education must approve plans and specifications for the capital construction projects undertaken by public school districts. This charge is administered by the Office of Facilities Planning pursuant to Section 408 of the Education Law and Part 155.2 of the Regulations of the Commissioner of Education. State Building Aid is payable commencing 18 months after the State Education Department approves the final plans and specifications of a project with a Final Cost Report on file unless a waiver is granted by the Commissioner of Education. Currently, State Building Aid reimburses approximately 98.0% of approved costs for projects completed or now under construction for the Buffalo CSD. State Building Aid fluctuates from year to year based on a number of factors including the ratio of the City's wealth to the State's average wealth.

The Buffalo CSD depends on substantial financial assistance from the State. The Buffalo CSD received $895.1 million of State Aid for all funds in fiscal 2022-23, $961.0 for all funds in 2023-24 and $998.3 for all funds in 2024-25. For the fiscal year 2025-26 , the Buffalo CSD budgeted $1,027.9 million of State Aid receipts for all funds, and projects to receive approximately $1,037.9 million by the close of the fiscal year as of March 31, 2026. This projection is based upon the sum of: (i) a $968.4 million apportionment to the Buffalo CSD for operations and maintenance expenses, (ii) $67.8 million in projected receipts of State grant funding and (iii) $1.7

million in projected receipt of food service funding. No assurance can be given that State Aid for all funds actually received by the Buffalo CSD in its 2025-26 fiscal year will equal the amounts estimated above.

Another State aid category, Charter School Transitional Aid, was established in the 2007-08 as part of the State Budget to help provide relief from the financial drain caused by the significant number of charter school students in certain school districts, including the Buffalo CSD. Charter School Transitional Aid total, $9.7 million for 2021-22, $9.9 million 2022-23, $9.5 million for 2023-24 and $6.9 million for 2024-25. The 2025-26 budgeted and projected amount for Charter School Transitional Aid is $6.6 million for both, as of March 31, 2026. The 2026-27 budgeted amount for Charter School Transitional Aid is $4.9 million. The aid continues on a rolling basis so long as charter school enrollment continues to increase.

In addition to Charter School Transition Aid, beginning with the year 2015-16, the State established another aid category called Charter School Supplemental Tuition Reimbursement, which reimburses Buffalo CSD for any amounts in base tuition paid in the prior year that exceed the 2010-11 base tuition of $12,005 per pupil from 2014-15 through 2017-18. Subsequently, this amount was locked in at $1,000 per pupil in 2018-19 and years thereafter. In 2020-21, this aid was $9.2 million, in 2021-21 it was $9.7million, in 2022-23 it was $10.1 million in 2023-24 it was $9.6 million and in 2024-2025 it was $10.4 million. The 2025-26 budgeted and projected amounts for Charter School Supplemental Tuition Reimbursement were $10.4 million and $10.7 million, as of March 31, 2026. The 2026-27 budgeted amount for Charter School Supplemental Tuition Reimbursement is $10.9 million.

The Buffalo CSD also receives State aid related to the Smart Schools Bond Act approved by New York State voters in 2014. The allocation for Buffalo CSD is $56.0 million. The purpose of the Smart Schools Bond Act is to provide improved educational technology and infrastructure to improve learning and opportunity for students. These revenues are recorded in the capital fund and amounted to $9.4 million in 2019-20 and $9.0 million in 2020-21. Because of uncertainty related to the timing of project approvals and receipt of funds, these revenues are not included in State aid revenue until received. Therefore, an additional $3.4 million was received during the 2022-23 year relating to expenditures incurred during the 2020-21 through 2022-23 years. No revenue was received for during the 2023-24 and 2024-25 fiscal years. As of March 31, 2026, the Buffalo CSD expects to submit and receive $5.7 million in 2025-26. For the 2026-27 fiscal year, the CSD expects to submit and receive $4.2 million.

The Buffalo CSD receives State aid for education in several installments paid to the City throughout its fiscal year based on a formula established by SED. These installments of State aid are paid net of the Buffalo CSD's contributions to the New York State Teachers' Retirement System.

The projected State aid for the Buffalo CSD General Fund, as of March 31, 2026 is $968.5 million, which is in line with the budget for the 2025-26 fiscal year. The Buffalo CSD has budgeted $991.2 million in State aid to be received in fiscal year 2026-27.

In fiscal year 1999-00, the Buffalo CSD received additional lottery aid in the amount of $30.0 million which was provided to the Buffalo CSD to assist in funding the Buffalo Teachers Federation ("BTF") settlement payment. The $30.0 million comprises two components: the first $20.0 million was used for the teacher settlement amount paid in July 2001, and the second component of $10.0 million was to be used as a stabilization reserve for the annual debt service owed to the New York State Municipal Bond Bank Agency for the $25.0 million advanced to the Buffalo CSD for the BTF settlement. The $30.0 million in lottery aid took the form of a "lottery advance" from the State. In effect, the $20.0 million was a loan from the State which is to be paid back over 30 years. The repayment of this "loan" is captured in annual installments through a reduction in the amount of lottery aid paid to the Buffalo CSD. Such deductions began in fiscal year 2001. The Buffalo CSD took an additional advance of $1.4 million in the 2005-06 fiscal year in accordance with Chapter 465 of the Laws of 2005. This advance is also treated as a "loan" to be repaid over 30 years and the repayment is captured from annual aid installments. The Buffalo CSD records the gross amount of aid with its regular basic State aid amount and books debt service payments for the amount of the installments withheld by the State. As of June 30, 2026, the remaining debt outstanding is $4.6 million..

Chapter 57 of the Laws of 2005 provided for an apportionment to school districts for public pension accruals required to be accounted for beginning in the 2004-05 school year. Upon application, the apportionment is available to the Buffalo CSD as revenue and may be used to offset any General Fund deficit resulting from the impact of the implementation of GASB Technical Bulletin 2004-2. The apportionment is an advance of the subsequent year's general aid payable, and will reduce general aid in such subsequent years. The Buffalo CSD applied for and received an advance of $11.5 million in each of the fiscal years from 2004-05 through 2025-26. The Buffalo CSD intends to continue this practice so long as the legislation is renewed.

Payment of State aid for education may be withheld due to the failure of the City or the Buffalo CSD to comply with various requirements of State law or the regulations of the Commissioner of Education relating to instructional programs, programs for the handicapped or other matters or the failure of the City to pay debt service on obligations issued for school purposes. The City and the Buffalo CSD believe that they are in material compliance with all requirements and have made the necessary debt service appropriations.

In addition to State aid for education, the Buffalo CSD receives federal Medicaid reimbursement for certain health services provided to students. The Buffalo CSD received a total of $2.2 million for Medicaid reimbursement for 2020-21, $2.3 million for 2021-22, $2.3 million for 2022-23, $2.5 million for 2023-24 and $4.0 million for 2024-25. The 2025-26 budgeted and projected amount for Medicaid reimbursement is $5.0 million as of March 31, 2026. The budgeted amount for 2026-27 is $5.6 million.

Pursuant to the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, Buffalo CSD expects to receive approximately $89.2 million in additional federal disaster relief funds starting with it 2021-22 fiscal year. Further, pursuant to the American Rescue Plan (ARP), Buffalo CSD expects to receive $200.4 million in additional federal disaster relief funds starting with its 2021-22 fiscal year. These funds are expected to be supplemental in nature, and not result in any reduction in State Aid. The Final Cost Report for the $89.2 million CRRSA Act (ESSER 2) grant was submitted to the State October 31, 2023, and the Final Cost Report for ARP Act (ESSER 3) was submitted October 30, 2024. Total revenues under these funding sources in the 2021-22 fiscal year amounted to $28.2 million and $8.2 million respectively and $60.4 million and $92.4 million in the 2022-2023 and $0.6 million and $87.6 million in the 2023-2024 fiscal year. The first three months of the 2024-25 fiscal year, the final revenue for the ESSER 3 grant was $12.2 million.

The amount of State aid to school districts, including Buffalo CSD is dependent in part upon the financial condition of the State. The 2019-20 and 2020-21 State budgets provided the Governor with the ability to make mid-year aid cuts if State revenues or expenditures missed certain thresholds; that unilateral authority was removed in the 2021-22 State budget. Due to the outbreak of COVID-19 in 2020, the State declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. In 2020-21, the State reduced State Aid to the Buffalo CSD by $29.6 million utilizing the CARES Act revenues to offset those cuts. In the 2021-22 State Budget, the $29.6 million State Aid cuts were restored to the Buffalo CSD.

In addition, in this year or future years, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes or if the State experiences delays in the adoption of the State budget, the State may have to delay payments of aid to its municipalities and school districts, including the Buffalo CSD, until sufficient State funds are available to make such payments. The Buffalo CSD may be adversely affected by such delay. In certain years in the past, delays in adoption of the State budget have resulted in delays in the payment of State aid to municipalities and school districts.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances.

In conjunction with the reconstruction of the Buffalo CSD school facilities and the issuance of the bonds by the Erie County Industrial Development Agency ("ECIDA") to finance such reconstruction, the City and the Buffalo CSD have entered into a State Aid Trust Agreement. Pursuant to the State Aid Trust Agreement between the City, the Buffalo CSD, and Manufacturers and Traders Trust Company ("M&T"), the State Comptroller's Office is directed by the City and the Buffalo CSD to pay all amounts of State aid to education appropriated by the State for the benefit of the Buffalo CSD to the State Aid Depository Fund held by M&T, as Depository Bank under such agreement. Amounts held in the State Aid Depository Fund are applied to pay debt service on such ECIDA bonds. (See "BUFFALO CSD SCHOOL FACILITIES RECONSTRUCTION PROJECT" herein.)

New York State General Purpose Aid

Prior to the enactment of the BFSA Act, the City received General Purpose Aid directly from the State. Pursuant to the BFSA Act, the City receives General Purpose Aid from the State through the BFSA. The budgeted amount for 2026-27 is $176.3 million compared to $166.3 million in 2025-26. General Purpose Aid revenue recognized in the 2024-25 fiscal year was $166.3 million.

STATE GENERAL PURPOSE AID
Fiscal Year Ended June 30
(000's Omitted)

	Actual 2022-23	Actual 2023-24	Actual 2024-25	Adopted 2025-26	Adopted 2026-27
Total General Purpose Aid	$161,285	$161,285	$166,285	$166,285	$176,285

Source: City of Buffalo Department of Audit & Control, Division of Accounting

Pursuant to the BFSA Act, the amounts of municipal aid appropriated by the State as local government assistance for the benefit of the City and the City's and Buffalo CSD's share of County sales taxes shall be paid by the State Comptroller to the BFSA and the City shall have no right, title, or interest in such revenues paid to the BFSA. (See "*THE BUFFALO FISCAL STABILITY AUTHORITY*" herein.) After application of such revenues to debt service obligations and operating expenses of the BFSA and subject to the BFSA's agreements with the City, the balance of such revenues are to be transferred to the City as State BFSA Aid.

Federal Aids and Grants

Federal categorical grants received by the City for restricted purposes are not normally budgeted as General Fund revenues with the exception of the treatment of staff support grants or the administrative portion of grants managed by City departments. The funding level for the FY 2026-27 Consolidated Plan, including the Community Development Block Grant (CDBG) program, HOME Investment Partnership (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA), is $18.45 million. A significant portion of these funds have been utilized to fund physical development related to neighborhood and commercial revitalization within the City. The termination or reduction of any of these programs could mean curtailment or assumption of these programs by the City.

Erie County Sales Tax

A general sales and compensating use tax of 8.75% is levied on all taxable retail sales in the County. Of the total 8.75% collected by the State, 4.0% is retained as State revenue and 4.75% is returned to the County. Of the County's 4.75%, 1.75% is retained by the County for County purposes, with the exception of a lump-sum

$12.5 million which is allocated pursuant to Section 1262-q. of the Tax Law. The remaining 3.0% is distributed among the County, local municipalities and school districts in the County pursuant to the sales tax sharing agreement, as follows (1) The County retains 35.3055%; (2) 10.0087% is allocated on the basis of population to the Cities of Buffalo, Lackawanna and Tonawanda; (3) 25.6858% is divided among the Cities of Buffalo, Lackawanna, Tonawanda and the towns on the basis of population; and (4) 29% is divided among all the 29 school districts in Erie County on the basis of the average daily attendance of public school pupils. The agreement provides that any party may terminate the agreement upon one year's prior written notice.

The BFSA Act requires that the City's share of County sales taxes payable to the City under the foregoing agreement will be paid by the State Comptroller to the BFSA and the City will have no right, title or interest in such revenues. After use of such revenues to pay debt service obligations, if any, and operating expenses of the BFSA and subject to the BFSA's agreements with the City, such revenues are to be transferred to the City. The City's share is reduced by the BFSA operational expenses, which is projected to be $1.0 million for 2026-27 compared to $1.0 million for 2025-26

For fiscal year 2026-27 the City and Buffalo CSD have budgeted $124.3 million and $60.3 million respectively in sales tax compared to $114.9 million and $58.5 million respectively for 2025-26. For fiscal year 2024-25 the City received $115.6 million and the Buffalo CSD received $60.3 million from this source.

EXPENDITURES

City expenditures may be categorized as those made for general City services, for grants-in-aid or for operations of related entities and for debt service and certain other costs. City services are provided through numerous departments, as indicated by the following table.

Department	2026-27 Appropriations	Full-Time Funded Positions
Legislative	$ 3,863,585	40
City Clerk	4,272,711	26
Executive	10,035,922	115
Audit & Control	4,049,343	51
Law	5,902,249	40
Assessment	3,252,057	33
Management Information Systems	8,534,584	34
Administration & Finance	10,875,375	61
Parking	4,784,135	47
Police	120,025,737	1,022
Fire	78,172,548	788
Human Resources	5,889,690	25
Public Works, Parks & Streets	41,738,243	313
	8,909,266	55
Community Services	5,024,229	42
Permits & Inspections	7,549,158	98
General City Total:	322,878,832	2,790
Division of Water	15,377,444	144
Parking [(1)]	378,659	1
Refuse & Recycling	36,903,550	156
Enterprise Total:	52,659,653	301
Total	$ 375,538,485	3,091

Source: City of Buffalo Administration, Finance, Policy and Urban Affairs, Division of Budget
[(1)] FTE was moved from Parking Enterprise Fund to the Parking Department after July 1, 2026.

FUNDED ANNUAL / FULL-TIME SALARIED POSITIONS
BY MAJOR CITY DEPARTMENT
2016-17 as compared to 2026-27

	Number of Positions FY 2016-17	Number of Positions FY 2026-27	Number Increase (Decrease)	Percentage Increase (Reduction)
Police	1,015	1,022	7	0.69%
Fire	767	788	21	2.74%

Source: City of Buffalo Administration, Finance, Policy and Urban Affairs, Division of Budget

Employee Contracts

The City

Employee contracts are in place for the 2026-27 fiscal year with none of the City’s eight bargaining units, as shown in the following table.

The following chart describes the City unions, number of employees, when present agreements expire and when past agreements have expired. For those agreements that have expired, negotiations have begun. The number of employees is effective as of March 31, 2026, on an All Funds basis.

Unions	**Number of Employees**	**Present Agreement Expire**
PBA (Police Officers)	720	6/30/2025
Local 282 (Firefighters)	661	6/30/2025
Local 264 (Blue Collar)	504	6/30/2025
Local 650 (White Collar)	426	6/30/2024
CGA (Crossing Guards)	114 (1)	8/31/2024
Local 2651 (Building Inspectors)	58	6/30/2026
Local 264T (Pipe Caulkers)	24	6/30/2026
Local 17 (Operating Engineers)	27	6/30/2026

Source: City of Buffalo, Department of Audit Control, Division of Audit
(1)Seasonal Employees, laid –off during Summer Months

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Buffalo CSD

Five employee contracts of the eleven bargaining units representing the employees of the Buffalo CSD are in place for the 2026-27 fiscal year, as shown in the chart below. The remaining contracts have expired and are under negotiations.

The following chart describes the Buffalo CSD unions, approximate number of employees represented, and the present agreement expiration dates. For those agreements that have expired, negotiations have begun. The number of employees is effective as of March 31, 2026.

Unions	Number of Employees[1]	Present Agreements Expire
BTF (Teachers)	3,660	06/30/26
BCSA (Administrators)	298	06/30/25
PCTEA (White Collar)	499	06/30/26
Local 264 (Blue Collar)	53	06/30/25
Local 264 (Cook Managers)	22	06/30/26
Local 264 (Food Service)	Variable	06/30/27
BEST (Teachers Aides & Assistants)	1,024	06/30/29
SUBSTITUTES UNITED (Substitute Teachers)	Variable	06/30/28
BASA (Substitute Administrators)	Variable	06/30/28
TRANSPORTATION AIDES (Bus Aides)	Variable	06/30/27
Local 409 (Engineers)	55	06/30/26
Trades	39	N/A
Exempt (includes Board)	48	N/A

Source: Buffalo CSD, Finance Department.
[1]Includes General, Grants and Food Service Funds as of March 31, 2026

Pursuant to the BFSA Act, during a Control Period, the BFSA is empowered to impose a wage and/or hiring freeze with respect to employees of the City or any Covered Organization and to review and approve or disapprove any collective bargaining agreement to be entered into by the City or any Covered Organization. In accordance with the foregoing powers, on April 21, 2004, the BFSA adopted a general wage freeze resolution which, as of April 22, 2004, froze the wages of all City employees and employees of any non-exempted Covered Organizations at their current levels. Effective July 1, 2007, the BFSA lifted this wage freeze, which allowed for a one step increase on employees' salary schedule.

Retirement Benefits

Most City employees who are eligible for pensions under the Retirement and Social Security Law of the State, as well as most civil service employees of the Buffalo CSD, are members of either the New York State and Local Employees' Retirement System (the "ERS") or the New York State and Local Police and Fire Retirement System (the "PFRS"). Eligible teachers in the Buffalo public school system are members of the State Teachers' Retirement System (the "TRS").

The ERS was established in 1920. In 1967, all police officers and firefighters were transferred into the separate PFRS. Both retirement systems are administered by the State Comptroller. The TRS, which was established in 1921, is separately administered by a ten member board. These retirement systems had been actuarially funded using an aggregate cost valuation method. Under this method, the unfunded cost of retirement benefits of active members was accrued and funded each year as a level percentage of compensation of such members. The aggregate cost valuation method does not develop a separately stated past service liability. In 1990, State laws were enacted to change from the aggregate cost valuation method to a projected unit credit ("PUC") valuation method. This law was challenged and in Fiscal Year 1995, the Retirement System returned to the Aggregate Method of Valuation.

Benefit packages available to City and Buffalo CSD employees depends on the date of their enrollment in the system and/or their classification as first tier, second tier, third tier, fourth tier, fifth tier or sixth tier employees. Benefit packages available are prescribed by the State and are most liberal for first tier and least liberal for sixth tier employees. The followings tables exhibit the member enrollment date, related tier and contribution rate.

NYS Retirement System –Retirement Tier Schedule

NYS Retirement Tier	ERS/TRS Enrollment Date	PFRS Enrollment Date
Tier 1	before July 1, 1973	before July 1, 1973
Tier 2	July 1,1973 through July 26, 1976	July 1,1973 through July 30, 2009
Tier 3	July 27, 1976 through August 31, 1983	July 30, 2010 through January 8, 2010
Tier 4	September 1, 1983 through December 31, 2009	N/A
Tier 5	January 1, 2010 through March 31, 2012	January 9, 2010 through March 31, 2012
Tier 6	April 1, 2012 or after	April 1, 2012 or after

Source: Office of New York State Comptroller

NYS Retirement System – Employee Contribution Rate

Tiers 1-5

NYS Retirement Tier	ERS Contribution Rate	PFRS Contribution Rate	TRS Contribution Rate
Tier 1	0.0%	0.0%	0.0%
Tier 2	0.0%	0.0%	0.0%
Tier 3[(1)]	3.0%	3.0%	3.0%
Tier 4[(1)]	3.0%	na	3.0%
Tier 5[(2)]	3.0%	3.0%	3.5%

ERS/PFRS/TRS Tier 6[(2)]

Salary Range	≤ $75,000	$75,001-$100,000	$100,000-$125,000	> $125,000
Contribution Rate	3.0%	4.0%	5.25%	5.75%

Source: Office of New York State Comptroller
[(1)]First 10 years of employment
[(2)]For their entire career

Retirement Contribution Payments

Contribution payments for ERS/PFRS are to be made on or before the first day of February in each year. Municipalities and school systems are allowed to prepay their annual contribution on or before the 15th of December and receive a discounted payment through a divide-by factor that represents 45 days of interest. On December 15, 2025, the City made a prepayment retirement contribution of $13.4 million for the ERS, which includes Enterprise functions and $57.4 million for PFRS, which created a savings of $0.5 million. Chapter 49, Laws of 2003 changed the billing cycle and instituted a minimum contribution rate for both ERS and PFRS, which is equal to 4.5% of payroll every year, including years in which the investment performance of the system would make a lower contribution possible. Chapter 94, Laws of 2015 changed the calculation of employer contributions for the funding on the basis of rates determined on known salaries from the prior fiscal year rather than on an estimate of salaries from the incomplete current fiscal year.

There was a retirement contribution of $8.6 million paid by the Buffalo CSD for the state's fiscal year ended March 31, 2026 for the ERS.

For fiscal year 2024-25 and 2025-26, the Buffalo CSD contribution for TRS was 10.1% and 9.6% of salaries, respectively. Payment is withheld from aid to education payments in the fall of the fiscal year subsequent to which the rate is applicable. The Buffalo CSD records the liability in the year it is incurred, i.e., the year for which the rate is applicable.

For the City's method of recording the estimated unbilled liability (See "DISCUSSION OF FINANCIAL OPERATIONS – Basis of Accounting," herein.). Required Buffalo CSD contributions under the ERS follow the same billing and accounting procedures as those of the City.

The following table indicates general fund expenditures recorded by the City for ERS and PFRS and total expenditures paid by the Buffalo CSD for ERS and TRS during the fiscal years 2021 through 2025.

TRS, ERS & PFRS EXPENDITURES
Fiscal Year Ended June 30

	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025
City (ERS)[1]	$ 8,320,695	$ 8,069,961	$ 7,712,765	$ 7,901,348	$ 10,360,956
City (PFRS)	31,270,823	35,046,089	35,572,383	42,412,343	42,657,263
Board (ERS)	6,152,793	6,502,836	6,306,270	6,901,347	8,067,807
Board (TRS)	28,800,016	31,173,278	41,262,500	37,245,263	40,514,021

Source: City of Buffalo, Department of Audit & Control, Division of Accounting & Buffalo CSD, Finance Office.
[1] Net of reimbursements received from the Buffalo Society of Natural Sciences, the Buffalo Fine Arts Academy and Enterprise

GASB 75 and Other Post-Employment Benefits (OPEB)

The City and Buffalo CSD provide post-employment healthcare benefits to former employees. In addition, the City is required to pay the difference in pay between a disabled firefighter's pension payment and the current salary for a firefighter until the retiree reaches the age of 70. These benefits are both funded on a pay as you go basis. Under the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions" (GASB 75), the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability ("UAAL") under GASB Statement No. 45.

The City has contracted with an actuary to perform the actuarial calculation. The City's total actuarial accrued liability as of June 30, 2025 was determined to be $1.2 billion. The Buffalo CSD had an actuarial evaluation performed in accordance with GASB 75 that disclosed an accrued OPEB liability of $1.5 billion as of June 30, 2025. There is no current requirement to fund the future OPEB obligation; however the Buffalo CSD assigned $72.6 million of fund balance in fiscal year 2026-27 for such obligation.

Actuarial valuations will be required every two years since both the City and Buffalo CSD have OPEB plans with more than 200 members. Should the City and the School District be required to fund their unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the City's and the School District's finances and could force the City and the School District to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the City and the School District to partially fund their actuarial accrued OPEB liability.

Health Insurance

The City has negotiated discontinuing Health Care into retirement for a number of unions. This affects employees hired after 2016 for Blue Collar (264), Building Inspectors (2651), Operating Engineers (17/71), Crossing Guards and Caulkers (G). The City continues to provide health insurance coverage for Police (PBA), Fire (282) and White Collar (650) employees into retirement. City employees active and retired are covered through a self-insurance program.

Actual expenditures for 2024-25 totaled $96.4 million which consisted of $50.9 million for active employees and $45.5 million for retired employees. The adopted budget for 2026-27 appropriates $126.7 million for both active and retired employees compared to 2025-26, which appropriated $110.5 million for both active and retired employees.

The Buffalo CSD provides continuing health insurance coverage for substantially all Buffalo CSD employees, including certain teachers, who have retired from the Buffalo CSD. It is the Buffalo CSD's practice to fund actual claims paid and accrual an incurred but not reported liability at the end of each fiscal year. For the 2024-25 fiscal year the Buffalo CSD paid $126.3 million for both active and retired employees. The budget for 2025-26 appropriates $132.2 million for both active and retired employees compared to $149.3 million for 2026-27 for the Buffalo CSD.

Debt Service

In fiscal year 2026-27, capital debt service charges for bond principal and interest and capital lease principal and interest obligations, for both the City and the Buffalo CSD are budgeted at $32.5 million.

CITY-RELATED ENTITIES

Buffalo CSD

The Buffalo CSD is dependent on funding from the City, the County, the State and the Federal government. It is governed by an independently elected nine-member Board of Education and operates pursuant to the New York State Education Law. The administration of the schools is the responsibility of the Superintendent of Schools who is appointed by the Board of Education of the Buffalo CSD. The school system operates 20 secondary schools, 37 elementary and intermediate schools, and two special schools. There are 22 charter schools with pupils from Buffalo that operate independently from the Buffalo CSD. All Charter Schools receive the same per pupil tuition rate for Buffalo resident pupils, regardless of their location.

The following table sets forth information relating to the size of the school system.

SIZE OF BUFFALO SCHOOL SYSTEM
Fiscal Year Ended June 30:

	2022	2023	2024	2025	2026
Enrollment	30,471	29,778	29,507	29,681	29,969
Schools(1)	59	59	60	60	60
Instructional Staff(1)	3,598	3,868	3,868	3,715	3,711
Administrative Personnel(2)	246	301	299	297	295
Non-Certified Personnel(2) (3)	1,533	1,843	1,862	1,807	1,807

Source: Buffalo CSD, Finance Office
(1)Includes active schools (with student enrollment), swing schools (with temporary enrollment) and schools under reconstruction
(2)Paid from Buffalo CSD General, Grants and Food Service Funds
(3)Includes clerical, custodial, transportation, maintenance, instructional aides, exempt personnel and other full-time non-certified personnel
(4)Staff and Enrollment projected as of March 31, 2026

Pursuant to the Charter Schools Acts, the Buffalo CSD is required to pay a State-set tuition rate to charter schools that enroll students residing in the City. Charter school enrollment of City resident pupils increased from 3,100 students in the 2003-04 school year to 10,435 in the 2023-24 school year and was originally projected for budgeting purposes to be 11,100 in 2024-25. As of March 31, 2025, the projected enrollment for 2024-25 is 10,812. The budgeted enrollment for 2025-26 is 11,000. The increases in Charter enrollment have been attributable through the availability of new seats, continued growth of enrollment in existing charter schools and additional Charter Schools. During the 2024-25 school year Buffalo Creek Charter School closed March 28, 2025. The funding rate for Fiscal Year 2023-24 was $14,966 per student (including $13,966 for basic tuition, plus an estimated $1,000 for special education funding). Total payments were $144.5 million, $150.9 million and $158.9 million in Fiscal Years 2021-22, 2022-23 and 2023-24 respectively. The budgeted amount for Fiscal Year 2024-25 is $172.9 million. The current funding rate for Fiscal Year 2024-25 is $15,614 per student (including $14,614 for basic tuition, plus an estimated $1,000 for special education funding). The Budgeted Amount for Fiscal Year 2025-26 is $180.7 million. The funding rate for Fiscal year 2025-26, was issued by the State after the Approved Budget, is $16,140 per student. In addition to changes to the base tuition rate, the formula for calculating Special Education tuition and will result in additional cost to the district.

Under legislation enacted in 2015, there are 96 remaining charters that may be issued in the State, all of which are outside of New York City. Accordingly, enrollment in charter schools is expected to increase through a combination of newly approved schools opening and grade evolution within existing charter schools; however increases may be offset with potential charter closings. New charter schools are not subject to Buffalo CSD approval.

The Buffalo CSD's general fund operations, for its 2025-26 fiscal year, were funded 6.34% from the City, 0.45% from the Federal government, 86.65% from State aid, 5.23% from an allotment of County sales tax revenues and 1.33% from other sources of revenue. The Buffalo CSD received $60.3 million in sales tax revenues for 2024-25, and is projected to receive $58.5 million for 2025-26, as of March 31, 2026. The Buffalo CSD budgeted to receive $58.5 million for 2025-26 and $60.3 million for 2026-27

The total amount of State aid the Buffalo CSD received for all funds during the 2024-25 fiscal year was $998.3 million and is projected to receive $1,037.9 million for 2025-26, as of March 31, 2026.

Buffalo Municipal Water Finance Authority

The Buffalo Municipal Water Finance Authority (the "Water Authority") is a public benefit corporation created by the Buffalo Municipal Water Finance Authority Act, constituting Title 2-B of Article 5 of the Public Authorities Law of the State of New York. The Water Authority is administered by a Board of Directors consisting of seven members. Four members of the Board are ex-officio members; two are appointed by the Mayor and subject to confirmation by the City Common Council and one is appointed by the Governor. Pursuant to a Financing Agreement, the Water Authority has entered into an agreement with the Buffalo Water Board (the "Water Board") and the City to provide for the financing of the acquisition of and capital improvements to the Water System through the issuance of bonds or other obligations of the Water Authority. The Water Authority has the power to issue bonds to finance renovations and improvements to the Water System, require the Water Board to fix rates sufficient to pay the costs of operating and financing the Water System and require the City to adequately maintain the System. The total Water System Revenue bonds outstanding as of September 1, 2026 is $200,145,000. The Water Authority has no taxing power. The City is not liable to repay any debt issued by the Water Authority.

Buffalo Water Board

The Water Board is a corporate municipal instrumentality of the State created by Chapter 368 of the New York Law of 1988. Pursuant to an Acquisition Agreement by and between the Water Board and the City, the Water Board acquired title to the Water System from the City on December 29, 1992.

Pursuant to the operation agreement amendment dated August 22, 1997, the Water Board assumed the responsibility to manage, operate, maintain and repair the water system. The operation of the system includes the engagement of independent contractors for the fulfillment of the Water Board's duties and obligations with respect to the system. On May 13, 2020, the Water Board approved a contract with Veolia Water North America-Northeast, LLC ("Veolia") for the management of the System. The agreement executed by Veolia has a term of ten (10) years commencing July 1, 2020. The employees of the City of Buffalo, Division of Water continue to operate, maintain, repair and improve the system as provided for in the aforementioned Management Agreement. The Water Board will continue to provide water services for governmental purposes at no charge to the City. (See "REVENUES – Municipally Generated Revenues – *Annual Payment from the Water Board*," herein).

The Water Board is empowered to establish, fix, revise, charge, collect and enforce the payment of all fees, rates, rents and other service charges for the use of or services furnished to the Water System. The Water Board has covenanted to establish and collect rates, fees and charges to provide sufficient funds in each fiscal year to at least equal (a) 115% of estimated debt service on outstanding Water Authority indebtedness, (b) 100% of the operating expenses of the Water System, (c) 100% of Water Authority and Water Board expenses and (d) 100% of amounts necessary to pay other required deposits.

The Water Board may have seven members, but currently consists of four members. The Water Board members are appointed by the Mayor and subject to confirmation by the City Common Council.

Buffalo Urban Renewal Agency

The Buffalo Urban Renewal Agency ("BURA") was established under the General Municipal Law of the State in 1966 and is composed of the Mayor and eight other members, including the President of the Common Council, the Chairman of the Urban Renewal Committee of the Council, the Minority Leader of the Council, the Corporation Counsel of the City, the Executive Director of the Mayor's Office of Strategic Planning, the Commissioner of Administration and Finance of the City, and two residents of the City appointed by the Mayor. The terms of the members expire with the term of the Mayor.

The City's Office of Strategic Planning is designated as the operating arm of BURA. Historically, BURA was designated by the Common Council as the vehicle through which federal grants for urban renewal to the City are channeled. Effective with 2012-13 fiscal year federal funds were allocated directly to the City. The City has entered into a sub-recipient agreement with BURA to administer some of these activities.

Buffalo Sewer Authority

The Buffalo Sewer Authority (the "Sewer Authority") is a public benefit corporation created in 1935 under the Public Authorities Law of New York State. The Sewer Authority is responsible for the collection, conveyance and treatment of wastewater generated within the City and several suburban communities in order to eliminate sewage pollution in the Niagara and Buffalo Rivers and Lake Erie. Currently the Sewer Authority operates and maintains 845 miles of sewers in the City. The Sewer Authority also operates the Bird Island Sewage Treatment Plant, which is a 180-million gallon per day treatment facility providing primary and secondary treatment and disinfection.

The Board of the Sewer Authority consists of five members appointed by the Mayor for terms of three years. These appointments are subject to confirmation by the Common Council. The Buffalo Sewer Authority is a separate entity which has the power to raise its own revenues, incur debt, construct facilities, and to enforce its rules, regulations and permits. With the consent of the City, the Sewer Authority is authorized to utilize the employees and facilities of the City to carry out its duties and responsibilities. The Sewer Authority utilizes the services of the City's Law Department, the Department of Audit and Control, the Assessment Department, the Treasury Division and the Water Board. Sewer rent charges based on assessed valuation are mailed with the City tax bills and sewer rents based upon water usage are billed by the Water Board. For all these services, the Sewer Authority paid the City $3.9 million in 2024-25 This charge includes $0.5 million for the Water Board. Finally, the Corporation Counsel, Comptroller and the Treasurer serve in the same capacity for the Sewer Authority as they do for the City.

The 2026-27 Sewer Authority budget totals $84.5 million, a $5.1 million increase over the prior year. The major revenues for the Sewer Authority are sewer charges based upon water consumption and sewer charges based on assessed valuation. For 2026-27, sewer charges based upon water consumption increased by six percent, and the sewer levy for sewer charges based on assessed valuation increased by $1.9 million.. The outstanding debt for the Sewer Authority was $121.0 million at July 1, 2026. $29.8 million of these bonds were issued by New

York State Environmental Facilities Corporation (the "EFC"), in 2012, 2014, 2015 and 2021. $47.8 million of these bonds were Sewer System Revenue Bonds, Series 2025A.

Buffalo Municipal Housing Authority

Public housing projects in the City are owned and operated by the Buffalo Municipal Housing Authority ("BMHA"), an independent government agency created in 1934 under the New York State Public Housing Law. The BMHA is administered by a seven-member board; five members are appointed by the Mayor for a five-year term and two members are elected by the tenants. The BMHA makes payments in lieu of taxes to the City on behalf of the low rent housing projects.

Under the State program, the BMHA constructed four projects with 1,934 units between July 1953 and November 1959. Funds for construction were provided through the issuance of State housing bonds. The original State subsidy for construction of these projects was based upon construction costs.

In March 1961, the BMHA, the City and the State entered into a contract whereby the BMHA receives an annual subsidy from the State and the City. The City is responsible for the annual net operating losses after the State subsidy amount. Currently, two of the projects have been federalized, one is vacant. The City doesn't anticipate making any further subsidy payments on these projects.

The BMHA constructed 22 federally aided housing projects with a total of 5,223 units between 1937 and 1980. Funds for the construction of these projects were made available through the issuance of public housing bonds by the U.S. Department of Housing and Urban Renewal. These projects have been financially self-supporting and are financed through federal rent subsidies, federal operating subsidies and debt service subsidies. Also, the federal government provides funding for modernization of these projects. Presently, the BMHA maintains 4,295 units. This reduction in units is due in part to demolitions and conversion of units to enhance marketability. In addition, the BMHA administers approximately 1,200 housing choice vouchers under two Section 8 programs.

The BMHA also participates in the implementation of the HOPE VI Grant Program (Homeownership and Opportunity for People Everywhere). This grant enables the demolition of obsolete public housing projects or portions thereof, the revitalization (where appropriate) of sites (including remaining public housing units) on which sites are located, replacement housing which will avoid or lessen concentration of very low-income families, and tenant based assistance in accordance with Section 8 of the United States Housing Act of 1937 for the purpose of providing replacement housing and assisting tenants to be displaced by demolition.

Buffalo Parking Authority

The Buffalo Parking Authority, a newly-formed public benefit corporation was established through a budget authorization by New York State on May 9, 2025. The Authority was officially established on October 14, 2025, when all five board members were appointed by the Mayor with advice and consent of the Common Council. The responsibility of the Parking Authority is to maintain and operate four parking ramps.

One foundational aspect of the Authority is its initial purchase of the four (4) City-owned parking ramps which was accomplished on June 29, 2026. Buffalo Civic Auto Ramps (BCAR), a privately-owned not-for-profit, the operator of the City's parking ramps for several decades, was contracted by the Authority to continue its operations. An agreement between the City and Authority establishes terms that include a payment structure/schedule, parking rate limits, and management rights. The City received payments of approximately $30.0 million in 2025-26, $20.0 million in 2026-27, and $10.9 million in 2027-28 related to the sale of the four City parking ramps. In addition, the Authority will pay a management fee of $100,000 to the City general fund starting in the 2026-2027 fiscal year.

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Other Entities

Erie County

The County, in which the City is located, historically has been responsible for the funding and administration of social service programs such as Medicaid, Family Assistance and Safety Net Assistance programs for City residents.

The County operates the former City library system and meets all operating costs of the system. The City is responsible for capital construction costs and all maintenance for any branches located in the City.

The Delaware Park Zoo is operated under a private management contract with the Buffalo Zoological Society (the "Zoological Society"). The Zoo's financial controls include contractual provisions that the Common Council must approve all fees charged by the Zoological Society and all concession licenses and sub-licenses; all substantial repairs must be approved by the City's Director of Buildings; the Zoological Society's proposed budget must be submitted to the City and all salaries over $20,000 per year must be approved by the Mayor.

The County Department of Central Police Services has responsibility for police recruit training including City police officers, for the police laboratory, for police computer services and for the intake of complaint calls at the 911 communications center.

The amount of County real property taxes that may be levied in any fiscal year, other than for debt service on County indebtedness, is constitutionally limited to 1.5% (subject to an increase up to 2.0% by resolution of the County Legislature) of the average full valuation of taxable real estate for the previous five years. A local law, however, effective January 1, 1979, limits the maximum amount of real property taxes that can be levied other than for debt service to 1.0% of such average full valuation of taxable real property.

Niagara Frontier Transportation Authority

The Niagara Frontier Transportation Authority (the "NFTA") was created in 1967 as a Public Benefit Corporation in New York State. The NFTA is a multi-modal transportation authority responsible for air and surface transportation in Erie and Niagara Counties. Its Board consists of a chairman and 10 other voting commissioners appointed by the Governor with the confirmation of the State Senate and 1 non-voting commissioner representing the authority's largest union. There is a financial or operating relationship with the City related to the Board of Education's payments to cover the cost of transporting school children to and from Buffalo CSD schools and the NFTA acts as a pass through of Federal Transit Administration grant funds for projects related to the Buffalo Niagara Medical Campus and Cars Sharing Main Street.

The NFTA operates a unified Metro Bus and Rail system in the two-county area with three transportation centers, the Metropolitan Transportation Center in the city of Buffalo, the Niagara Falls Transportation Center and the Portage Road Transit Center. The Metro Bus system is run by a subsidiary of the NFTA, Niagara Frontier Transit Metro System, Inc. This subsidiary began operations on April 1, 1974. Metros' fleet includes 330 buses, 62 small buses for fixed route and Paratransit service, five MetroLink Trolleys, and 27 rail cars. The 78 bus routes, traveling 11.7 million miles per year, and the 6.2 mile rail line provide transportation service across the 1,575 square mile service area in Erie and Niagara counties, serving an estimated 28 million passengers a year.

The NFTA also operates the Buffalo Niagara International Airport (BNIA) and the Niagara Falls International Airport (NFIA). The BNIA is a 25-gate facility, which includes a federal inspection service providing accommodations for both domestic and international flights. Major national air carriers, which include Delta, American, Jet Blue, Southwest and United, and their respective regional air carriers service the BNIA. The Niagara Falls International Airport serves as the reliever airport for the area, and presently has commercial, charter and general aviation operations at the airport and a military base and home station for units of both the United States Air Force Reserve and the New York State Air National Guard.

Erie Canal Harbor Development Corporation

The Erie Canal Harbor Development Corporation (ECHDC) is governed by a nine-member board consisting of seven voting directors and two non-voting, ex-officio directors. The seven voting directors are recommended by the New York State Governor and are appointed by the New York State Urban Development Corporation d/b/a Empire State Development as sole shareholder of ECHDC. The two non-voting, ex-officio director positions are held by the Erie County Executive and the City of Buffalo Mayor.

As a subsidiary of Empire State Development, the states chief economic development agency, the ECHDC supports and promotes the creation of infrastructure and public activities at Canalside, the Ohio Street corridor and the Outer Harbor that is attracting critical mass, private investment and enhance the enjoyment of the waterfront for residents and tourists in Western New York. Its vision is to revitalize Western New York's waterfront and restore economic growth to Buffalo based on the regions legacy of pride, urban significance and natural beauty.

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THE BUFFALO FISCAL STABILITY AUTHORITY

In May 2003, the State declared a state of fiscal crisis with respect to the City and on July 3, 2003, the Governor signed into law Chapter 122 of the Laws of 2003 of the State, as amended from time to time (the "BFSA Act"), creating the BFSA. The BFSA is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation with a broad range of financial control and oversight powers over the City. Such oversight includes reviewing and commenting on the terms of any proposed borrowing by the City and certain non-exempted "Covered Organizations" (as defined in the BFSA Act and include, among others, the Buffalo CSD).

The BFSA is governed by a board of nine directors, seven of which are appointed by the Governor of the State. Of the seven directors appointed by the Governor, one must be a resident of the City, one is to be appointed following the recommendation of the State Comptroller, and one is to be appointed on the joint recommendation of the Temporary President of the Senate and the Speaker of the Assembly. The Mayor of the City and the County Executive serve as ex officio directors. The Governor designates the Chairperson and Vice Chair from among the directors. Five directors constitute a quorum.

The BFSA Act provides that the BFSA shall have different financial control and oversight powers depending upon whether the City's financial condition causes it to be in a "control period" or an "advisory period." Pursuant to the BFSA Act, an advisory period may not begin until the BFSA has determined that: "(a) for each of the three immediately preceding City fiscal years, the City has adopted and adhered to budgets covering all expenditures, other than capital items, the results of which did not show a deficit, without the use of any BFSA assistance as provided for within the BFSA Act, when reported in accordance with generally accepted accounting principles, and; (b) the City Comptroller and the State Comptroller jointly certify that securities were sold by the City during the immediately preceding City fiscal year in the general public market and that 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 four-year financial plan then in existence." On May 29, 2012, the BFSA made a determination that all provisions of the BFSA Act with respect to transitioning into an advisory period had been met and resolved to enter into an advisory period effective July 1, 2012. An advisory period shall continue through June 30, 2037, unless a control period is re-imposed.

Under the BFSA Act, the BFSA began its existence during a City control period, which means that the BFSA commenced operation with its maximum authorized complement of financial control and oversight powers, as described below. Under an advisory period, the BFSA operates with a reduced set of financial oversight powers and responsibilities. After an advisory period has been established, a control period may be re-imposed on the City upon a determination that a fiscal crisis is imminent or that any of the following events has occurred or that there is a substantial likelihood and imminence of its occurrence: (a) the City shall have failed to adopt a balanced budget, financial plan or budget modification as required by Sections 3856 and 3857 of the BFSA Act; (b) the City shall have failed to pay the principal of or interest on any of its bonds or notes when due; (c) the City shall have incurred an operating deficit of one percent or more in the aggregate results of operations of any major fund of the City or a Covered Organization during its fiscal year assuming all revenues and expenditures are reported in accordance with generally accepted accounting principles, subject to the provisions of the BFSA Act; (d) the chief fiscal officer's certification at any time, at the request of the BFSA or on the chief fiscal officer's initiative, which certification shall be made from time to time as promptly as circumstances warrant and reported to the BFSA, that on the basis of facts existing at such time such officer could not make the certification described in subdivision one of Section 3851 of the BFSA Act; or (e) the City shall have violated any provision of the BFSA Act.

During an advisory period, the BFSA is empowered, among other things, (i) to review the operation, management, efficiency and productivity of City operations and of any Covered Organization's operations, and to make reports and recommendations thereon; (ii) to review and comment on the budget, financial plan and financial plan modifications of the City and any of the Covered Organization's; (iii) to audit compliance with the City and any of the Covered Organization's financial plans; (iv) to review and comment on the terms of any proposed borrowing, including the prudence of each proposed issuance of bonds or notes by the City; (v) to assess and comment on the impact of any collective bargaining agreement to be entered into by the City; and (vi) to impose a control period upon making one of the statutory findings. See "– THE BUFFALO FISCAL STABILITY AUTHORITY – BFSA Review of Financial Plans and Budgets" below for additional information.

While currently under an advisory period, a control period could be re-imposed in the event of the occurrence of certain events as described above. During a control period, the BFSA would be empowered, among other things, (i) to approve or disapprove contracts, including collective bargaining agreements to be entered into by the City or any Covered Organization, binding or purporting to bind the City or any Covered Organization; (ii) to approve or disapprove the terms of borrowings by the City and Covered Organizations; (iii) to approve, disapprove or modify the City's financial plans and take any action necessary in order to implement the financial plan should the City or any Covered Organization fail to comply with any material action necessary to fulfill the plan, including issuing binding orders to the appropriate local officials; (iv) to set a maximum level of spending for any proposed budget of any Covered Organization; (v) to impose a wage or hiring freeze, or both, with respect to employees of the City or any Covered Organization; (vi) to review the operation, management, efficiency and productivity of the City and any Covered Organization; and (vii) upon a determination that no condition exists which would permit imposition of a control period to terminate the control period.

BFSA Review of Financial Plans and Budgets

The BFSA entered into an advisory period effective July 1, 2012. The BFSA is empowered under an advisory period to review and comment on the budget and financial plans of the City and the Covered Organizations. If the BFSA determines that the financial plan is complete and complies with the standards set forth in the BFSA Act, the BFSA shall make a certification to the City setting forth revenue estimates agreed to by the BFSA in accordance with such determination. In the event the BFSA disagrees with elements of the financial plan as provided for within the BFSA Act, the BFSA shall provide notice thereof to the City, with copies to the Director of the Budget, the State Comptroller, the Chair of the Assembly Ways and Means Committee and the Chair of the Senate Finance Committee, if in the judgment of the BFSA, such financial plan: (i) is incomplete; (ii) fails to contain projections of revenues and expenditures that are based on reasonable and appropriate assumptions and methods of estimation; (iii) fails to provide that the operations of the City and the Covered Organizations will be conducted within the cash resources available; or (iv) fails to comply with the provisions of the BFSA Act or other requirements of law. The BFSA Act requires that the Financial Plan be considered as a whole including the City and all Covered Organizations under the BFSA Act. See "– THE BUFFALO FISCAL STABILITY AUTHORITY – BFSA Oversight Actions" below for additional information.

BFSA Debt Issuances

The BFSA has the power to issue bonds and notes for various City purposes, including the restructuring of a portion of the City's outstanding debt. Pursuant to the BFSA Act, such bonds or notes are payable from City tax revenues, Buffalo CSD tax revenues and State aid revenues. City tax revenues consist of the portion of the net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County, currently at the rate of 4.75%, that are payable to the City under the local sales tax agreement among the City, the County and the cities of Lackawanna and Tonawanda (the "Local Sales Tax Agreement") authorized by Section 1262(c) of the State Tax Law on the sale and use of tangible personal property and services in the County (the "Local Sales Tax") (see "REVENUES–Erie County Sales Tax"). The BFSA Act requires the County to impose the Local Sales Tax at a rate of no less than 3% through the period ending June 30, 2037. Under the Local Sales Tax Agreement, the City is presently entitled to receive a pro rata share, on the basis of population, of (i) an amount equal to 10.0087% of the net collections from such 3%, which is shared among the City, Lackawanna and Tonawanda, and (ii) an amount equal to 25.6858% of the net collections from such 3%, which amount is shared among the City, Lackawanna, Tonawanda and the towns within the County. In addition, pursuant to Section 1262-q of the State Tax Law, as amended, during the period beginning January 1, 2007, through and including November 30, 2027, the County is required to allocate to the cities and towns within the County the first $12.5 million of any net collections from the additional 1% of sales and compensating use taxes authorized by Section 1210(i)(4) of the State Tax Law, which allocation must be made in the manner and proportion required by the Local Sales Tax Agreement, and therefore result in additional City sales tax revenues of approximately $5.7 million. The Buffalo CSD tax revenues consist of the portion of the County's net collections from the Local Sales Tax that is payable to the Buffalo CSD by the County pursuant to Section

1262(a) of the State Tax Law. The Buffalo CSD presently receives a pro rata share, on the basis of average daily attendance of public school pupils who are residents of the County, of an amount equal to 29.0% of the net collections from such 3%, which amount is shared among all school districts with territory in the County.

State aid revenues consist of all general purpose local government aid, emergency financial assistance to certain cities, emergency financial assistance to eligible municipalities, supplemental municipal aid, and any successor type of aid and any new aid appropriated by the State as local government assistance for the benefit of the City, which are paid or payable to the BFSA pursuant to the BFSA Act, except as otherwise prescribed by the State Legislature. BFSA bonds and notes are not secured by or payable from State aid and the BFSA has no lien on or right to receive State aid.

The BFSA previously issued five series of bonds on behalf of the City and Buffalo CSD in a total aggregate principal amount of $156.6 million. As of September 2, 2025, all such bonds have been fully paid.

BFSA Oversight Actions Related to the City's 2026-27 Fiscal Year

On April 15, 2026, the City submitted to the BFSA the 2027-30 four-year financial plan that included the City of Buffalo, the Buffalo Urban Renewal Agency, and the Buffalo Municipal Housing Authority, along with the proposed City 2026-27 budget, for review and determination whether the financial plan was complete and complied with the standards set forth in the BFSA Act §3857, subd. 2. The BFSA reviewed the financial plan on May 5, 2026, declared the plan to be incomplete, and required: 1) the 2026-27 proposed City budget be modified to reduce estimated revenue by $5.5 million for the expected replenishment of restricted fund balance for capital outlay; 2) the Mayor submit a City budget gap closing plan to address the potential budgetary shortfall in 2026-27 of $25.8 million; 3) the Mayor submit a City financial gap closing plan and/or supporting documentation by August 15, 2026 for revenue and cost estimates over the 2027-30 financial plan or alternatively modify the 2027-30 financial plan, or submit supporting documentation to ascertain the reasonableness of the estimates as included in the 2027-30 financial plan, for years 2027-28, 2028-29, and 2029-30 in the amounts of $65.9 million, $48.9 million, and $60.2 million, respectively; and 4) the Superintendent of the Buffalo CSD submit a 2027-30 financial plan. On June 17, 2026, the BFSA reviewed the City's adopted 2026-27 budget and found that revenues were reduced by $5.5 million for the expected replenishment of restricted fund balance for capital outlay and the requirement to submit a budget gap closing plan in the amount of $25.8 million had been fulfilled. The BFSA also reviewed the Buffalo CSD's adopted 2026-27 budget; a financial plan was not submitted. The financial plan was again found to be incomplete and required 1) the submission of a revised City 2027-30 financial plan for consistency with the adopted budget; and 2) the Superintendent of the Buffalo CSD submit a 2027-30 financial plan no later than June 30, 2026. The requirement remains to submit a revised City 2027-30 financial plan or a financial gap plan by August 15, 2026. On July 7, 2026, the BFSA reviewed and commented on the proposed City of Buffalo 2026 bond issue. On July 29, 2026, the BFSA reviewed the City's revised four-year financial plan and financial gap closing plan, finding the City's individual financial plan to be consistent with the BFSA Act; however, the 2027-30 financial plan as a whole was determined to be incomplete due to the failure of the Buffalo CSD to submit a four-year financial plan as required by the BFSA Act and required notice of such failure be provided to various State officials as required by the BFSA Act. On September 8, 2026, the BFSA reviewed and commented on the proposed 2026B bond issue and the 2026 bond anticipation note.

In accordance with the BFSA Act, and for so long as an advisory period shall remain in effect, the City and the non-exempted Covered Organizations are required to submit their budget modifications to the BFSA to address changing expenditures and revenue projections.

BFSA Oversight Actions Related to the City's 2025-26 Fiscal Year

On April 8, 2025, the City submitted to the BFSA the 2026-29 four-year financial plan that included the City of Buffalo, the Buffalo Urban Renewal Agency, and the Buffalo Municipal Housing Authority, along with the proposed City 2025-26 budget for review and determination whether the financial plan was complete and complied with the standards set forth in the BFSA Act §3857, subd. 2. The BFSA reviewed the financial plan on April 28, 2025, declared the plan to be incomplete, and required: 1) the Mayor submit a budget gap closing plan to address a potential budgetary revenue shortfall of $40,900,000 as contained in the 2025-26 proposed City budget; 2) the Executive Director of the Buffalo Municipal Housing Authority submit a financial gap closing plan to address projected losses as contained in the financial plan, and; 3) the Superintendent of the Buffalo CSD submit a 2025-26 budget and 2026-29 financial plan. On June 16, 2025, the BFSA reviewed and accepted the submissions as made by the Mayor and the Executive Director of the Buffalo Municipal Housing Authority; however, the financial plan was again declared incomplete due to the failure of the Superintendent of the Buffalo CSD to submit a financial plan. The Interim Superintendent of the Buffalo CSD submitted its financial plan to the BFSA on July 17, 2025, which was subsequently reviewed on August 12, 2025. On this date, the BFSA found the combined financial plan to be consistent with the BFSA Act but noted areas of significant concern and recommendations as contained within the BFSA reports on the reviews conducted over the individual financial plans. On September 10, 2025, the BFSA reviewed and commented on the proposed City of Buffalo 2025 bond anticipation note. On November 17, 2025, the BFSA reviewed three separate proposed labor agreements between the Buffalo CSD and the Buffalo Association of Substitute Administrators, the Buffalo Educational Support Team, and the Substitutes United/Buffalo, representing substitute administrators, teacher aides, teaching assistants and healthcare aides, and substitute teachers, respectively. The total estimated cost for these three agreements over the 2026-29 financial plan is $12.1 million District-wide, with an estimated General Fund only cost of $10.3 million. A financial plan modification was not required. On December 3, 2025, the BFSA reviewed and commented on the 2026 City capital budget and related 2026-2029 capital improvement program. On March 9, 2026, the BFSA reviewed a memorandum of agreement between the City and the Police Benevolent Association, noting such agreement was entered into in December 2025 and was not presented to the BFSA for review and comment prior to execution; however, the BFSA determined that the memorandum of agreement did not have a material impact on the 2026-2029 financial plan. On May 2, 2026, the BFSA reviewed a modified 2026-29 financial plan of the Buffalo CSD finding such modification to be reasonable. On June 17, 2026, the BFSA reviewed and commented on the proposed City of Buffalo Parking Authority parking system revenue bonds, Series 2026.

BFSA Oversight Actions Related to the City's 2024-25 Fiscal Year

On May 1, 2024, the City submitted to the BFSA the 2025-28 four-year financial plan that included the City of Buffalo, the Buffalo Urban Renewal Agency, and the Buffalo Municipal Housing Authority, along with the proposed City 2024-25 budget for review and determination whether the financial plans were complete and complied with the standards set forth in the BFSA Act §3857, subd. 2. The 2025-28 four-year financial plan excluded the individual financial plan of the Buffalo CSD. The BFSA reviewed the 2025-28 financial plan on May 15, 2024 and declared such plan to be incomplete; the BFSA required 1) the City submit the Buffalo CSD's financial plan upon completion and submission to the City by the Buffalo CSD, 2) the submission of a gap closing plan to address potential overestimated revenues of $11.5 million contained in the proposed 2024-25 City budget, 3) the submission of a gap closing plan to address potential overestimated revenue in the three outyears of the plan totaling $90.2 million, and 4) the Mayor to provide a plan to address potential delays in the receipt of cannabis tax and casino revenue. On June 17, 2024, the BFSA reviewed the City's adopted 2024-25 budget and the gap closing plan having been submitted on June 2, 2024, which addressed the potential overestimated revenues of $11.5 million contained in the proposed 2024-25 City budget. The BFSA found that the 2025-28 financial plan remained incomplete and required 1) the City submit the Buffalo CSD's financial plan upon completion and submission to the City by the Buffalo CSD, 2) the Mayor submit a revised 2025-28 financial plan that is consistent with the modifications made during budget adoption, 3) the submission of a gap closing plan to address potential overestimated revenue in the three outyears of the plan totaling $90.2 million, and 4) a plan to address potential delays in the receipt of cannabis tax and casino revenue. The BFSA reviewed the final 2025-28 financial plan on September 23, 2024. The BFSA found that the financial plan of the City failed to address the potential delays in cannabis tax and casino revenue in the three outyears of the financial plan and required enhancements to the proposed gap closing plan be submitted to BFSA; no such plan has yet been submitted. The BFSA found the financial plans of the Buffalo CSD, the Buffalo Municipal Housing Authority, and the Buffalo Urban Renewal Agency, to be compliant with the BFSA Act noting areas of significant concern in the Buffalo CSD's plan. On December 11, 2024, the BFSA conducted its examination of the first quarter report as submitted by the City and subsequently determined the City of Buffalo's 2024-25 budget to be unbalanced by approximately $17.5 million and required the budget be modified as soon as possible but in no event later than January 31, 2025. Also on December 11, 2024, the BFSA reviewed and commented on the 2025 City capital budget and related 2026-2029 capital improvement program. On March 10, 2025, the

BFSA reviewed the City's revised 2024-25 forecasted revenue and considered a City of Buffalo Common Council action which reallocated $17.2 million in American Rescue Plan Act funding to unrestricted general fund revenue; the BFSA determined this action satisfied the requirement for a modified financial plan.

BFSA Oversight Actions Related to the City's 2023-24 Fiscal Year

On May 1, 2023, the City submitted to the BFSA the 2024-27 four-year financial plan that included the City of Buffalo, the Buffalo Urban Renewal Agency, and the Buffalo Municipal Housing Authority, along with the proposed City 2023-24 budget for review and determination whether the financial plans were complete and complied with the standards set forth in the BFSA Act §3857, subd. 2. The 2024-27 four-year financial plan excluded the individual financial plan of the Buffalo CSD. The BFSA reviewed the 2024-27 financial plan on May 17, 2023, and on June 5, 2023, declared such plan to be incomplete. The BFSA furthermore required the City to submit supporting documentation and/or reasonable underlying assumptions for certain revenue estimates, to submit a revised City of Buffalo Recovery Plan that provided adequate resources for federal stimulus for revenue loss as included in the proposed City 2023-24 budget and related four-year financial plan, and to submit the Buffalo CSD 2024-27 financial plan upon completion. Such items were to be submitted no later than June 12, 2023. On June 21, 2023, the BFSA reviewed the City's adopted 2023-24 budget and again found the 2024-27 financial plan to be incomplete; the BFSA again required the City to submit supporting documentation and/or reasonable underlying assumptions for certain revenue estimates, to submit a revised City of Buffalo Recovery Plan that provided adequate resources for federal stimulus for revenue loss as included in the proposed City 2023-24 budget and related four-year financial plan, and to submit the Buffalo CSD 2024-27 financial plan upon completion, no later than June 30, 2023. The City submitted the final 2024-27 financial plan on July 7, 2023, which contained the financial plan of the Buffalo CSD, and the BFSA reviewed such financial plan on July 26, 2023. The BFSA contingently approved the 2024-27 financial plan based on approval of the draft revised City of Buffalo Recovery Plan, which had been submitted to the City of Buffalo Common Council but had not yet been acted upon. This contingency was resolved on July 27, 2023, upon approval of the revised City of Buffalo Recovery Plan by the City of Buffalo Common Council.

On July 26, 2023, the BFSA reviewed a proposed labor agreement between the Buffalo Municipal Housing Authority (BMHA) and the American Federation of State, County, and Municipal Employees (AFSCME), Local 264, representing approximately 6 managerial members, 46 white-collar members, and 52 blue-collar members; additionally a labor agreement with Local 17-S International Union of Operating Engineers, representing approximately 18 members, was reviewed. The total estimated cost for these agreements over the 2024-27 financial plan is $4.7 million; a financial plan modification is to be completed by BMHA. On October 5, 2023, BFSA reviewed and commented on the final 2024 City capital budget and related 2025 – 2028 capital improvement program. Additionally, BFSA reviewed a proposed memorandum of agreement between the City and AFSCME, AFL-CIO, Local 2651, representing approximately 51 building inspectors. The total cost of this contract over the 2024-27 financial plan was estimated at $4.4 million; no financial plan modification was necessary. On November 13, 2023, the BFSA reviewed and commented on a proposed labor agreement between the City and the International Union of Operating Engineers, Local 17-17S, representing approximately 23 operating engineers. The total estimated cost over the 2024-27 financial plan was $1.1 million; no financial plan modification was required. On December 5, 2023, the BFSA reviewed a memorandum of agreement between the City and the International Brotherhood of Teamsters Local 264T, representing approximately 22 caulkers. The total estimated cost of this agreement was $1.3 million over the 2024-27 financial plan impacting the Water Fund solely; no financial plan modification was required. On January 11, 2024, the BFSA reviewed a proposed labor agreement between the City and the Police Benevolent Association representing approximately 727 police officers; the terms of this agreement are also extended to 10 exempt positions within the police department. The total cost of this contract over the 2024-27 financial plan was estimated at $70.0 million and a projected financial plan gap between $5.0 million and $20.0 million was identified. The BFSA indicated a budget gap plan is to be submitted with the upcoming 2025-28 financial plan to address such budgetary shortfalls as projected over the financial plan. On March 25, 2024, the BFSA reviewed and commented on the proposed 2024 bond issue.

CITY INDEBTEDNESS

At September 1, 2026 the City has outstanding gross indebtedness of $179.9 million. Real property within the City is subject to assessment and taxation for City debt, as well as debt of the Sewer Authority and a proportionate share of County debt.

Certain Features of Debt Authorization

In general, the State Legislature has empowered the City to borrow and incur capital indebtedness by the enactment of the Local Finance Law, subject to certain constitutional provisions and to limitations imposed on the City by the BFSA Act. The City is prohibited from giving or loaning any money or property to or in aid of any individual or private corporation or private undertaking or giving or loaning its credit to or in aid of any of the foregoing or any public corporation. The City may contract indebtedness only for City purposes. The City generally authorizes construction and financing of facilities which are of service to its citizens on a City-wide basis. The City finances and maintains refuse services, streets and schools, City-owned buildings and several parks and playgrounds, all of which necessitate a regular capital improvement program. Capital projects are normally planned and proposed to the Common Council by the City Administration. Certain capital projects are subject to regulation and approval of applicable commissions and agencies. In addition, the City is authorized to issue bonds to pay judgments and claims.

Each bond resolution requires approval by the Mayor within ten days after its passage or, if disapproved by the Mayor, must be passed again by three-fourths vote of the Common Council. Generally, each adopted bond resolution is thereafter subject to petition for repeal during the thirty-day period following its adoption. Each petition must be signed by electors of the City who were registered at the last preceding general election equal in number to at least 10% of registered voters in the City for such election. If a petition for repeal is filed, and such bond resolution is not repealed by the Council, it must be submitted to referendum for approval or disapproval by the electorate. Assuming no petition is presented and no referendum is required on the resolution, such resolution takes effect upon expiration of the thirty-day period.

The Local Finance Law also provides a twenty-day statute of limitations after publication of an adopted bond resolution together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolutions, except for alleged constitutional violations. The City followed this procedure for all of the bond resolution adopted to authorize issuance of the Bonds and the Notes.

The City is authorized by the State Constitution to contract debt for objects or purposes which the State Legislature has determined to have a “period of probable usefulness” and the maximum maturity of such debt may not exceed the period of probable usefulness of the object or purpose as determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which it is contracted. Serial bonds mature in annual installments and may be issued to finance any object or purpose for which a “period of probable usefulness” has been determined by the State Legislature. With the exception of serial bonds issued under certain housing and urban renewal programs, no annual installment of a serial bond may be more than 50% in excess of the smallest prior installment unless the Common Council provides for substantially level or declining debt service in the manner prescribed by the State Legislature. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (constitutional, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

A condition precedent to the incurrence of capital indebtedness to be financed by borrowing is the adoption of a bond resolution in conformity with the provisions of the Local Finance Law, which law requires that the City estimate the maximum cost of, and amount to be expended for, the particular object or purpose to be financed. Except for financings prior to July 15, 2027, Section 107.00 (d)(9) of the Local Finance Law requires that the City provide a percentage of the cost to be financed from current funds, either budgeted or received from proceeds of capital note issues. In addition, there is no requirement for a current fund down payment with respect to projects having a useful life not in excess of five years, capital improvements estimated to be self-sustaining, improvements to docks, wharves, and piers, and certain other types of improvements.

In general, the Local Finance Law contains similar provisions providing the City with power to issue general obligation revenue and tax anticipation notes, budget, deficiency and capital notes. The Common Council has delegated its power with respect to the issuance and sale of bonds and notes to the Comptroller, the chief fiscal officer of the City under its Charter.

All indebtedness contracted by the City pursuant to the Local Finance Law constitutes a general obligation of the City. As required by the State Constitution and applicable law, the City pledges its faith and credit for the payment of the principal of and interest on all City indebtedness.

Debt Limit

The State Constitution limits the amount of indebtedness, both funded and short-term, which the City may incur. In accordance with the BFSA Act, debt issued by the BFSA is not subject to the City's debt limit. The State Constitution provides that the City may not contract indebtedness in an amount greater than 9% of the average full value of taxable real property in the City for the most recent five years. Certain indebtedness is excluded in ascertaining the City's authority to contract indebtedness within the constitutional limits; accordingly, debt of this kind, commonly referred to as "excluded debt", may be issued without regard to the constitutional limits and without affecting the City's authority to issue debt subject to the limit. Such exclusions are authorized by the Constitution and include the following:

(i) tax anticipation notes, revenue anticipation notes and budget notes, to the extent such obligations are retired within five years of their original issuance;

(ii) indebtedness (commonly referred to as "self-sustaining debt") contracted for public improvements or services which provide sufficient annual revenue after paying annual operating expenses of the improvement or service, to pay at least 25% of the annual interest and principal installments due on such indebtedness (the indebtedness is excluded after approval by the State Comptroller in a proportion equal to the proportion of annual debt service covered by net revenues of the improvement or service for which it was contracted, and under State law, the revenues from such improvement or service, for the period of the exclusions, must be used solely for debt service on the excluded indebtedness, operating and other costs of the improvement or service, or deposited in a special account to be used for such purposes); and

(iii) indebtedness contracted for supply of water.

The City received from the State Comptroller a renewal certificate stating that the City, in computing its debt contracting power pursuant to Article 8 of the Constitution of the State and Section 123.00 of the Local Finance Law, may exclude 100% of the principal amount of outstanding bonds heretofore issued for the construction of public parking facilities in the City which are operational, it having been shown during the fiscal year ended June 30, 2025 that the net revenues of the facilities are sufficient to pay 100% of the debt service on the respective issues of outstanding bonds. This certificate expires on October 1, 2026 and will not be renewed. Debt related to the four parking ramps will be defeased in connection with the transfer of the ramps to the newly-established Buffalo Parking Authority. (See "CITY-RELATED ENTITIES - Buffalo Parking Authority"). Authorized but unissued debt is not charged against the debt limit.

CITY OF BUFFALO
STATEMENT OF DEBT CONTRACTING POWER
September 1, 2026[(1)(2)]

			Amount	Percent
Average Full Valuation of Taxable Real Property and Special Franchises as Determined by the Last Completed Assessment Roll and the Four Preceding Rolls		$	22,272,215,839	
Debt Contracting Limitation: Nine Percent of Average Full Valuation - Article VIII, Section 4, of the Constitution of the State of New York		$	2,004,499,426	100.00%
Gross Indebtedness:				
Borrowings:				
Serial Bonds	$ 150,450,000			
Bond Anticipation Notes	29,433,750			
Total Gross Debt	$ 179,883,750			
Exclusions:				
Exempt Debt:				
Parking Facilities Bonds	2,350,749			
Reserve to Pay Non-Exempt Debt	4,619,438			
Appropriation in Current Budget to Pay Non-Exempt Debt Maturing during Remainder of FY	29,785,185			
Total Exclusions	$ 36,755,372			
Net Indebtedness			143,128,378	7.1%
Debt-Contracting Margin			1,861,371,048	92.9%
Less Authorized But Unissued Non-Exempt Debt[(3)]			82,181,329	4.1%
Effective Borrowing Capacity		$	1,779,189,719	88.8%

Source: City of Buffalo, Department of Audit and Control, Division of Cash and Debt Management
[(1)]Computation of debt-contracting limitation, see Table of Constitutional Tax Levying and Debts Contracting Limitation under "Property Taxes," herein
[(2)]Municipal Bond Bank Agency debt not included within this schedule
[(3)]Bond resolutions authorized for which debt has not been issued

Debt Statement

The following table, showing all outstanding direct general obligation indebtedness to which the City has pledged its faith and credit for payment of principal and interest, indicates the net amount of debt which is actually serviced from general City revenues, and includes that portion of the debt of the Municipal Bond Bank Agency, and of the County and the Sewer Authority for which the real property taxpayers of the City are responsible. No authorized but unissued debt has been included.

CITY OF BUFFALO
STATEMENT OF DIRECT AND OVERLAPPING INDEBTEDNESS
September 1, 2026

DIRECT DEBT						
Bonded Debt:						
General Purpose			$ 147,734,251			
School			365,000			
Off-Street Parking Facilities[1]			2,350,749			
Total Bonded Debt						$ 150,450,000
Other Debt:						
Bond Anticipation Notes			29,433,750			
Municipal Bond Bank Agency[2]			5,405,000			
Capital Lease Obligations			-			
Total Other Debt:						34,838,750
GROSS DIRECT DEBT						$ 185,288,750
Deductions:						
Self-Supporting debt						
Off-Street Parking Facilities			2,350,749			
Total Deductions						2,350,749
NET DIRECT DEBT						$ 182,938,001
OVERLAPPING DEBT	Outstanding		City Share %			City Share
Erie County	285,571,924	(3)	18.5%	(4)		52,830,806
Buffalo Sewer Authority	121,057,821		68.1%	(5)		82,440,376
NET OVERLAPPING DEBT						$ 135,271,182
NET DIRECT AND OVERLAPPING DEBT						$ 318,209,183

Source: City of Buffalo, Department of Audit and Control, Division of Cash and Debt Management.

(1)Prior to June 29, 2026, pursuant to a Management agreement between the City and a non-profit private parking operator, the City received parking revenues from the parking facilities in an annual amount sufficient to defray a significant amount of the principal and interest requirements on the City parking bonds which financed such facilities. The costs of operation, maintenance and repairs of such facilities are borne by the private operators. During the 2024-25 fiscal year, net revenues received by the City from payments were $5,760,300, over 100% of the $891,577 for 2023-24 debt service. The right to operate four City parking ramps was transferred to the Buffalo Parking Authority on June 29, 2026. See "Buffalo Parking Authority," herein.

(2)On or before April 1, under the State Aid Trust Agreement amongst the Buffalo CSD and Manufacturers Traders & Trust Co., as Depository Bank, a wire transfer of State Aid intercepted funds is submitted to MBBA.

(3)Debt figure as of June 30, 2025. Excludes County general obligations sold for sewer districts in the County payable from assessments on property outside the City. Such debt is paid from annual benefit assessments in each district by various fees and charges.

(4)Ratio of City to total County full valuation for 2026, as equalized by the County of Erie.

(5)Within the City, approximately 37.6% of the operating fund revenue of the Sewer Authority is derived from a sewer rent on the assessed value of real property, and 30.5% of the revenue is received from a sewer rent based on water usage, which total 68.1%.

Debt Ratios

The following table sets forth certain debt ratios based upon the City's Statement of Direct and Overlapping Indebtedness as of September 1. 2026.

	Amount	Per Capita [1]	Ratio to Assessed Value of Taxable Property [2]	Ratio to Estimated Full Value of Taxable Property [3]
Gross Direct Debt	$ 185,288,750	$ 666	0.84%	0.67%
Net Direct Debt	182,938,001	657	0.83%	0.66%
Net Direct & Overlapping Debt	318,209,183	1,143	1.45%	1.15%

Source: City of Buffalo, Department of Audit and Control, Division of Cash and Debt Management
(1)The population of the City determined by estimates made by the U.S. Bureau of the Census for 2020 is 278,349
(2)The taxable assessed valuation of the City for the 2026-27 fiscal year is $22,012,461,391
(3)The full valuation of the City for the 2026-27 fiscal year based on the Special Equalization Ratio of .7973 established by the State Board of Equalization and Assessment is $27,608,756,291

Debt Service Requirements

The following table shows the debt service requirements to maturity on the City's outstanding general obligation bonded indebtedness as of September 1, 2026.

ANNUAL DEBT SERVICE REQUIREMENTS
Maturing During Fiscal Year Ending June 30:

Year	Principal	Interest	Total
2027	$ 26,025,000	$ 5,972,525	$ 31,997,525
2028	27,925,000	6,353,171	34,278,171
2029	25,975,000	4,434,850	30,409,850
2030	14,695,000	3,194,975	17,889,975
2031	15,315,000	2,494,100	17,809,100
2032	13,800,000	1,794,775	15,594,775
2033	8,300,000	1,137,625	9,437,625
2034	7,400,000	783,500	8,183,500
2035	4,355,000	464,750	4,819,750
2036	3,230,000	267,100	3,497,100
2037	2,190,000	116,750	2,306,750
2038	1,240,000	31,000	1,271,000
	$ 150,450,000	$ 27,045,121	$ 177,495,121

Source: City of Buffalo, Department of Audit and Control, Division of Cash and Debt Management

Rate of Principal Retirement

The following table presents the amount and percentage of principal of general obligation long-term debt excluding the new issue to be retired over the following respective periods.

Fiscal Years Ending June 30:	Amount	Percentage of Total Principal Amount Retired
2027-2031	$ 109,935,000	73.1%
2032-2036	37,085,000	24.6%
2037-2038	3,430,000	2.3%
	$ 150,450,000	100.0%

Source: City of Buffalo, Department of Audit and Control, Division of Cash and Debt Management

CITY OF BUFFALO, NEW YORK
TREND OF INDEBTEDNESS
LAST TEN FISCAL YEARS

Ended June 30:	Gross Bonded Debt [1]
2017	$ 237,798,085
2018	225,535,726
2019	213,588,818
2020	214,567,661
2021	173,726,171
2022	163,441,586
2023	151,962,622
2024	190,317,459
2025	157,020,000
2026	126,760,000

Source: City of Buffalo, Department of Audit and Control, Division of Cash and Debt Management
[1]Includes Buffalo CSD and Enterprise Debt

Short-Term Indebtedness

Imbalances in the City's cash flow throughout the year may necessitate the issuance of short-term indebtedness for operating needs. In accordance with the BFSA Act, debt issued by the City is subject to the review of the BFSA. (See "THE BUFFALO FISCAL STABILITY AUTHORITY" herein.) The following information describes the characteristics of each major type of short-term debt obligation that the City is authorized to issue.

Revenue Anticipation Notes

Revenue anticipation notes may be issued in any fiscal year in anticipation of the collection of estimated taxes (other than real property taxes), monies estimated to be received from the State and federal governments and certain other types of income which are due and payable in such fiscal year. Generally, such notes must mature within one year after the date of issuance and may be renewed from time to time for periods of up to one year in an amount not exceeding such uncollected revenue; however, the maturity of such notes, including renewals, may not extend beyond the end of the second fiscal year following the fiscal year in which such notes were originally issued. Interest on revenue anticipation notes is provided for by appropriation in the City budget. If such notes, including renewals, have not been redeemed by their final maturity, monies for the redemption thereof may be provided for either by the revenues in anticipation of which the original notes were issued, or by appropriations in the City budget and from the proceeds of obligations issued in anticipation of revenue receipts budgeted to finance such appropriations. The City has not issued revenue anticipation notes since 2007.

Tax Anticipation Notes

Generally, tax anticipation notes may be issued by the City during a fiscal year in anticipation of the collection of real property taxes levied for such fiscal year. The notes must mature within one year from the date of their issuance. If the taxes against which such notes are issued remain uncollected, such notes may be renewed from time to time for periods of up to one year in an amount not exceeding the amount of such uncollected taxes. Such notes, including renewals, must be redeemed not later than five years from the date of original issuance. Payment of interest on such notes is provided by appropriation in the City budget. If such notes, including renewals, have not been redeemed from real property taxes within five years from the date on which the original notes were issued, monies for the redemption thereof must be provided by appropriation in the City budget. The proceeds of such notes may be used for any purpose for which the tax receipts against which such notes were issued could be used. The City has not issued tax anticipation notes since 1982.

Bond Anticipation Notes

Bond anticipation notes may be issued for any purpose for which bonds may be issued. Such notes must be redeemed either from the proceeds of the bonds in anticipation of which they were issued or from City appropriations. The proceeds of such notes may be used only for the same object or purpose for which the proceeds of the bonds in anticipation of which such notes have been issued may be used. Such notes may be renewed from time to time provided, however, that a portion thereof must be redeemed no later than two years after the date on which the original notes were issued and the final maturity thereof may not exceed five years from the original date of issuance of such notes. In no event, however, may such notes be renewed after receipt by the City of proceeds from the sale of the bonds in anticipation of which the notes were issued. Payment of interest on such notes is provided by appropriation in the City budget. The City currently has $29.4 million of bond anticipation notes outstanding, which will be redeemed at maturity on September 30, 2026 from the proceeds of notes, bonds and/or current funds of the City.

Budget Notes

Budget notes generally may be issued for the purpose of covering expenditures for which an insufficient provision or no provision has been made in the City budget. In general, the maximum principal amount of budget notes which may be issued in any fiscal year may not exceed approximately 5% of the City budget; however, budget notes may also be issued in unlimited amounts for certain specified purposes. Budget notes must mature not later than the close of the fiscal year following the year in which they are issued and must be redeemed from taxes levied for the fiscal year of maturity or from other available revenues. However, if the budget notes are authorized subsequent to the adoption of the budget, such notes may mature at the end of the second year succeeding the year in which issued. Both principal and interest are provided by appropriation in the City budget in the year in which they mature. The City has not issued budget notes since 1992.

Deficiency Notes

The City may issue deficiency notes during any fiscal year to finance a deficiency in any fund or funds arising from revenues being less than the amount estimated in the budget for such current fiscal year. On June 30, 2020 the City issued $25.0 million in deficiency notes which are redeemable at maturity on December 31, 2021. The notes were issued to cover the deficiency produced by the withholding of State Aid and the COVID-19 pandemic. The deficiency note was paid in full at June 30, 2021.

Urban Renewal Notes

The City may issue urban renewal notes in anticipation of the receipt of monies for an urban renewal projects under certain State and federal programs and from the sale of property acquired in connection with such projects. The City has not sold urban renewal notes since 1967 and does not currently anticipate the issuance of such debt. (See "CITY-RELATED ENTITIES – Buffalo Urban Renewal Agency" herein.)

Capital Notes

Capital notes may be issued to finance all or part of the costs of any object or purpose for which serial bonds may be issued. The City has not sold capital notes since 1970 and does not currently anticipate the issuance of such debt.

Prospective Long-Term Indebtedness of the City

As of September 1, 2026, the City had authorized but unissued general obligation debt in the amount of $82.2 million. The 2026 Capital Improvement Budget totaling $94.0 million, which was to be received on or before November 1st by City Charter, was submitted by the Acting Mayor on November 6, 2025,. The Acting Mayor submitted an amended proposed budget for the Common Council meeting of Novemeber 25, 2025, which totaled $95.5 million. The re-submitted amended budget was then amended and adopted by the Common Council, totaling $95.5 million, on November 25, 2025.

PROPERTY TAXES

The City derives its power to levy an ad valorem real property tax from Article 8, Section 10 of the State Constitution. The City is responsible for levying taxes for City and Buffalo CSD purposes. The City's property tax levying powers, other than for debt service and certain other purposes, are limited by the State Constitution to 2% of the most recent five-year average full valuation of taxable real property of the City. (See "REVENUES – Municipally Generated Revenues - Real Property Tax" herein.) On June 24, 2011, the Tax Levy Limitation Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the City, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the City. (See "Tax Levy Limitation Law," herein.)

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and the Buffalo CSD). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities' tax levies.

Prior to the enactment of the Tax Levy Limitation Law all the taxable real property within the City had been subject to the levy of ad valorem taxes to pay the bonds and notes of the City and interest thereon without limitation as to rate or amount. However, the Tax Levy Limitation Law imposes a tax levy limitation upon the City for any fiscal year commencing after January 1, 2012, without providing an exclusion for debt service on obligations issued by the City. As a result, the power of the City to cause the levy of real estate taxes on all the taxable real property within the City for City purposes, including the payment of the principal of and interest on the Notes, is subject to the statutory limitations imposed by the Tax Levy Limitation Law. Such statutory limitations do not apply to the City's power to increase its annual tax levy for Buffalo CSD purposes.

The following is a brief summary of certain relevant provisions of Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implications thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy of the City, subject to certain exceptions. The Tax Levy Limitation Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two one-hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provisions above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by City. The

Common Council of the City can adopt a resolution, approved by a vote of sixty percent of the total voting power of the Common Council, to override the tax levy limit for a given year.

There can be no assurances that the Tax Levy Limitation Law will not come under legal challenge for violating applicable law (i) for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limitation Law, (ii) by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) by limiting the pledge of its faith and credit by a City for the payment of debt service on obligations issued by such City because the Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the City or such indebtedness incurred after the effective date of the Tax Levy Limitation Law.

It is possible that the Tax Levy Limitation Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

COMPUTATION OF REAL ESTATE TAX LEVYING LIMITATION[1]
for the 2026-27 Fiscal Year

Two Per Centum of Five-Year Average Full Valuation			$	445,444,317
EXCLUSIONS ADDED THERETO				
Gross Debt Service	$	32,283,062		
Resources Applied to Debt		5,268,710		
Interfund Transfers		-		
Net Capital Debt Service[2]		27,014,352		
Appropriation for capital project account reserve		4,100,000		
Appropriation for objects or purposes for which a period of probable usefulness is provided by Section 11.00 of Local Finance Law		19,959,442		
Total Exclusions			$	51,073,794
MAXIMUM TAXING POWER				496,518,111
REAL ESTATE TAX LEVY				219,534,651
TAX LEVYING MARGIN			$	276,983,460

Source: City of Buffalo Administration, Finance, Policy and Urban Affairs, Division of Budget
[1]City of Buffalo Adopted 2026-27 Budget
[2]Excludes Enterprise Fund – Water

The State Board of Equalization and Assessment annually establishes State Equalization Ratios for the City and all localities in the State which are determined by statistical sampling of market sales/assessment studies. The equalization ratios are used in calculation and distribution of certain State aid and are used by many localities in the calculation of debt contracting and real property taxing limitations. The debt contracting and real property taxing limitations are based on a percentage amount of average full valuation. The City determines the assessed valuation for taxable real properties. The State Board of Equalization determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Assessments are made on certain properties which are taxable for school purposes, but which the City exempts for general municipal purposes.

The following table indicates the recent five-year trend of assessed valuations, the State special equalization ratios assigned to the City by the State and full valuations.

COMPUTATION OF CONSTITUTIONAL TAX LEVYING AND DEBT CONTRACTING LIMITATION for the 2026-27 Fiscal Year

Fiscal Year Ended June 30:		Assessed Valuation[1]	State Special Equalization Ratio[2]		Full Valuation[3]
2023	$	11,617,074,959	0.6726	$	17,271,892,594
2024		11,639,305,776	0.593		19,627,834,361
2025		11,549,785,193	0.5175		22,318,425,494
2026		21,163,175,434	0.8626		24,534,170,454
2027		22,012,461,391	0.7973		27,608,756,291
Total Five-Year Full Valuation				$	111,361,079,194
Five-Year Average Full Valuation				$	22,272,215,839
Tax Levying Limitation: 2% of Average Full Valuation				$	445,444,317
Debt Contracting Limitation: 9% of Average Full Valuation				$	2,004,499,426

Source: City of Buffalo Administration, Finance Policy and Urban Affairs, Division of Budget
[1]Includes: (a) property of veterans exempt for general City purposes but taxable for school purposes pursuant to Section 458 of Real Property Tax Law; (b) property owners 65 years of age or over with children attending public schools exempt for general City purposes but taxable for school purposes pursuant to Section 467 of the Real Property Tax Law; and (c) Special Franchises
[2]Special Equalization Ratios established by State Board of Equalization and Assessment in January 2026
[3]Determined by dividing Assessed Valuation by State Special Equalization Ratio

Preparation of the City assessment roll is the statutory responsibility of the City under the Real Property Tax Law of the State. The Assessment Department of the City undertakes regular inspections of properties to ensure that new construction or improvements or demolitions are reflected in the annual roll of taxable properties

The following table indicates the composition of total valuation of all properties in the City for the last five fiscal years and depicts the trend of taxable valuations by major category, tax-exempt properties by major category, and special franchises. The categories of property owned by veterans and senior citizens are partially exempt for real property tax purposes.

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COMPOSITION OF REAL PROPERTY
for the Fiscal Year Ended June 30

	2022	2023	2024	2025	2026
TOTAL ASSESSED REAL ESTATE	$ 16,504,433,351	$ 16,475,672,311	$ 16,425,980,358	$ 16,269,365,171	$ 28,183,608,977
Special Franchise Assessment[(1)]	490,364,209	437,333,745	447,606,264	454,272,516	537,936,195
TOTAL ASSESSED VALUATION	16,994,797,560	16,913,006,056	16,873,586,622	16,723,637,687	28,721,545,172
Non-Taxable Real Estate	(5,368,251,515)	(5,391,123,160)	(5,326,381,167)	(5,254,664,188)	(7,710,672,831)
Railroad Exemption	-	-	-	-	-
TOTAL TAXABLE FOR GENERAL CITY PURPOSES	11,626,546,045	11,521,882,896	11,547,205,455	11,468,973,499	21,010,872,341
Veteran and Senior Citizen Exemptions subject to School Tax	101,900,462	95,192,063	(94,100,321)	80,811,694	152,303,093
TOTAL TAXABLE FOR SCHOOL PURPOSES	$ 11,728,446,507	$ 11,617,074,959	$ 11,453,105,134	$ 11,549,785,193	$ 21,163,175,434
TAX BASE FOR GENERAL CITY PURPOSES					
Homestead	$ 7,189,304,149	$ 7,188,874,143	$ 7,221,709,917	$ 7,187,871,002	$ 13,816,757,041
Non-Homestead	4,437,241,896	4,333,008,753	4,323,495,538	4,281,102,497	7,194,115,300
TOTAL TAX BASE FOR GENERAL CITY PURPOSES	$ 11,626,546,045	$ 11,521,882,896	$ 11,545,205,455	$ 11,468,973,499	$ 21,010,872,341
TAX BASE FOR SCHOOL PURPOSES					
Homestead	$ 7,289,576,340	$ 7,262,471,244	$ 7,314,204,584	$ 7,267,473,203	$ 13,967,331,297
Non-Homestead	4,438,870,167	4,334,603,715	4,325,101,192	4,282,311,990	7,195,844,137
TOTAL TAX BASE FOR SCHOOL PURPOSES	$ 11,728,446,507	$ 11,597,074,959	$ 11,639,305,776	$ 11,549,785,193	$ 21,163,175,434

Source: City of Buffalo, Department of Assessment.
[(1)]Right, authority or permission to construct, maintain or operate in, under, above, upon or through any public street, highway, or other public place including water mains, pipes, tanks, conduits, wires for transformers. Assessment determined annually by State Board of Equalization and Assessment.

In addition to the partial property tax exemptions granted to veterans and senior citizens, both the City and the County have adopted policies for providing property tax exemptions to attract new business, residential development and industry in the City and surrounding areas. For 2026-27 $1.7 billion will be exempted by these policies as compared to $1.5 billion in 2025-26, will be exempted compared to $1.0 billion in 2024-25 and $1.1 billion in 2023-24.

For payments in lieu of taxes (PILOTs), the City received $4.2 million in 2023-24 and $3.3 million for 2024-25. $4.0 million is budgeted for fiscal year 2026-27 compared to $6.1 million is budgeted for fiscal year 2025-26. As the tax exemptions granted under the City and County policies expire, the related property is placed on the tax rolls.

Tax Levy

The amount of real property tax that is annually levied by the City is raised for City and Buffalo CSD operating purposes (within the taxing limitations described above), for capital debt service (the portion of capital debt service for Buffalo CSD purposes not being constrained by the tax levying limitation) and includes the amounts required to balance the City and Buffalo CSD budgets after other revenue sources have been taken into account. Other taxing districts which levy taxes or charges on real property in the City are the Sewer Authority and the County.

As a matter of City policy, the Buffalo CSD is credited with the full amount of taxes levied by the City for school general operating purposes regardless of any deficiency in tax collections.

The following table indicates the total real property tax rates levied within the City for the last five fiscal years.

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TABLE OF TAX RATES
PER $1,000 OF ASSESSED VALUATION[1]

Fiscal Year Ended June 30:	General City Purposes: Operations	General City Purposes: Capital Debt Service	School Purposes: Operations	School Purposes: Capital Debt Service	Total City/School	Overlapping Entities: County of Erie[2]	Overlapping Entities: Buffalo Sewer Authority	Total
2023 (Homestead)	3.21	2.34	4.36	0.36	10.27	5.20	0.95	16.42
2023 (Non-Homestead)	5.65	4.11	7.76	0.64	18.16	5.20	0.95	24.31
2024 (Homestead)	4.14	1.85	4.46	0.29	10.74	5.06	1.56	17.36
2024 (Non-Homestead)	7.18	3.20	7.83	0.51	18.72	5.06	1.56	25.34
2025 (Homestead)	4.21	2.37	4.55	0.06	11.19	5.60	1.98	18.77
2025 (Non-Homestead)	7.89	4.43	8.61	0.11	21.04	5.60	1.98	28.62
2026 (Homestead)	2.76	1.28	2.42	0.06	6.52	3.30	1.29	11.11
2026 (Non-Homestead)	5.49	2.57	4.89	0.13	13.08	3.30	1.29	17.67
2027 (Homestead)	4.15	1.03	2.34	0.10	7.62	3.30	1.33	12.25
2027 (Non-Homestead)	7.84	1.95	4.47	0.19	14.45	3.30	1.33	19.08

Source: City of Buffalo, Department of Audit & Control, Division of Accounting, County of Erie, and Buffalo Sewer Authority
[1]Tax rates reflect full value reassessment
[2]Erie County has a January 1 through December 31 fiscal year. 2027 Homestead and Non-Homestead Rates are based on 2026 Equalized Full Valuation

Tax Collection Procedure and History

The ad valorem real property tax rate is established as part of the City's budget process to balance total appropriations and estimated revenues. (See "DISCUSSION OF FINANCIAL OPERATIONS – Budget Process" herein.) Real property taxes become payable upon levy of such taxes by the Common Council. The taxes are collected by the City Treasury. The total amount of the taxpayer's bill is due and payable on July 1; however, the first half may be paid without penalty on or before July 31 and the second half on or before December 31. No discounts for prepayment are allowed. Penalties are assessed for delinquencies at an effective rate of 18% per annum.

Special assessments (for sidewalks, demolitions, lot clearance) on benefited property are due and payable on the date of the first publication of the special assessment notice and may be paid before the expiration of one month from such date without additions. At the expiration of one month, 1% per month is added to all past due and unpaid special assessments. Each year on March 1 the amount of all past due and unpaid special assessments and the interest accrued thereon is added to the real property tax roll for the succeeding fiscal year. Such special assessments are payable with the first half installment of real property taxes and subject to the same additions for non-payment that apply to the first half installment.

Real estate for which taxes remain unpaid as of May 25 is subject to the sale of a tax sale certificate, giving the purchaser a claim to the property. Within two years from the date of sale of the tax sale certificate, the property may be redeemed by the payment of the face amount of the tax sale certificate with interest at the rate of 1% per month. After the redemption period of two years, conveyance of the property may be secured or foreclosure proceedings instituted. Previously, such tax sale certificates were sold to private buyers; however, for many years the City has found no private bidders for the tax liens, and the City has itself acquired all tax liens. Consequently, the City has elected not to hold a sale of tax sale certificates since July 1, 1977. The City is empowered to seek personal judgment against the property owners. (See "PROPERTY TAXES – Real Property Tax Delinquencies" herein.)

The City does not collect real property taxes levied by the County and is not responsible for delinquencies of County taxes levied against City properties.

The following table shows the recent trend of current property tax levies as adjusted during the year, unpaid special assessments added to annual tax bills, collection of the total current levy, and total collections (i.e., including collections of delinquent taxes), all as of June 30 of the fiscal year indicated.

Table of Real Property Tax Levies and Collections
(000's Omitted)

Property Tax Levies and Collections
Last Ten Years
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Interest Added to Levy (1)	Final Tax Levy for Fiscal Year	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage				Amount	Percentage of Levy
2016	123,793	116,621	94.21%	$ 1,150	$ 123,440	$ 7,861	$ 124,482	99.99%
2017	127,982	120,785	94.38%	1,108	129,090	7,532	128,317	99.40%
2018	128,000	122,454	95.67%	1,021	129,021	6,557	129,011	99.99%
2019	135,195	129,245	95.60%	1,024	136,219	6,965	136,210	99.99%
2020	139,465	131,234	94.10%	1,239	140,704	7,745	138,979	98.77%
2021	142,330	131,583	92.45%	1,062	143,392	5,841	137,424	95.84%
2022	147,040	135,078	91.86%	1,006	148,046	5,165	140,243	94.73%
2023	147,040	141,507	96.24%	1,154	148,194	5,451	146,958	99.17%
2024	159,400	144,484	90.64%	1,320	160,720	5,292	149,776	93.19%
2025	179,383	158,590	88.41%	1,395	180,778	249	158,839	87.86%

Source: City of Buffalo, Department of Audit & Control, Division of Accounting
(1) Interest of 18.0% for one year is added to tax levy for all properties not paid in current year.

Real Property Tax Delinquencies

As of June 30, 2025, cumulative real property tax delinquencies were $15.0 million. The City reserved $8.4 million as uncollectible at June 30, 2025. It is the City's policy to write off as uncollectible property taxes which have been delinquent for more than five years.

The primary mechanism for recovery of delinquent taxes has been tax foreclosure. Until June 22, 1975, the City foreclosed on properties following four years of tax delinquency. On June 23, 1975, the City enacted a two-year foreclosure law. The City began a one year foreclosure option on October 26, 1998 as a result of State legislation which was enacted as of January 1, 1995. The effective annual penalty rate for late payment is 18% per annum. This was increased effective July 1, 1992.

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ECONOMIC AND DEMOGRAPHIC FACTORS

Major Taxpayers

The following table of the fifteen largest taxpayers indicates the distribution of taxable properties in the City. As indicated, two utilities are liable for approximately 6.1% and 1.6%, respectively, of the total tax levy for fiscal year 2025-26 and no other taxpayer individually accounts for more than 1.0% of the tax levy.

CITY OF BUFFALO
FIFTEEN LARGEST PAYERS OF CITY REAL PROPERTY TAXES[(1)(2)(3)]
Fiscal Year Ending June 30, 2026

Rank	Taxpayer	Nature of Business	Net Assessed Valuation	Real Property Tax Levied	Ratio of Tax to Tax Levy
1	National Grid, PLC(5)	Utility	$655,932,197	$11,216,349	6.08%
2	National Fuel Fas Corporation(5)	Utility	227,146,032	2,970,393	1.61%
3	Douglas Development Corporation	Commercial Real Estate	177,645,100	1,134,643	0.62%
4	Gold Wynn Residential USA	Commercial Real Estate	85,286,000	1,103,039	0.60%
5	Consolidated Rail Corporation(5)	Shipping/Transportation	65,277,109	853,630	0.46%
6	Verizon Communication, Inc.(5)	Telecommunications	52,138,020	842,816	0.46%
7	EGP 130 Buffalo, LLC	Commercial Real Estate	60,584,700	792,267	0.43%
8	377 Main Realty, Inc	Commercial Real Estate	5,000,000	747,682	0.41%
9	Buffalo Municipal Housing Authority	Municipal Housing Authority	64,040,900	737,033	0.40%
10	Manufacturers and Trust Company(3)	Bank	55,572,100	726,718	0.39%
11	CSX Transportation	Shipping/Transportation	59,050,327	722,540	0.39%
12	LCO Building, LLC	Commercial Real Estate	50,000,500	653,858	0.35%
13	Uniquest Delaware, LLC	Condominium/Hotel	49,076,000	641,768	0.35%
14	KEY Success, LLC	Commercial Real Estate	43,501,300	568,867	0.31%
15	Pilgrim Village Family Housing	Commercial Real Estate	40,060,300	523,869	0.28%
		Total: Top Fifteen Taxpayers		24,235,471	13.14%
		Total: Real Property Tax Levy		$ 184,482,900	100.00%

Source: City of Buffalo, Department of Audit & Control, Division of Investment & Debt Management
(1)Based on assessed values greater than $100,000
(2)Does not include those properties which are exempt from taxes and are making Payments In-Lieu of Taxes (PILOT)
(3)Based on a 2025-26 Non-Homestead tax rate of $13.08 per thousand
(4)Taxes on bank property only. Does not include taxes paid as mortgagee.
(5)Includes Special Franchise Fees/Tax
(6)Includes Court Imposed Tax Lien

Employment

The economy of the Buffalo area underwent a transition in the decade from 1980 to 1990. Traditionally dominated by heavy manufacturing and petrochemical industries, the area lost manufacturing jobs in part from the decline in steelmaking employment at both Bethlehem Steel and Republic Steel. However, these losses were offset by increases in employment in trade, government, services, finance, insurance and real estate and contract construction.

Statistically, the Buffalo area's job categories compare well with the U.S. average with slight variances in two categories – finance/insurance and mining/construction.

The City remains committed to its downtown development strategy as a means of further diversifying its employment base. (See "ECONOMIC AND DEMOGRAPHIC FACTORS – Development Activity" herein.)

Major employers in the Buffalo area include the State, University of Buffalo, the U.S. Government, Kaleida Health, the County, Buffalo CSD, Catholic Health Systems and Manufacturers and Traders Trust Company.

TRENDS IN EMPLOYMENT BY CATEGORY[(1)]
2010-2025
(000's Omitted)

	2010		2020		2024		2025	
	Buffalo MSA	United States	Buffalo MSA	United States	Buffalo MSA	United States	Buffalo MSA	United States
Category								
Manufacturing	49.6	11,528.0	49.2	12,179.1	53.6	12,817.2	51.1	12,633.3
Trade, Transportation & Utilities	97.8	24,636.0	91.6	26,589.9	100.6	28,923.1	99.3	28,741.6
Retail Trade	60.8	14,440.4	54.0	14,853.1	57.9	15,532.0	47.4	15,441.1
Wholesale Trade	21.1	5,452.1	20.0	5,639.9	20.3	6,145.3	19.8	6,059.4
Governement	95.0	22,490.0	85.3	21,908.5	89.5	23,375.0	90.3	23,509.0
Service Providing	469.7	112,166.0	440.6	122,117.3	480.7	136,303.5	485.9	136,943.3
Other Services	23.4	5,331.0	21.3	5,393.8	21.2	10,818.7	21.0	5,997.1
Finance & Insurance	24.2	5,761.0	28.8	6,499.6	27.1	6,702.7	27.1	6,739.2
Mining & Logging	18.9	705.0	19.6	619.0	21.4	626.3	21.9	613.6
	860.5	202,509.5	810.4	215,800.1	872.3	241,243.8	863.5	241,243.8

Source: U.S. Department of Labor - Bureau of Labor Statistics Data
(1)Does not include all categories of employment

NON-AGRICULTURAL
EMPLOYMENT BY CATEGORY[(1)]
2010-2025
(000's Omitted)

	2010		2020		2024		2025	
	Buffalo MSA	United States	Buffalo MSA	United States	Buffalo MSA	United States	Buffalo MSA	United States
Category								
Manufacturing	5.8%	5.7%	6.1%	5.6%	6.2%	5.3%	5.9%	5.3%
Trade, Transportation & Utilities	11.4%	12.2%	11.3%	12.3%	11.5%	12.0%	11.5%	12.1%
Retail Trade	7.1%	7.1%	6.7%	6.9%	6.6%	6.4%	5.5%	6.5%
Wholesale Trade	2.5%	2.7%	2.5%	2.6%	2.3%	2.5%	2.3%	2.6%
Governement	11.0%	11.1%	10.5%	10.2%	10.3%	9.7%	10.5%	9.9%
Service Providing	54.6%	55.4%	54.4%	56.6%	55.1%	56.5%	56.3%	57.9%
Other Services	2.7%	2.6%	2.6%	2.5%	2.4%	50.0%	2.4%	2.5%
Finance & Insurance	2.8%	2.8%	3.6%	3.0%	3.1%	2.8%	3.1%	2.8%
Mining & Logging	2.2%	0.3%	2.4%	0.3%	2.5%	0.3%	2.5%	0.3%
	100%	100%	100%	100%	100%	100%	100%	100%

Source: U.S. Department of Labor - Bureau of Labor Statistics Data
(1)Does not include all categories of employment

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Unemployment Rates

The following table indicates that the City's rate of unemployment is higher than the State and national percentages. City data in the table were determined by using the Census share methodology, which is based on the ratio of the City to the County with respect to employment figures. 2014-2024 data for the City is based on the 2020 Census.

UNEMPLOYMENT RATES [1]

Year	City	Buffalo MSA	NY State[2]	United States
2016	6.3%	4.9%	4.9%	4.9%
2017	6.7%	5.4%	4.7%	4.4%
2018	5.8%	4.7%	4.2%	3.9%
2019	5.5%	4.4%	3.8%	3.7%
2020	12.6%	9.5%	10.1%	8.1%
2021	7.9%	5.7%	7.2%	5.4%
2022	5.0%	3.6%	7.0%	3.6%
2023	4.9%	3.6%	4.1%	3.6%
2024	4.8%	3.9%	4.3%	4.0%
2025	4.5%	3.8%	3.9%	3.9%

Source: U.S. Department of Labor, Bureau of Labor Statistics
[1]Total employment by place of residence
[2]Figures from 2015-2019 reflect revised population controls and model re-estimation

Population

The 2020 Census revealed that the City's population increased from 261,310 in 2010 to 278,349 in 2020.

POPULATION TREND 1990-2020

	1990	2000	2010	2020
Buffalo	328,123	292,648	261,310	278,349
Erie County	968,532	950,265	919,040	954,236
Buffalo MSA	1,189,288	1,170,111	1,135,509	1,166,902
New York State	17,990,455	18,976,457	19,378,102	20,201,249
United States	249,632,692	281,421,906	308,745,538	331,449,281

Source: U.S. Department of Commerce, Bureau of the Census

CITY OF BUFFALO
HOUSING CHARACTERISTICS
1990-2020

	1990	2000	2010	2020
Year Round Housing Units	151,971	145,574	139,174	136,350
Occupied Housing Units	136,436	122,720	112,844	119,119
Persons Per Houshold	2.33	2.29	2.26	2.24

Source: U.S. Department of Commerce, Bureau of the Census

Development Demographics

Downtown Buffalo is also the regional hub of Western New York entertainment, drawing approximately 7 million visitors per year. The largest draw is special events, which attract 1.3 million visits per year for the Taste of Buffalo, Canalside Summer Music Series, the M&T Lunchtime concert series, the National Buffalo Wing Festival, and other events. Sporting events draw 1.2 million visits for hockey, baseball and lacrosse, while some 700,000 patrons enjoy Theatre District events. The City's vibrant arts community and world-renowned architecture are also major tourism draws.

Western New York is home to the Buffalo Bills of the National Football League (NFL). Buffalo is home to the Buffalo Sabres of the National Hockey League (NHL), and the Buffalo Bisons the Triple-A baseball team affiliated with the Toronto Blue Jays.

Canalside, a year-round destination on the southern edge of downtown. More than 1.5 million visitors annually enjoy the attractions Canalside, which include concerts, ice skating, paddle boating, special events, and other activities. the $27.0 million Explore & More - Ralph C. Wilson, Jr. Children's Museum,. In addition, Canalside has added two new attractions; a solar-powered historic 1924 carousel housed inside a roundhouse enclosed in glass and a historic replica Longshed Boat Building which is a two-story gabled-roof wood structure.

Buffalo is the home of numerous institutions devoted to the arts including Kleinhans Music Hall, the home of the Buffalo Philharmonic Orchestra, and the world-famous Albright-Knox Art Gallery which broke ground on its $160.0 million expansion. The gallery will house temporarily on the Northland Campus during construction and the new Buffalo AKG Art Museum opened in 2023.

The City's historic theater district provides the stage for legitimate theater with the largest concentration of theaters in New York State outside of New York City. Shea's Buffalo Theater, 710 Main Theatre, Alleyway Theatre, and the Irish Classical Theatre anchor the City's downtown theatre district.

The City is also the location of the Buffalo Museum of Science, the Buffalo and Erie County Historical Museum, the Buffalo Zoo, and the Botanical Gardens of Buffalo and Erie County.

Buffalo has seen an increase in film production activity in recent years. "A Quiet Place II", "Nightmare Alley" and "The Untitled Cabrini Film" have recently filmed in Buffalo. These productions provided a positive economic impact to region while filming in downtown Buffalo and throughout Western New York. Film productions have come to Buffalo for its historic architecture, pristine natural settings, low filming costs (estimated to be up to 30% cheaper than other cities), and New York State's Film Tax Credit incentives.

In addition to the University at Buffalo and SUNY Buffalo State College, the area is home to 20 other colleges & universities, for a total of 110,000 students and 32,000 employees in higher education, creating major economic impact, exceeding $3.2 billion.

The City of Buffalo is the home to the corporate headquarters of M&T Bank. M&T Bank, founded in Buffalo in 1856, is one of the nation's largest 20 commercial banks, with $143 billion in assets and more than 17,000 employees, a third of which are in the Buffalo area. M&T's footprint includes 700 branches in New York, Maryland, Pennsylvania, Virginia, Washington, D.C., West Virginia, Delaware, New Jersey and Florida. In addition, Key Bank, Bank of America, Citizens Bank, and several local banks also have a major branch presence in the region.

Buffalo is home to the headquarters of several major corporations, including Delaware North Companies, Rich Products, Labatt USA, the New Era Cap Company, ACV Auctions and Lactalis American Group.

The City's proximity to Canada has resulted in a positive economic impact, especially in retail and transportation. In addition to Canadian shoppers boosting sales tax revenue, Canadian travelers have also been credited with strengthening activity at the Buffalo Niagara International Airport. Canadians are estimated to make up 20-30% of passengers that use the airport, supporting 17,000 jobs with $1.1 billion economic impact.

The City is in the center of a transportation network of truck, rail, highway, water and air facilities.

The Port of Buffalo is eighth in size of the 54 Great Lakes ports and twenty-ninth in size of the 40 major U.S. ports. The Port's terminal facilities encompass 185,000 square feet of enclosed storage space for marine cargo and approximately 200 acres of open storage space. Foreign Trade Zone (the "FTZ") operation was enacted at the Port of Buffalo. Imported goods may be processed in the FTZ, sorted, stored and repackaged without payment of any duties until the goods are actually sold to importers in the United States or elsewhere. A total of 153 acres at the former Bethlehem Steel Plant has been designated as the FTZ and approximately 31 companies occupy the FTZ at the relocated Port of Buffalo.

Truck service is provided in the Buffalo area by various transcontinental, international and common carriers. Several freight and passenger lines, including Conrail, Amtrak and Canadian National Railways, provide rail service.

The Buffalo Niagara International Airport (BNIA), operated by the Niagara Frontier Transportation Authority (NFTA) is a regional airport serving the Buffalo-Niagara Metropolitan Area providing over 100 flights per day.

BUFFALO-NIAGARA INTERNATIONAL AIRPORT
PASSENGER VOLUME TREND

Year	Passenger Volume	% Change from Prior Year
2018	5,014,000	-
2019	4,892,000	-2.4%
2020	1,412,000	-71.1%
2021	2,875,000	103.6%
2022	3,990,000	38.8%
2023	4,555,000	14.2%
2024	4,961,000	8.9%
2025	5,016,000	1.1%

Source: U.S. Dept of Transportation Bureau of Transportation Statistics

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Development Activity

Completed Projects

Westside Homes Project – PUSH, Buffalo **$21.0 million**

The rehabilitation of four units in two buildings and construction of twelve new buildings on various sites consisting of 2-4 family homes and small multi-family buildings.

Pan-American Square Apartments-DePaul Properties **$93.0 million**

The project is a four-story, 174,000 square foot, multi-family residential development. The development includes 150 apartments within three buildings all interconnected by one story, ground level walkways.

Annex Apartments (245 Bryant St)- Sinatra & Co Real Estate **$10.0 million**

The proposed project transformed the Annex building at 245 Bryant St into 36 one- and two-bedroom apartments. The building was formerly used by the old Women and Children's Hospital of Buffalo.

356 Hertel Ave Redevelopment Project- Sienna Realty, Locke Group LLC **$32 million**

Once of the largest malt houses, the vacant John Kam Malt House was restored and rehabilitated into 86 apartment units, 412 self-storage units, and commercial space.

Silo City Redevelopment-Former American Malting Company- Generation Development $70 million

The adaptive reuse project transformed a long vacant grain processing complex into a vibrant residential community. The 168-unit multifamily project includes a mix of studios through four-bedroom apartments, including 24 two-story loft units.

Ellicott Town Center Rehabilitation Project- Beacon Communities **$71 million**

Ellicott Town Center includes 281 affordable housing units across four high-rise towers and 24 senior townhomes. Originally built between 1958 and 1998, the development underwent a major rehabilitation featuring apartment upgrades, new roofs, windows, siding, sidewalks, and lighting improvements. The project is expected to improve energy efficiency by approximately 20%.

Canalside Gateway Building- Erie Canal Harbor Development Corp. **$14.25 million**

The proposed development includes the construction of a four- story masonry and steel frame building at Canalside's North Aud Block. The building will include public restrooms, commercial space, and a security office on the ground floor. The top stories will house Erie Canal Harbor Development Corporation's offices.

Under-Construction

Shea's Theater Expansion Project- Shea's Buffalo **$34.6 million**

Now under construction, plans call to build a five story addition for the Shea;s Performing Arts Center which will include high-speed elevators, a new entry lobby, and additional concessions and bathrooms.

D'Youville University Osteopathic Medicine Rehabilitation Project-D'Youville **$30.0 million**

The project calls for the conversion of a 116k square foot office building into D'Youville's medical school campus.

Dun Building Project-McGuire Development **$14 million**

This adaptive reuse project will convert the historic Dun Building in downtown Buffalo into 36 market rate apartments and commercial space on the first floor.

505 Pearl Street Adaptive Reuse Project **$10 million**

505 Pearl Street is a mixed-use conversion project in the heart of downtown Buffalo, NY. The building, a former film exchange factory, is 6 stories tall with a full basement totaling approximately 48,000 gross sq ft. The above grade floors will be converted into 53 apartments with street level retail. The lower level will offer residents a gym, lounge, individual storage units as well as bicycle parking and a dog wash station.

Iroquois Lofts-Park Grove Realty **$30 million**

The Iroquois Lofts project is the adaptive reuse of the historic former Iroquois Door Company building into 64 apartments, including affordable units. The redevelopment includes full interior and exterior rehabilitation, historic façade restoration, and modern building system upgrades.

North Aud Block Mixed-use Development at Canalside-Pennrose, ECHDC **$190 million**

The North Aud project is a major mixed-use redevelopment at Canalside that will serve as a gateway to Buffalo's waterfront and downtown revitalization efforts. The development will transform a nearly 2-acre vacant parcel into a multi-building complex featuring approximately 340,000–425,000 square feet of residential, retail, commercial, and parking space, including 251 housing units — 75% designated as affordable housing — along with structured parking and ground-floor retail amenities.

Broadway Market Redevelopment Project -ESD, Buffalo Construction Consultants **$40-45 million**

State-backed redevelopment transforming the historic Broadway Market into a year-round food and retail destination. Construction expected to begin summer 2026.

Perry Homes Redevelopment Project – Pennrose, Bridges **$254.0 million**

The proposed affordable housing project calls to transform the 19-acre Commodore Perry Homes site including demolition of the existing 24 buildings and construction of 27 affordable housing buildings creating a total of 405 residential units and 9000 sq ft of commercial space.

DL&W Terminal Redevelopment – Niagara Frontier Transportation Authority **$70.0 million**

The reinvention of the former Delaware, Lackawanna and Western (DL&W) trainshed in the Cobblestone/Canalside Districts of Buffalo is underway. Redevelopment includes: a new NFTA-Metro Rail Station, opening a section of the 2nd floor to the public, including a second-floor walkway to the Key Bank Center, an open-air outdoor deck, installation of windows reminiscent of the historic windows, addition of a freight elevator, and improved multimodal connections to the facility along the Buffalo River. The project will support reuse of the facility for decades to come.

Main Street Lofts-1681-1689 Main Street Lofts LLC **$50.6 million**

The proposed affordable housing development will include a 5-story, 140-unit commercial block building along Main Street; a 2-story, 5 unit commercial block building on the north side of the -properties along Masten Avenue; and a 2-story, 2 unit commercial block building at the northwest corner of East Balcom Street and Masten Avenue.

West Tupper Mixed-use Redevelopment -147 West Tupper LLC **$10.0 million**

The proposed project consists of constructing 42 apartment units (8 studios, 30 one-bedroom units, 4 two-bedroom units) and 14,960 square feet of retail space within 2 four-story buildings along with associated site improvements.

Manhattan Village (389 Manhattan Ave)-BestSelf Behavioral Services **$24.0 million**

Located at 389 Manhattan Ave, the Manhattan Village project will create 66 affordable apartments in a four-story building, including 33 units of permanent supportive housing.

The Lawrence (983 Michigan Ave)-Symphony Property Management **$50.0 million**

Plans call to construct a 129,000 square foot residential building consisting of a five-story wing on Michigan Ave and a four-story wing along Maple St. The residential complex will include seventy-eight parking spaces on the ground floor and a total of 132 apartment units.

Homeopathic Hospital Adaptive Reuse (875 Lafayette)-Belmont Housing **$33.0 million**

Plans call to adaptively reuse buildings in the former Gates Circle Millard Fillmore Hospital complex, creating 80 affordable housing units for families.

Heritage Point - Sinatra & Company Real Estate **$30.0 million**

Construction of two six-story mixed-use buildings on the former Buffalo Memorial Auditorium site. The development will feature 64 apartments, ground floor retail and commercial space for restaurants.

Ralph C Wilson Centennial Park – Wilson Foundation **$110.0 million**

Transformation of the existing LaSalle/Centennial Park into a regional waterfront destination that will create flexible spaces for strolling, picnicking, sledding, and all kinds of informal activities, which will include upgrades to existing sports fields, expanded pedestrian and bike paths, the planting of 2,000 trees and a new pedestrian bridge across Interstate 190.

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BUFFALO CSD SCHOOL FACILITIES RECONSTRUCTION PROJECT

Pursuant to special State legislation enacted as Chapter 605 of the Laws of 2000, as amended (the "Buffalo School Act"), the Buffalo CSD has undertaken a multi-phase comprehensive redevelopment program to finance the renovation and building of public school buildings in the City (the "Program").

The Joint Schools Construction Board, or the JSCB, was created by resolutions of the Buffalo CSD Board of Education and the City Common Council and by amendment of the City Charter, and was granted additional powers with respect to construction of new school buildings by the Buffalo Schools Act, as well as certain limited functions with respect to the reconstruction of existing school buildings. The JSCB has been authorized under the Buffalo Schools Act to manage the acquisition, design, construction, reconstruction, renovation and financing of new public educational facilities in the City, and to create, coordinate efforts to enable compliance with, monitor and report on, a program-wide diversity plan for the Program. The JSCB has been authorized, by resolution of the Board of Education, to assist in the acquisition, renovation, reconstruction, improvement, equipping and furnishing of public educational facilities in the City.

Upon the voluntary resignation by the New York State Regent for the Eighth District of the City, the JSCB by-laws were amended October 2013, to remove the ex-officio, non-voting appointed position from the JSCB to prevent the appearance of a conflict of interest. The JSCB is now comprised of the Mayor, the Comptroller, the Buffalo CSD Superintendent of Schools, a designee of the Common Council of the City and two designees of the Board of Education of the Buffalo CSD.

Pursuant to the Buffalo Schools Act and commencing in September 2003, the ECIDA has issued several series of its School Facility Revenue Bonds (City School District of the City of Buffalo Project) to fund five phases of the Program. As of September 1, 2026, the aggregate outstanding principal amount of such bonds totals $230.7 million. These bonds are special limited obligations of the ECIDA secured by annual payments of State aid to education appropriated and made available to the Buffalo CSD.

The ECIDA has issued refunding bonds in July 2011, April 2012, April 2013, June 2015, October 2016, May 2021, and November 2023 to refund the outstanding School Facility Revenue Bonds, Series 2003, 2004, a portion of 2009 and 2007/2008, a portion of 2009, 2011, and 2013 respectively.

As a result of the completion of the projects overseen by JSCB, it is not anticipated that any more activity or business will be conducted by the JSCB.

The EICDA issued $74.2 million in refunding bonds to redeem the outstanding 2015 refunding bonds in December 2025.

LITIGATION

The City and the Buffalo CSD, and their respective officers and employees, are defendants in a number of lawsuits. The City, in common with other municipalities, receives numerous notices of claims for money damages deriving generally from sidewalk falls, park accidents, school accidents, City vehicle accidents, police arrests and various other negligence and personal injury claims. The City (as well as the Buffalo CSD) self-insures for tort claims. Budgetary reserves for such claims and payouts for such claims over the last few years are as set forth at the end of this section below.

The Department of Law of the City, headed by the Corporation Counsel, has determined that other than with respect to

i. A wrongful imprisonment/civil rights case which could have potential exposure of up to $8,000,000 to $12,000,000.

ii. Personal injury case involving City-owned vehicle which could have potential exposure of up to $15,000,000 to $25,000,000.

iii. A civil rights case which could have potential exposure of up to $5,000,000 and $8,000,000.

There are no pending lawsuits which will have the potential for an expenditure or exposure of more than $5,000,000 in excess of any amounts provided for in budgetary or self-insurance reserves.

On September 8, 2025 a lawsuit was filed In the Matter of the Application of Hon. Christopher P. Scanlon, as Acting Mayor of the City of Buffalo, and Hon. Mitchell P. Nowakowski, as Member of the Common Council of the City of Buffalo, for a Judgment Pursuant to New York CPLR Article 78 vs. Barbara Miller-Williams, as Comptroller of the City of Buffalo, seeking a judgment compelling the City Comptroller to issue and sell bonds to finance projects other than those being financed by the Bonds and the Notes. Such additional debt was authorized by bond resolutions adopted by the Common Council but are not included in the current issue of Bonds and the Notes. On September 24, 2025, the New York State Supreme Court Judge assigned the case entered an Order and Judgment directing the Comptroller to issue and sell bonds pursuant to thecapital improvement budget and bond resolutions adopted by the Buffalo Common Council. On April 24, 2026, the Appellate Division, Fourth Department, affirmed the decision of the Supreme Court. The Comptroller has since filed a motion for leave to appeal with the New York State Court of Appeals, which remains pending. This action does not affect the power or authority of the City Comptroller to issue the Bonds and the Notes.

The Buffalo CSD is presently defending up to ten (10) litigation matters that were brought in response to the Child Victims Act. At this time, the Buffalo CSD does not believe that any of these claims have the potential for exposure of more than $2,000,000 In many cases, discovery is ongoing. Any potential damages are not expected to be covered by insurance. The Buffalo CSD has set aside funds to pay settlements or judgements. If such funds are not sufficient, the City is authorized to issue bonds on behalf of the Buffalo CSD to finance any settlements or judgments.

In the opinion of the Buffalo CSD after consultations with its attorneys, otherwise set forth herein, there are no claims or actions pending which, if determined against the Buffalo CSD, have the potential for exposure of more than $5,000,000 in excess of any amounts provided for in budgetary or self-insurance reserves.

Tax Certiorari Proceedings

In common with other municipalities, the City receives numerous real property tax certiorari petitions contesting the validity of tax assessments. The City’s 2026-27 budget includes $100,000 for tax certiorari-related claims and judgments. The City’s 2025-26 budget included $300,000 for tax certiorari-related claims and judgments with $53,867.25.00 having been paid out as of June 30, 2026. The City expensed $44,793 and $196,224 for tax certiorari-related claims or judgments for fiscal year ended June 30, 2025 and June 30, 2024, respectively.

Provision for Judgments, Claims and Settlements

The City’s 2026-27 budget includes $550,000 for judgments and claims, $2.3 million for workers compensation and $5,000,000 for legal settlements. The City’s 2025-26 budget included $555,000 for judgments and claims, $2.4 million for workers compensation claims and $4,320,453 million, initially, for legal settlements, of which $496,294.84, $582,567 and $8,354,686.60 had been paid out as of June 30, 2026.

The City expensed $528,896 for judgments and claims, $2.9 million for workers compensation claims and $19.5 million for legal settlements for fiscal year ended June 30, 2025. The City expensed $2.97 million for judgments and claims, $3.15 million for workers compensation claims and $44.0 million for legal settlements for fiscal year ended June 30, 2024.

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APPENDIX B

CITY OF BUFFALO, NEW YORK
BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2025 AND INDEPENDENT AUDITOR'S REPORT

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PHOTO BY: HECTOR M. PAGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

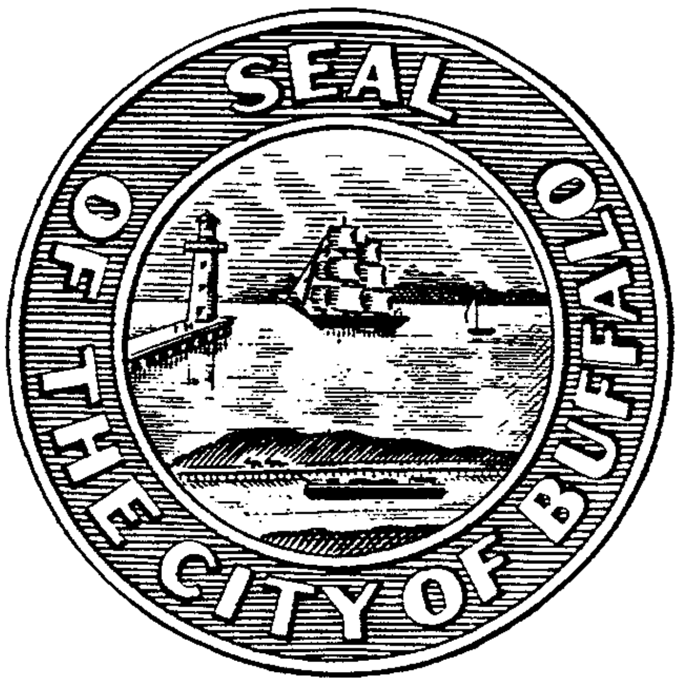
COMPTROLLER BARBARA MILLER WILLIAMS

Cover photo by: Hector M. Pagan

City of Buffalo, New York

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025
Comptroller Barbara Miller Williams



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

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City of Buffalo, New York
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Year Ended June 30, 2025

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Required Supplementary Information:

Supplementary Information:

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INTRODUCTORY SECTION

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CITY OF BUFFALO
Comptroller's Office
Department of
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DEPUTY COMPTROLLER

GREGG SZYMANSKI, CPA
INVESTMENT & DEBT MANAGEMENT

WILLIAM FERGUSON, CPA
CITY ACCOUNTANT

SAM BRUNO, CPA
CITY AUDITOR

BARBARA MILLER-WILLIAMS
COMPTROLLER

November 13, 2025

To the Mayor, Members of the Common Council, and the Citizens and Taxpayers of the City of Buffalo:

It is my privilege to present the 193rd Annual Financial Report of the City of Buffalo, New York, for the fiscal year ending June 30, 2025. Management assumes full responsibility for the accuracy, completeness, and reliability of the information contained in this Report. This analysis has been prepared within a comprehensive framework of internal controls designed to ensure the integrity of the City's financial data. While recognizing that the cost of internal control should not exceed its' anticipated benefits, the objective is to provide reasonable assurance that the City's financial statements are free of any material misstatement.

The City's independent auditors, Drescher & Malecki LLP, Certified Public Accountants, have issued an unmodified or clean opinion on the City's financial statements for the fiscal year ending June 30, 2025. This report is included as an appendage in the financial section of this document. The Management's Discussion and Analysis (MD&A) follow the auditors' report and provides a narrative overview and analysis of the City's basic financial statements. The MD&A should be read in conjunction with this letter for a complete understanding of the City's financial position and operations.

Profile of the Government

Founded in 1789 and incorporated as a city in 1832, Buffalo sits on the western border of New York State, along the eastern shore of Lake Erie. The City spans 52.51 square miles and, according to the 2020 Census, has a population of 278,349, an increase of more than 17,000 residents since 2010. Buffalo is New York State's second-largest city and serves as the county seat of Erie County. The Peace Bridge connects Buffalo with Fort Erie, Ontario, serving as a key international gateway between the United States and Canada.

The City of Buffalo operates under a Mayor–Council–Comptroller form of government established by the City Charter, first adopted in 1927 and revised in 2001. The Mayor, elected to a four-year term, heads the Executive Department and oversees all administrative functions. The Common Council, composed of nine district representatives, serves as the legislative body with authority to adopt ordinances and resolutions, approve budgets and mayoral appointments, and investigate City affairs.

The fiscal affairs of the City are the responsibility of the Comptroller, who is elected to a Four-Year Term to lead the Department of Audit & Control (DAC). The specific responsibilities of the Comptroller include the audit and control of the financial activities of all department and agencies of the City, as well as accounting, debt management, and investing function.

The Common Council, which is Legislative Body of the City, consists of nine (9) Council Members who are elected in a General Election to Four-Year Terms for their respective Districts. In addition to the legislative power to adopt ordinance 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. Created by state law in 2003, the Buffalo Fiscal Stability Authority (BFSA) continues to operate in an advisory capacity. Though legally distinct, these entities function as integral components of the City's financial structure and are included in this report.

The City of Buffalo provides a full range of services, including police and fire protection, sanitation services, the construction and maintenance of highways, streets, and other infrastructure, as well as producing recreational activities and cultural events. The City is also financially accountable for a legally separate school district and urban renewal agency, both of which are reported separately within the City's financial statements. Water services are provided through the Buffalo Water Board and Buffalo Municipal Water Finance Authority (BMWFA). In 2003, New York State law created the Buffalo Fiscal Stability Authority (BFSA). At the end of fiscal year 2011–2012, BFSA transitioned from a Control Period to an Advisory Period. Although the aforementioned are 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. Additional information on all these legally separate entities can be found in the notes section of the financial statements.

The General Fund, Capital Debt Service Fund, and the Enterprise Funds (Parking, Refuse and Recycling, and Water) all have budgets which are adopted annually (the Annual Budget). The Annual Budget serves as the foundation for the City's financial planning and control for the upcoming Fiscal Year. All departments of the City are required to submit requests for appropriations to the Director of Budget on or before March 1st of each year. Per Section 20-3 of the City Charter on or before April 8th of each year, "… the mayor shall submit to the council a budget containing a complete plan of proposed expenditures and estimated revenues for the next fiscal year." Following submission of the Recommended Budget, "On or before the tenth day of May, the Comptroller shall submit to the council an assessment of the accuracy of the revenue and expenditure estimates of the budget and the four-year financial plan the mayor submits to the council. The comptroller shall opine on the sufficiency of the financial plan and whether it contains sufficient data to support the outcomes projected (Section 20-7)." The City Charter Section 20-8 allows the Common Council "may strike out or reduce items therein and may add thereto items of appropriation, provided that such additions are stated separately and distinctly from the original items of the budget and refer each to a single object or purpose." The Mayor may veto additions to the Proposed Budget. However, the Common Council may override any item vetoed by a two-thirds vote. If the budget has not been passed by the Common Council by June 8th, the budget as submitted by the Mayor, including all additions that he has not vetoed, is adopted. 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 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.

Local Economy

Buffalo's economy has evolved from its industrial roots into a diversified economic base encompassing manufacturing, healthcare, higher education, financial services, and emerging technology sectors. This diversification has helped insulate the region from broader economic volatility.

Downtown Buffalo remains the cultural and entertainment hub of Western New York, attracting millions of visitors annually to events such as the Taste of Buffalo, National Buffalo Wing Festival, the M&T Summer Music Series, and performances throughout the Theatre and Outer Harbor venues. The City's vibrant arts community and world-renowned architecture continue to make it a regional tourism destination.

Buffalo's rich cultural landscape is highlighted by major institutions such as Kleinhans Music Hall, home of the Buffalo Philharmonic Orchestra; Shea's Performing Arts Center; and the Albright-Knox Gundlach Museum, which recently completed a $160 million expansion. The historic Theatre District features the largest concentration of theaters in New York State outside of New York City, including Shea's Buffalo, 710 Main, Alleyway Theatre, the Colored Musicians Club of Buffalo, and the Irish Classical Theatre. The City is also home to the Buffalo Museum of Science, the Buffalo and Erie County Historical Museum, the Buffalo Zoo, and the Botanical Gardens of Buffalo and Erie County.

The City is home to four major sports franchises, including the Buffalo Bills (NFL), Buffalo Sabres (NHL), Buffalo Bandits (NLL), and Buffalo Bisons (Triple-A Baseball), all contributing significantly to the regional economy.

Buffalo's Canalside district continues to grow as a year-round waterfront destination, welcoming over 1.5 million visitors annually to concerts, festivals, and recreational attractions, including the Explore & More – Ralph C. Wilson, Jr. Children's Museum, the restored 1924 solar-powered carousel, and the Longshed Boat Building project.

Buffalo has also become an emerging location for film production, attracting major projects such as *A Quiet Place II* and *Nightmare Alley*. These productions have had a measurable economic impact, supported by New York State's Film Tax Credit and Buffalo's distinctive architecture and affordable filming costs.

Higher education remains a key economic driver, with over 20 colleges and universities in the region, including the University at Buffalo and Buffalo State University, employing approximately 32,000 people and serving 110,000 students, generating an estimated $3.2 billion in annual economic impact.

The corporate presence in Buffalo continues to expand, led by M&T Bank, KeyBank, Delaware North, Rich Products, New Era Cap, ACV Auctions, and Lactalis American Group, among others. Buffalo's proximity to Canada also sustains strong retail, transportation, and air travel activity, with Canadian travelers accounting for nearly 30% of Buffalo Niagara International Airport passengers.

The Port of Buffalo is eighth in size of the 54 Great Lakes ports and twenty-ninth in size of the 40 major U.S. ports. The Port's terminal facilities encompass 185,000 square feet of enclosed storage space for marine cargo and approximately 200 acres of open storage space. Foreign Trade Zone (the "FTZ") operation was enacted at the Port of Buffalo. Imported goods may be processed in the FTZ, sorted, stored and repackaged without payment of any duties until the goods are actually sold to importers in the United States or elsewhere. A total of 153 acres at the former Bethlehem Steel Plant has been designated as the FTZ and approximately 31 companies occupy the FTZ at the relocated Port of Buffalo.

Truck service is provided in the Buffalo area by various transcontinental, international and common carriers. Several freight and passenger lines, including Conrail, Amtrak and Canadian National Railways, provide rail service.

Long-Term Financial Planning

The City's bond ratings remain steady at A1/A+/A from Moody's Investors Service, S&P Global Ratings, and Fitch Ratings, respectively; however, the City's long-term outlook was changed from Stable to Negative by S&P Global and Fitch Ratings.

As of June 30, 2025, the net unrestricted fund balance of the City's General Fund is $42,342,468, presenting a decrease of $20,672,650 from Fiscal Year 2024. The Unrestricted Fund Balance consists of Emergency Stabilization Fund (Rainy-day) of the $42.3 million, Assigned Fund Balance of $0, and Unassigned Fund Balance of $0.

Key operational priorities for the City of Buffalo in Fiscal Year 2025-2026 are the sale of the Parking Ramps and Rapp Lots, Implementation of the Occupancy Tax, reauthorization of the Tribal Compact Agreement, and submitting and implementing a plan to replenish the Committed Fund Balance and the Available Fund Balance. The Administration is responsible for submitting a plan per §20-17.3.2:

> *"Commitment and Replenishment – The City is to maintain an available fund balance (the combination of Assigned and Unassigned) equal to no less than 30 days of prior-year expenditures.*
>
> *a. Replenishment – Immediately following a reduction in the available fund balance below the 30-day minimum, any subsequent annual budget approval must include a plan prepared and presented by the Office of the Mayor to restore this balance to the target level within a specific period. This process will be repeated with each annual budget*

cycle until the available fund balance is replenished to the minimum level of 30 days of prior-year expenditures.

b. Available Fund Balance Ceiling – If available fund balance at the completion of any fiscal year exceeds 45 days (Assigned and Unassigned) of prior-year expenditures, the Mayor may recommend that the excess be transferred into capital outlay to reduce the amount of available fund balance toward the target level of 30 days of prior-year expenditures. Said one-time transfer shall be subject to a majority vote of the Common Council."

In future years, the City will need to implement measures to enhance recurring revenues and manage expenditures to ensure properly balanced operations and maintain City services.

Major Initiatives

As we sustain our effort to ensure long-term financial recovery and growth of the City of Buffalo, the Department of Audit Control will continue to report, protect, and be economically responsible for the finances of the City. As in previous years, we continue to stress the importance of stabilizing the City's financial operations by increasing revenues and managing appropriations. We'll continue to encourage the improvement of City finances and the use of a strong unassigned fund balance policy as well as establishing written financial contingency plans when facing potential budget shortfalls after the first quarter of any fiscal year.

In addition to the aforementioned general statement on major policy initiatives, the City also looks forward to several specific major initiatives intended to have significant positive impacts on the City's efficiency and return on investments.

With the use of ARPA relief funds, the Comptroller continues her commitment ensuring that these funds are spent according to the purposes set forth by the US Department of the Treasury, the Administration, and the Common Council. As federal recovery funds conclude, the Comptroller's Office will continue to monitor their use and compliance with U.S. Department of Treasury guidelines while advancing new strategies to support long-term fiscal sustainability.

The Department of Audit and Control remains committed to transparency, accountability, and fiscal responsibility. Our ongoing focus is to strengthen the City's financial position through

Awards and Acknowledgments

GFOA Certificate:

For the nineteenth consecutive year, the Government Finance Officers Association (GFOA) has been awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Buffalo for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024.

Award for Outstanding Achievement in PAFR

The City also received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the eleventh consecutive year, recognizing our ongoing efforts to make financial information accessible and transparent to residents and stakeholders.

Conclusion

The preparation of this report would not have been possible without the professionalism and dedication of the entire staff of the Department of Audit and Control. I extend my sincere gratitude to each team member for their continued commitment to accuracy, integrity, and public service.

Sincerely,

Barbara Miller Williams
City of Buffalo 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."

CITY OF BUFFALO, NEW YORK
Elected City Officials
As of June 30, 2025

Christopher P. Scanlon, Mayor

Barbara Miller-Williams, City Comptroller

Christopher P. Scanlon, President of the Council

COUNCIL MEMBERS BY DISTRICT
(as of June 30, 2025)

Delaware District—Joel P. Feroleto

Ellicott District—Leah M. Halton-Pope

Fillmore District—Mitch Nowakowski

Lovejoy District—Bryan J. Bollman

Masten District—Zeneta B. Everhart

Niagara District—David A. Rivera

North District—Joseph Golombek, Jr.

South District—Christopher P. Scanlon

University District—Rasheed N.C. Wyatt

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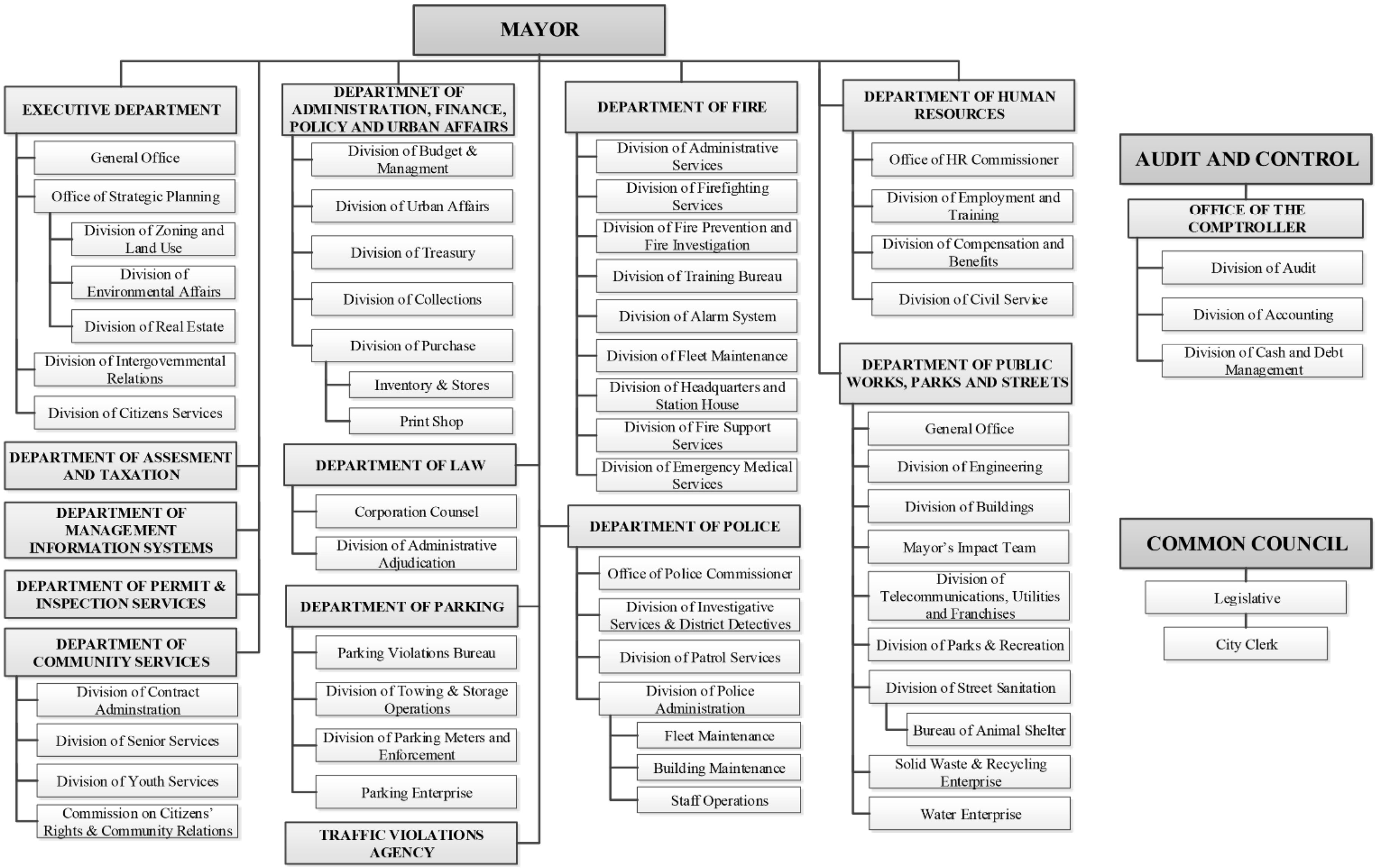
CITY OF BUFFALO, NEW YORK
Organizational Chart
June 30, 2025



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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Buffalo
New York

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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DRESCHER & MALECKI LLP
2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position 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, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Buffalo Fiscal Stability Authority ("BFSA"), which represents 1.3% and 0.1%, respectively, of the assets and revenues of the governmental activities. We also did not audit the financial statements of the Buffalo Board of Education ("BBOE"), 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 BFSA and BBOE, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standard generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information provided in the City's Annual Comprehensive Financial Report ("ACFR"). The other information comprises the Introductory Section and Statistical Section, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Drescher & Malecki LLP

November 13, 2025

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As management of the City of Buffalo, New York (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the City's financial statements, which follow this narrative. All amounts are expressed in thousands of dollars, unless otherwise indicated.

Financial Highlights

- The liabilities and deferred inflows of resources of the City's primary government exceeded assets and deferred outflows of resources at the close of the fiscal year ended June 30, 2025 by $589,873. This consists of $774,918 net investment in capital and right-to-use assets, $64,910 restricted for specific purposes, and unrestricted net position of $(1,429,701).
- The City's total primary government net position increased $81,283 during the year ended June 30, 2025. Net position increased $89,603 for governmental activities and decreased $8,320 for business-type activities.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $205,397, a decrease of $39,782 from June 30, 2024.
- At the end of the current fiscal year, the committed fund balance, consisting of the Emergency Stabilization Fund, for the General Fund was $42,342, or 6.3 percent of total General Fund expenditures and transfers out. As of June 30, 2025, the City reported no unassigned fund balance.
- The City's total general obligation bonded debt outstanding, including notes that have been refinanced but have not yet matured, and bonds issued by the Buffalo Fiscal Stability Authority ("BFSA"), is $157,185 ($153,929 net governmental activities general obligation bonds issued by the City, $165 governmental activities general obligation bonds issued by BFSA, and $3,091 business-type activities general obligation bonds). During the year, the City made total scheduled principal payments of $33,150 ($32,290 for net governmental activities general obligation bonds issued by the City, $155 for governmental activities general obligation bonds issued by BFSA, and $705 for business-type activities general obligation bonds) during the year ended June 30, 2025.
- The total Buffalo Municipal Water Finance Authority revenue bonds outstanding within the Water System at the end of the current fiscal year were $134,195, as compared to $142,160 at the beginning of the year as a result of scheduled principal payments made of $7,965.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contained other supplementary information in addition to the basic financial statements themselves.

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 position* presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flow*s. 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).

Both of the government-wide financial statements distinguish 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 support, public safety, streets and sanitation, economic assistance and opportunity, culture and recreation, health and community services, education and interest and fiscal charges. The business-type activities of the City include parking ramps, refuse collection services, and a water system.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Buffalo Board of Education ("Board"), a legally separate school district for which the City is financially accountable, and the Buffalo Urban Renewal Agency ("BURA"), 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 18-19 of this report.

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 funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activitie*s.

The City maintains seven 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. Data from the City's Special Revenue and Permanent Funds, as well as the BFSA General Fund and the BFSA Debt Service Fund are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is presented in the form of combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

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 solid waste and recycling collection, parking ramps, and water system operations. An *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 Solid Waste and Recycling Fund, Parking Fund and Water System Fund. In addition, the Internal Service Fund is presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 24-28 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The City maintains two fiduciary funds, the Private Purpose Trust Fund and the Custodial Fund.

The fiduciary fund financial statements can be found on pages 29-30 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 on pages 31-89 of this report.

Additional information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's net pension liability/(asset), the City's total other postemployment benefits liability, and the City's budgetary comparison for the General Fund. Required supplementary information and related notes to the required supplementary information can be found on pages 90-103 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds are presented along with other supplementary information immediately following the required supplementary information in the Supplementary Information section of this report on pages 104-111.

Finally, the Statistical Section can be found on pages 112-135 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City's primary government, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $589,873 at the close of the most recent fiscal year, as compared to $671,156 at the close of the fiscal year ended June 30, 2024.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government (000's omitted)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 797,719	$ 951,155	$ 37,756	$ 70,381	$ 835,475	$ 1,021,536
Capital and right-to-use assets	749,857	666,072	223,745	219,003	973,602	885,075
Total assets	1,547,576	1,617,227	261,501	289,384	1,809,077	1,906,611
Total deferred outflows of resources	229,230	223,857	6,703	7,926	235,933	231,783
Current and other liabilities	571,944	682,870	9,239	15,246	581,183	698,116
Noncurrent liabilities	1,666,563	1,597,749	218,040	225,565	1,884,603	1,823,314
Total liabilities	2,238,507	2,280,619	227,279	240,811	2,465,786	2,521,430
Total deferred inflows of resources	164,161	275,931	4,936	12,189	169,097	288,120
Net position:						
Net investment in capital and right-to-use assets	665,846	591,577	109,072	115,340	774,918	706,917
Restricted	64,910	52,176	-	-	64,910	52,176
Unrestricted	(1,356,618)	(1,359,219)	(73,083)	(71,030)	(1,429,701)	(1,430,249)
Total net position	$ (625,862)	$ (715,466)	$ 35,989	$ 44,310	$ (589,873)	$ (671,156)

The largest portion of the City's net position, $774,918, reflects its investment in capital and right-to-use assets (e.g. land, buildings, machinery, equipment, infrastructure, right-to-use lease assets and subscription assets), net of accumulated depreciation/amortization and less any related debt used to acquire those assets. The City uses these capital and right-to-use assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital and right-to-use assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, $64,910, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining component of the City's net position, $(1,429,701), represents unrestricted net position which reflects liabilities not related to the City's capital assets and not expected to be repaid from current resources. Long-term liabilities are funded annually within the funds. Of note, the long-term liability associated with other postemployment benefits ("OPEB") obligations totals $1,237,489. As the revenue recognition criteria for the future funding of this liability has not been met, no asset has been recorded to offset this liability.

Total net position of the City's primary government increased $81,283. Significant changes from 2024 to 2025 in the Statement of Net Position and reasons for such changes are:

- Current and other assets decreased by $186,061. The primary reason for the decrease is due to decreases in cash and cash equivalents. Capital and right-to-use assets increased by $88,527 due to increases in capital outlay spending.

- Deferred outflows of resources increased $4,150, due primarily to an increase in deferred outflows of resources relating to OPEB.

- Current and other liabilities decreased by $116,933, due primarily to a decrease in unearned revenue and amounts due to component units.

- Noncurrent liabilities increased by $61,289, primarily due to a net increase in total OPEB liabilities of $68,173 and a net increase in net pension liability of $56,146, partially offset by a decrease in bonds payable, net of premiums and discounts of $46,185.

- Deferred inflows of resources decreased $119,023, due primarily to decreases in deferred inflows of resources relating to pensions and OPEB.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2025 and June 30, 2024.

Table 2—Condensed Statements of Changes in Net Position—Primary Government (000's omitted)

	Governmental Activities		Business-Type Activities		Total	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 31,417	$ 31,283	$ 89,509	$ 86,565	$ 120,926	$ 117,848
Operating grants and contributions	133,121	117,111	-	-	133,121	117,111
Capital grants and contributions	53,737	82,820	1,006	1,601	54,743	84,421
General revenues:						
Property taxes	168,583	155,837	-	-	168,583	155,837
Other taxes	23,057	23,222	-	-	23,057	23,222
Intergovernmental	127,839	124,279	133	133	127,972	124,412
Investment earnings	19,760	25,853	801	922	20,561	26,775
State aid	166,285	161,020	-	-	166,285	161,020
Miscellaneous	20,149	2,006	-	-	20,149	2,006
Total revenues	743,948	723,431	91,449	89,221	835,397	812,652
Expenses:						
General government support	118,280	182,389	-	-	118,280	182,389
Public safety	332,170	303,285	-	-	332,170	303,285
Streets and sanitation	41,277	45,843	-	-	41,277	45,843
Economic assist. and opportunity	84,125	50,190	-	-	84,125	50,190
Culture and recreation	7,360	15,602	-	-	7,360	15,602
Health and community services	10,247	4,161	-	-	10,247	4,161
Education	70,823	70,823	-	-	70,823	70,823
Interest and fiscal charges	5,081	3,892	-	-	5,081	3,892
Solid Waste and Recycling	-	-	30,326	29,435	30,326	29,435
Parking	-	-	1,723	1,789	1,723	1,789
Water System	-	-	52,701	47,336	52,701	47,336
Total expenses	669,363	676,185	84,750	78,560	754,114	754,745
Excess of revenues over expenses	74,585	47,246	6,699	10,661	81,283	57,908
Transfers	15,019	(1,430)	(15,019)	1,430	-	-
Change in net position	89,604	45,816	(8,320)	12,091	81,283	57,908
Net position—beginning	(715,466)	(761,282)	44,309	32,218	(671,156)	(729,064)
Net position—ending	$ (625,862)	$ (715,466)	$ 35,989	$ 44,309	$ (589,873)	$ (671,156)

Governmental activities—The largest funding sources for the City's governmental activities, as a percent of total revenues, are property taxes (22.7%), state aid (22.4%) and operating grants and contributions (17.9%).

The largest expense categories for the City's governmental activities as a percentage of total expenses are public safety (49.6%), general government support (17.7%) and economic assistance and opportunity (12.6%).

- Total expenses decreased $6,822 in the current year as compared to last year, mainly due to decreases in general government support related to the settlement of claims and judgements that occurred during the year ended June 30, 2024, partially offset by increases in public safety related to salary and personal costs and within economic assistance and opportunity related to increases in American rescue plan projects.

- Total revenues increased $20,516 in the current year as compared to last year, mainly due to increases in miscellaneous revenue attributed to the sale of land and miscellaneous police, fire and court facility aid grants.

Business-type activities—Business-type activities decreased the City's net position by $8,320. Overall, revenues increased $2,228, expenses increased $6,190, transfers out increased $15,019, and transfers in decreased $1,430 from 2024 to 2025. The overall decrease in net position is due to the following:

- The Solid Waste and Recycling Fund recorded a decrease in net position of $1,855 as a result of operating expenses exceeding operating revenues.

- The net position of the Parking Fund decreased $2,052, which was primarily a result of operating expenses, interest expense and transfers out exceeding operating and nonoperating revenues.

- The Water System's net position decreased by $4,413 as a result of a decrease in transfers in of American Rescue Plan funding due to less water system projects performed during the year ended June 30, 2025.

Financial Analysis of Governmental Funds

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

Governmental funds—The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Common Council.

At June 30, 2025, the City's governmental funds reported combined ending fund balances of $205,397, a decrease of $39,782 from the prior year. The City's governmental funds fund balance is either *nonspendable, restricted, committed,* or *assigned* to indicate that it is: (1) not in spendable form, $39,091, (2) restricted for particular purposes, $123,758, (3) committed to particular purposes, $42,342, or (4) assigned for particular purposes, $206.

Nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance totaling $39,091 consists of $9,159 of real estate acquired for resale, $28,347 unavailable due to the long-term interfund receivable from the Solid Waste and Recycling Fund, $1,555 for prepaid items and $30 for Permanent Fund principal.

Restricted fund balance in the amount of $123,758 are amounts constrained to specific purposes and consist of $58,878 to finance specific capital projects, $21,340 for future capital outlay, $14,958 to pay debt service, $27,915 for federal and state programs, $555 for emergency medical services and $112 for compliance of the Permanent Fund.

Commitments are amounts that are subject to a purpose constraint imposed by a formal action of the City's highest level of decision-making authority. $42,342 of fund balance is committed for the City's Emergency Stabilization fund, which is under funded per the City's charter. Assigned fund balance in the amount of $218 consists of funds held by the BFSA. These assignments indicate management's intention to utilize these funds for the stated purposes.

The General Fund is the chief operating fund of the City. During the current fiscal year, total fund balance decreased to $103,028, a decrease of $14,768 from the prior year ended June 30, 2024 due primarily to increased public safety costs combined with revenues not meeting expectations for tax items, state aid, charges for services, licenses and permits and fines. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total General Fund expenditures and transfers out. Total fund balance represents approximately 15.3 percent of that amount.

The Debt Service Fund has a total fund balance of $14,340, which is restricted solely for the purpose of payment of future debt service. The increase in fund balance during the current year in the Debt Service Fund of $2,592 was mainly due to interest earnings and miscellaneous revenue exceeding budget expectations.

The Capital Projects Fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for in the appropriate proprietary fund. At the end of the current fiscal year, Capital Projects Fund fund balance was $58,878, all of which is restricted for future projects. The decrease in fund balance of $36,855 is due to an increase in capital outlay coupled by a decrease in amounts provided by the issuance of debt.

Proprietary funds—Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The net position of the enterprise funds at the end of the current fiscal year totaled $35,989. The balance includes a net position of $(64,269) for the Solid Waste and Recycling Fund, $31,979 for the Parking Fund, and $68,279 for the Water System Fund. The underlying reasons for any changes were described under the aforementioned heading Business-type activities.

The Internal Service Fund is used to account for the central print shop. The total net position at the end of the fiscal year was $99. This represents an increase of $12 from the prior year.

General Fund Budgetary Highlights

The City adopts an annual appropriated budget for the General Fund. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the City has appropriately assigned an equal amount of fund balance at year-end for this purpose. The budgetary comparison schedule for the General Fund, a major fund, is provided in the Required Supplementary Information section of this report to demonstrate compliance with the budget.

A summary of the General Fund results of operations for the year ended June 30, 2025 is presented below in Table 3.

Table 3—General Fund Budget

	Budgeted Amounts		Budgetary Actual	Variance with
	Adopted	Final	Amounts	Final Budget
Revenues and other financing sources	$ 602,167	$ 602,167	$ 659,151	$ 56,984
Expenditures and other financing uses	617,010	628,597	687,532	(58,935)
Deficiency of revenues and other financing sources over expenditures and other financing uses	$ (14,843)	$ (26,430)	$ (28,381)	$ (1,951)

Adopted budget compared to final budget—During the year, the City amended appropriations for various purposes. The primary increases were $14,057 within other for the payment of legal claims, as well as $4,367 within public works, parks and streets for road improvements. These increases were supported by the use of fund balance.

Final budget compared to actual results—A review of actual revenues and expenditures compared to the estimated revenues and appropriations indicate that actual revenues and other financing sources were $56,985 above the final budget, due primarily to unanticipated interest earnings and recognition of American Rescue Plan Act federal aid. Actual expenditures and other financing uses were higher than the final budget by $58,935, due primarily to significant increases in spending within public safety and employee benefits, as well as transfers out of American Rescue Plan Act funding that was not adjusted for in the final budget.

Capital and Right-to-use Lease/Subscription Assets and Debt Administration

Capital and right-to-use lease/subscription assets—The City's capital and right-to-use lease/subscription assets for its governmental activities and business-type activities as of June 30, 2025 amounted to $973,602 (net of accumulated depreciation/amortization). This investment in capital and right-to-use lease/subscription assets includes land, buildings and building improvements, improvements other than buildings, machinery and equipment, infrastructure, right-to-use lease assets, subscription assets and construction in progress.

All depreciable/amortizable capital assets were depreciated/amortized from acquisition date to the end of the current year as outlined in the City's capital asset policy.

Capital and right-to-use assets, net of depreciation/amortization for governmental activities and business-type activities as of June 30, 2025 and June 30, 2024 are presented in Table 4 below.

Table 4—Summary of Capital and Right-to-use Lease/Subscription Assets (Net of Depreciation /Amortization) (000's omitted)

	Governmental Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
Land	$ 9,792	$ 9,792	$ 2,827	$ 3,308	$ 12,619	$ 13,100
Buildings and improvements	194,512	185,495	114,639	116,747	309,151	302,242
Improvements other than buildings	33,493	25,320	2	11	33,495	25,331
Machinery and equipment	21,458	13,949	3,144	3,089	24,602	17,038
Infrastructure	310,096	313,096	97,652	90,449	407,748	403,545
Right-to-use lease assets-buildings	469	683	-	-	469	683
Right-to-use lease assets-machinery and equipment	74	221	-	-	74	221
Subscription assets	-	483	-	-	-	483
Construction in progress	179,963	117,033	5,481	5,399	185,444	122,432
Total	$ 749,857	$ 666,072	$ 223,745	$ 219,003	$ 973,602	$ 885,075

The City's infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide and proprietary fund financial statements. The City has elected to depreciate their infrastructure assets. Additional information on the City's capital and right-to-use assets can be found in Note 4 to the financial statements.

Long-term debt—At June 30, 2025, the City had total bonded debt outstanding for governmental activities of $154,094, including bonds issued by BFSA, as compared to $186,539 in the prior year as a result of scheduled principal payments. The amount attributed to BFSA's total bonded debt outstanding at the end of the current fiscal year is $165.

The bonds outstanding for business-type activities at June 30, 2025 consisted of $3,091 in general obligation bonds issued by the City for parking and $134,195 of revenue bonds issued by the Water Authority reported within the Water System. During the year, the City made principal payments on behalf of the Parking Fund of $705, while the Authority made principal payments on water system revenue bonds of $7,965.

A summary of the City's long-term liabilities at June 30, 2025 and June 30, 2024 is presented in Table 5 on the following page.

Table 5—Summary of Long-Term Liabilities (000's omitted)

	Governmental Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
Bonds payable, net of premiums and discounts	$ 174,467	$ 211,111	$ 151,137	$ 160,678	$ 325,604	$ 371,789
Lease liability	500	882	-	-	500	882
Subscription liability	-	69	-	-	-	69
Compensated absences	31,477	28,983	1,705	1,440	33,182	30,423
Workers' compensation	7,369	7,784	908	1,076	8,277	8,860
Landfill post-closure monitoring	210	280	-	-	210	280
OPEB obligation	1,181,534	1,114,051	55,952	55,263	1,237,486	1,169,314
Judgments and claims	13,200	31,700	-	-	13,200	31,700
Net pension liability	257,806	202,889	8,337	7,108	266,143	209,997
Total	$ 1,666,563	$ 1,597,749	$ 218,039	$ 225,565	$ 1,884,602	$ 1,823,314

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 New York State Constitution also provides that the City may not contract indebtedness in an amount greater than nine percent 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 $1,559,926. The City had a debt-contracting margin of $1,631,705 on June 30, 2025. During the year ended June 30, 2025, the City had no changes in their bond ratings. Additional information on the City's long-term debt can be found in Note 10 to the financial statements.

Next Year's Budget

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2026 budget. The total budgeted appropriations for the City's General Fund operations are $622,074. This budget is a $4,916 increase from the fiscal year 2025 total budgeted appropriations of $617,158.

The unemployment rate, not seasonally adjusted, for the region at June 30, 2025 was 3.4 percent. This compares to New York State's average unemployment rate of 4.0 percent. These factors, as well as others, are considered in preparing the City's budget.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Buffalo, Office of the Comptroller, 1225 City Hall, Buffalo, New York 14202; Buffalo Board of Education, Finance, 708 City Hall, Buffalo, New York 14202; and Buffalo Urban Renewal Agency, 920 City Hall, Buffalo, New York 14202.

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Basic Financial Statements

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CITY OF BUFFALO, NEW YORK
Statement of Net Position
June 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Board	BURA
ASSETS					
Cash and cash equivalents	$ 454,861,837	$ 19,844,412	$ 474,706,249	$ 10,806,266	$ 4,312,305
Restricted cash and cash equivalents	231,759,792	35,243,986	267,003,778	21,227,983	1,239,842
Restricted investments	511,265	-	511,265	-	-
Receivables (net of allowances)	20,137,098	14,372,404	34,509,502	16,303,588	1,155,444
Leases receivable	22,498,133	-	22,498,133	-	415,632
Intergovernmental receivables	24,452,011	-	24,452,011	114,852,690	798,037
Due from component units/ primary government	1,080,000	-	1,080,000	455,896,931	199,278
Internal balances	31,704,496	(31,704,496)	-	-	-
Prepaid items and other assets	1,555,095	-	1,555,095	2,466,776	620
Real estate acquired for resale	9,159,360	-	9,159,360	-	5,923,648
Noncurrent net pension asset	-	-	-	58,397,426	-
Capital and right-to-use assets not being depreciated/amortized	189,755,179	8,307,563	198,062,742	51,083,986	-
Capital and right-to-use assets, net of accumulated depreciation/amortization	560,102,152	215,437,395	775,539,547	466,994,907	16,297
Total assets	1,547,576,418	261,501,264	1,809,077,682	1,198,030,553	14,061,103
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	1,641,246	1,641,246	10,936,485	-
Deferred outflows—relating to pensions	147,855,310	4,192,785	152,048,095	155,935,104	520,679
Deferred outflows—relating to OPEB	81,374,918	868,753	82,243,671	178,408,000	-
Total deferred outflows of resources	229,230,228	6,702,784	235,933,012	345,279,589	520,679
LIABILITIES					
Accounts payable and accrued liabilities	54,584,983	8,575,712	63,160,695	85,829,413	2,235,483
Retainages payable	4,035,869	-	4,035,869	367,368	-
Intergovernmental payables	14,837,685	621,198	15,458,883	50,053,145	-
Due to component units/primary government	456,096,209	-	456,096,209	1,080,000	-
Unearned revenue	42,389,995	42,231	42,432,226	1,824,490	667,197
Noncurrent liabilities:					
Due within one year	120,129,770	13,101,794	133,231,564	83,211,538	10,596
Due in more than one year	1,546,433,355	204,938,003	1,751,371,358	1,861,601,094	7,487,902
Total liabilities	2,238,507,866	227,278,938	2,465,786,804	2,083,967,048	10,401,178
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	78,246	-	78,246	8,882,471	-
Deferred inflows—relating to leases	20,361,496	-	20,361,496	-	365,204
Deferred inflows—relating to pensions	12,761,216	113,614	12,874,830	79,773,877	61,987
Deferred inflows—relating to OPEB	130,960,128	4,822,550	135,782,678	951,339,000	-
Total deferred inflows of resources	164,161,086	4,936,164	169,097,250	1,039,995,348	427,191
NET POSITION					
Net investment in capital and right-to-use assets	665,846,067	109,072,423	774,918,490	184,142,014	12,774
Restricted for:					
Capital outlay	21,339,974	-	21,339,974	-	3,075
Debt service	14,958,292	-	14,958,292	20,239,114	-
Grants	27,915,305	-	27,915,305	-	849,518
Perpetual care—Expendable	111,601	-	111,601	-	-
Perpetual care—Unexpendable	30,000	-	30,000	-	-
Other purposes	555,262	-	555,262	62,955,102	-
Unrestricted	(1,356,618,807)	(73,083,477)	(1,429,702,284)	(1,874,894,528)	2,888,046
Total net position	$ (625,862,306)	$ 35,988,946	$ (589,873,360)	$ (1,580,652,254)	$ 3,753,413

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

CITY OF BUFFALO, NEW YORK
Statement of Activities
Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
					Primary Government			Component Units	
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Board	BURA
Primary government:									
Governmental activities:									
General government support	$ 118,279,923	$ 9,390,969	$ 6,809,935	$ 596,193	$ (101,482,826)	$ -	$ (101,482,826)	$ -	$ -
Public safety	332,170,130	10,979,521	5,049,167	302,961	(315,838,481)	-	(315,838,481)	-	-
Streets and sanitation	41,277,711	4,576,159	10,938	38,827,247	2,136,633	-	2,136,633	-	-
Economic assistance and opportunity	84,125,549	6,033,627	24,814,501	36,902	(53,240,519)	-	(53,240,519)	-	-
Culture and recreation	7,359,780	313,784	25,000	13,973,511	6,952,515	-	6,952,515	-	-
Health and community services	10,246,873	123,066	96,410,920	-	86,287,113	-	86,287,113	-	-
Education	70,822,758	-	-	-	(70,822,758)	-	(70,822,758)	-	-
Interest and fiscal charges	5,080,707	-	-	-	(5,080,707)	-	(5,080,707)	-	-
Total governmental activities	669,363,431	31,417,126	133,120,461	53,736,814	(451,089,030)	-	(451,089,030)	-	-
Business-type activities:									
Solid Waste and Recycling	30,325,610	27,964,913	-	1,005,504	-	(1,355,193)	(1,355,193)	-	-
Parking	1,722,628	3,887,184	-	-	-	2,164,556	2,164,556	-	-
Water System	52,700,817	57,656,602	-	-	-	4,955,785	4,955,785	-	-
Total business-type activities	84,749,055	89,508,699	-	1,005,504	-	5,765,148	5,765,148	-	-
Total primary government	$ 754,112,486	$ 120,925,825	$ 133,120,461	$ 54,742,318	(451,089,030)	5,765,148	(445,323,882)	-	-
Component units:									
Board	$ 1,115,613,126	$ 4,948,768	$ 173,032,988	$ 438,348				(937,193,022)	-
BURA	63,705,896	1,394,020	62,012,224	-				-	(299,652)
Total component units	$ 1,179,319,022	$ 6,342,788	$ 235,045,212	$ 438,348				(937,193,022)	(299,652)
General revenues:									
Taxes:									
Property taxes					168,583,115	-	168,583,115	-	-
Interest and penalties					2,761,089	-	2,761,089	-	-
Mortgage taxes					3,998,990	-	3,998,990	-	-
Payments in lieu of taxes					3,772,343	-	3,772,343	-	-
Gross utility tax					12,524,500	-	12,524,500	-	-
Intergovernmental–unrestricted					127,839,050	132,729	127,971,779	60,270,556	-
Investment earnings					19,759,823	800,839	20,560,662	-	186,891
Contribution from City of Buffalo					-	-	-	70,822,759	-
State aid–unrestricted					166,285,233	-	166,285,233	939,773,303	-
Miscellaneous					20,149,330	-	20,149,330	16,590,958	368,193
Transfers					15,018,916	(15,018,916)	-	-	-
Total general revenues and transfers					540,692,389	(14,085,348)	526,607,041	1,087,457,576	555,084
Change in net position					89,603,359	(8,320,200)	81,283,159	150,264,554	255,432
Net position—beginning					(715,465,665)	44,309,146	(671,156,519)	(1,730,916,808)	3,497,981
Net position—ending					$ (625,862,306)	$ 35,988,946	$ (589,873,360)	$ (1,580,652,254)	$ 3,753,413

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

CITY OF BUFFALO, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2025

	General	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 454,664,925	$ -	$ -	$ 136,243	$ 454,801,168
Restricted cash and cash equivalents	68,264,894	8,755,457	128,002,154	26,737,287	231,759,792
Restricted investments	-	-	-	511,265	511,265
Receivables:					
Delinquent taxes and assessments	15,029,769	-	-	-	15,029,769
Accounts receivable	16,315,296	-	2,970,580	4,853	19,290,729
Due from other agencies	1,915,841	-	-	-	1,915,841
Allowances	(16,135,236)	-	-	-	(16,135,236)
Net receivables	17,125,670	-	2,970,580	4,853	20,101,103
Leases receivable	22,498,133	-	-	-	22,498,133
Intergovernmental receivables	451,441	-	4,747,687	19,252,883	24,452,011
Due from other funds	53,553,171	5,584,433	-	8,316,965	67,454,569
Prepaid items	1,284,787	-	-	270,308	1,555,095
Real estate acquired for resale	9,159,360	-	-	-	9,159,360
Total assets	$ 627,002,381	$ 14,339,890	$ 135,720,421	$ 55,229,804	$ 832,292,496
LIABILITIES					
Accounts payable	$ 17,628,761	$ -	$ 10,891,179	$ 6,867,335	$ 35,387,275
Accrued liabilities	17,307,277	-	-	45,506	17,352,783
Intergovernmental payables	153,644	-	40,322	129,574	323,540
Due to other funds	-	-	23,508,504	12,244,805	35,753,309
Due to component units	406,997,242	-	42,325,732	6,773,235	456,096,209
Due to retirement systems	14,496,089	-	-	18,056	14,514,145
Unearned revenue	42,312,970	-	77,025	-	42,389,995
Total liabilities	498,895,983	-	76,842,762	26,078,511	601,817,256
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to leases	20,361,496	-	-	-	20,361,496
Unavailable revenue—property taxes	4,716,622	-	-	-	4,716,622
Total deferred inflows of resources	25,078,118	-	-	-	25,078,118
FUND BALANCES					
Nonspendable	38,790,576	-	-	300,308	39,090,884
Restricted	21,895,236	14,339,890	58,877,659	28,645,308	123,758,093
Committed	42,342,468	-	-	-	42,342,468
Assigned	-	-	-	205,677	205,677
Total fund balances	103,028,280	14,339,890	58,877,659	29,151,293	205,397,122
Total liabilities, deferred inflows of resources and fund balances	$ 627,002,381	$ 14,339,890	$ 135,720,421	$ 55,229,804	$ 832,292,496

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

CITY OF BUFFALO, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the statement of net position (page 18) are different because:

Total fund balances—governmental funds (page 20)		$ 205,397,122
City capital and right-to-use lease/subscription assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund statements. The cost of these assets is $1,524,808,249 and the accumulated depreciation/amortization is $774,950,918.		749,857,331
Property taxes are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the fund statements.		4,716,622
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the fund statements.		1,080,000
Deferred outflows and inflows of resources related to pensions (including BFSA) and other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows related to pensions employer contributions	$ 14,526,648	
Deferred outflows related to pensions experience, changes of assumptions, investment earnings, and changes in proportion	133,328,662	
Deferred outlows related to OPEB liability	81,374,918	
Deferred inflows related to pension plans	(12,761,216)	
Deferred inflows related to OPEB liability	(130,960,128)	85,508,884
Deferred gains associated with refunding of bonds are not reported in the governmental funds. The gain is reported as a deferred inflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.		(78,246)
Internal service funds are used by management to charge the costs of internal print services. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		98,857
Net accrued interest expense for serial bonds is not reported in the fund statements.		(1,843,882)
To recognize retainages payable on outstanding capital projects not recorded in the fund statements.		(4,035,869)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
General obligations bonds–City	$ (153,928,788)	
General obligations bonds–BFSA	(165,000)	
Unamortized premiums on bonds–City	(20,309,458)	
Unamortized premiums on bonds–BFSA	(64,020)	
Lease liability	(500,232)	
Compensated absences	(31,476,667)	
Workers' compensation	(7,369,311)	
Landfill post-closure monitoring costs	(210,000)	
OPEB obligaiton–City	(1,180,548,500)	
OPEB obligation–BFSA	(985,190)	
Judgments and claims	(13,200,000)	
Net pension liability–City	(257,541,979)	
Net pension liability–BFSA	(263,980)	(1,666,563,125)
Net position of governmental activities		$ (625,862,306)

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

CITY OF BUFFALO, NEW YORK

Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended June 30, 2025

	General	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Property taxes, assessments, and other tax items	$ 179,360,657	$ -	$ -	$ -	$ 179,360,657
Utility and other nonproperty tax items	12,524,500	-	-	-	12,524,500
Intergovernmental	390,074,937	910,026	55,356,041	36,510,668	482,851,672
Interest earnings	15,121,031	4,383,705	-	101,450	19,606,186
License, permit, rentals, fines, and other service charges	29,420,742	117,193	29,940	-	29,567,875
Miscellaneous	18,495,685	2,488,931	93,195	163,651	21,241,462
Total revenues	644,997,552	7,899,855	55,479,176	36,775,769	745,152,352
EXPENDITURES					
Current:					
General government support	72,049,717	-	-	872,026	72,921,743
Public safety	210,147,253	-	-	6,985,648	217,132,901
Streets and sanitation	17,216,776	-	-	1,403,220	18,619,996
Economic assistance and opportunity	3,465,132	-	-	56,414,375	59,879,507
Culture and recreation	9,060,905	-	-	6,358,159	15,419,064
Health and community services	3,131,360	-	-	3,581,985	6,713,345
Education	70,822,758	-	-	-	70,822,758
Employee benefits	183,811,524	-	-	-	183,811,524
Other	20,220,075	-	-	-	20,220,075
Debt service:					
Principal	450,793	32,290,282	-	155,000	32,896,075
Interest and fiscal charges	86,131	8,686,563	-	9,543	8,782,237
Capital outlay:					
General government support	-	-	7,748,329	-	7,748,329
Public safety	-	-	13,021,523	-	13,021,523
Streets and sanitation	-	-	29,964,032	-	29,964,032
Culture and recreation	-	-	42,000,619	-	42,000,619
Total expenditures	590,462,424	40,976,845	92,734,503	75,779,956	799,953,728
Excess (deficiency) of revenues over expenditures	54,535,128	(33,076,990)	(37,255,327)	(39,004,187)	(54,801,376)
OTHER FINANCING SOURCES (USES)					
Transfers in	14,153,588	35,987,037	400,000	50,774,420	101,315,045
Transfers out	(83,457,142)	(317,581)	-	(2,521,406)	(86,296,129)
Total other financing sources (uses)	(69,303,554)	35,669,456	400,000	48,253,014	15,018,916
Net change in fund balances	(14,768,426)	2,592,466	(36,855,327)	9,248,827	(39,782,460)
Fund balances—beginning	117,796,706	11,747,424	95,732,986	19,902,466	245,179,582
Fund balances—ending	$ 103,028,280	$ 14,339,890	$ 58,877,659	$ 29,151,293	$ 205,397,122

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

CITY OF BUFFALO, NEW YORK

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities (page 19) are different because:		
Net change in fund balances—total governmental funds (page 22)		$ (39,782,460)
City governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense and loss on disposal in the current period.		
Capital asset additions, net	$ 128,585,890	
Depreciation/amortization expense	(44,800,525)	
Loss on disposal	(660)	83,784,705
Revenues reported in the statement of activities that do not provide current financial resources and, therefore, are not reported as revenues in the fund statements.		(1,415,120)
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 the governmental funds.		77,665
Net differences between pension contributions (including BFSA) and OPEB changes recognized on the fund financial statements and the government-wide financial statements are as follows:		
Direct pension contributions	$ 55,495,106	
Cost of benefits earned net of employee contributions	(62,606,919)	
Changes in OPEB assumptions	(66,329,364)	(73,441,177)
The internal service funds are used by management to charge the costs of internal print services. The net expense of certain activities of internal service funds is reported with governmental activities.		11,735
In the statement of activities, interest expense and retainages payable are recognized as they accrue, regardless of when they are paid.		(1,104,636)
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. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:		
Repayment of general obligations bonds–City	$ 32,290,282	
Repayment of general obligations bonds–BFSA	155,000	
Amortization of bond premiums–City	4,045,180	
Amortization of bond premiums–BFSA	153,637	
Repayment of lease liability	381,680	
Repayment of subscription liability	69,113	
Change in compensated absences	(2,493,731)	
Change in workers' compensation	415,110	
Change in landfill post-closure monitoring costs	70,000	
Change in other postemployment benefits obligation–City	67,684,974	
Change in other postemployment benefits obligation–BFSA	201,402	
Change in judgments and claims	18,500,000	121,472,647
Change in net position of governmental activities		$ 89,603,359

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

CITY OF BUFFALO, NEW YORK
Statement of Net Position—
Proprietary Funds
June 30, 2025

	Business-type Activities—Enterprise Funds				
	Solid Waste and Recycling	Parking	Water System	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ -	$ 5,236,502	$ 14,607,910	$ 19,844,412	$ 60,669
Restricted cash and cash equivalents	421,234	2,139	34,820,613	35,243,986	-
Receivables:					
Accounts receivable	18,422,011	2,584,008	44,307,435	65,313,454	35,995
Other receivables	146,618	-	1,366,773	1,513,391	-
Due from other agencies	-	-	254,850	254,850	-
Allowances	(16,871,812)	-	(35,837,479)	(52,709,291)	-
Net receivables	1,696,817	2,584,008	10,091,579	14,372,404	35,995
Due from other funds	184,505	-	-	184,505	3,236
Total current assets	2,302,556	7,822,649	59,520,102	69,645,307	99,900
Noncurrent assets:					
Capital assets not being depreciated:					
Land	1	2,681,773	145,116	2,826,890	-
Construction in progress	-	299,535	5,181,138	5,480,673	-
Total capital assets not being depreciated	1	2,981,308	5,326,254	8,307,563	-
Capital assets being depreciated:					
Buildings, building improvements, and infrastructure	5,378,743	54,318,126	323,819,763	383,516,632	-
Improvements other than buildings	201,071	-	252,393	453,464	-
Machinery and equipment	11,900,333	196,948	2,082,676	14,179,957	-
Accumulated depreciation	(12,633,297)	(27,947,662)	(142,131,699)	(182,712,658)	-
Total capital assets being depreciated	4,846,850	26,567,412	184,023,133	215,437,395	-
Total noncurrent assets	4,846,851	29,548,720	189,349,387	223,744,958	-
Total assets	7,149,407	37,371,369	248,869,489	293,390,265	99,900
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	-	1,641,246	1,641,246	-
Deferred outflows—relating to pensions	2,453,291	-	1,739,494	4,192,785	-
Deferred outflows—relating to OPEB	196,467	10,394	661,892	868,753	-
Total deferred outflows of resources	2,649,758	10,394	4,042,632	6,702,784	-
LIABILITIES					
Current liabilities:					
Accounts payable	1,789,104	271	2,623,699	4,413,074	1,043
Other accrued liabilities	748,826	42,091	3,371,721	4,162,638	-
Due to other funds	-	1,579,318	1,963,254	3,542,572	-
Due to retirement systems	363,353	212	257,633	621,198	-
Unearned revenue	42,231	-	-	42,231	-
Accrued compensated absences	165,364	-	327,071	492,435	-
Accrued workers' compensation	74,949	-	190,798	265,747	-
Accrued other postemployment benefits obligation	1,581,061	3,430	1,026,979	2,611,470	-
General obligation and revenue bonds payable within one year, net	-	873,193	8,858,949	9,732,142	-
Total current liabilities	4,764,888	2,498,515	18,620,104	25,883,507	1,043

(continued)

CITY OF BUFFALO, NEW YORK
Statement of Net Position—
Proprietary Funds
June 30, 2025

(concluded)

	Business-type Activities—Enterprise Funds				
	Solid Waste and Recycling	Parking	Water System	Total	Internal Service Fund
Noncurrent liabilities:					
Due to other funds	28,346,429	-	-	28,346,429	-
Accrued compensated absences	470,476	-	741,865	1,212,341	-
Accrued workers' compensation	213,953	-	428,931	642,884	-
Accrued other postemployment benefits obligation	32,294,127	70,069	20,976,671	53,340,867	-
General obligation and revenue bonds payable, net	-	2,757,776	138,646,615	141,404,391	-
Net pension liability	4,878,466	-	3,459,054	8,337,520	-
Total noncurrent liabilities	66,203,451	2,827,845	164,253,136	233,284,432	-
Total liabilities	70,968,339	5,326,360	182,873,240	259,167,939	1,043
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to pensions	66,478	-	47,136	113,614	-
Deferred inflows—relating to OPEB	3,033,957	76,238	1,712,355	4,822,550	-
Total deferred inflows of resources	3,100,435	76,238	1,759,491	4,936,164	-
NET POSITION					
Net investment in capital assets	4,846,851	25,919,890	78,305,682	109,072,423	-
Unrestricted	(69,116,460)	6,059,275	(10,026,292)	(73,083,477)	98,857
Total net position	$ (64,269,609)	$ 31,979,165	$ 68,279,390	$ 35,988,946	$ 98,857

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

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CITY OF BUFFALO, NEW YORK
Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds
Year Ended June 30, 2025

	Business-type Activities—Enterprise Funds				
	Solid Waste and Recycling	Parking	Water System	Total	Internal Service Fund
Operating revenues:					
Charges for services	$ 26,784,447	$ -	$ 54,299,614	$ 81,084,061	$ 57,005
Rent	-	5,796,304	-	5,796,304	-
Other	1,180,466	-	3,356,988	4,537,454	-
Total operating revenues	27,964,913	5,796,304	57,656,602	91,417,819	57,005
Operating expenses:					
Services and supplies	23,006,458	76,022	22,392,488	45,474,968	45,270
Fringe benefits	6,458,695	3,783	2,785,808	9,248,286	-
Depreciation	860,457	1,464,773	8,808,848	11,134,078	-
Other	-	-	13,501,563	13,501,563	-
Total operating expenses	30,325,610	1,544,578	47,488,707	79,358,895	45,270
Operating income	(2,360,697)	4,251,726	10,167,895	12,058,924	11,735
Nonoperating revenues (expenses):					
Interest earnings	-	53,408	747,431	800,839	-
Interest expense	-	(178,050)	(5,212,110)	(5,390,160)	-
Loss on disposal of capital assets	-	(1,909,120)	-	(1,909,120)	-
Other	-	132,729	-	132,729	-
Total nonoperating revenues (expenses)	-	(1,901,033)	(4,464,679)	(6,365,712)	-
Income before capital contributions and transfers	(2,360,697)	2,350,693	5,703,216	5,693,212	11,735
Capital contributions	1,005,504	-	-	1,005,504	-
Transfers out	(500,000)	(4,403,000)	(10,115,916)	(15,018,916)	-
Change in net position	(1,855,193)	(2,052,307)	(4,412,700)	(8,320,200)	11,735
Total net position—beginning	(62,414,416)	34,031,472	72,692,090	44,309,146	87,122
Total net position—ending	$ (64,269,609)	$ 31,979,165	$ 68,279,390	$ 35,988,946	$ 98,857

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

CITY OF BUFFALO, NEW YORK
Statement of Cash Flows—
Proprietary Funds
Year Ended June 30, 2025

	Business-type Activities—Enterprise Funds				
	Solid Waste and Recycling	Parking	Water System	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 27,230,681	$ 5,702,794	$ 54,906,444	$ 87,839,919	$ 49,572
Payments to employees	(8,952,280)	(23,653)	(12,445,195)	(21,421,128)	-
Payments to suppliers for goods and services	(22,339,767)	(86,909)	(34,942,551)	(57,369,227)	(44,881)
Net cash provided by (used for) operating activities	(4,061,366)	5,592,232	7,518,698	9,049,564	4,691
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(500,000)	(4,403,000)	(10,115,916)	(15,018,916)	-
Repayment of advances from other funds	-	-	(11,136,599)	(11,136,599)	296
Advances from other funds	4,947,222	565,749	13,532,090	19,045,061	-
Net cash provided by (used for) noncapital financing activities	4,447,222	(3,837,251)	(7,720,425)	(7,110,454)	296
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition/construction of capital assets	(1,005,504)	-	(16,779,555)	(17,785,059)	-
Capital contributions	1,005,504	-	-	1,005,504	-
Principal payments on bonds	-	(704,718)	(7,965,000)	(8,669,718)	-
Interest payments and other fiscal charges	-	(178,050)	(5,650,895)	(5,828,945)	-
Net cash (used for) capital and related financing activities	-	(882,768)	(30,395,450)	(31,278,218)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Realized loss in fair value of investments	-	-	131,302	131,302	-
Interest received on short-term investments	-	53,408	616,129	669,537	-
Net cash provided by investing activities	-	53,408	747,431	800,839	-
Net increase (decrease) in cash and cash equivalents	385,856	925,621	(29,849,746)	(28,538,269)	4,987
Cash, cash equivalents and investments—beginning	35,378	4,313,020	79,278,269	83,626,667	55,682
Cash, cash equivalents and investments—ending	$ 421,234	$ 5,238,641	$ 49,428,523	$ 55,088,398	$ 60,669

(continued)

CITY OF BUFFALO, NEW YORK
Statement of Cash Flows—
Proprietary Funds
Year Ended June 30, 2025

(concluded)

	Business-type Activities—Enterprise Funds				
	Solid Waste and Recycling	Parking	Water System	Total	Internal Service Fund
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income	$ (2,360,697)	$ 4,251,726	$ 10,167,895	$ 12,058,924	$ 11,735
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation expense	860,457	1,464,773	8,808,848	11,134,078	-
Pension expense	-	-	(244,292)	(244,292)	-
(Increase) in receivables	(734,232)	(93,510)	(2,750,158)	(3,577,900)	(7,433)
(Increase) decrease in deferred outflow–pensions	(189,545)	687	621,285	432,427	-
Decrease (increase) in deferred outflow–relating to OPEB	1,026,295	-	(535,819)	490,476	-
Increase (decrease) in payables	1,124,110	(10,887)	(5,992,751)	(4,879,528)	389
(Decrease) increase in other accrued liabilities	(16,745)	(8,560)	(642,627)	(667,932)	-
(Decrease) increase in due to retirement systems	(7,552)	146	5,987	(1,419)	-
(Decrease) in unearned revenue	(457,419)	-	-	(457,419)	-
Increase in compensated absences	48,957	-	215,406	264,363	-
(Decrease) in workers' compensation	(68,613)	-	(98,499)	(167,112)	-
(Decrease) increase in accrued other postemployment benefits obligation	42,831	(54,709)	701,248	689,370	-
Increase in net pension liability	643,473	-	585,755	1,229,228	-
(Decrease) in deferred inflows–pensions	(2,142,137)	-	(1,451,332)	(3,593,469)	-
(Decrease) increase in deferred inflows–relating to OPEB	(1,830,549)	42,566	(1,872,248)	(3,660,231)	-
Total adjustments	(1,700,669)	1,340,506	(2,649,197)	(3,009,360)	(7,044)
Net cash provided by (used for) operating activities	$ (4,061,366)	$ 5,592,232	$ 7,518,698	$ 9,049,564	$ 4,691

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

CITY OF BUFFALO, NEW YORK
Statement of Fiduciary Net Position—
Fiduciary Funds
June 30, 2025

	Private Purpose Trust	Custodial
ASSETS		
Restricted cash and cash equivalents	$ 23,912	$ 958,930
Restricted investments	32,912	-
Receivables	7,847	-
Total assets	64,671	958,930
NET POSITION		
Restricted for:		
Trust arrangements	64,671	-
Prisoner property	-	958,930
Total net position	$ 64,671	$ 958,930

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

CITY OF BUFFALO, NEW YORK
Statement of Changes in Fiduciary Net Position—
Fiduciary Funds
Year Ended June 30, 2025

	Private Purpose Trust	Custodial
ADDITIONS		
Funds received on behalf of individuals	$ -	$ 205,805
Interest earnings	819	-
Total additions	819	205,805
DEDUCTIONS		
Funds distributed to individuals	-	723,022
Total deductions	-	723,022
Change in fiduciary net position	819	(517,217)
Net position–beginning	63,852	1,476,147
Net position–ending	$ 64,671	$ 958,930

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Buffalo, New York (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (the "GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Reporting Entity

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").

The City's financial statements include those entities for which the City has clear oversight responsibility. This responsibility is determined through a review of such factors as the selecting of governing boards, financial interdependency and the ability to influence management and operations on a continuing basis. The accompanying financial statements present the City (the "primary government") and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Discretely Presented Component Units—The component unit columns in the government-wide financial statements include the financial data of the City's discretely presented component units. These component units are reported in a separate column to emphasize that they are legally separate from the City and that they are not simply an extension of the primary government.

Board of Education—The Board of Education, City of Buffalo, New York (the "Board") is a unit of local government created under the Constitution of the State, whose members are elected by the voters of the City in accordance with State statutes. The Board's primary function is to provide education for pupils. Services, such as transportation of pupils, administration, finance, and plant maintenance, support the primary function of the Board. The Board is financially dependent upon the City and has no independent authority to issue debt or levy taxes, with the exception of the Special Revenue Program Bonds issued by the State of New York Municipal Bond Bank Agency (see Note 12). The Board's Joint Schools

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

Buffalo Urban Renewal Agency—The Buffalo Urban Renewal Agency ("BURA") is a public benefit corporation formed by an act of the State Legislature in 1966. Its corporate purpose includes the general planning and operation of various urban renewal programs designed to prevent or eliminate blight and deterioration in the Buffalo urban area. Most of the funding for the various programs conducted by BURA is obtained from the federal government through the City, representing an ongoing relationship with both financial benefit and burden to the City. Additionally, the majority of the governing body is composed of City officials and the City has the ability to remove appointed members and to approve BURA's budget.

Blended Component Units—The following blended component units are legally separate entities from the City, but are, in substance, part of the City's operations and therefore data from these units are combined with data of the primary government.

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

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

Buffalo Fiscal Stability Authority Act—In May 2003, the State enacted the BFSA Act, pursuant to Chapter 122 of the State Laws of 2003. The BFSA Act provides the BFSA different financial control and oversight powers depending upon whether the City's financial condition causes it to be in a control period or an advisory period. The BFSA Act defined and established a control period to be in effect as of the date of the BFSA Act and continue until specific conditions were met regarding the stability of the City's finances. In May 2012, the BFSA determined that such conditions had been met and resolved to enter into an advisory period effective July 1, 2012. An advisory period shall continue through June 30, 2037, unless a control period is reimposed. A control period may be reimposed if the BFSA determines at any time that a fiscal crisis is imminent or that any of the certain events, as outlined in the BFSA Act, have occurred or are likely to occur.

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

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

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

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

City of Buffalo Urban Renewal Agency
Financial Control of Agencies
920 City Hall
Buffalo, NY 14202

Buffalo Water Board
502 City Hall
Buffalo, NY 14202

Buffalo Fiscal Stability Authority
Ellicott Square Building - Suite 800
295 Main Street
Buffalo, NY 14203

Related Organizations—Although the following are related to the City, they are not included in the City's reporting entity:

Buffalo Sewer Authority—The Mayor also appoints the Board of Directors of the Buffalo Sewer Authority (the "Sewer Authority"), but the City's accountability for the Sewer Authority does not extend beyond making these appointments. The Sewer Authority has its own taxing and debt-raising powers.

Buffalo Municipal Housing Authority (the "Housing Authority")—The Mayor also is responsible for appointing five of the seven members of the Board of Directors of the Housing Authority and funds the operating deficits of the state-sponsored projects. The City's accountability does not extend beyond this point. The Housing Authority was created by the State Legislature as a separate and independent government body not under City control. A 1982 State Supreme Court ruling supported the City's conclusion regarding the independence of the Housing Authority.

Broadway Market Management Inc. (Previously known as BURA Inc.) (the "Corporation")—As provided in Section 1411 of the Not-For-Profit Corporation Law, the Corporation is a charitable corporation as defined in Section 201 of the Not-For-Profit Corporation Law, and it is formed and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Current members of the Board of Directors of the Corporation are related to the City as five out of six work, or are on the Board, for BURA. However, the City cannot impose will upon the Corporation nor is there a financial benefit/burden relationship with the City to require it to be presented as a component unit of the City.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. It is the City's policy to record transactions between funds as operating transfers. Interfund services provided and used are not eliminated in the process of consolidation.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

- *Water System Fund*—The Water System Fund accounts for the City's water treatment and distribution system and is responsible for water delivery to the residents of the City.

Additionally, the City reports the following fund types:

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

Nonmajor Governmental Funds—The nonmajor governmental funds include the *Special Revenue Fund*, the *BFSA Special Revenue Fund*, the *BFSA Debt Service Fund*, and *Permanent Fund*:

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

- *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.

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

Fiduciary Funds—These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Private Purpose Trust Fund* and the *Custodial Fund*. Activities reported in the Private Purpose Trust fund represent certain trust arrangements, while activities in the Custodial Fund represent monies held for prisoners and deposits to be returned to other entities.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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.

The 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 within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and lease/subscription liability acquisitions are reported as other financing sources.

Property taxes, sales taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period of availability. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of availability. All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The City's cash, cash equivalents, and investments include cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. Permissible investments include obligations of the United States Treasury, United State Agencies, repurchase agreements, obligations of New York State or its localities, certificates of deposit and revenue anticipation notes. Investments are stated at fair value based on quoted market prices.

Restricted Cash, Cash Equivalents and Investments—Unspent proceeds from debt are reported as restricted cash and cash equivalents within the City's Debt Service Fund and Capital Projects Fund. The City also reports restricted cash and investments within its governmental and proprietary funds for amounts with constraints placed on their use by City policies, external parties and/or statute and for unearned revenues. Additionally, the City reports restricted cash and investments within its fiduciary funds for amounts held on behalf of others.

Intergovernmental Receivables—Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federally funded programs.

Lease Receivable—The City is a lessor for noncancellable leases of buildings. The City recognizes a lease receivable and a deferred inflow of resources in the statement of net position and balance sheet of the governmental funds. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Prepaid Items—Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than purchased.

Real Estate Acquired for Resale—Represents real estate assets held by the City with the intention to resell.

Capital and Right-to-use Lease/Subscription Assets—Capital and right-to-use lease/subscription assets, which include property, plant, equipment, infrastructure, subscription assets and right-to-use lease assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as within each individual proprietary fund. Capital assets are defined by the City as assets with an initial, individual cost of more than $50,000 ($10,000 for assets purchased with federal funds), and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Subscription and right-to-use lease assets are initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs and are amortized on a straight line basis over their useful lives.

Land and construction in progress are not depreciated/amortized. The other capital assets of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Capital Assets	Years
Buildings	50
Building improvements	20
Improvements other than buildings	10 - 30
Infrastructure	20 - 50
Water system	20 - 40
Machinery and equipment	4 - 30
Right-to-use lease assets- buildings	5 - 10
Right-to-use lease assets- machinery and equipment	3 - 6
Subscription assets	2 - 5

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

Capital Assets	Years
Buildings	50
Building improvements	20
Land improvements	20
General equipment	10
Computer, business machine, and audio visual equipment	5
Automotive	7
Right-to-use lease assets	5

BURA does not own infrastructure assets such as roads, bridges or sewers. BURA defines capital assets as assets with an initial cost of more than $5,000 and an estimated useful life exceeding five years. Assets are depreciated/amortized using the straight-line method over their useful lives, which range from 5 to 40 years.

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new police vehicle included as part of *expenditures—public safety*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At June 30, 2025, the City reported unearned revenues within the General Fund and Capital Projects Fund in the amounts of $42,312,970 and $77,025, respectively. The City received cash in advance related primarily to the American Rescue Plan Act relief funds, as well as other grants, prepaid user fees, and other items, but has not performed the services, and therefore recognizes a liability.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2025, the City has three items that qualify for reporting in this category. The first item is deferred charge on refunding, which is reported within the proprietary funds. The second item is related to pensions and is also reported in the government-wide financial statements, as well as within individual proprietary funds. This represents the effect of the net change in the City's proportion of the collective net pension liability, the difference during the measurement period between the City's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The final item represents the effects of the change in the City's proportion of the collective total OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability, and is reported on the government-wide financial statements as well as within the individual proprietary funds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2025, the City has five items that qualify for reporting in this category. The first item arises under a modified accrual basis of accounting. Accordingly, *unavailable revenue*s are reported as deferred inflows of resources only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from property taxes that will not be realized within the period of availability. These amounts are deferred and recognized in the period that the amounts become available. The second item is a deferred gain on refunding, which is reported in the government-wide financial statements. The third item is related to leases receivable and reported on the government-wide statements and on the balance sheet of governmental funds, is recognized at the commencement of the City's lease receivable and amortized over the life of the lease. The fourth item represents the effect of the net change in the City's proportion of the collective net pension liability and the difference during the measurement periods between the City's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements as well as within the individual proprietary funds. The fifth item represents the effects of the change in the City's proportion of the collective total OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability, and is reported on the government-wide financial statements as well as within the individual proprietary funds.

Net Position Flow Assumption—Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted–net position and unrestricted–net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted–net position to have been depleted before unrestricted–net position is applied.

Fund Balance Flow Assumptions—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, available committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Common Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The Common Council has by resolution authorized the Comptroller to assign fund balance. The Common Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of the assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The Common Council adopted a revised fund balance policy on May 31, 2022; whereby, the City is to maintain assigned and unassigned fund balance (in total) equal to or no less than 30 days of prior year expenditures. The City's assigned and unassigned fund (in total) is not in compliance with this policy.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

The City is permitted by the Constitution of the State of New York 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, 2025, the City had a legal tax margin of approximately $259.1 million.

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

Due to Retirement Systems—Amounts owed to the New York State Retirement Systems for wages of employees of the City, but not yet billed, are reported as liabilities in the financial statements.

Pension Plans—The City is mandated by New York State law to participate in the New York State Teacher's Retirement System ("TRS"), the New York State Local Employees' Retirement System ("ERS") and the New York State Police and Fire Retirement System ("PFRS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the City provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 7.

Proprietary Funds Operating and Nonoperating Revenues and Expenses—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 propriety fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: refuse collection charges for the Solid Waste and Recycling Fund, parking fees for the Parking Fund, and sale of water for the Water System 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.

Other

Estimates—The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements during the reported period. Estimates also affect the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Reclassifications—Certain amounts were reclassified from the Board's and BFSA's financial statement presentation to conform to the City's reporting presentation. In the Board's statement of net position, $6,663,894 previously classified as due from other governments was reclassified as due from component units. This amount represented sales tax from Erie County passed-through BFSA on behalf of the Board. And, in the BFSA's statement of revenue, expenditures, and change in net position, $341,708,441 in investment income and intergovernmental revenue offset other distributions relating to proceeds and interest payments on bonds issued by the BFSA on behalf of the City.

Adoption of New Accounting Pronouncements—During the year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*; and GASB Statement No. 102, *Certain Risk Disclosures.* GASB Statement No. 101 improves financial reporting by better meeting the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 102 improves financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The implementation of GASB Statements No. 101 and 102 did not have a material impact on the City's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The City has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 103, *Financial Reporting Model Improvements*; and GASB Statement No. 104, *Disclosure of Certain Capital Asset*, effective for the year ending June 30, 2026. The City is, therefore, unable to disclose the impact that adopting

GASB Statements No. 103 and 104 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Deficit Fund Position—At June 30, 2025, the Solid Waste and Recycling Fund reported a total net position of $(64,269,609). This net position deficit includes accrued other postemployment benefits obligation ("OPEB") of $33,875,188 and deferred inflows related to OPEB of $3,033,957. In addition, the Solid Waste and Recycling Fund reports a long-term interfund payable to the General Fund in the amount of $28,346,429. Although the City anticipates the deficit to be remedied by future rate increases or through General Fund subsidies, no formal plan exists.

At June 30, 2025, the City's governmental activities reported a total net position of $(625,862,306) due primarily to the recognition of the $1,181,533,690 OPEB obligation and the related deferred inflows of resources of $130,960,128.

The Board reported a total net position of $(1,580,652,254) at June 30, 2025, which is caused primarily by the Board's recognition of their OPEB obligation of $1.5 billion and the related deferred inflows of resources of $951 million.

Legal Compliance—Budgets—Through the budget, the Council sets the direction of the City, allocates its resources and established its priorities. The annual budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The annual budget serves from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it established the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to May 1, for the fiscal year beginning July 1, the Mayor submits to the Common Council a complete operating plan of proposed expenditures and estimated revenues for the City's General Fund and the Debt Service Fund.
- The Council considers the operating budgets at the first meeting following their submission by the Mayor and has the power to delete, reduce, or add items to the budgets. If no additions are made by the Council, the budgets are passed by the Council and are adopted without any Mayoral actions. 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 Comptroller, demonstrating that the increase is necessary to meet a contingency which could not have been reasonably foreseen when the budget was adopted.
- Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the New York State Comptroller.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's available cash is deposited and invested in accordance with the State General Municipal Law (Article 2, Section 11), which governs the City's investment policies. The City has its own written investment guidelines, which have been established by the Comptroller's Office pursuant to Section 114A of the City Charter. The City is authorized to deposit or invest funds in banks or trust companies located in, and authorized to do business in, New York State. The City's investment policy governs the investment of excess funds. Permissible investments include time deposits, certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, and obligations of New York State and its localities. Cash in banks was fully collateralized at June 30, 2025, of which the bank carrying balance at June 30, 2025, was $751,148,943.

Cash, cash equivalents and investments at June 30, 2025 are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Petty cash (uncollateralized)	$ 2,500	$ -	$ -	$ 2,500
Deposits	686,619,129	55,088,398	982,842	742,690,369
Investments	511,265	-	32,912	544,177
Total	$ 687,132,894	$ 55,088,398	$ 1,015,754	$ 743,237,046

Cash and cash equivalents consisted of:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash and cash equivalents	$ 454,861,837	$ 19,844,412	$ -	$ 474,706,249
Restricted cash and cash equivalents	231,759,792	35,243,986	-	267,003,778
Cash held in fiduciary funds	-	-	1,015,754	1,015,754
Total	$ 686,621,629	$ 55,088,398	$ 1,015,754	$ 742,725,781

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 New York 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.

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As noted above, by State Statute all deposits in excess of FDIC insurance coverage must be collateralized. Banks can satisfy collateral requirements by furnishing a letter of credit, a surety bond, or by pledging eligible securities as specified in Section 10 of the State General Municipal Law. 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. As of June 30, 2025, the City's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the City's name.

Governmental Activities Restricted Cash and Cash Equivalents—General Fund restricted cash of $4,056,688 represents monies set aside as part of the funding requirements of the State for the settlement of a dispute between the Board and the Buffalo Teachers Federation. The initial settlement was bonded and such restricted cash will be used to pay the debt service requirements. Further, the City also reports $42,312,970 of restricted cash related to unearned revenues within the General Fund due to the advanced funding related to the American Rescue Plan Act ("ARPA"). The Debt Service

Fund restricted assets of $8,755,457 are held by a trustee for future debt service payments. Restricted cash of $128,002,154 is reported within the Capital Projects Fund for amounts representing nonoperating cash raised through borrowings, grants and transfers from other funds. Additionally, the City reports $21,895,236, $26,477,588, $184,423, and $75,276 in the General Fund, Special Revenue Fund, BFSA Debt Service Fund and Permanent Fund, respectively, which represent amounts with constraints placed on their use by either external parties and/or statute.

Business-Type Activities Restricted Cash and Cash Equivalents—Business-type restricted cash and cash equivalents within the Solid Waste and Recycling Fund, Parking Fund and Water System Fund represents unearned revenues and 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 and cash equivalents of the Parking Fund and Water System Fund consists primarily of Treasury notes, Treasury bills, and certificates of deposit with a commercial bank with original maturities of three months or less. At June 30, 2025, $2,139 and $34,820,613 of the Parking and Water System's restricted cash and cash equivalents, respectively, consisted of U.S. government securities recorded in the Water System's name and held in a bank custodial account. The Solid Waste and Recycling Fund also reports $421,234 in restricted cash and cash equivalents at June 30, 2025.

Restricted Investments—At June 30, 2025, total investments of $544,177 consisted of investments held by governmental activities of $511,265 and $32,912 maintained in fiduciary funds. Investments at June 30, 2025 are presented in the following table:

	Moody's Ratings	S&P Ratings	Cost	Fair Fair Value
U.S. Treasury SLGs	n/a	n/a	$ 442,873	$ 444,351
Freddie Mac Discount Notes	n/a	n/a	13,344	99,826
Total			$ 456,217	$ 544,177

Investments in the City consist of certificates of deposit issued with thirteen week maturities. Investments in fiduciary funds consist solely of certificates of deposit at June 30, 2025. Additionally, investments include restricted amounts for those fund balances constrained to specific purposes through constitutional provisions or by enabling legislation.

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 certificates of deposit issued with 30-day maturities and commercial paper due within 45 days.

Fair Value Measurements—Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

	If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All investments reported by the City are measured using level 1 inputs.

Custodial Credit Risk—Investments—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 fair 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.

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

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

Interest Rate Risk—The City has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are limited to a maximum of two years, however the City generally limits its investments to 180 days or less.

Board of Education

At June 30, 2025, cash in banks was $32,034,249, and were fully covered by FDIC insurance or collateral.

Restricted Cash and Cash Equivalents—The Board has restricted cash of $21,227,983 at June 30, 2025 for various purposes as follows:

- $7,018,346 is restricted for the local share contribution held in trust which can only be disbursed in accordance with the Indenture Trust Agreement, and represents an amount of the Series 2009, 2015, 2021 and 2022 bond proceeds to be deposited and maintained by a trustee. Such cash is held with a fiscal agent.
- $13,220,768 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.
- $667,996 represents amounts to support obligations related to workers' compensation claims, along with an account held in trust with the Buffalo Teacher's Federation in relation to a previous teachers' settlement agreement.
- $320,873 represents endowment funds and can be used in accordance with the respective endowment document.

Buffalo Urban Renewal Agency

At June 30, 2025, BURA reported total deposits of $5,552,147. BURA's deposits are maintained in demand deposit or savings accounts. By State statute, all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2025, BURA's deposits were fully covered by FDIC insurance or collateral.

Restricted Cash and Cash Equivalents—Restricted cash reported in BURA's General Fund for funds held in escrow and also in its special revenue funds as grant funds held prior to disbursement of approved expenditures. At June 30, 2025, BURA reported $1,239,842 of restricted cash.

3. RECEIVABLES

Receivables at June 30, 2025, for the City's individual funds and related allowances for estimated uncollectible amounts are as follows:

	Gross Receivable	Allowance	Net Receivable
Governmental funds:			
General Fund:			
Taxes	$ 15,029,769	$ (8,357,361)	$ 6,672,408
Accounts receivable	16,315,296	(7,777,875)	8,537,421
Due from other agencies	1,915,841	-	1,915,841
Total General Fund	33,260,906	(16,135,236)	17,125,670
Capital Projects Fund:			
Accounts receivable	2,970,580	-	2,970,580
Nonmajor governmental funds:			
Accounts receivable	4,853	-	4,853
Total governmental funds	36,236,339	(16,135,236)	20,101,103
Proprietary funds:			
Solid Waste and Recycling Fund:			
Accounts receivable	18,422,011	(16,759,822)	1,662,189
Other receivables	146,618	(111,990)	34,628
Total Solid Waste and Recycling Fund	18,568,629	(16,871,812)	1,696,817
Parking Fund:			
Accounts receivable	2,584,008	-	2,584,008
Water System Fund:			
Accounts receivable	44,307,435	(35,837,479)	8,469,956
Other receivables	1,366,773	-	1,366,773
Due from other agencies	254,850	-	254,850
Total Water System Fund	45,929,058	(35,837,479)	10,091,579
Internal Service Fund:			
Accounts receivable	35,995	-	35,995
Total proprietary funds	67,117,690	(52,709,291)	14,408,399
Total primary government	$ 103,354,029	$ (68,844,527)	$ 34,509,502

Lease Receivable—The City leases a building to a third party. At June 30, 2025, the lease has ninety-three remaining years and the City will receive variable annual payments annual payments. The City recognized $219,531 in lease revenue during the current fiscal year related to this lease. As of June

30, 2025, the City's receivable for lease payments was $22,498,133. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources was $20,361,496.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York, State, or other local governments. Amounts are shown net of related advances from New York State. Intergovernmental receivables at June 30, 2025 are shown below:

Governmental funds:	
General Fund:	
Due from Erie County	$ 447,222
Due from New York State, net	4,219
Total General Fund	451,441
Capital Projects Fund:	
Due from New York State	4,747,687
Nonmajor governmental funds:	
Due from New York State	19,161,681
Due from federal government	91,202
Total nonmajor governmental funds	19,252,883
Total governmental funds	$ 24,452,011

Board of Education

At June 30, 2025, the Board accrued $16,303,588 in accounts receivables and $114,852,691 in intergovernmental receivables. In addition, the Board reports amounts owed from the City of $455,896,930 as due from primary government at June 30, 2025.

Buffalo Urban Renewal Agency

Major revenues accrued by BURA at June 30, 2025 consisted of the following:

	General	Community Development Block Grant	Community Development Block Grant-COVID	Home Program	Nonmajor Governmental Funds	Total
Program loans receivable	$ -	$ 28,797,588	$ 2,254,137	$ 77,475,778	$ 627,560	$ 109,155,063
Notes receivable	1,925,448	-	-	-	-	1,925,448
Allowance for uncollectibles	(770,004)	(28,797,588)	(2,254,137)	(77,475,778)	(627,560)	(109,925,067)
Total receivables	$ 1,155,444	$ -	$ -	$ -	$ -	$ 1,155,444

Program Loans Receivable—Represents amounts due to BURA of $109,155,063, which are entirely allowed for.

Notes Receivable—Represents amounts due from various sources for projects designed to stimulate economic development and housing improvements in the City, provided net of allowances for uncollectible accounts. BURA reports amounts of $1,925,448 which are allowed for in the amount of $770,004.

Lease Receivable—BURA leases real property for the premises commonly known as 450 Exchange Street to a third party. The lease has fifteen years remaining and BURA will receive monthly payments ranging from $2,250 to $3,250. BURA recognized $36,712 in rental income during the current fiscal year related to this lease. As of June 30, 2025, BURA's receivable for lease payments was $415,632. Also, BURA reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources was $365,204.

Intergovernmental Receivables and Due From Primary Government—Represent amounts due from other units of government, such as federal government. Intergovernmental receivables and due from primary government at June 30, 2025 consisted of the following:

	General	Community Development Block Grant	Community Development Block Grant (COVID)	Section 8 Housing Program	HOME Program	Nonmajor Governmental Funds	Total
Due from federal government	$ -	$ 574,002	$ 75,478	$ 2,951	$ 118,092	$ 27,514	$ 798,037
Due from City of Buffalo	88,500	-	-	-	-	110,778	199,278
Total	$ 88,500	$ 574,002	$ 75,478	$ 2,951	$ 118,092	$ 138,292	$ 997,315

4. CAPITAL AND RIGHT-TO-USE LEASE ASSETS

Governmental Activities—Capital and right-to-use lease asset activity for the primary government's governmental activities, for the fiscal year ended June 30, 2025, was as follows:

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025
Capital assets, not being depreciated/amortized:				
Land	$ 9,791,873	$ -	$ -	$ 9,791,873
Construction in progress	117,032,619	179,963,306	117,032,619	179,963,306
Total capital assets, not being depreciated/amortized	126,824,492	179,963,306	117,032,619	189,755,179
Capital and right-to-use lease assets, being depreciated/amortized:				
Buildings and building improvements	377,304,548	19,477,720	-	396,782,268
Improvements other than buildings	82,254,091	10,918,442	-	93,172,533
Machinery and equipment	82,514,670	12,302,217	1,774,572	93,042,315
Infrastructure	727,294,746	22,956,824	-	750,251,570
Right-to-use lease assets-buildings	1,140,256	-	-	1,140,256
Right-to-use lease assets-machinery and equipment	1,830,564	-	1,166,436	664,128
Subscription assets	1,931,433	-	1,931,433	-
Total capital and right-to-use lease assets, being depreciated/amortized	1,274,270,308	65,655,203	4,872,441	1,335,053,070
Less accumulated depreciation/amortization for:				
Buildings and building improvements	191,809,318	10,461,048	-	202,270,366
Improvements other than buildings	56,934,043	2,744,560	-	59,678,603
Machinery and equipment	68,565,956	4,792,362	1,773,912	71,584,406
Infrastructure	414,198,834	25,957,269	-	440,156,103
Right-to-use lease assets-buildings	457,132	213,972	-	671,104
Right-to-use lease assets-machinery and equipment	1,609,188	147,584	1,166,436	590,336
Subscription assets	1,447,703	483,730	1,931,433	-
Total accumulated depreciation/amortization	735,022,174	44,800,525	4,871,781	774,950,918
Total capital and right-to-use lease assets, being depreciated/amortized, net	539,248,134	20,854,678	660	560,102,152
Governmental activities capital and right-to-use lease assets, net	$ 666,072,626	$ 200,817,984	$ 117,033,279	$ 749,857,331

Business-type Activities—Capital asset activity for the primary government's business-type activities, for the fiscal year ended June 30, 2025, was as follows:

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025
Capital assets, not being depreciated:				
Land	$ 3,307,890	$ -	$ 481,000	$ 2,826,890
Construction in progress	5,398,965	16,542,687	16,460,979	5,480,673
Total capital assets, not being depreciated	8,706,855	16,542,687	16,941,979	8,307,563
Capital assets, being depreciated:				
Buildings and building improvements	206,052,027	5,521,195	5,293,636	206,279,586
Improvements other than buildings	453,464	-	-	453,464
Machinery and equipment	13,294,097	1,091,795	205,935	14,179,957
Infrastructure	166,146,685	11,090,361	-	177,237,046
Total capital assets, being depreciated	385,946,273	17,703,351	5,499,571	398,150,053
Less accumulated depreciation for:				
Buildings and building improvements	89,305,161	6,211,179	3,875,324	91,641,016
Improvements other than buildings	441,724	9,259	-	450,983
Machinery and equipment	10,204,774	1,027,167	196,127	11,035,814
Infrastructure	75,698,372	3,886,473	-	79,584,845
Total accumulated depreciation	175,650,031	11,134,078	4,071,451	182,712,658
Total capital assets, being depreciated, net	210,296,242	6,569,273	1,428,120	215,437,395
Business-type activities capital assets, net	$ 219,003,097	$ 23,111,960	$ 18,370,099	$ 223,744,958

Depreciation/amortization expense was charged to the functions and programs of the primary government as follows:

Governmental activities:	
General government support	$ 6,186,752
Public safety	6,118,605
Streets and sanitation	26,167,992
Economic assistance and opportunity	686,374
Culture and recreation	5,609,552
Health and community services	31,250
Total governmental activities depreciation/amortization expense	$ 44,800,525
Business-type activities:	
Solid waste and recycling	$ 860,457
Parking	1,464,773
Water system	8,808,848
Total business-type activities depreciation expense	$ 11,134,078

Board of Education

Capital asset activity for the Board, for the fiscal year ended June 30, 2025, was as follows:

	Balance 7/1/2024	Increases	Decreases and Reclassifications	Balance 6/30/2025
Capital assets, not being depreciated/amotizzed:				
Land	$ 3,011,900	$ 1,550,000	$ -	$ 4,561,900
Construction in progress	68,341,326	8,951,743	30,770,983	46,522,086
Total capital assets, not being depreciated/amortized	71,353,226	10,501,743	30,770,983	51,083,986
Capital assets, being depreciated/amortized:				
Land improvements	7,174,887	-	-	7,174,887
Buildings and building improvement	1,795,125,836	30,770,983	-	1,825,896,819
Equipment	70,277,183	6,920,592	328,716	76,869,059
Right-to-use lease assets-buildings	56,981,930	729,492	2,250,090	55,461,332
Right-to-use lease assets-equipment and vehicles	553,154	2,709,749	39,481	3,223,422
Total capital assets, being depreciated/amortized	1,930,112,990	41,130,816	2,618,287	1,968,625,519
Less accumulated depreciation/amortization for:				
Land improvements	5,175,404	153,409	-	5,328,813
Buildings and building improvement	1,335,163,611	72,038,445	-	1,407,202,056
Equipment	48,109,174	9,966,930	328,716	57,747,388
Right-to-use lease assets-buildings, equipment and vehicles	27,730,685	5,252,079	1,630,409	31,352,355
Total accumulated depreciation/amortization	1,416,178,874	87,410,863	1,959,125	1,501,630,612
Total capital assets being depreciated/amortized, net	513,934,116	(46,280,047)	659,162	466,994,907
Board capital assets, net	$ 585,287,342	$ (35,778,304)	$ 31,430,145	$ 518,078,893

Buffalo Urban Renewal Agency

Capital asset activity for BURA, for the fiscal year ended June 30, 2025, was as follows:

	Balance 7/1/2024	Increases	Decreases/ Adjustments	Balance 6/30/2025
Capital assets, being depreciated/amortized:				
Buildings	$ 772,054	$ -	$ 772,054	$ -
Equipment	63,716	-	-	63,716
Right-to-use lease assets	22,586	-	-	22,586
Total capital assets, being depreciated/amortized	858,356	-	772,054	86,302
Less accumulated depreciation/amortization for:				
Buildings	424,881	-	424,881	-
Equipment	42,572	8,236	-	50,808
Right-to-use lease assets	14,680	4,517	-	19,197
Total accumulated depreciation/amortization	482,133	12,753	424,881	70,005
BURA capital assets, net	$ 376,223	$ (12,753)	$ 347,173	$ 16,297

During the year ended June 30, 2025, BURA reviewed its capital asset inventory and accumulated depreciation. As a result of this review, buildings and related accumulated depreciation were adjusted for identified overstatements. The net adjustment amounts were not material to the financial statements.

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental and proprietary funds at June 30, 2025, were as follows:

	General Fund	Nonmajor Funds	Solid Waste and Recycling Fund	Parking Fund	Water System Funds	Total
Salary and employee benefits	$ 17,307,277	$ 42,754	$ 748,826	$ 4,185	$ 498,945	$ 18,601,987
Other accruals	-	2,751	-	37,906	2,872,776	2,913,433
Total accrued liabilities	$ 17,307,277	$ 45,505	$ 748,826	$ 42,091	$ 3,371,721	$ 21,515,420

6. PENSION PLANS

The City participates in the New York State and Local Police and Fire Retirement System ("PFRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution requirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Descriptions and Benefits Provided

Police and Fire Retirement System and Employees' Retirement System (the "Systems")—The Systems provide retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the NYSRSSL. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only be enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3.0%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At June 30, 2025, the City reported the liabilities on the following page for its proportionate share of the total pension liability for each of the Systems. The net pension liabilities were measured as of March 31, 2025. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2024, with updated procedures used to roll forward the total net pension liabilities to the measurement date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by PFRS and ERS Systems in reports provided to the City.

	Governmental activities		Business-type activities	City Total
	PFRS	ERS	ERS	ERS
Measurement date	March 31, 2025	March 31, 2025	March 31, 2025	March 31, 2025
Net pension liability	$ 222,026,787	$ 35,515,192	$ 8,337,520	$ 43,852,712
City's portion of the Plan's total net pension liability	3.6536432%	0.2071373%	0.0486274%	0.2557647%

As of the March 31, 2025 measurement date, the City's governmental activities portion of the Plan's total net pension liability for PFRS and ERS, respectively, had decreased 0.0215755% and increased 0.0146600% from their portion of the Plan's total net pension liability of 3.6752187% and 0.1924773% on the March 31, 2024 measurement date. The City's business-type activities portion of the Plan's total net pension liability had increased 0.0450119% from their portion of the Plan's total net pension liability/(asset) of 0.0482767% from the March 31, 2024 measurement date.

For the year ended June 30, 2025, the City's primary government recognized aggregate pension expenses of $51,410,810 and $10,359,971 for PFRS and ERS, respectively. The City's governmental activities recognized aggregate pension expenses of $51,410,810 for PFRS and $8,398,686 for ERS (which includes aggregate pension expense of $44,233 related to BFSA). Business-type activities recognized aggregate pension expense of $1,961,285 for ERS. At June 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources				Deferred Inflows of Resources			
	Governmental activities		Business-type activities	Total Primary Government	Governmental activities		Business-type activities	Total Primary Government
	PFRS	ERS	ERS	ERS	PFRS	ERS	ERS	ERS
Differences between expected and actual experiences	$ 73,954,182	$ 8,815,110	$ 2,069,428	$ 10,884,538	$ -	$ 415,814	$ 97,616	$ 513,430
Changes of assumptions	33,339,856	1,489,436	349,659	1,839,095	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	8,533,995	2,786,423	654,139	-	-	-	-	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	2,187,706	2,123,761	498,573	2,622,334	12,245,886	68,146	15,998	84,144
City's contributions subsequent to the measurement date	11,863,388	2,645,204	620,986	3,266,190	-	-	-	-
Total	$ 129,879,127	$ 17,859,934	$ 4,192,785	$ 18,612,157	$ 12,245,886	$ 483,960	$ 113,614	$ 597,574

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental activities		Business-type activities
Year Ending June 30,	PFRS	ERS	ERS
2026	$ 54,585,757	$ 6,729,494	$ 1,579,811
2027	32,472,576	9,739,053	2,286,332
2028	312,090	(2,451,378)	(575,483)
2029	12,740,069	713,601	167,525
2030	5,659,361	-	-

Actuarial Assumptions—The total pension liability as of the measurement date was determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuations used the following actuarial assumptions:

	PFRS	ERS
Measurement date	March 31, 2025	March 31, 2025
Actuarial valuation date	April 1, 2024	April 1, 2024
Interest rate	5.9%	5.9%
Salary scale	6.0%	4.3%
Decrement tables	April 1, 2015- March 31, 2020	April 1, 2015- March 31, 2020
Inflation rate	2.9%	2.9%
Cost-of-living adjustemnts	1.5%	1.5%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the April 1, 2024 valuations are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized in the table on the following page.

	Target Allocation	Long-Term Expected Real Rate of Return
	PFRS and ERS	
Measurement date	March 31, 2025	
Asset class:		
Domestic equities	25.0 %	3.5 %
International equities	14.0	6.6
Private equity	15.0	7.3
Real estate	12.0	5.0
Opportunistic/absolute return strategies	3.0	5.3
Credit	4.0	5.4
Real assets	4.0	5.6
Bonds and mortgages	22.0	2.0
Cash	1.0	0.3
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liabilities was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the City's proportionate share of the net pension liabilities calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)—PFRS	$ 468,152,875	$ 222,026,787	$ 18,885,090
Employer's proportionate share of the net pension liability/(asset)—ERS	126,915,267	43,582,712	(25,504,577)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation dates, were as follows:

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	April 1, 2024	April 1, 2024	
Employers' total pension liability	$ 48,718,477	$ 247,600,239	$ 296,318,716
Plan fiduciary net position	42,641,620	230,454,512	273,096,132
Employers' net pension liability	$ 6,076,857	$ 17,145,727	$ 23,222,584
System fiduciary net position as a percentage of total pension liability	87.5%	93.1%	92.2%

Payables to the Pension Plan—Employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid System wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to $11,863,388 and $3,253,899 for PFRS and ERS, respectively.

Buffalo Fiscal Stability Authority

The BFSA also participates in the ERS.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At June 30, 2025, the BFSA reported a liability of $263,980 for its proportionate share of the net pension liability. At the March 31, 2025 measurement date, the BFSA's proportion was 0.0015396%, a decrease of 0.0000861% from its proportion measured as of March 31, 2024.

For the year ended June 30, 2025, BFSA recognized aggregate pension expense of $44,233. At June 30, 2025, the BFSA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	ERS	
Differences between expected and actual experiences	$ 65,522	$ 3,091
Changes of assumptions	11,071	-
Net difference between projected and actual earnings on pension plan investments	20,711	-
Changes in proportion and differences between BFSA's contributions and proportionate share of contributions	889	28,279
BFSA contributions subsequent to the measurement date	18,056	-
Total	$ 116,249	$ 31,370

The BFSA's contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2026. Other amounts reported as net deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	ERS
2026	$ 35,175
2027	59,830
2028	(28,202)
2029	20

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The following chart presents the BFSA's proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what the BFSA's proportionate share of the net pension liability/(asset) would be if they were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	$ 762,991	$ 263,980	$ (153,530)

Payables to the Pension Plan—Accrued retirement contributions as of June 30, 2025 amounted to $18,056.

Board of Education

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

Plan Descriptions and Benefits Provided

Teachers' Retirement System—This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and the New York State Retirement and Social Security Law ("NYSRSSL"). TRS is governed by a 10 member Board of Trustees. TRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York State Public Schools and BOCES who elect to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Annual Comprehensive Financial Report which can be found on TRS' website at www.nystrs.org.

Plan members who joined the TRS before July 27, 1976, are not required to make contributions. Those joining after July 27, 1976 are required to contribute three percent (3.0%) to three and one half percent (3.5%) of their annual salary. Employees in the System more than ten years are no longer required to contribute. Pursuant to Article 11 of the Education Law, rates are established annually by the New York State Teachers' Retirement Board.

Pension Liability/(Asset), Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At June 30, 2025, the Board reported the liability/(asset) presented below for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension liability/(asset) was measured as of June 30, 2024 for TRS and March 31, 2025 for ERS. The total pension liability used to calculate the net pension liability/(asset) were determined by actuarial valuations as of June 30, 2024 and April 1, 2025 for TRS and ERS, respectively, with update procedures used to roll forward the total pension liability to the measurement dates. The Board's proportion of the net pension liability/(asset) was based on a projection of the Board's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by TRS and ERS in reports provided to the Board.

	TRS	ERS
Measurement date	June 30, 2024	March 31, 2025
Net pension liability/(asset)	$ (58,397,426)	$ 30,026,727
Board's portion of the Plan's total net pension liability	1.957275%	0.175127%

As of their respective measurement dates, the Board's portion of the Plan's total pension liability for TRS and ERS, respectively, had decreased 0.29925% and increased 0.008402% from their portion of the Plan's total pension liability on the June 30, 2024 and March 31, 2025 measurement dates.

For the year ended June 30, 2025, the Board recognized pension expense of $30,682,091 for TRS and pension expense of $7,166,099 for ERS, respectively. At June 30, 2025, the Board reported the following deferred outflows of resources and deferred inflows of resources related to pensions.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experiences	$ 62,883,303	$ 7,452,836	$ -	$ 351,555
Changes of assumptions	34,933,494	1,259,261	5,876,140	-
Net difference between projected and actual earnings on pension plan investments	-	2,355,813	64,884,516	-
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	2,021,267	2,019,811	8,423,037	238,629
Board's contributions subsequent to the measurement date	40,514,005	2,495,314	-	-
Total	$ 140,352,069	$ 15,583,035	$ 79,183,693	$ 590,184

Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as shown below:

Year Ending June 30,	TRS	ERS
2026	$ (31,257,693)	$ 5,674,290
2027	69,993,594	8,310,335
2028	(13,113,175)	(1,992,012)
2029	(14,660,044)	504,924
2030	6,626,630	-
Thereafter	3,065,059	-

Actuarial Assumptions—The total pension liability as of the measurement dates were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement dates. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2024	March 31, 2025
Actuarial valuation date	June 30, 2023	April 1, 2024
Interest rate	6.95%	5.90%
Salary scale	1.95% - 5.18%	4.30%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2020
Inflation rates	2.40%	2.90%
Cost-of-living adjustments	1.30%	1.50%

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For TRS, the actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are presented below:

	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
Measurement date			June 30, 2024	March 31, 2025
Asset class:				
Domestic equities	33.0 %	25.0 %	6.6 %	3.5 %
International equities	15.0	14.0	7.4	6.6
Global equities	4.0	0.0	6.9	0.0
Private equity	9.0	15.0	10.0	7.3
Real estate	11.0	12.0	6.3	5.0
Opportunistic porfolio/Absolute return strategy	0.0	3.0	0.0	5.3
Credit	0.0	4.0	0.0	5.4
Domestic fixed income securities	16.0	0.0	2.6	0.0
Global bonds	2.0	0.0	2.5	0.0
High-yield bonds	1.0	0.0	4.8	0.0
Private debt	2.0	0.0	5.9	0.0
Real assets	0.0	4.0	0.0	5.6
Real estate debt	6.0	0.0	3.9	0.0
Fixed income	0.0	22.0	0.0	2.0
Cash	1.0	1.0	0.5	0.3
Total	100.0 %	100.0 %		

Discount Rate—The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.90% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart on the following page presents the Board's proportionate share of the net pension liability/(asset) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the Board's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.95% for TRS and 4.90% for ERS) or one percentage-point higher (7.95% for TRS and 6.90% for ERS) than the current assumption.

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension liability/(asset)	$ 269,741,079	$ (58,397,426)	$ (334,370,714)

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension liability/(asset)	$ 86,901,126	$ 30,026,727	$ (17,463,434)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability/(asset) of the employers as of the respective valuation dates, were as follows:

	(Dollar in Thousands)	
	TRS	ERS
Valuation date	June 30, 2023	April 1, 2024
Employers' total pension liability	$ 142,837,827	$ 247,600,239
Plan fiduciary net position	145,821,435	230,454,512
Employers' net pension liability/(asset)	$ (2,983,608)	$ 17,145,727
System fiduciary net position as a percentage of total pension liability	102.1%	93.1%

Payables to the Pension Plan—For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions for TRS as of June 30, 2025 amounted to $40,514,005. For ERS, accrued retirement contributions as of June 30, 2025 amounted to $2,495,314.

Buffalo Urban Renewal Agency

BURA also participates in the ERS. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At June 30, 2025, BURA reported a liability of $892,064 for its proportionate share of the net pension liability. At the March 31, 2025 measurement date, BURA's proportion was 0.0052028%, a decrease of 0.0000568% from its proportion measured as of March 31, 2024.

For the year ended June 30, 2025, BURA recognized pension expense of $197,106. At June 30, 2025, BURA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 221,416	$ 10,044
Changes of assumptions	37,411	-
Net difference between projected and actual earnings on pension plan investments	69,989	-
Changes in proportion and differences between BURA's contributions and proportionate share of contributions	108,904	51,943
BURA contributions subsequent to the measurement date	82,959	-
Total	$ 520,679	$ 61,987

BURA's contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	ERS
2026	$ 181,765
2027	242,420
2028	(65,947)
2029	17,495

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents BURA's proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what BURA's proportionate share of the net pension liability/(asset) would be if they were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	$ 2,581,745	$ 892,064	$ (518,821)

Payables to the Pension Plan—Accrued retirement contributions as of June 30, 2025 amounted to $82,959.

7. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

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

Employees Covered by Benefit Terms—There have been no significant changes in the number of employees covered. The number of participants as of July 1, 2024, the effective valuation date of the OPEB valuation, is as follows:

Active employees	2,406
Retired employees	2,874
Spouses of retirees	1,649
Dependents	790
Total	7,719

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“UAAL”) under GASB Statement No. 45.

Total OPEB Liability

The City’s total OPEB liabilities for governmental and business-type activities of $1,180,548,500 and $55,952,337, respectively, were measured as of June 30, 2024, and were determined by an interim actuarial valuation on July 1, 2024.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the July 1, 2024 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included a measurement date of June 30, 2024 and a reporting date of June 30, 2025. The discount rate was 3.93% as of June 30, 2025, as compared to 3.65% as of June 30, 2024. Mortality rates are based on the Sex-distinct Pub-2010 Tables with full generational projection using Scale MP-2021. The New York State Employees Retirement System rates were used for turnover and retirement rates. In order to estimate the change in the cost of healthcare, the actuaries determined the initial healthcare cost trend rate used is 6.8%, while the ultimate healthcare cost trend rate is 3.7%.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2023 through June 30, 2024.

Changes in the Total OPEB Liability—The following tables presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability		
	Governmental Activities	Business-type Activities	Total Primary Government
Balances at June 30, 2024	$ 1,112,863,526	$ 55,262,967	$ 1,168,126,493
Changes for the year:			
Service cost	38,520,512	981,477	39,501,989
Interest	40,995,860	1,914,180	42,910,040
Changes of assumptions	34,812,655	1,887,438	36,700,093
Differences between expected and actual experience	15,421,400	(1,558,316)	13,863,084
Contributions—employer	(62,065,453)	(2,535,409)	(64,600,862)
Net changes	67,684,974	689,370	68,374,344
Balances at June 30, 2025	$ 1,180,548,500	$ 55,952,337	$ 1,236,500,837

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability for governmental activities	$ 1,336,075,797	$ 1,180,548,500	$ 1,052,510,616
Total OPEB liability for business-type activities	63,323,585	55,952,337	49,883,955
Total primary government	$ 1,399,399,382	$ 1,236,500,837	$ 1,102,394,571

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (6.8%) and ultimate (3.7%) healthcare cost trend rates.

	1% Decrease (5.8% / 2.7%)	Healthcare Cost Trend Rates (6.8% / 3.7%)	1% Increase (7.8% / 4.7%)
Total OPEB liability for governmental activities	$ 1,042,984,681	$ 1,180,548,500	$ 1,352,801,320
Total OPEB liability for business-type activities	49,432,472	55,952,337	64,116,295
Total primary government	$ 1,092,417,153	$ 1,236,500,837	$ 1,416,917,615

Funding Policy—Contributions by the primary government may vary according to length of service. The cost of providing postemployment health care benefits is shared between the City and the retired employee. Substantially all employees may become eligible for those benefits if they reach normal retirement age and length of service requirement while working for these entities. The cost of retiree health care benefits is recognized as an expenditure as premiums are paid within the governmental funds. For the year ended June 30, 2025, the City's governmental activities recognized aggregate OPEB expense of $58,373,711 (which includes BFSA aggregate OPEB income of $201,402) and the City's business-type activities recognized aggregate OPEB expense of $974,601.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The City reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability. At June 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the sources shown below.

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Differences between expected and actual experience	$ 24,738,724	$ 181,234	$ 24,919,958	$ -	$ 1,409,697	$ 1,409,697
Changes of assumptions	56,636,194	687,519	57,323,713	130,960,128	3,412,853	134,372,981
Total	$ 81,374,918	$ 868,753	$ 82,243,671	$ 130,960,128	$ 4,822,550	$ 135,782,678

The amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities	City Total
2026	$ (20,565,415)	$ (1,639,833)	$ (22,205,248)
2027	(20,786,912)	(1,657,495)	(22,444,407)
2028	(21,133,357)	(1,685,119)	(22,818,476)
2029	3,237,317	258,135	3,495,452
2030	9,663,157	770,515	10,433,672

Buffalo Fiscal Stability Authority

Plan Description—The BFSA maintains a single-employer defined benefit healthcare plan (the "Plan") providing for lifetime cost sharing of medical, dental, and vision premiums to eligible retirees and spouses.

The Plan does not issue a publicly available financial report. Eligibility is based on covered employees who retire from the BFSA over age 55 and have a minimum of five years of service, and have satisfied requirements for retiring as a member of a retirement system.

Employees Covered by Benefit Terms—For the year ended June 30, 2025 there were no retirees of the BFSA receiving benefits. At June 30, 2025, the following employees were covered by the benefit terms:

Active employees	4
Retired employees	-
Total	4

Total OPEB Liability

The BFSA's total OPEB liability of $985,190 was measured as of June 30, 2025, and was determined by using the alternative measurement method, available to plans with fewer than 100 employees.

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

The following assumptions were made:

Healthcare cost trend rates – Initial rates of 5.8%, reduced to an ultimate rate of 4.1% after ten years.

Salary increases – 2.0%.

Mortality – Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

Discount rate – 4.5% (previously 3.6%) based on the 20-Year tax-exempt municipal bond yield for bonds with an average rating of AA or higher as of the measurement date.

Turnover – 50% based on historical experience.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balances at June 30, 2024	$ 1,186,592
Changes for the year:	
Service cost	112,210
Interest	46,757
Changes of assumptions	(196,829)
Differences between expected and actual experience	(163,540)
Net changes	(201,402)
Balances at June 30, 2025	$ 985,190

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
Total OPEB liability	$ 1,206,568	$ 985,190	$ 809,432

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (5.8%) and ultimate (4.1%) healthcare cost trend rates.

	1% Decrease (4.8% / 3.1%)	Healthcare Cost Trend Rates (5.8% / 4.1%)	1% Increase (6.8% /5.1%)
Total OPEB liability	$ 778,161	$ 985,190	$ 1,252,019

Funding Policy—Contributions may vary according to length of service. The cost of retiree health care benefits is recognized as an expenditure as premiums are paid within the governmental funds. For the year ended June 30, 2025, the Authority recognized OPEB income of $201,402.

Board of Education

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

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

Employees Covered by Benefit Terms—At June 30, 2025, the following employees were covered by the benefit terms:

Active employees	5,228
Retired employees and dependents	4,232
Total	9,460

Total OPEB Liability

The Board's total OPEB liability of $1,494,745,000 was measured as of June 30, 2025 and was determined by an actuarial valuation as of the same date.

Actuarial Methods and Assumptions—The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	1.84% to 12.31%
Discount Rate	5.20%
Healthcare Cost Trend Rates	8.0% in 2025, with an ultimate rate of 4.5% after 2040

The discount rate was based on a range of indices of 20-year bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates were based on the MP-2021 Society of Actuaries' Pub-2016 mortality table fully generational for healthy general and teacher retirees.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability (in thousands)
Balance at July 1, 2024	$ 1,830,609
Changes for the year:	
Service cost	52,254
Interest	78,012
Changes of assumptions	(201,660)
Differences between expected and actual experience	(204,170)
Benefit payments	(60,300)
Net changes	(335,864)
Balance at June 30, 2025	$ 1,494,745

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have a profound impact on total liabilities. The table below presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability (amounts in thousands).

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$ 1,727,658	$ 1,494,745	$ 1,305,982

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (8.0%)/ultimate (4.5%) healthcare cost trend rates (amounts in thousands).

	1% Decrease (7.0% to 3.5%)	Healthcare Cost Trend Rates (8.0% to 4.5%)	1% Increase (9.0% to 5.5%)
Total OPEB liability	$ 1,282,003	$ 1,494,745	$ 1,764,235

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—For the year ended June 30, 2025, the Board recognized OPEB income of $77,801,000. The Board reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The following table presents the Board's deferred outflows and inflows of resources at June 30, 2024 (amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 513,244
Changes of assumptions	178,408	438,095
Total	$ 178,408	$ 951,339

The amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount (in thousands)
2026	$ (208,681)
2027	(226,071)
2028	(195,281)
2029	(75,262)
2030	(67,636)

Buffalo Urban Renewal Agency

Plan Description—In addition to pension benefits, BURA provides continuation of medical insurance coverage to employees that retire under the New York State and Local Employees' Retirement System at the same time they end their service to BURA. Based on the collective bargaining agreement, the retiree and his or her beneficiaries receive this coverage for the life of the retiree. Health care benefits for non-union employees are similar to those of union employees. The retiree's share of premium cost range from 0%-25%, depending on the employee hire date.

Employees Covered by Benefit Terms—At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	39
Active employees	27
Total	66

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability ("AAL") under GASB Statement No. 45.

Total OPEB Liability

BURA's total OPEB liability of $6,461,458 was measured as of June 30, 2025, and was determined by an actuarial valuation as of the same date.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employer and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the June 30, 2025 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a valuation date of June 30, 2025. The discount rate used was 4.39%, which remained unchanged when compared to the prior year. Mortality rates are based on the Pub-2010 Public Retirement Plans Mortality Tables. The most recent experience of the employee group covered by the Federal Employees Retirement System were used for turnover and retirement rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 5.80% for medical, while the ultimate healthcare cost trend rate is 4.10%.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source.

	Total OPEB Liability
Balance at June 30, 2024	$ 6,521,988
Changes for the year:	
Service cost	123,132
Interest	244,197
Effect of economic/demographic gains or losses	258,293
Change of assumptions	(417,267)
Benefit payments	(268,885)
Net changes	(60,530)
Balance at June 30, 2025	$ 6,461,458

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (3.39%)	Current Discount Rate (4.39%)	1% Increase (5.39%)
Total OPEB liability	$ 7,133,090	$ 6,461,458	$ 5,887,334

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (5.80%) and ultimate (4.10%) healthcare cost trend rates:

	1% Decrease (4.80% / 3.10%)	Healthcare Cost Trend Rates (5.80% / 4.10%)	1% Decrease (6.80% / 5.10%)
Total OPEB liability	$ 5,789,265	$ 6,461,458	$ 7,243,308

Funding Policy—Authorization for BURA to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by BURA's Board. BURA's contributions to the OPEB plan are based on the negotiated contracts with the bargaining unit. Any amendments to the employer's contributions are subject to the collective bargaining agreements. BURA recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. BURA contributed $268,885 for the fiscal year ended June 30, 2025.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—BURA may report deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability are required to be determined. As of June 30, 2025, BURA reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

8. 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 the ballpark, public employee liability, and data processing equipment. There have been no significant reduction in the levels of this commercial insurance from the prior year, nor have there been any settlements which exceeded insurance coverage for each of the past three fiscal years.

The City is self-insured for general liability risk. The City is self-insured for workers' compensation and has accrued its best estimate of both asserted and unasserted workers' compensation losses. The reserve for workers' compensation is recorded at an estimated percent value using a discount rate of 5%. For the fiscal years ended June 30, 2023, 2024, and 2025, the City expensed $2,614,314, $2,924,909 and $2,787,909 respectively, for workers' compensation claims, including medical payments for fire fighters and police officers. The estimated liabilities for business-type activities are recorded as liabilities of the individual enterprise funds; whereas, general liabilities are only recorded in the government-wide financial statements. For the fiscal years ended June 30, 2023, 2024, and 2025, the City incurred expenditures of $4,270,883, $44,013,388, and $19,480,136 respectively, for property damage and personal injury claims.

At June 30, 2025, the City estimated the following workers' compensation liabilities:

	Governmental Activities	Business-type Activities
Workers' compensation — fire and police medical	$ 3,345,886	$ -
Workers' compensation — other employees	4,023,425	908,631
Total	$ 7,369,311	$ 908,631

The business-type activities 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 governmental and business-type activities since June 30, 2023, are shown below:

	Governmental Activities	Business-type Activities
Estimated claims — June 30, 2023	$ 8,821,461	$ 1,116,852
Claims incurred	1,841,709	1,038,014
Payments 2023-2024	(2,878,749)	(1,079,123)
Estimated claims — June 30, 2024	7,784,421	1,075,743
Claims incurred	2,372,799	640,650
Payments 2024-2025	(2,787,909)	(807,762)
Estimated claims — June 30, 2025	$ 7,369,311	$ 908,631

The City has estimated claims arising during the ordinary course of its operations which are probable of a future loss to total $13,200,000 and has been included within the City's long-term liabilities. Additionally, management has identified claims judged to be reasonably possible of a negative impact which are not included within the City's liabilities. Such claims have been estimated to range from $14,000,000 to $44,000,000.

9. LEASE AND SUBSCRIPTION LIABILITIES

The City is a lessee for a noncancellable lease of various equipment and a subscriber of various information technology agreements. Under GASB Statement No. 87, *Leases*, the City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. Under GASB Statement No. 96, *Subscription Based Information Technology Agreements,* the City recognizes a subscription liability and a subscription asset in the government-wide financial statements. The City recognizes lease and subscription liabilities that are significant, individually or in the aggregate, to the financial statements.

At the commencement of a lease, the City initially measures the lease/subscription liability at the present value of payments expected to be made during the lease/subscription term. Subsequently, the lease/subscription liability is reduced by the principal portion of lease/subscription payments made. The lease/subscription asset is initially measured as the initial amount of the lease/subscription liability, adjusted for lease/subscription payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease/subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease/subscription payments to present value, (2) lease/subscription term, and (3) lease/subscription payments.

- The City uses the interest rates charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease/subscription terms include the noncancellable period of the lease/subscription. Lease/subscription payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease/subscription and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Lease/subscription assets are reported with other capital assets and lease/subscriptions liabilities are reported with long-term debt on the statement of net position.

During the previous years, the City entered into long-term, lease agreements as the lessee for the acquisition and use of various equipment, vehicles, and buildings. As of June 30, 2025, the value of the lease liabilities was $500,232. The City is required to make annual principal and interest payments ranging from $12,720 to $169,952. The leases have interest rates ranging between 2.0 and 5.0%. The value of the right-to-use lease assets as of the end of the current fiscal year was $1,804,384 and had accumulated amortization of $1,261,440.

During previous years, the City maintained a subscription based information technology agreement. During the year ended June 30, 2025, the subscription was paid in full and the value of the subscription liability was $0 as of June 30, 2025.

The future principal and interest payments as of June 30, 2025 for the City's lease liability, were as follows:

Fiscal Year Ending	Lease Liability		
June 30,	Principal	Interest	Total
2026	$ 221,544	$ 5,777	$ 227,321
2027	193,004	2,719	195,723
2028	85,684	374	86,058
Total	$ 500,232	$ 8,870	$ 509,102

10. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The City's outstanding long-term liabilities include bonds payable, lease liability, subscription liability, compensated absences, workers' compensation, landfill post-closure monitoring costs, other postemployment benefits ("OPEB") obligations, judgments and claims, and net pension liability.

A summary of changes in the City's long-term debt at June 30, 2025 is presented in the below:

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligations bonds, net - City	$ 186,219,070	$ -	$ 32,290,282	$ 153,928,788	$ 29,519,536
General obligations bonds, net - BFSA	320,000	-	155,000	165,000	165,000
Premiums on bonds - City	24,354,638	-	4,045,180	20,309,458	3,844,327
Premiums on bonds - BFSA	217,657	-	153,637	64,020	64,020
Total bonds payable, net	211,111,365	-	36,644,099	174,467,266	33,592,883
Lease liability	881,912	-	381,680	500,232	221,544
Subscription liability	69,113	-	69,113	-	-
Compensated absences*	28,982,936	2,493,731	-	31,476,667	8,458,946
Workers' compensation	7,784,421	2,372,799	2,787,909	7,369,311	4,158,980
Landfill post-closure monitoring costs	280,000	-	70,000	210,000	70,000
OPEB obligation - City	1,112,863,526	129,750,427	62,065,453	1,180,548,500	63,927,417
OPEB obligation - BFSA	1,186,592	158,967	360,369	985,190	-
Judgments and claims	31,700,000	5,297,150	23,797,150	13,200,000	9,700,000
Net pension liability - City*	202,649,618	54,892,361	-	257,541,979	-
Net pension liability - BFSA*	239,373	24,607	-	263,980	-
Total governmental activities	$ 1,597,748,856	$ 194,990,042	$ 126,175,773	$ 1,666,563,125	$ 120,129,770

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Business-type activities:					
Bonds payable:					
General obligations bonds - Parking	$ 3,795,931	$ -	$ 704,718	$ 3,091,213	$ 740,464
Water System revenue bonds	142,160,000	-	7,965,000	134,195,000	8,120,000
Premiums on bonds	14,803,451	-	877,944	13,925,507	877,944
Discounts on bonds	(81,453)	-	(6,266)	(75,187)	(6,266)
Total bonds payable, net	160,677,929	-	9,541,396	151,136,533	9,732,142
Compensated absences*	1,440,413	264,363	-	1,704,776	492,435
Workers' compensation	1,075,743	640,650	807,762	908,631	265,747
OPEB obligation	55,262,967	4,783,095	4,093,725	55,952,337	2,611,470
Net pension liability*	7,108,292	1,229,228	-	8,337,520	-
Total business-type activities	$ 225,565,344	$ 6,917,336	$ 14,442,883	$ 218,039,797	$ 13,101,794

*Additions to the compensated absences and net pension liability are shown net of reductions.

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

A summary of additions and payments for the year ended June 30, 2025 is presented below:

Year of Issuance	Original Issue	Interest Rate (%)	Year of Maturity	Balance 7/1/2024	Additions	Payments	Balance 6/30/2025	Due Within One Year
Governmental activities general obligations bonds issued by City of Buffalo:								
2005	$ 26,167,250	5.0	2025	$ 302,459	$ -	$ 302,459	$ -	$ -
2012	4,255,000	2.0-4.0	2025	20,000	-	20,000	-	-
2013	7,540,000	0.8-3.5	2025	720,000	-	720,000	-	-
2015	29,088,985	2.0-5.0	2026	5,590,000	-	2,760,000	2,830,000	2,830,000
2016	21,703,468	2.0-5.0	2028	8,624,118	-	2,000,222	6,623,896	2,101,286
2017	21,618,019	4.0-5.0	2029	10,525,028	-	1,903,557	8,621,471	2,001,173
2018	20,300,000	3.0-5.0	2030	12,130,000	-	1,510,000	10,620,000	1,585,000
2019	7,530,000	5.0	2025	1,660,000	-	1,660,000	-	-
2021	7,305,000	5.0	2027	3,130,000	-	1,530,000	1,600,000	1,600,000
2021	50,610,172	5.0	2032	35,619,923	-	4,916,502	30,703,421	4,282,077
2022	22,875,000	4.0-5.0	2034	19,005,000	-	2,045,000	16,960,000	1,785,000
2023	23,250,000	4.0-5.0	2036	21,365,000	-	1,955,000	19,410,000	2,025,000
2024	40,560,000	5.0	2029	40,560,000	-	7,475,000	33,085,000	7,690,000
2024	25,020,000	4.0-5.0	2035	25,020,000	-	2,625,000	22,395,000	2,905,000
Total				184,271,528	-	31,422,740	152,848,788	28,804,536
Governmental activities general obligations bonds issued by the City of Buffalo on behalf of discretely presented component unit – Board of Education:								
2012	6,720,000	2.0-4.0	2025	$ 485,000	$ -	$ 485,000	$ -	$ -
2021	3,625,000	5.0	2027	1,765,000	-	685,000	1,080,000	715,000
Total				2,250,000	-	1,170,000	1,080,000	715,000
Less bonds issued by City to BFSA:								
2005A	$ 26,167,250	4.0-5.0	2025	$ (302,458)	$ -	$ (302,458)	$ -	$ -
Total mirror bonds				(302,458)	-	(302,458)	-	-
Net governmental activities general obligation bonds issued by the City of Buffalo				186,219,070	-	32,290,282	153,928,788	29,519,536

(continued)

(concluded)

Year of Issuance	Original Issue	Interest Rate (%)	Year of Maturity	Balance 7/1/2024	Additions	Payments	Balance 6/30/2025	Due Within One Year
Governmental activities general obligations bonds issued by Buffalo Fiscal Stability Authority:								
2015A	14,170,000	3.0-5.0	2025	$ 320,000	$ -	$ 155,000	$ 165,000	$ 165,000
Total				320,000	-	155,000	165,000	165,000
Total governmental activities bonds payable				186,539,070	-	32,445,282	154,093,788	29,684,536
Unamortized premium - City				24,354,638	-	4,045,180	20,309,458	3,844,327
Unamortized premium - BFSA				217,657	-	153,637	64,020	64,020
Total governmental activities bonds payable, net				$ 211,111,365	$ -	$ 36,644,099	$ 174,467,266	$ 33,592,883
Business-type activities — general obligation bonds:								
Parking:								
2016	4,066,532	2.0-5.0	2028	$ 1,615,882	$ -	$ 374,777	$ 1,241,105	$ 393,714
2017	2,741,981	4.0-5.0	2029	1,334,972	-	241,443	1,093,529	253,827
2021	1,089,828	5.0	2032	845,077	-	88,498	756,579	92,923
Total				3,795,931	-	704,718	3,091,213	740,464
Business-type activities — Water System Revenue Bonds:								
2006	$ 19,917,236	3.6-4.8	2028	$ 4,630,000	$ -	$ 1,100,000	$ 3,530,000	$ 185,000
2012	2,575,000	5.6-6.3	2031	1,415,000	-	180,000	1,235,000	3,300,000
2015	46,655,000	2.0-5.0	2036	27,710,000	-	3,165,000	24,545,000	1,140,000
2019	24,285,000	4.0-5.0	2049	22,635,000	-	465,000	22,170,000	1,000,000
2019	11,985,000	3.0-5.0	2038	9,240,000	-	945,000	8,295,000	490,000
2021	4,580,000	2.0-5.0	2050	4,350,000	-	95,000	4,255,000	675,000
2021	16,850,000	2.0-5.0	2041	15,200,000	-	650,000	14,550,000	100,000
2022	13,435,000	2.0-4.0	2052	12,930,000	-	270,000	12,660,000	425,000
2022	11,835,000	2.0-4.0	2043	11,060,000	-	410,000	10,650,000	280,000
2024	32,990,000	4.0-5.0	2054	32,990,000	-	685,000	32,305,000	525,000
Total				142,160,000	-	7,965,000	134,195,000	8,120,000
Total business-type activities bonds payable				145,955,931	-	8,669,718	137,286,213	8,860,464
Unamortized premium				14,803,451	-	877,944	13,925,507	877,944
Unamortized discount				(81,453)	-	(6,266)	(75,187)	(6,266)
Total business-type activities bonds payable, net				$ 160,677,929	$ -	$ 9,541,396	$ 151,136,533	$ 9,732,142

Amortization of Bond Premiums and Discounts—During various priors year, the City issued Serial Bonds and Public Improvement Serial Bonds and received bonds premiums. The premiums are being amortized on a straight-line annual basis over the life of the respective bonds. The total remaining unamortized premiums on bonds at June 30, 2025 are $20,373,478 and $13,925,507 reported in governmental activities and business-type activities, respectively. Additionally, unamortized discounts on bonds of $75,187 are reported in business-type activities at June 30, 2025.

The City's debt service requirements for its bonds are as follows:

Governmental Activities—City of Buffalo, New York

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 28,804,536	$ 7,281,902	$ 36,086,438
2027	24,882,787	5,839,674	30,722,461
2028	25,023,887	4,602,162	29,626,049
2029	23,313,646	3,376,164	26,689,810
2030	12,207,052	2,269,297	14,476,349
2031-2035	37,626,880	3,878,618	41,505,498
thereafter	990,000	39,600	1,029,600
Total	$ 152,848,788	$ 27,287,417	$ 180,136,205

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 715,000	$ 54,000	$ 769,000
2027	365,000	18,250	383,250
Total	$ 1,080,000	$ 72,250	$ 1,152,250

Governmental Activities—Buffalo Fiscal Stability Authority

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 165,000	$ 4,125	$ 169,125
Total	$ 165,000	$ 4,125	$ 169,125

Business-Type Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 8,860,464	$ 5,821,558	$ 14,682,022
2027	9,312,213	5,376,765	14,688,978
2028	9,956,113	4,906,494	14,862,607
2029	8,711,353	4,440,639	13,151,992
2030	8,867,948	4,011,301	12,879,249
2031-2035	23,508,122	16,417,864	39,925,986
2036-2040	22,935,000	12,045,006	34,980,006
2041-2045	18,740,000	7,669,633	26,409,633
2046 and thereafter	26,395,000	4,330,779	30,725,779
Total	$ 137,286,213	$ 65,020,039	$ 202,306,252

Defeased Debt—The City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. In each instance, the principal amount of the replacement bonds was equivalent to the amount outstanding of the old bonds at the time of issuance. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. Principal balances of bonds outstanding at June 30, 2025 that are considered defeased amount to $52,370,000.

Lease Liability—The City has entered into long-term leases for vehicles and equipment. The outstanding balance at June 30, 2025 was $500,232. Refer to Note 9 for additional information related to the City's leases.

Subscription Liability—The City has entered into long-term subscription based information technology agreements in previous years. During the year ended June 30, 2025 the subscription was paid in full. Refer to Note 9 for additional information related to the City's subscription liability.

Compensated Absences—As described in Note 1, the liability for compensated absences, which totals $31,476,667 for governmental activities and $1,704,776 for business-type activities, represents amounts relating to sick and personal leave for employees. Payments of these liabilities are dependent upon many factors (including retirement, termination, or employees leaving service) and, therefore, timing of future payments of such are not readily determinable. Typically, the General Fund has been used to liquidate this liability within the governmental funds. The City has estimated that $8,458,946 and $492,435 for governmental activities and business-type activities, respectively, will be paid in the next fiscal year.

Workers' Compensation—Accrued workers' compensation, which totals $7,369,311 and $908,631 for governmental activities and business-type activities, respectively, represents the City's estimate of both asserted and unasserted workers' compensation losses. The payments related to these liabilities are dependent upon many factors and, therefore, timing of future payments are not readily determinable. The City has estimated that $4,158,980 and $265,747 for governmental activities and business-type activities, respectively, will be paid in the next fiscal year. Refer to Note 8 for additional information related to workers' compensation.

Landfill Post-Closure Monitoring Costs—In accordance with the Environmental Conservation Law of the State of New York, the City is complying with post-closure monitoring of Unity Island. The cost of post-closure is based on the percentage of the landfill's total capacity used to date, which is 100%. The City is still required to monitor the site for another 3 years, with an estimated annual cost of $70,000 each of the remaining years. The estimate, which is subject to various changes resulting from inflation, deflation, technology or changes in the applicable laws or regulations, for the outstanding liability at June 30, 2025 was $210,000.

OPEB Obligation—As explained in Note 7, the City provides health insurance coverage for certain retirees. The City's annual postemployment benefit ("OPEB") cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. Typically, the General Fund has been used to liquidate this liability within the governmental funds. The long-term OPEB liability is estimated to be $1,181,533,960 and $55,952,337 in the governmental activities and business-type activities, respectively. The City reported $63,927,417 and $2,611,470 as due within one year in the governmental activities and business-type activities, respectively.

Judgments and Claims—As explained in Note 8, the City records a liability for general liability claims in the government-wide financial statements. The City's judgments and claims liability, which totals $13,200,000 at June 30, 2025, represents estimated amounts due for various outstanding claims. Payment of these estimated amounts are dependent upon many factors (including outstanding litigation). The City has estimated that $9,700,000 of the aforementioned claims will be paid in the next fiscal year.

Net Pension Liability—The City reports a liability for its proportionate share of the net pension liability for the Employee Retirement System and Police and Fire Retirement System. The net pension liability is estimated to be $257,805,959 and $8,337,520 in the governmental activities and business-type activities, respectively. Typically, the General Fund has been used to liquidate this liability within the governmental funds. Refer to Note 6 for additional information related to the City's net pension liability.

Debt Contracting Limitation and Unissued Bonds—The City's debt contracting limitation under its legal debt margin at June 30, 2025, was approximately $1.75 billion. The effective borrowing capacity is $1.56 billion.

The list of the City's authorized and unissued bonds at June 30, 2025, is as follows:

Project	Total Authorized and Unissued
General Improvement Bonds—City of Buffalo	$ 71,779,000

Board of Education

A summary of changes in the Board's long-term liabilities for the year ended June 30, 2025, is as follows:

Governmental activities:	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Due to other governments	$ 4,560,000	$ -	$ 713,334	$ 3,846,666	$ 713,332
Revenue bonds payable	6,160,000	-	755,000	5,405,000	790,000
JSCB bonds payable	337,325,000	-	71,610,000	265,715,000	59,835,000
Premium on bonds	49,967,082	-	8,794,550	41,172,532	-
Leases	38,400,642	3,439,241	6,798,176	35,041,707	5,692,206
Compensated absences	28,847,793	-	10,508,793	18,339,000	6,792,000
Workers' compensation	50,427,000	17,346,000	17,252,000	50,521,000	9,389,000
OPEB obligation	1,830,609,000	130,266,000	466,130,000	1,494,745,000	-
Net pension liability	47,274,013	-	17,247,286	30,026,727	-
Total	$ 2,393,570,530	$ 151,051,241	$ 599,809,139	$ 1,944,812,632	$ 83,211,538

Source of Funding—Amounts due to other governments, due to City of Buffalo (bonded debt), and revenue bonds payable are repaid through annual appropriation of the Board's general fund. Payments for compensated absences are charged to the Board's general fund.

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

Fiscal Year Ending June 30,	Principal
2026	$ 713,334
2027	713,332
2028	713,334
2029	713,334
2030	713,332
2031-2035	233,334
2036	46,666
Total	$ 3,846,666

Revenue Bonds Payable—These bonds represent amounts due for Municipal Bond Agency Revenue Bonds issued pursuant to the State of New York Municipal Bond Agency (the Agency) Act and a General Resolution and a Series Resolution to provide funds to finance a portion of the cost of settling litigation between the Board and the Buffalo Teachers Federation, fund the debt service reserve fund to at least the debt service reserve fund requirement, and to pay legal, accounting, financing, and other fees and expenses related to the issuance of the bonds.

The bonds are special revenue obligations of the Agency and are secured by annual payments by the City from all monies legally available (which availability is, in general, dependent upon annual appropriations by the City), 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.

Joint Schools Construction Board Bonds Payable—Represents bond payments due for the design, construction, and financing of public educational facilities in the City. The balance at June 30, 2025 is $265,715,000.

Debt service requirements of the Board (which include revenue bonds, JSCB bonds and City of Buffalo bonds issued on behalf of the Board of $1,080,000) at June 30, 2025 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 61,340,000	$ 13,628,875	$ 74,968,875
2027	54,485,000	10,562,750	65,047,750
2028	55,995,000	7,839,625	63,834,625
2029	38,090,000	5,040,875	43,130,875
2030	35,550,000	3,137,500	38,687,500
2031-2035	26,740,000	1,702,125	28,442,125
Total	$ 272,200,000	$ 41,911,750	$ 314,111,750

Compensated Absences—Compensated absences, which totaled $18,339,000 at June 30, 2025, represent amounts relating to sick and personal leave for employees. Payment of these liabilities is dependent upon many factors (including retirement, termination, or employees leaving service), and, therefore, payment of such is not readily determinable. The Board has estimated that $6,792,000 will be paid in the next fiscal year.

Workers' Compensation—Workers' compensation obligations total $50,521,000 at June 30, 2025, representing estimated amounts due for various outstanding claims. The Board has estimated that $9,389,000 will be paid in the next fiscal year.

OPEB Obligation—Refer to Note 7.

Net Pension Liability—The Board reports a liability for its proportionate share of the net pension liability for the Employee Retirement System and Teachers Retirement System. The net pension liability is estimated to be $30,026,727.

Buffalo Urban Renewal Agency

BURA's outstanding long-term liabilities include lease liability, compensated absences, other postemployment benefits ("OPEB") obligation, and net pension liability.

A summary of changes in BURA's long-term liabilities at June 30, 2025 follows:

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Lease liability	$ 8,146	$ -	$ 4,623	$ 3,523	$ 3,523
Compensated absences*	185,464	-	44,011	141,453	7,073
OPEB obligation	6,521,988	625,622	686,152	6,461,458	-
Net pension liability *	774,421	117,643	-	892,064	-
Total	$ 7,490,019	$ 743,265	$ 734,786	$ 7,498,498	$ 10,596

(*Additions/reductions to the compensated absences liability and the net pension liability are shown net of reductions/additions.)

Lease Liability—BURA entered into long-term capital lease for copier equipment. The outstanding balance at June 30, 2025 was $3,523.

Compensated Absences—As explained in Note 1, BURA records the value of compensated absences in the government-wide financial statements. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at June 30, 2025, for governmental activities is $141,453. Management estimates that $7,073 is due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation— Refer to Note 7.

Net Pension Liability—BURA reports a liability for its proportionate share of the net pension liability for the Employee Retirement System. The net pension liability is estimated to be $892,064.

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- ***Net Investment in Capital and Right-to-Use Assets***—This category groups all capital and right-to-use assets, including infrastructure, into one component of net position. Accumulated depreciation/amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the City's governmental and business-type activities net investment in capital and right-to-use assets are shown below:

Governmental activities:		
Capital and right-to-use assets, net of accumulated depreciation/amortization		$ 749,857,331
Related debt:		
Serial bonds issued for capital assets	$ (119,928,788)	
Unspent debt proceeds	69,768,838	
Bonds payable issued for capital assets		(50,159,950)
Capital Projects Fund accounts payable		(10,891,179)
Retainages payable		(4,035,869)
Lease liability		(500,232)
Deferred gain on refunding		(78,246)
Unamortized premiums		(18,345,788)
Net investment in capital assets–governmental activities		$ 665,846,067

Business-type activities:		
Capital assets, net of accumulated depreciation		$ 223,744,958
Related debt:		
Serial bonds issued for capital assets	(137,286,213)	
Unspent debt proceeds	34,822,752	
Bonds payable issued for capital assets		(102,463,461)
Deferred charge on refunding		1,641,246
Unamortized premium		(13,925,507)
Unamortized discount		75,187
Net investment in capital assets–business-type activities		$ 109,072,423

- ***Restricted Net Position***—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

- ***Unrestricted Net Position***—This category represents net position of the City not restricted for any project or other purpose.

Nonspendable Fund Balance—In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by the City at June 30, 2025 include:

Real estate acquired for sale	$ 9,159,360
Long-term due from other funds	28,346,429
Prepaid items	1,555,095
Permanent Fund - Corpus	30,000
Total	$ 39,090,884

- ***Real Estate Acquired for Sale***—This amount represents real estate acquired for resale.
- ***Long-term Due from Other Funds***—Represents a long-term receivable from the Solid Waste and Recycling Fund for operating losses incurred in the fund since its inception.
- ***Prepaid Items***—Represents amounts prepaid to vendors and employees that are applicable to future accounting periods.
- ***Permanent Fund—Corpus***—Represents the amount of principal that is nonspendable due to specific purposes stipulated in the bequest which established the Forsyth Park fund.

Restricted Fund Balance—In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balances of the City at June 30, 2025 are shown below:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Capital projects	$ -	$ -	$ 58,877,659	$ -	$ 58,877,659
Capital outlay	21,339,974	-	-	-	21,339,974
Debt service	-	14,339,890	-	618,403	14,958,293
Grants	-	-	-	27,915,305	27,915,305
Emergency medical services	555,262	-	-	-	555,262
Permanent fund - interest	-	-	-	111,601	111,601
Total	$ 21,895,236	$ 14,339,890	$ 58,877,659	$ 28,645,309	$ 123,758,094

- ***Restricted for Capital Projects***—Represents funds that have been reserved to fund future capital projects and the purchase of capital assets. This amount includes commitments for the expenditures of monies within the Capital Projects Fund.
- ***Restricted for Capital Outlay***—This category represents amounts set aside for future departmental capital expenditures.
- ***Restricted for Debt Service***—Represents resources that have been legally restricted for principal and interest payments that will be made in future periods.

- ***Restricted for Grants***—This category includes federal and state monies that have been restricted as they can only be used for specific purposes as authorized by grantor agencies. This amount includes amounts which are restricted by commitments for the expenditure of money within the Special Revenue Fund.

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

- ***Restricted for Permanent Fund – Interest***—Represents the amount of interest earnings on the nonspendable principal that is reserved to be used for specific purpose stipulated in the bequest which established the Forsyth Park fund. The interest earnings are limited to the purchase or erection of works of art to be placed in the park system of the City of Buffalo.

Committed Fund Balance—In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the City's highest level of decision-making authority, which is an adoption by the Common Council of an ordinance, modification to the City charter by the Common Council or a resolution of the Common Council. The City's policy requires commitments to be adopted through formal action (adoption of an ordinance) of the Common Council. As of June 30, 2025, the City reported the commitment described below:

- ***Committed to Emergency Stabilization***—Represents a minimum of 30 days of the prior fiscal year's total General Fund operating expenditures. If during a fiscal year, the City has extraordinary operating or capital needs that could not be anticipated and cannot be funded with current budget resources, the City may use this fund. During the year ended June 30, 2025, the City had an authorized use of the committed fund balance of $6,862,734. At June 30, 2025, the City reported $42,342,468 within its Emergency Stabilization Fund, which is under funded per the City's charter.

Assigned Fund Balance—In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the City. For example, the amount appropriated to reduce the tax levy as determined through the budget process and finalized when the tax rates are established would be considered assigned fund balance. The Common Council authorizes the Comptroller to make a determination of the assigned amounts of fund balance. At June 30, 2025 assigned fund balance includes:

	Nonmajor Funds
Specific use	205,677
Total	$ 205,677

- ***Assigned to Specific Use***—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment's purpose relates to each fund's operations and represents amounts within funds that are not restricted or committed.

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

12. RELATED PARTY TRANSACTIONS

The City provides annual support to the Board of Education. During the year ended June 30, 2025, the City contributed $70,822,759 in economic support for operating purposes ($65,483,179) and school tax relief reimbursement ($5,339,580).

Buffalo Fiscal Stability Authority

The Act and other legal documents of the BFSA establish various legal financial relationships between the BFSA, the City and the Board of Education. The resulting financial transactions between the BFSA, the City, and the Board of Education include the receipt and use of revenues as well as BFSA debt issuances to fund financeable costs of the City. The receipt and remittance of revenues in 2025 include:

- The receipt and remittance to the City of sales tax revenues. Revenues of $176,032,411 were recorded, of which $114,826,059 was or will be paid to the City and $60,270,556 was designated for the District. The balance was retained for BFSA operations and to provide for a debt service sinking fund.
- State aid of $166,285,233 was received during 2025.
- Distributions paid or accrued to the City in 2025 totaled $281,442,478, which includes $114,826,059 of sales tax receipts, $166,603,814 of State aid and other revenue, and interest receipts of $12,605.

Board of Education

During the year ended June 30, 2025, the Board transferred $1,265,525 to the City for payment of the Board's portion of principal and interest on long-term debt.

Board Urban Renewal Agency

The City is the primary sponsor of the programs conducted by BURA and is a nominal recipient of most of BURA's federal and state funding. BURA is a related entity to the City and the Buffalo Neighborhood Revitalization Corporation ("BNRC").

In the past, BNRC received loans or grants from BURA under the CDBG program, the Section 108 Loan program, as well as various New York State grant programs. In turn, loan or grants were utilized to qualifying individuals and businesses for purposes of property rehabilitation, home acquisitions for low income individuals, or business development and expansion.

For the year ended June 30, 2025, no loans or grants were provided by BURA to BNRC. Under subrecipient agreements with BNRC, certain program income (such as loan repayments and interest) earned through the CDBG program may generally be retained as supplemental BURA funding, subject to applicable Federal regulations. The subrecipient agreements with these entities also provide that, upon termination of the subrecipient agreements, all unused program income, and any CDBG assets held by BNRC will revert to BURA.

For the year ended June 30, 2025, amounts due from the City of Buffalo include lead remediation services. BURA incurred expenditures upfront.

At June 30, 2025, net amounts due from related parties consisted of:

Due from BNRC, net of payables	$ 10,628
Due from City of Buffalo	199,278
Total	$ 209,906

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are generally short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2025 is as follows:

	Interfund	
Fund	Receivable	Payable
Governmental funds:		
General Fund	$ 53,553,171	$ -
Debt Service Fund	5,584,433	-
Capital Projects Fund	-	23,508,504
Nonmajor governmental funds	8,316,965	12,244,805
Total governmental funds	67,454,569	35,753,309
Proprietary funds:		
Solid Waste and Recycling Fund	184,505	28,346,429
Parking Fund	-	1,579,318
Water System Fund	-	1,963,254
Internal Service Fund	3,236	-
Total proprietary funds	187,741	31,889,001
Total	$ 67,642,310	$ 67,642,310

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 of these cash management practices, as well as normal delays in processing interfund transfers and reimbursements, are the main reasons why interfund receivables and payables exist.

Included within the General Fund's due from other funds totaling $53,553,171 is a portion due from the Solid Waste and Recycling Fund in the amount of $28,346,429, which is considered long-term and has been reserved within nonspendable fund balance.

Interfund transactions between component units and the primary government—The City records a due from component unit of $1,080,000 related to bonds issued on behalf of the Board.

The Board records a due from the City of $455,896,930 representing amounts on deposit with the City on behalf of the Board. Such amounts represent cash held in the City's bank accounts. The cash is an asset of the Board and is specifically designated for Board purposes. These deposits are subject to applicable City and State investment and collateralization policies.

BURA's due from the City is disclosed in Note 12.

The City made the following transfers during the year ended June 30, 2025:

	Transfers in:				
Transfers out:	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
Governmental funds:					
General Fund	$ -	$ 35,987,037	$ 400,000	$ 49,591,511	$ 85,978,548
Debt Service Fund	-	-	-	317,581	317,581
Proprietary funds:					
Solid Waste & Recycling Fund	500,000	-	-	-	500,000
Parking Fund	4,403,000	-	-	-	4,403,000
Water System	9,250,588	-	-	865,328	10,115,916
Total	$ 14,153,588	$ 35,987,037	$ 400,000	$ 50,774,420	$ 101,315,045

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

14. LABOR CONTRACTS

Approximately 2,745 of the City's employees are covered by a total of eight collective bargaining agreements. The following table shows, for each union, the dates through which a contract has been negotiated.

Union	Expiration Date
Firefighters	6/30/25
Blue Collar	6/30/25
White Collar	6/30/24
Police	6/30/25
Crossing Guards	8/31/24
Building Inspectors	6/30/26
Operating Engineers	6/30/26
Pipe Caulkers	6/30/26

15. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitiate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) and re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The City considers encumbrances to be significant for amounts that are encumbered in excess of $500,000. The City has a total of $98,038,250 encumbrances outstanding at June 30, 2025, of which $13,612,203 were reported within the General Fund which did not have adequate fund balance to support the assignment of fund balance for encumbrances. As of June 30, 2025, the City had the following significant encumbrances:

Description	General Fund	Nonmajor Governmental Funds
Buildings	$ -	$ 10,843,340
Park improvements	-	12,542,674
Streets	2,362,030	4,733,763
Contractual services	-	10,557,892

Board of Education

Encumbrances—At June 30, 2025, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were $4,016,443 in the Board's General Fund.

Commitments—The Board has approved and plans to spend up to $187,529,000 for various capital projects that remain in progress at year end. As of June 30, 2025, the Board has spent $147,554,000 and has open commitments to contractors of $20,791,000.

16. TAX ABATEMENTS

The City is subject to programs entered into by Erie County Industrial Development Agency ("ECIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the ECIDA and incentives may include property tax abatements of any new property tax revenue realized from the increased assessed value of any incentivized project from the investment of private capital. The abatement agreements include a stipulated reduction pursuant to the limits set forth in State statute and rules. In the future these new revenues will increase periodically until the project is taxed at full assessed value. Assuming the ECIDA incentivized projects would have been completed absent tax abatements, the unrealized property tax revenue is $14,840,094. However, during 2025, the City collected $3,618,464 related to these new incentivized projects.

Additionally, the City offers other tax exemptions subject to various NYS programs such as land banks, historic properties, home improvements, mixed use properties, business investment properties and. These programs provide real property tax exemptions on certain allowable properties in accordance with the regulations of the NYS Real Property Tax Laws or the Not-For-Profit Laws of New York. Absent such exemptions, the unrealized property tax revenue is $13,432,465. However, during 2025, the City collected $4,220,317 related to the NYS programs.

17. CONTINGENCIES

Litigation—The City is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the City. The number of claims have increased from the prior year and should certain claims reach an unfavorable decision of require a significant settlement, the City will consider the issuance of long-term debt. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the City's financial condition or results of operation.

Grants—In the normal course of operations, the City receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Landfill Postclosure—As discussed in Note 10, the City is responsible to perform specified operation and maintenance functions at a landfill site for a period of thirty years. At June 30, 2025, the liability is $210,000. The landfill postclosure care liability is an estimate and is subject to changes resulting from inflation, deflation, technology or changes in applicable laws or regulations.

Board of Education

Litigation—The Board is subject to claims and lawsuits that arise in the ordinary course of business. Claims probable of resulting in an unfavorable outcome to the Board have been reasonably estimated and are included in accrued liabilities in the government wide and fund financial statements. For claims not accrued, the ultimate outcome of the suits cannot presently be determined and no provisions for loss, if any, have been made in the accompanying financial statements. In the opinion of management, these claims will not have a material adverse effect upon the financial position of the Board.

Separate from claims and lawsuits that arise in the ordinary course of business, legislation was put in place regarding historical claims that were previously time-barred. The Child Victims Act, as amended, allowed any individual who was a minor at the time they suffered any alleged sexual abuse to file a lawsuit before August 14, 2021, regardless of when the alleged abuse occurred. This has resulted in the filing of thousands of lawsuits State-wide. Lawsuits have been initiated against the Board by former students who allege that inappropriate sexual contact occurred between them and employees of the Board dating as far back as the 1940s. The Board is using City of Buffalo Corporation Counsel and is not currently aware of any insurance available for the 13 remaining claims. As a result, the Board has accrued an appropriate amount in the government-wide and fund financial statements at June 30, 2025 based on best estimates as determined with counsel. In the opinion of management, these claims are also not expected to have a material adverse effect upon the financial position of the Board.

Grants—The The Board receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the Board. Based on prior experience, management expects such amounts to be immaterial.

Buffalo Urban Renewal Agency

Grants—In the normal course of operations, the Agency receives grant funds from various federal and state agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the Agency. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any such amounts to be immaterial.

Litigation—Various legal actions are pending against the Agency. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the Agency.

18. SUBSEQUENT EVENTS

On September 30, 2025, the City issued $29,433,750 of bond anticipation notes with an interest rate of 2.38 percent. The notes mature on September 30, 2026.

Management has evaluated subsequent events through November 13, 2025, which is the date the financial statements are available for issuance, and have determined, except as disclosed above, there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BUFFALO, NEW YORK
Schedule of the Local Government's Proportionate Share of the Net Pension Liability (Asset)—Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Board of Education ("Board"):										
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Board's proportion of the net pension liability (asset)	1.957275%	1.987200%	1.795620%	1.780475%	1.818478%	1.786681%	1.822042%	1.836709%	1.651498%	1.668248%
Board's proportionate share of the net pension liability (asset)	$ (58,397,426)	$ 22,725,323	$ 34,456,003	$ (308,539,289)	$ 50,249,458	$ (46,418,092)	$ (32,947,326)	$ (13,960,812)	$ 17,688,235	$ (173,277,759)
Board's covered payroll	$ 373,713,094	$ 366,935,462	$ 318,094,673	$ 302,203,736	$ 308,657,799	$ 298,226,111	$ 348,080,898	$ 290,635,034	$ 254,844,736	$ 250,595,117
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(15.63%)	6.2%	10.8%	(102.1%)	16.3%	(15.6%)	(9.5%)	(4.8%)	6.9%	(69.2%)
Plan fiduciary net position as a percentage of the total pension liability	102.1%	99.2%	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%

CITY OF BUFFALO, NEW YORK
Schedule of the Local Government's Contributions—
Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Board of Education ("Board"):										
Contractually required contribution	$ 40,514,005	$ 36,474,398	$ 37,757,659	$ 31,173,278	$ 28,800,016	$ 27,347,081	$ 31,671,613	$ 34,111,928	$ 34,062,426	$ 33,792,412
Contributions in relation to the contractually required contribution	(40,514,005)	(36,474,398)	(37,757,659)	(31,173,278)	(28,800,016)	(27,347,081)	(31,671,613)	(34,111,928)	(34,062,426)	(33,792,412)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 400,731,998	$ 373,713,094	$ 366,935,462	$ 318,094,673	$ 302,203,736	$ 308,657,799	$ 298,226,111	$ 348,080,898	$ 290,635,034	$ 254,844,736
Contributions as a percentage of covered payroll	10.1%	9.8%	10.3%	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%

CITY OF BUFFALO, NEW YORK
Schedule of the Local Government's Proportionate Share of the Net Pension Liability—Police and Fire Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City of Buffalo ("City"):										
Measurement date	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
City's proportion of the net pension liability	3.6536432%	3.6752187%	3.6076864%	3.4727375%	3.5701051%	3.5540105%	3.3630914%	3.4426958%	3.2577408%	3.1811703%
City's proportionate share of the net pension liability	$ 222,026,787	$ 174,309,175	$ 198,800,544	$ 19,726,695	$ 61,986,876	$ 189,959,633	$ 56,401,167	$ 34,797,285	$ 67,521,629	$ 94,187,680
City's covered payroll	$ 181,315,320	$ 154,697,371	$ 148,581,586	$ 137,738,491	$ 128,339,690	$ 128,323,193	$ 129,836,155	$ 128,055,727	$ 131,271,249	$ 131,399,856
City's proportionate share of the net pension liability as a percentage of its covered payroll	122.5%	112.7%	133.8%	14.3%	48.3%	148.0%	43.4%	27.2%	51.4%	71.7%
Plan fiduciary net position as a percentage of the total pension liability	87.5%	89.7%	87.4%	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%

CITY OF BUFFALO, NEW YORK
Schedule of the Local Government's Contributions—
Police and Fire Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
City of Buffalo ("City"):										
Contractually required contribution	$ 42,610,320	$ 43,737,257	$ 36,982,344	$ 32,449,379	$ 30,144,782	$ 28,997,685	$ 28,268,658	$ 31,033,697	$ 30,655,038	$ 23,005,037
Contributions in relation to the contractually required contribution	(42,610,320)	(43,737,257)	(36,982,344)	(32,449,379)	(30,144,782)	(28,997,685)	(28,268,658)	(31,033,697)	(30,655,038)	(23,005,037)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 168,576,608	$ 166,980,427	$ 155,065,986	$ 134,516,802	$ 129,260,553	$ 127,230,633	$ 128,980,918	$ 130,584,701	$ 134,207,252	$ 130,265,189
Contributions as a percentage of covered payroll	25.3%	26.2%	23.8%	24.1%	23.3%	22.8%	21.9%	23.8%	22.8%	17.7%

CITY OF BUFFALO, NEW YORK
Schedule of the Local Governments' Proportionate Share of the Net Pension Liability/(Asset)—Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.1%	93.9%	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%
City of Buffalo ("City"):										
City's proportion of the net pension liability/(asset)	0.2557647%	0.2407540%	0.2387200%	0.2359948%	0.2367542%	0.2406913%	0.2387384%	0.2590897%	0.2342962%	0.2177420%
City's proportionate share of the net pension liability/(asset)	$ 43,852,712	$ 35,448,728	$ 51,191,196	$ (19,291,601)	$ 235,746	$ 63,736,451	$ 16,915,345	$ 8,361,980	$ 22,014,998	$ 34,948,192
City's covered payroll	$ 88,067,578	$ 89,693,714	$ 81,531,359	$ 78,122,864	$ 72,517,696	$ 73,268,212	$ 73,215,087	$ 70,012,046	$ 75,362,488	$ 66,139,468
City's proportionate share of the net pension liability/ as a percentage of its covered payroll	49.8%	39.5%	62.8%	(24.7)	0.3%	87.0%	23.1%	11.9%	29.2%	52.8%
Buffalo Fiscal Stability Authority ("BFSA"):										
BFSA's proportion of the net pension liability/(asset)	0.0015396%	0.0016257%	0.0017500%	0.0017454%	0.0017040%	0.0017601%	0.0018207%	0.0018707%	0.0019883%	0.0018893%
BFSA's proportionate share of the net pension liability/(asset)	$ 263,980	$ 239,373	$ 375,278	$ (142,680)	$ 1,697	$ 466,096	$ 129,004	$ 60,374	$ 186,826	$ 303,242
BFSA's covered payroll	$ 428,187	$ 410,432	$ 403,866	$ 384,523	$ 398,106	$ 375,073	$ 366,813	$ 368,236	$ 386,979	$ 354,794
BFSA's proportionate share of the net pension liability/ as a percentage of its covered payroll	61.7%	58.3%	92.9%	(37.1)	0.4%	124.3%	35.2%	16.4%	48.3%	85.5%

(continued)

CITY OF BUFFALO, NEW YORK
Schedule of the Local Governments' Proportionate Share of the Net Pension Liability/(Asset)—Employees' Retirement System
Last Ten Fiscal Years

(concluded)

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.1%	93.9%	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%
Board of Education ("Board"):										
Board's proportion of the net pension liability/(asset)	0.1751270%	0.1667250%	0.1496720%	0.1427510%	0.1476440%	0.1447654%	0.139903%	0.136396%	0.132444%	0.141447%
Board's proportionate share of the net pension liability/(asset)	$ 30,026,747	$ 24,548,690	$ 32,095,778	$ (11,669,271)	$ 147,015	$ 38,334,713	$ 9,912,527	$ 4,402,094	$ 12,444,723	$ 22,702,665
Board's covered payroll	$ 60,613,755	$ 53,509,565	$ 47,469,694	$ 44,498,145	$ 46,177,444	$ 44,405,569	$ 42,572,064	$ 40,206,979	$ 41,408,099	$ 39,110,981
Board's proportionate share of the net pension liability as a percentage of its covered payroll	49.5%	45.9%	67.6%	(26.2)	0.3%	86.3%	23.3%	10.9%	30.1%	58.0%
Buffalo Urban Renewal Agency ("BURA"):										
BURA's proportion of the net pension liability/(asset)	0.0052028%	0.0052596%	0.0059849%	0.0062068%	0.0054278%	0.0070411%	0.0065749%	0.0075896%	0.0079393%	0.0074517%
BURA's proportionate share of the net pension liability/(asset)	$ 892,064	$ 774,421	$ 1,283,409	$ (507,377)	$ 5,405	$ 1,864,514	$ 465,855	$ 244,949	$ 745,994	$ 1,196,017
BURA's covered payroll	$ 2,429,117	$ 2,131,889	$ 2,247,218	$ 2,187,921	$ 1,909,348	$ 2,073,426	$ 2,352,824	$ 2,224,950	$ 2,314,866	$ 2,317,443
BURA's proportionate share of the net pension liability as a percentage of its covered payroll	36.7%	36.3%	57.1%	(23.2)	0.3%	89.9%	19.8%	11.0%	32.2%	51.6%

CITY OF BUFFALO, NEW YORK
Schedule of the Local Governments' Contributions—Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City of Buffalo ("City"):										
Contractually required contributions	$ 12,814,365	$ 10,037,334	$ 9,531,410	$ 9,848,004	$ 10,227,468	$ 9,934,514	$ 9,816,623	$ 11,048,864	$ 10,020,599	$ 10,243,551
Contributions in relation to the contractually required contribution	(12,814,365)	(10,037,334)	(9,531,410)	(9,848,004)	(10,227,468)	(9,934,514)	(9,816,623)	(11,048,864)	(10,020,599)	(10,243,551)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 87,706,938	$ 86,955,166	$ 86,941,604	$ 75,763,951	$ 72,872,197	$ 73,259,166	$ 73,322,398	$ 71,435,074	$ 77,691,737	$ 63,077,840
Contributions as a percentage of covered payroll	14.6%	11.5%	11.0%	13.0%	14.0%	13.6%	13.4%	15.5%	12.9%	16.2%
Buffalo Fiscal Stability Authority ("BFSA"):										
Contractually required contributions	$ 70,421	$ 56,524	$ 48,492	$ 63,939	$ 59,480	$ 56,308	$ 54,897	$ 55,466	$ 58,035	$ 67,365
Contributions in relation to the contractually required contribution	(70,421)	(56,524)	(48,492)	(63,939)	(59,480)	(56,308)	(54,897)	(55,466)	(58,035)	(67,365)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BFSA's covered payroll	$ 428,187	$ 410,432	$ 403,866	$ 384,523	$ 398,106	$ 375,073	$ 366,813	$ 375,724	$ 386,979	$ 354,794
Contributions as a percentage of covered payroll	16.4%	13.8%	12.0%	16.6%	14.9%	15.0%	15.0%	14.8%	15.0%	19.0%

(continued)

CITY OF BUFFALO, NEW YORK
Schedule of the Local Governments' Contributions—
Employees' Retirement System
Last Ten Fiscal Years

(concluded)

	Year Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Board of Education ("Board"):										
Contractually required contributions	$ 8,338,066	$ 6,301,793	$ 5,000,684	$ 6,502,836	$ 6,152,793	$ 5,998,034	$ 5,947,217	$ 6,266,223	$ 6,004,084	$ 6,923,385
Contributions in relation to the contractually required contribution	(8,338,066)	(6,301,793)	(5,000,684)	(6,502,836)	(6,152,793)	(5,998,034)	(5,947,217)	(6,266,223)	(6,363,848)	(7,283,149)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (359,764)	$ (359,764)
Board's covered payroll	$ 60,613,755	$ 53,509,565	$ 47,469,694	$ 44,498,145	$ 46,177,444	$ 44,405,569	$ 42,572,064	$ 40,206,979	$ 41,408,099	$ 39,110,981
Contributions as a percentage of covered payroll	13.8%	11.8%	10.5%	14.6%	13.3%	13.5%	14.0%	15.6%	15.4%	18.6%
Buffalo Urban Renewal Agency ("BURA"):										
Contractually required contributions	$ 304,183	$ 286,536	$ 287,917	$ 314,610	$ 298,488	$ 321,081	$ 324,724	$ 333,843	$ 367,814	$ 346,327
Contributions in relation to the contractually required contribution	(304,183)	(286,536)	(287,917)	(314,610)	(298,488)	(321,081)	(324,724)	(333,843)	(367,814)	(346,327)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BURA's covered payroll	$ 2,387,354	$ 2,259,691	$ 2,225,818	$ 2,248,084	$ 1,966,341	$ 2,022,097	$ 2,243,874	$ 2,309,933	$ 2,247,303	$ 2,335,268
Contributions as a percentage of covered payroll	12.7%	12.7%	12.9%	14.0%	15.2%	15.9%	14.5%	14.5%	16.4%	14.8%

CITY OF BUFFALO, NEW YORK
Schedules of Changes in the Total OPEB Liability and Related Ratios
Last Eight Fiscal Years*
(Amounts expressed in thousands)

	Year Ended June 30,							
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
City of Buffalo - Total Primary Government:								
Total OPEB liability								
Service cost	$ 39,613	$ 40,127	$ 53,546	$ 58,942	$ 46,578	$ 38,154	$ 53,380	$ 59,714
Interest	42,956	42,167	28,587	31,232	43,593	44,169	45,967	42,191
Effect of plan changes	-	-	61	-	-	-	-	-
Changes of assumptions	36,504	(32,846)	(167,353)	(102,102)	123,982	69,941	(177,846)	(243,399)
Differences between expected and actual experience	13,700	18	16,113	(76)	53	(900)	3,344	-
Benefit payments	(64,600)	(61,762)	(61,620)	(59,720)	(58,625)	(52,051)	(52,052)	(47,925)
Net changes in total OPEB liability	68,173	(12,296)	(130,666)	(71,724)	155,581	99,313	(127,207)	(189,419)
Total OPEB liability—beginning	1,169,312	1,181,608	1,312,274	1,383,998	1,228,417	1,129,105	1,256,312	1,445,730
Total OPEB liability—ending	$ 1,237,485	$ 1,169,312	$ 1,181,608	$ 1,312,274	$ 1,383,998	$ 1,228,418	$ 1,129,105	$ 1,256,311
Plan fiduciary net position								
Contributions—employer	$ 64,600	$ 61,762	$ 61,620	$ 59,720	$ 58,625	$ 52,051	$ 52,052	$ 47,925
Benefit payments	(64,600)	(61,762)	(61,620)	(59,720)	(58,625)	(52,051)	(52,052)	(47,925)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's total OPEB liability—ending	$ 1,237,485	$ 1,169,312	$ 1,181,608	$ 1,312,274	$ 1,383,998	$ 1,228,418	$ 1,129,105	$ 1,256,311
Plan's fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
Covered-employee payroll	$ 268,891	$ 261,062	$ 253,441	$ 246,057	$ 238,901	$ 231,961	$ 225,188	$ 218,632
City's total OPEB liability as a percentage of covered-employee payroll	460%	448%	466%	533%	579%	530%	501%	575%
City of Buffalo - Governmental Activities:								
Total OPEB liability								
Service cost	$ 38,520	$ 38,730	$ 51,444	$ 56,686	$ 44,673	$ 36,451	$ 50,796	$ 56,825
Interest	40,996	40,220	27,205	29,722	41,553	42,052	43,365	39,805
Effect of plan changes	-	-	39	-	-	-	-	-
Changes of assumptions	34,813	(31,021)	(158,945)	(96,606)	115,630	66,788	(157,722)	(229,518)
Differences between expected and actual experience	15,421	-	16,312	-	-	-	2,570	-
Benefit payments	(62,065)	(59,386)	(59,272)	(57,172)	(56,126)	(49,693)	(49,073)	(45,692)
Net changes in total OPEB liability	67,685	(11,457)	(123,217)	(67,370)	145,730	95,598	(110,064)	(178,580)
Total OPEB liability—beginning	1,112,863	1,124,320	1,247,537	1,314,907	1,169,178	1,073,580	1,183,644	1,362,223
Total OPEB liability—ending	$ 1,180,548	$ 1,112,863	$ 1,124,320	$ 1,247,537	$ 1,314,908	$ 1,169,178	$ 1,073,580	$ 1,183,643
Plan fiduciary net position								
Contributions—employer	$ 62,065	$ 59,386	$ 59,272	$ 57,172	$ 56,126	$ 49,693	$ 49,073	$ 45,692
Benefit payments	(62,065)	(59,386)	(59,272)	(57,172)	(56,126)	(49,693)	(49,073)	(45,692)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's total OPEB liability—ending	$ 1,180,548	$ 1,112,863	$ 1,124,320	$ 1,247,537	$ 1,314,908	$ 1,169,178	$ 1,073,580	$ 1,183,643
Plan's fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
Covered-employee payroll	$ 249,325	$ 242,063	$ 235,013	$ 228,167	$ 221,522	$ 215,070	$ 208,806	$ 202,724
City's total OPEB liability as a percentage of covered-employee payroll	473%	460%	478%	547%	594%	544%	514%	584%

(continued)

*Information prior to the year ended June 30, 2018 is not available.

CITY OF BUFFALO, NEW YORK
Schedules of Changes in the Total OPEB Liability and Related Ratios
Last Eight Fiscal Years*
(Amounts expressed in thousands)

	Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
City of Buffalo - Business-type Activities:								
Total OPEB liability								
Service cost	$ 981	$ 1,285	$ 1,990	$ 2,144	$ 1,793	$ 1,591	$ 2,466	$ 2,726
Interest	1,914	1,906	1,344	1,480	2,013	2,060	2,548	2,386
Effect of plan changes	-	-	22	-	-	-	-	-
Changes of assumptions	1,887	(1,825)	(8,347)	(5,165)	8,336	2,861	(20,239)	(13,881)
Differences between expected and actual experience	(1,558)	-	(108)	-	-	-	832	-
Benefit payments	(2,535)	(2,376)	(2,348)	(2,548)	(2,499)	(2,358)	(2,979)	(2,233)
Net changes in total OPEB liability	689	(1,010)	(7,447)	(4,089)	9,643	4,154	(17,372)	(11,002)
Total OPEB liability—beginning, as restated	55,263	56,273	63,720	67,809	58,165	54,012	71,384	82,386
Total OPEB liability—ending	$ 55,952	$ 55,263	$ 56,273	$ 63,720	$ 67,808	$ 58,166	$ 54,012	$ 71,384
Plan fiduciary net position								
Contributions—employer	$ 2,535	$ 2,376	$ 2,348	$ 2,548	$ 2,499	$ 2,358	$ 2,979	$ 2,233
Benefit payments	(2,535)	(2,376)	(2,348)	(2,548)	(2,499)	(2,358)	(2,979)	(2,233)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's total OPEB liability—ending	$ 55,952	$ 55,263	$ 56,273	$ 63,720	$ 67,808	$ 58,166	$ 54,012	$ 71,384
Plan's fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
Covered-employee payroll	$ 19,103	$ 18,546	$ 18,006	$ 17,482	$ 16,972	$ 16,478	$ 15,998	$ 15,532
City's total OPEB liability as a percentage of covered-employee payroll	293%	298%	313%	364%	400%	353%	338%	460%
Buffalo Fiscal Stability Authority ("BFSA"):								
Total OPEB liability								
Service cost	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 118	$ 163
Interest	46	41	38	30	27	57	54	-
Differences between expected and actual experience	(163)	18	(91)	(76)	53	(900)	(58)	-
Changes of assumptions	(196)	-	(61)	(331)	16	292	115	-
Benefit payments	-	-	-	-	-	-	-	-
Net changes in total OPEB liability	(201)	171	(2)	(265)	208	(439)	229	163
Total OPEB liability—beginning, as restated	1,186	1,015	1,017	1,282	1,074	1,513	1,284	1,121
Total OPEB liability—ending	$ 985	$ 1,186	$ 1,015	$ 1,017	$ 1,282	$ 1,074	$ 1,513	$ 1,284
Plan fiduciary net position								
Contributions—employer	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Benefit payments	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BFSA's total OPEB liability—ending	$ 985	$ 1,186	$ 1,015	$ 1,017	$ 1,282	$ 1,074	$ 1,513	$ 1,284
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	$ 463	$ 453	$ 422	$ 408	$ 407	$ 413	$ 384	$ 376
BFSA's total OPEB liability as a percentage of covered-employee payroll	212.7%	261.8%	240.5%	249.3%	315.0%	260.0%	394.0%	341.5%

(continued)

*Information prior to the year ended June 30, 2018 is not available.

City of Buffalo, New York
Schedules of Changes in the Total OPEB Liability and Related Ratios
Last Nine Fiscal Years*
(Amounts expressed in thousands)

(concluded)

	Year Ended June 30,								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Buffalo Board of Education ("BBOE"):									
Total OPEB liability									
Service cost	$ 52,254	$ 50,823	$ 45,233	$ 86,668	$ 83,558	$ 72,956	$ 71,543	$ 82,946	$ 105,405
Interest	78,012	75,489	71,628	55,739	70,869	85,561	90,227	92,126	82,361
Differences between expected and actual experience	(204,170)	(66,391)	(56,918)	(210,089)	(502,178)	(229,606)	(166,075)	(234,596)	(202,349)
Changes of assumptions	(201,660)	16,875	61,362	(630,298)	286,262	351,329	170,379	(124,198)	(238,475)
Benefit payments	(60,300)	(45,900)	(54,800)	(54,311)	(66,925)	(61,469)	(61,084)	(61,431)	(63,996)
Net changes in total OPEB liability	(335,864)	30,896	66,505	(752,291)	(128,414)	218,771	104,990	(245,153)	(317,054)
Total OPEB liability—beginning, as restated	1,830,609	1,799,713	1,733,208	2,485,499	2,613,913	2,395,142	2,290,152	2,535,305	2,852,359
Total OPEB liability—ending	$ 1,494,745	$ 1,830,609	$ 1,799,713	$ 1,733,208	$ 2,485,499	$ 2,613,913	$ 2,395,142	$ 2,290,152	$ 2,535,305
Plan fiduciary net position									
Contributions—employer	$ 60,300	$ 45,900	$ 54,800	$ 54,311	$ 66,925	$ 61,469	$ 61,084	$ 61,431	$ 63,996
Benefit payments	(60,300)	(45,900)	(54,800)	(54,311)	(66,925)	(61,469)	(61,084)	(61,431)	(63,996)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BBOE's total OPEB liability—ending	$ 1,494,745	$ 1,830,609	$ 1,799,713	$ 1,733,208	$ 2,485,499	$ 2,613,913	$ 2,395,142	$ 2,290,152	$ 2,535,305
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	$ 405,872	$ 396,630	$ 391,540	$ 349,555	$ 362,378	$ 373,087	$ 377,000	$ 345,602	$ 344,791
BBOE's total OPEB liability as a percentage of covered-employee payroll	368.3%	461.5%	459.6%	495.8%	685.9%	700.6%	635.3%	662.7%	735.3%
Buffalo Urban Renewal Agency ("BURA"):									
Total OPEB liability									
Service cost	$ 123	$ 123	$ 142	$ 164	$ 466	$ 618	$ 633	$ 633	n/a
Interest	244	309	264	210	625	920	915	886	n/a
Effect of economic/demographic gains or losses	258	(1,846)	78	(12)	3,269	(5,404)	(1,008)	(274)	n/a
Changes of assumptions	(417)	-	(688)	(834)	1,705	2,438	-	-	n/a
Benefit payments	(268)	(362)	(288)	(401)	(477)	(332)	(450)	(463)	n/a
Net changes in total OPEB liability	(60)	(1,776)	(492)	(873)	5,588	(1,760)	90	782	n/a
Total OPEB liability—beginning, as restated	6,522	8,298	8,790	9,663	23,265	25,025	24,935	24,153	n/a
Total OPEB liability—ending	$ 6,462	$ 6,522	$ 8,298	$ 8,790	$ 28,853	$ 23,265	$ 25,025	$ 24,935	n/a
Plan fiduciary net position									
Contributions—employer	$ 268	$ 362	$ 288	$ 401	$ 477	$ 332	$ 450	$ 463	n/a
Benefit payments	(268)	(362)	(288)	(401)	(477)	(332)	(450)	(463)	n/a
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-	n/a
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-	n/a
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	n/a
BURA's total OPEB liability—ending	$ 6,462	$ 6,522	$ 8,298	$ 8,790	$ 28,853	$ 23,265	$ 25,025	$ 24,935	n/a
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a
Covered-employee payroll	$ 2,398	$ 2,260	$ 2,280	$ 2,248	$ 1,966	$ 2,022	$ 2,244	$ 2,310	n/a
BURA's total OPEB liability as a percentage of covered-employee payroll	269.5%	288.6%	363.9%	391.0%	1467.6%	1150.6%	1115.2%	1079.4%	n/a

*Information prior to the year ended June 30, 2017 and June 30, 2018 is not available for BBOE and BURA, respectively.

The notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF BUFFALO, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Budgetary	Variance with
	Adopted	Final	Actual Amounts	Final Budget
REVENUES				
Property taxes, assessments, and other tax items	$186,167,560	$186,167,560	$179,360,657	$ (6,806,903)
Utility and other nonproperty tax items	13,600,000	13,600,000	12,524,500	(1,075,500)
Federal aid	25,414,765	25,414,765	84,057,771	58,643,006
State aid	192,597,697	192,597,697	190,752,410	(1,845,287)
Local sources and other	113,487,500	113,487,500	115,264,756	1,777,256
Investment interest	10,148,927	10,148,927	15,121,031	4,972,104
Charges for services	17,121,883	17,121,883	14,509,957	(2,611,926)
Licenses and permits	13,823,600	13,823,600	11,196,172	(2,627,428)
Fines	4,470,000	4,470,000	3,714,613	(755,387)
Miscellaneous	12,777,736	12,777,736	18,495,685	5,717,949
Total revenues	589,609,668	589,609,668	644,997,552	55,387,884
EXPENDITURES				
Current:				
General government support:				
Legislative	7,858,519	7,975,957	7,174,498	801,459
Executive	5,351,299	5,349,682	4,541,374	808,308
Audit and control	4,517,649	4,526,696	3,330,823	1,195,873
Law	5,430,635	5,007,721	4,858,073	149,648
Assessment	3,633,354	3,742,781	3,445,575	297,206
Public works, parks and streets	13,617,502	14,494,712	13,727,549	767,163
Management information systems	7,055,889	7,448,989	6,437,332	1,011,657
Administration and finance	12,202,862	10,521,529	9,582,400	939,129
Human resources	6,179,875	5,535,931	5,163,413	372,518
Other	19,546,000	20,690,197	19,286,385	1,403,812
Public safety:				
Administration and finance	15,387,008	15,387,008	15,587,222	(200,214)
Police	96,302,760	96,739,502	102,559,647	(5,820,145)
Fire	70,207,789	70,245,089	79,424,834	(9,179,745)
Public works, parks and streets	8,132,379	8,498,673	7,291,385	1,207,288
Permit and inspection services	7,492,904	8,122,733	6,987,453	1,135,280
Streets and sanitation:				
Public works, parks and streets	15,143,524	19,510,749	20,286,508	(775,759)
Economic assistance and opportunity:				
Community services	4,222,347	3,555,323	3,626,664	(71,341)
Culture and recreation:				
Public works, parks and streets	3,453,512	3,620,944	4,439,430	(818,486)
Community services	6,945,899	7,102,812	7,069,069	33,743
Health and community services:				
Community services	3,659,199	3,690,170	3,176,622	513,548
Education	70,822,758	70,822,758	70,822,758	-
Employee benefits	187,897,577	179,509,814	184,418,340	(4,908,526)
Other	5,473,669	19,530,738	20,285,649	(754,911)
Debt service	88,000	578,724	551,624	27,100
Total expenditures	580,622,909	592,209,232	604,074,627	(11,865,395)
Excess (deficiency) of revenues over expenditures	8,986,759	(2,599,564)	40,922,925	43,522,489
OTHER FINANCING SOURCES (USES)				
Transfers in	12,556,588	12,556,588	14,153,588	1,597,000
Transfers out	(36,387,037)	(36,387,037)	(83,457,142)	(47,070,105)
Total other financing sources (uses)	(23,830,449)	(23,830,449)	(69,303,554)	(45,473,105)
Net change in fund balances	(14,843,690)	(26,430,013)	(28,380,629)	(1,950,616)
Fund balances—beginning	117,796,706	117,796,706	117,796,706	-
Fund balances—ending	$102,953,016	$ 91,366,693	$ 89,416,077	$ (1,950,616)

The notes to the required supplementary information is an integral part of this schedule.

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1. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Debt Service Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal budget is adopted for the Special Revenue Fund. Appropriation limits, where applicable, for the Special Revenue Fund are maintained based on individual grant and programs accepted by the City. The periods of such grants and program vary from the City's fiscal year.

The appropriated budget is prepared by fund, function, department, division, agency or other purpose. The Comptroller may make transfers of appropriations within a department, transfers of appropriations between departments are made by the Common Council. 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 Comptroller, demonstrating that the increase is necessary to meet a contingency which could not have been reasonably foreseen when the budget was adopted. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the City's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements.

The City reports its budgetary status with the actual data, including outstanding encumbrances as charges against budget appropriations. The following table includes a reconciliation of the budgetary-basis (i.e., non-GAAP) and the GAAP-basis operating results. For the year ended June 30, 2025, the City had encumbrances of $13,612,203 but did not have assigned fund balance to support them.

Excess of revenues and other financing sources over expenditures and other financing uses—GAAP basis	$ (14,768,426)
Less: encumbrances	(13,612,203)
Excess of revenues and other financing sources over expenditures and other financing uses—non-GAAP budgetary basis	$ (28,380,629)

Excess of Expenditures Over Appropriations—For the year ended June 30, 2025, the City had budgetary expenditures in excess of the final budget amount for the following functional categories:

- Public safety of $200,214, $5,820,145 and $9,179,745 pertaining to administration and finance, police and fire, respectively, which were caused by the effects of regular and overtime wages, and duty disability costs within the fire department, all of which were not included in the final budget.
- Streets and sanitation of $775,759 related to overtime wages.
- Economic assistance and opportunity of $71,341 related to regular and overtime wages.
- Culture and recreation of $818,486 related to increases in contracted services.
- Employee benefits of $4,908,526 due to an increase in employee benefit costs.
- Other of $754,911 due to legal settlements not included in the final budget.
- Transfers out of $47,070,105 related to federal aid funding not included in the final budget

2. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the discount rate and the medical healthcare cost trend rate. The discount rate was 3.93% as of June 30, 2025, as compared to 3.65% as of June 30, 2024. Mortality rates are based on the Sex-distinct Pub-2010 Tables with full generational projection using Scale MP-2021. The New York State Employees Retirement System rates were used for turnover and retirement rates. In order to estimate the change in the cost of healthcare, the actuaries determined the initial healthcare cost trend rate used is 6.8%, while the ultimate healthcare cost trend rate is 3.7%.

Trust Assets—There are no assets accumulated in a trust that meets the criteria of GASB requirements to pay related benefits.

Buffalo Fiscal Stability Authority

Changes of Assumptions—The discount rate was 4.5% as of June 30, 2025, as compared to 3.6% as of June 30, 2024 based on the 20-Year tax-exempt municipal bond yield for bonds with an average rating of AA or higher as of the measurement date. Mortality rates are based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Salary increases were based on a 2.0% payroll growth. In order to estimate the change in the cost of healthcare, the actuaries determined the initial healthcare cost trend rate used is 5.8%, while the ultimate healthcare cost trend rate is 4.1%.

Trust Assets—There are no assets accumulated in a trust that meets the criteria of GASB requirements to pay related benefits.

Buffalo Board of Education

Changes of Assumptions—Changes of assumptions and other inputs reflect a change in the discount rate from 4.21% in 2024 to 5.20% in 2025.

Trust Assets—There are no assets accumulated in a trust that meets the criteria of GASB requirements to pay related benefits.

Buffalo Urban Renewal Agency

Changes of Assumptions—In the June 30, 2025 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a valuation date of June 30, 2025. The discount rate was 4.39%, remaining unchanged from the prior year. Mortality rates are based on the Pub-2010 Public Retirement Plans Mortality Tables. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 5.80%, while the ultimate healthcare cost trend rate is 4.10%.

Trust Assets—There are no assets accumulated in a trust that meets the criteria of GASB requirements to pay related benefits.

SUPPLEMENTARY INFORMATION

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CITY OF BUFFALO, NEW YORK

Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Non-GAAP Budgetary Basis)—Debt Service Fund

Year Ended June 30, 2025

	Budgeted Amounts		Budgetary	Variance with
	Adopted	Final	Actual Amounts	Final Budget
REVENUES				
Intergovernmental charges	$ 910,026	$ 910,026	$ 910,026	$ -
Investment interest	1,946,359	1,946,359	4,383,705	2,437,346
License, permit, rentals, fines, and other service charges	109,569	109,569	117,193	7,624
Miscellaneous	142,244	142,244	2,488,931	2,346,687
Total revenues	3,108,198	3,108,198	7,899,855	4,791,657
EXPENDITURES				
Debt service:				
Principal	32,592,740	32,592,740	32,290,282	302,458
Interest and fiscal charges	8,929,412	8,929,412	8,686,563	242,849
Total expenditures	41,522,152	41,522,152	40,976,845	545,307
Deficiency of revenues over expenditures	(38,413,954)	(38,413,954)	(33,076,990)	5,336,964
OTHER FINANCING SOURCES (USES)				
Transfers in	35,987,037	35,987,037	35,987,037	-
Transfers out	-	-	(317,581)	(317,581)
Total other financing sources (uses)	35,987,037	35,987,037	35,669,456	(317,581)
Net change in fund balances *	(2,426,917)	(2,426,917)	2,592,466	5,019,383
Fund balances—beginning	11,747,424	11,747,424	11,747,424	-
Fund balances—ending	$ 9,320,507	$ 9,320,507	$ 14,339,890	$ 5,019,383

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

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

Special Revenue Fund — This fund is used to account for all of the special federal and state grants that are restricted for noncapital purposes by the grant award.

BFSA SPECIAL REVENUE FUND

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

Buffalo Fiscal Stability Authority Special Revenue Fund — This fund is BFSA's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

BFSA DEBT SERVICE FUND

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

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

PERMANENT FUND

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

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

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CITY OF BUFFALO, NEW YORK
Combining Balance Sheet—
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue	BFSA Special Revenue	BFSA Debt Service	Permanent	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	$ -	$ 136,243	$ -	$ -	$ 136,243
Restricted cash and cash equivalents	26,477,588	-	184,423	75,276	26,737,287
Restricted investments	-	198,508	251,285	61,472	511,265
Receivables:					
Accounts receivable	-	-	-	4,853	4,853
Intergovernmental receivables	409,629	18,843,254	-	-	19,252,883
Due from other funds	8,131,519	-	185,446	-	8,316,965
Prepaid items	252,791	17,517	-	-	270,308
Total assets	$ 35,271,527	$ 19,195,522	$ 621,154	$ 141,601	$ 55,229,804
LIABILITIES					
Accounts payable	$ 6,864,517	$ 2,818	$ -	$ -	$ 6,867,335
Accrued liabilities	-	42,754	2,752	-	45,506
Intergovernmental payables	129,574	-	-	-	129,574
Due to other funds	-	12,244,805	-	-	12,244,805
Due to component units	109,340	6,663,895	-	-	6,773,235
Due to retirement systems	-	18,056	-	-	18,056
Total liabilities	7,103,431	18,972,328	2,752	-	26,078,511
FUND BALANCES					
Nonspendable	252,791	17,517	-	30,000	300,308
Restricted	27,915,305	-	618,402	111,601	28,645,308
Assigned	-	205,677	-	-	205,677
Total fund balances	28,168,096	223,194	618,402	141,601	29,151,293
Total liabilities and fund balances	$ 35,271,527	$ 19,195,522	$ 621,154	$ 141,601	$ 55,229,804

CITY OF BUFFALO, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended June 30, 2025

	Special Revenue	BFSA Special Revenue	BFSA Debt Service	Permanent	Total Nonmajor Funds
REVENUES					
Intergovernmental	$ 35,892,076	$ 618,592	$ -	$ -	$ 36,510,668
Investment interest	11,984	-	89,322	144	101,450
Miscellaneous	163,651	-	-	-	163,651
Total revenues	36,067,711	618,592	89,322	144	36,775,769
EXPENDITURES					
Current:					
General government support	95,217	776,809	-	-	872,026
Public safety	6,985,648	-	-	-	6,985,648
Streets and sanitation	1,403,220	-	-	-	1,403,220
Economic assistance and opportunity	56,414,375	-	-	-	56,414,375
Culture and recreation	6,358,159	-	-	-	6,358,159
Health and community services	3,581,985	-	-	-	3,581,985
Debt service:					
Principal	-	-	155,000	-	155,000
Interest and fiscal charges	-	-	9,543	-	9,543
Total expenditures	74,838,604	776,809	164,543	-	75,779,956
Excess (deficiency) of revenues over expenditures	(38,770,893)	(158,217)	(75,221)	144	(39,004,187)
OTHER FINANCING SOURCES (USES)					
Transfers in	50,456,839	144,331	173,250	-	50,774,420
Transfers out	(2,521,406)	-	-	-	(2,521,406)
Total other financing sources (uses)	47,935,433	144,331	173,250	-	48,253,014
Net change in fund balances	9,164,540	(13,886)	98,029	144	9,248,827
Fund balances—beginning	19,003,556	237,080	520,373	141,457	19,902,466
Fund balances—ending	$ 28,168,096	$ 223,194	$ 618,402	$ 141,601	$ 29,151,293

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WATER SYSTEM

The Water System is used to account for the City's water treatment and distribution system and is responsible for water delivery to the residents of the City. The Water System is comprised of the Water Board, Water Authority and Water Enterprise.

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CITY OF BUFFALO, NEW YORK
Combining Schedule of Net Position—Water System
June 30, 2025

	Water Board	Water Authority	Water Enterprise	Eliminations	Total Water System
ASSETS					
Current assets:					
Cash and cash equivalents	$ 12,449,727	$ 1,805,492	$ 352,691	$ -	$ 14,607,910
Restricted cash and cash equivalents	-	34,820,613	-	-	34,820,613
Receivables:					
Accounts receivable	44,307,435	-	-	-	44,307,435
Other receivables	1,366,773	-	-	-	1,366,773
Due from other agencies	254,850	-	-	-	254,850
Allowances	(35,837,479)	-	-	-	(35,837,479)
Net receivables	10,091,579	-	-	-	10,091,579
Due from other funds	-	112,110,989	27,120,264	(139,231,253)	-
Total current assets	22,541,306	148,737,094	27,472,955	(139,231,253)	59,520,102
Noncurrent assets:					
Capital assets not being depreciated:	.				
Land	145,116	-	-	-	145,116
Construction in progress	5,181,138	-	-	-	5,181,138
Total capital assets not being depreciated	5,326,254	-	-	-	5,326,254
Capital assets being depreciated:					
Buildings and infrastructure	323,819,763	-	-	-	323,819,763
Improvements other than buildings	252,393	-	-	-	252,393
Machinery and equipment	2,082,676	-	-	-	2,082,676
Accumulated depreciation	(142,131,699)	-	-	-	(142,131,699)
Total capital assets being depreciated	184,023,133	-	-	-	184,023,133
Total noncurrent assets	189,349,387	-	-	-	189,349,387
Total assets	211,890,693	148,737,094	27,472,955	(139,231,253)	248,869,489
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	1,641,246	-	-	1,641,246
Deferred outflows—relating to pensions	1,739,494	-	1,739,494	(1,739,494)	1,739,494
Deferred outflows—relating to OPEB	-	-	661,892	-	661,892
Total deferred outflows of resources	1,739,494	1,641,246	2,401,386	(1,739,494)	4,042,632
LIABILITIES					
Current liabilities:					
Accounts payable	2,416,796	-	206,903	-	2,623,699
Other accrued liabilities	-	2,872,776	498,945	-	3,371,721
Due to other funds	139,427,811	-	-	(137,464,557)	1,963,254
Due to retirement systems	-	-	257,633	-	257,633
Accrued compensated absences	-	-	327,071	-	327,071
Accrued workers' compensation	-	-	190,798	-	190,798
Accrued other postemployment benefits obligation	-	-	1,026,979	-	1,026,979
General obligation and revenue bonds payable within one year	-	8,858,949	-	-	8,858,949
Total current liabilities	141,844,607	11,731,725	2,508,329	(137,464,557)	18,620,104

(continued)

Combining Schedule of Net Position—Water System

June 30, 2025

(concluded)

	Water Board	Water Authority	Water Enterprise	Eliminations	Total Water System
Noncurrent liabilities:					
Accrued compensated absences	-	-	741,865	-	741,865
Accrued workers' compensation	-	-	428,931	-	428,931
Accrued other postemployment benefits obligation	-	-	20,976,671	-	20,976,671
General obligation and revenue bonds payable	-	138,646,615	-	-	138,646,615
Net pension liability	3,459,054	-	3,459,054	(3,459,054)	3,459,054
Total noncurrent liabilities	3,459,054	138,646,615	25,606,521	(3,459,054)	164,253,136
Total liabilities	145,303,661	150,378,340	28,114,850	(140,923,611)	182,873,240
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to pensions	47,136	-	47,136	(47,136)	47,136
Deferred inflows—relating to OPEB	-	-	1,712,355	-	1,712,355
Total deferred inflows of resources	47,136	-	1,759,491	(47,136)	1,759,491
NET POSITION					
Net investment in capital assets	43,485,069	-	-	34,820,613	78,305,682
Unrestricted	24,794,321	-	-	(34,820,613)	(10,026,292)
Total net position	$ 68,279,390	$ -	$ -	$ -	$ 68,279,390

CITY OF BUFFALO, NEW YORK
Combining Schedule of Revenues, Expenses, and Changes in Net Position—Water System
Year Ended June 30, 2025

	Water Board	Water Authority	Water Enterprise	Eliminations	Total Water System
Operating revenues:					
Charges for services	$ 54,299,614	$ -	$ -	$ -	$ 54,299,614
Other	3,356,988	-	-	-	3,356,988
Total operating revenues	57,656,602	-	-	-	57,656,602
Operating expenses:					
Services and supplies	15,815,152	51,007	6,526,329	-	22,392,488
Fringe benefits	-	-	2,785,808	-	2,785,808
Depreciation	8,808,848	-	-	-	8,808,848
Other	13,501,563	-	-	-	13,501,563
Total operating expenses	38,125,563	51,007	9,312,137	-	47,488,707
Operating income (loss)	19,531,039	(51,007)	(9,312,137)	-	10,167,895
Nonoperating revenues (expenses):					
Interest earnings	747,431	-	-	-	747,431
Interest expense	(5,212,110)	-	-	-	(5,212,110)
Total nonoperating revenues (expenses)	(4,464,679)	-	-	-	(4,464,679)
Income (loss) before transfers	15,066,360	(51,007)	(9,312,137)	-	5,703,216
Transfers in	-	51,007	9,312,137	(9,363,144)	-
Transfers out	(19,479,060)	-	-	9,363,144	(10,115,916)
Change in net position	(4,412,700)	-	-	-	(4,412,700)
Total net position—beginning	72,692,090	-	-	-	72,692,090
Total net position—ending	$ 68,279,390	$ -	$ -	$ -	$ 68,279,390

CITY OF BUFFALO, NEW YORK
Combining Schedule of Cash Flows—
Water System
Year Ended June 30, 2025

	Water Board	Water Authority	Water Enterprise	Eliminations	Total Water System
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 54,906,444	$ -	$ -	$ -	$ 54,906,444
Payments to employees	(1,486,862)	-	(10,958,333)	-	(12,445,195)
Payments to suppliers for goods and services	(34,096,150)	(805,067)	(41,334)	-	(34,942,551)
Net cash provided by (used for) operating activities	19,323,432	(805,067)	(10,999,667)	-	7,518,698
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	51,007	9,312,137	(9,363,144)	-
Transfers to other funds	(19,479,060)	-	-	9,363,144	(10,115,916)
Repayment of advances to other funds	-	(11,136,599)	-	-	(11,136,599)
Advances from other funds	11,789,753	-	1,742,337	-	13,532,090
Net cash provided by (used for) noncapital financing activities	(7,689,307)	(11,085,592)	11,054,474	-	(7,720,425)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition/construction of capital assets	(16,779,555)	-	-	-	(16,779,555)
Principal payments on bonds	-	(7,965,000)	-	-	(7,965,000)
Interest payments and other fiscal charges	(5,212,110)	(438,785)	-	-	(5,650,895)
Net cash provided by (used for) capital and related financing activities	(21,991,665)	(8,403,785)	-	-	(30,395,450)
CASH FLOWS FROM INVESTING ACTIVITIES					
Realized loss in fair value of investments	131,302	-	-	-	131,302
Interest received on short-term investments	616,129	-	-	-	616,129
Net cash provided by investing activities	747,431	-	-	-	747,431
Net (decrease) increase in cash and cash equivalents	(9,610,109)	(20,294,444)	54,807	-	(29,849,746)
Cash, cash equivalents and investments—beginning	22,059,836	56,920,549	297,884	-	79,278,269
Cash, cash equivalents and investments—ending	$ 12,449,727	$ 36,626,105	$ 352,691	$ -	$ 49,428,523

(continued)

CITY OF BUFFALO, NEW YORK
Combining Schedule of Cash Flows— Water System
Year Ended June 30, 2025

(concluded)

	Water Board	Water Authority	Water Enterprise	Eliminations	Total Water System
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 19,531,039	$ (51,007)	$ (9,312,137)	$ -	$ 10,167,895
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	8,808,848	-	-	-	8,808,848
Change in pension	-	-	-	(244,292)	(244,292)
(Increase) in receivables	(2,750,158)	-	-	-	(2,750,158)
(Increase) decrease in deferred outflows–relating to pensions	621,285	-	621,285	(621,285)	621,285
(Increase) in deferred outflows–relating to OPEB	-	-	(535,819)	-	(535,819)
(Decrease) increase in payables	(6,022,005)	(12,080)	41,334	-	(5,992,751)
(Decrease) increase in accrued liabilities	-	(741,980)	99,353	-	(642,627)
Increase in retirement systems	-	-	5,987	-	5,987
Increase in compensated absences	-	-	215,406	-	215,406
(Decrease) in workers' compensation	-	-	(98,499)	-	(98,499)
Increase in accrued other postemployment benefits obligation	-	-	701,248	-	701,248
Increase (decrease) in net pension liability	585,755	-	585,755	(585,755)	585,755
Increase (decrease) in deferred inflows–relating to pensions	(1,451,332)	-	(1,451,332)	1,451,332	(1,451,332)
(Decrease) in deferred inflows–relating to OPEB	-	-	(1,872,248)	-	(1,872,248)
Total adjustments	(207,607)	(754,060)	(1,687,530)	-	(2,649,197)
Net cash provided by (used for) operating activities	$ 19,323,432	$ (805,067)	$ (10,999,667)	$ -	$ 7,518,698

STATISTICAL SECTION

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

Contents: Page

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

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CITY OF BUFFALO, NEW YORK
Table I—Net Position by Component
Last Ten Years
(Unaudited, amounts expressed in thousands)

	June 30,									
	2016	2017	2018 (1)	2019	2020	2021	2022	2023	2024	2025
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	$ 346,504	$ 354,182	$ 356,804	$ 361,486	$ 346,607	$ 419,187	$ 458,624	$ 499,194	$ 591,577	$ 665,846
Restricted	40,497	34,124	35,126	36,561	39,147	41,250	30,467	36,618	52,176	64,910
Unrestricted	(434,459)	(529,408)	(1,353,289)	(1,267,578)	(1,286,162)	(1,303,517)	(1,245,768)	(1,297,093)	(1,359,219)	(1,356,618)
Total governmental activities net position	$ (47,458)	$ (141,102)	$ (961,359)	$ (869,531)	$ (900,408)	$ (843,080)	$ (756,677)	$ (761,281)	$ (715,466)	$ (625,862)
BUSINESS-TYPE ACTIVITIES:										
Net investment in capital assets	$ 64,202	$ 71,822	$ 83,933	$ 93,475	$ 96,674	$ 96,408	$ 97,741	$ 97,496	$ 115,340	$ 109,072
Unrestricted	(1,578)	(4,008)	(73,244)	(72,091)	(68,635)	(67,613)	(65,232)	(65,278)	(71,030)	(73,083)
Total business-type activities net position	$ 62,624	$ 67,814	$ 10,689	$ 21,384	$ 28,039	$ 28,795	$ 32,509	$ 32,218	$ 44,310	$ 35,989
PRIMARY GOVERNMENT:										
Net investment in capital assets	$ 410,706	$ 426,004	$ 440,737	$ 454,962	$ 443,281	$ 515,595	$ 556,365	$ 596,690	$ 706,917	$ 774,918
Restricted	40,497	34,124	35,126	36,561	39,147	41,250	30,467	36,618	52,176	64,910
Unrestricted	(436,037)	(533,416)	(1,426,533)	(1,339,669)	(1,354,797)	(1,371,130)	(1,311,000)	(1,362,371)	(1,430,249)	(1,429,701)
TOTAL PRIMARY GOVERNMENT NET POSITION	$ 15,166	$ (73,288)	$ (950,670)	$ (848,146)	$ (872,368)	$ (814,285)	$ (724,168)	$ (729,063)	$ (671,156)	$ (589,873)

(1) The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions —an amendment of GASB Statement No. 45* . As a result, net position at June 30, 2017 has been restated.

CITY OF BUFFALO, NEW YORK
Table II—Changes in Net Position
Last Ten Years
(Unaudited, amounts expressed in thousands)

	Year ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EXPENSES:										
Governmental activities:										
General government support	$ 110,385	$ 116,246	$ 99,579	$ 80,519	$ 85,385	$ 81,077	$ 85,101	$ 153,140	$ 182,389	$ 118,280
Public safety	274,293	289,679	250,593	211,347	289,382	287,868	281,064	345,999	303,285	332,170
Streets and sanitation	35,729	48,233	48,621	28,010	41,633	43,532	45,282	50,930	45,843	41,277
Economic assistance and opportunity	41,623	49,591	44,718	22,845	25,661	24,240	31,335	38,578	50,190	84,125
Culture and recreation	15,977	24,154	17,865	15,270	13,735	13,676	13,694	13,787	15,602	7,360
Health and community services	6,941	4,884	3,995	3,066	3,901	3,555	3,581	4,620	4,161	10,247
Education	70,323	70,323	70,823	70,823	70,823	70,823	70,823	70,823	70,823	70,823
Interest and fiscal charges	10,166	8,504	7,808	6,779	5,342	7,342	3,826	4,156	3,892	5,081
Total governmental activities expenses	565,437	611,614	544,002	438,659	535,862	532,113	534,706	682,033	676,185	669,363
Business-type activities:										
Solid Waste and Recycling	23,548	22,094	22,385	19,331	22,005	22,499	23,512	28,864	29,435	30,326
Parking	2,594	2,159	2,323	2,387	2,090	2,218	1,945	1,824	1,789	1,723
Water System	32,249	35,099	33,868	34,628	35,992	37,463	37,244	45,575	47,336	52,701
Total business-type activities expenses	58,391	59,352	58,576	56,346	60,087	62,180	62,701	76,263	78,560	84,750
Total primary government expenses	623,828	670,966	602,578	495,005	595,949	594,293	597,407	758,296	754,745	754,113
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government support	8,995	8,340	8,146	10,954	13,873	9,869	9,277	12,253	11,446	9,391
Public safety	12,427	12,598	14,107	14,474	12,587	9,115	10,312	8,646	9,416	10,979
Streets and sanitation	1,924	1,753	1,480	2,046	1,571	1,287	3,357	5,467	4,660	4,576
Economic assistance and opportunity	4,649	5,241	5,389	6,370	6,738	6,687	5,354	5,401	5,284	6,034
Culture and recreation	203	247	265	235	148	297	349	358	343	314
Health and community services	142	134	147	148	149	149	225	178	134	123
Operating grants and contributions	32,188	32,256	33,737	23,474	27,973	35,183	50,558	114,592	117,111	133,121
Capital grants and contributions	23,821	26,085	22,270	18,107	20,283	23,265	44,754	39,621	82,820	53,737
Total governmental activities program revenues	84,349	86,654	85,541	75,808	83,322	85,852	124,186	186,516	231,214	218,275

(continued)

CITY OF BUFFALO, NEW YORK
Table II—Changes in Net Position
Last Ten Years
(Unaudited, amounts expressed in thousands)

	Year ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Charges for services:										
Solid Waste and Recycling	19,135	18,944	18,940	25,298	25,280	23,994	23,295	25,564	26,497	27,965
Parking	8,063	11,381	7,090	8,364	591	3,297	4,468	3,729	5,490	3,887
Water System	43,078	43,004	41,810	46,594	50,317	45,286	47,063	50,826	54,578	57,657
Capital grants and contributions	-	-	-	-	-	-	-	2,054	1,601	1,006
Total business-type activities program revenues	70,276	73,329	67,840	80,256	76,188	72,577	74,826	82,173	88,166	90,515
Total primary government program revenues	154,625	159,983	153,381	156,064	159,510	158,429	199,012	268,689	319,380	308,790
NET (EXPENSE) REVENUE:										
Governmental activities	(481,088)	(524,960)	(458,461)	(362,851)	(452,540)	(446,261)	(410,520)	(495,517)	(444,971)	(451,088)
Business-type activities	11,885	13,977	9,264	23,910	16,101	10,397	12,125	5,910	9,606	5,765
Total primary government net (expense) revenue	(469,203)	(510,983)	(449,197)	(338,941)	(436,439)	(435,864)	(398,395)	(489,607)	(435,365)	(445,323)
GENERAL REVENUES AND TRANSFERS:										
Governmental activities:										
Taxes:										
Property taxes	124,896	127,541	129,632	136,701	139,185	141,488	146,960	151,701	155,837	168,583
Other tax items	14,087	11,203	10,417	9,736	9,507	8,256	13,584	12,029	11,205	10,532
Gross utility tax	10,565	11,041	10,676	12,532	11,673	11,234	13,823	13,182	12,017	12,525
Intergovernmental	97,471	95,998	106,609	108,175	107,867	155,617	148,107	124,741	124,279	127,839
Unrestricted grants and contributions	344	285	-	-	-	-	-	-	-	-
Investment earnings	3,262	1,279	1,253	2,268	1,883	722	297	15,868	25,853	19,760
State aid	168,311	164,724	161,528	168,785	132,613	172,102	160,945	161,550	161,020	166,285
Miscellaneous	7,971	9,586	1,675	2,594	8,614	3,889	4,623	4,900	2,006	20,149
Transfers	6,246	9,659	14,293	13,888	10,321	10,280	8,585	6,942	(1,430)	15,019
Total governmental activities general revenues and transfers	433,153	431,316	436,083	454,679	421,663	503,588	496,924	490,913	490,787	540,692

(continued)

CITY OF BUFFALO, NEW YORK
Table II—Changes in Net Position
Last Ten Years
(Unaudited, amounts expressed in thousands)

(concluded)

	Year ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Intergovernmental - unrestricted	223	667	548	324	630	581	133	133	133	133
Investment earnings	111	205	291	349	245	58	41	608	922	801
Transfers	(6,246)	(9,659)	(14,293)	(13,888)	(10,321)	(10,280)	(8,585)	(6,942)	1,430	(15,019)
Total business-type activities general revenues and transfers	(5,912)	(8,787)	(13,454)	(13,215)	(9,446)	(9,641)	(8,411)	(6,201)	2,485	(14,085)
Total primary government general revenues and transfers	427,241	422,529	422,629	441,464	412,217	493,947	488,513	484,712	493,272	526,607
CHANGE IN NET POSITION:										
Governmental activities	(47,935)	(93,644)	(22,378)	91,828	(30,877)	57,327	86,404	(4,604)	45,816	89,604
Business-type activities	5,973	5,190	(4,190)	10,695	6,655	756	3,714	(291)	12,091	(8,320)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	$ (41,962)	$ (88,454)	$ (26,568)	$ 102,523	$ (24,222)	$ 58,083	$ 90,118	$ (4,895)	$ 57,907	$ 81,284

CITY OF BUFFALO, NEW YORK

Table III—Governmental Activities Tax Revenues by Source
Last Ten Years
(Unaudited, amounts expressed in thousands)

	Year ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PROPERTY TAX (1)	$ 124,956	$ 126,886	$ 130,539	$ 136,701	$ 139,185	$ 141,487	$ 140,572	$ 142,325	$ 150,287	$ 163,488
GROSS UTILITY TAX	7,598	8,299	7,748	9,579	8,759	8,089	10,911	10,255	9,704	10,238
CITY OF BUFFALO FRANCHISE TAX	2,967	2,742	2,927	2,953	2,914	3,145	2,911	2,927	2,313	2,287
MORTGAGE TAX	3,247	3,893	3,472	3,890	4,195	3,078	3,864	4,684	3,713	3,999
FOREIGN FIRE INSURANCE TAX	604	650	729	731	919	955	566	-	-	-
OCCUPANCY TAX	4	3	3	3	2	3	2	1	-	-
Total	$ 139,376	$ 142,473	$ 145,418	$ 153,857	$ 155,974	$ 156,757	$ 158,826	$ 160,192	$ 166,017	$ 180,012

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

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

	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GENERAL FUND:										
Nonspendable	$ 27,700	$ 28,299	$ 31,020	$ 29,606	$ 24,430	$ 23,557	$ 26,517	$ 30,201	$ 34,019	$ 38,791
Restricted	8,201	6,126	8,820	11,788	14,242	15,098	15,821	18,286	20,763	21,895
Committed	36,317	38,754	38,741	38,529	38,140	40,661	41,145	43,266	50,686	42,342
Assigned	35,371	35,248	13,409	13,015	12,716	16,830	17,527	42,752	12,329	-
Unassigned	41,889	6,503	-	-	-	8,195	24,050	14,915	-	-
Total General Fund	$ 149,478	$ 114,930	$ 91,990	$ 92,938	$ 89,528	$ 104,341	$ 125,060	$ 149,420	$ 117,797	$ 103,028
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable	$ 117	$ 118	$ 95	$ 107	$ 46	$ 47	$ 55	$ 47	$ 49	$ 300
Restricted	66,568	59,538	57,397	36,754	22,290	66,534	67,982	85,228	127,116	101,863
Assigned	657	1,568	517	888	588	603	559	184	218	206
Total all other governmental funds	$ 67,342	$ 61,224	$ 58,009	$ 37,749	$ 22,924	$ 67,184	$ 68,596	$ 85,459	$ 127,383	$ 102,369

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

	Year ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES:										
Property taxes, assessments, and other tax items	$ 139,042	$ 138,089	$ 140,956	$ 147,255	$ 148,677	$ 149,667	$ 160,544	$ 163,730	$ 167,037	$ 179,361
Utility and other nonproperty tax items	11,169	11,691	11,405	13,263	12,592	12,189	14,389	13,023	13,413	12,525
Intergovernmental	334,565	331,051	324,154	318,200	298,131	395,392	409,165	444,483	490,628	482,852
Investment interest	1,278	800	1,253	2,268	1,883	438	297	15,877	25,695	19,606
License, permit, rentals, fines, and service charges	26,848	29,075	30,365	32,007	28,518	25,594	26,025	29,800	27,243	29,567
Miscellaneous	9,610	8,585	8,275	12,861	15,052	4,416	8,499	8,512	3,337	21,241
Total revenues	522,512	519,291	516,408	525,854	504,853	587,696	618,919	675,425	727,353	745,152
EXPENDITURES:										
Current:										
General government support	58,263	59,407	60,806	62,302	58,139	59,105	67,195	71,239	72,880	72,922
Public safety	157,616	166,647	161,618	162,429	160,750	169,313	179,595	191,786	206,441	217,133
Streets and sanitation	13,617	13,158	13,140	12,809	12,086	11,763	14,979	21,988	25,038	18,620
Economic assistance and opportunity	19,757	27,908	28,420	18,090	21,750	22,631	29,552	36,890	48,903	59,879
Culture and recreation	7,261	9,535	9,102	9,136	9,323	8,330	8,506	8,999	14,637	15,419
Health and community services	4,636	2,600	2,607	2,395	2,370	2,179	2,412	3,451	3,714	6,713
Education	70,323	70,323	70,823	70,823	70,823	70,823	70,823	70,823	70,823	70,823
Fringe benefits	130,455	135,796	140,630	139,727	135,906	142,501	145,776	158,242	174,488	183,812
Other	3,938	8,876	7,119	3,341	8,130	8,184	3,508	5,297	47,970	20,220
Debt service:										
Principal retirement	37,069	35,192	30,810	32,615	43,417	69,828	32,007	35,629	29,737	32,896
Interest and other fiscal charges	12,597	10,954	9,664	8,834	8,378	8,314	7,423	7,373	7,047	8,782
Capital outlay	47,198	55,691	43,196	36,553	35,840	41,061	68,632	57,967	84,175	92,734
Total expenditures	562,730	596,087	577,935	559,054	566,912	614,032	630,408	669,684	785,853	799,953
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(40,218)	(76,796)	(61,527)	(33,200)	(62,059)	(26,336)	(11,489)	5,741	(58,500)	(54,801)

(continued)

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

(concluded)

	Year ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
OTHER FINANCING SOURCES (USES):										
Transfers in	49,048	50,212	50,562	49,384	46,657	49,928	47,552	75,354	91,867	101,315
Transfers out	(42,802)	(40,553)	(36,229)	(35,496)	(36,336)	(39,647)	(38,968)	(68,412)	(93,297)	(86,296)
Long-term deficiency notes	-	-	-	-	25,000	-	-	-	-	-
Issuance of serial bonds	57,093	21,618	20,300	-	7,530	61,540	22,875	23,250	65,580	-
Payments to refunded bond escrow agent	(45,391)	-	-	-	-	-	-	-	-	-
Lease/subscription liability issued	-	-	-	-	-	-	-	2,128	-	-
Premium on bonds	9,170	3,854	1,739	-	973	13,587	2,160	3,163	4,650	-
Total other financing sources (uses)	27,118	35,131	36,372	13,888	43,824	85,408	33,619	35,483	68,800	15,019
NET CHANGE IN FUND BALANCES	$ (13,100)	$ (41,665)	$ (25,155)	$ (19,312)	$ (18,235)	$ 59,072	$ 22,130	$ 41,224	$ 10,300	$ (39,782)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES*	9.70%	8.38%	7.45%	8.26%	9.92%	13.78%	7.03%	7.10%	5.40%	6.21%

*The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new police vehicle included as part of *expenditures—public safety*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings). As such, capital outlay used for the debt service as a percentage of noncapital expenditures is determined by removing total capital asset additions.

CITY OF BUFFALO, NEW YORK
Table VI—General Fund Tax Revenues by Source
Last Ten Years
(Unaudited, amounts expressed in thousands)

	Year ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PROPERTY TAX (1)	$ 124,896	$ 125,611	$ 127,541	$ 137,520	$ 139,170	$ 141,411	$ 142,836	$ 145,776	$ 150,293	$ 163,243
GROSS UTILITY TAX	7,598	7,598	8,299	9,579	8,759	8,089	10,911	10,254	9,704	10,238
CITY OF BUFFALO FRANCHISE TAX	2,967	2,967	2,742	2,953	2,914	3,145	2,911	2,928	2,313	2,287
MORTGAGE TAX	3,247	3,247	3,893	3,890	4,195	3,078	3,864	4,684	3,713	3,999
FOREIGN FIRE INSURANCE TAX	604	604	650	731	919	955	566	-	-	-
OCCUPANCY TAX	4	4	3	3	2	3	2	1	-	-
Total	$ 139,316	$ 140,031	$ 143,128	$ 154,676	$ 155,959	$ 156,681	$ 161,090	$ 163,643	$ 166,023	$ 179,767

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

CITY OF BUFFALO, NEW YORK

Table VII—Assessed Value and Estimated Actual Value of Taxable Real Property
Last Ten Years
(Unaudited, amounts expressed in thousands)

Fiscal Year Ended June 30,	Real Property Residential Property	Real Property Commercial Property	Special Franchise	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Taxable Assessed Value as a Percentage of Actual Taxable Value
2016	$ 5,510,697	$ 4,407,764	$ 346,254.00	$ 3,708,056	$ 6,556,659	$ 20.90	$ 7,042,598	93.10%
2017	5,451,885	4,507,715	339,488	3,647,140	6,651,948	20.99	7,885,192	84.36%
2018	5,538,804	4,540,912	346,542	3,809,262	6,616,996	20.91	8,671,988	76.30%
2019	5,633,124	4,672,628	329,174	3,966,391	6,668,535	21.79	9,917,512	67.24%
2020	5,597,421	4,798,977	310,855	4,045,826	6,661,427	22.20	10,733,849	62.06%
2021	8,145,304	8,447,290	466,911	5,240,854	11,818,651	12.51	12,018,153	98.34%
2022	7,978,243	8,526,190	490,364	5,266,351	11,728,446	12.61	15,168,710	77.32%
2023	7,998,939	8,476,733	437,334	5,486,315	11,426,691	13.17	15,698,750	72.79%
2024	8,056,943	8,369,037	447,606	5,234,281	11,639,305	13.65	18,326,729	63.51%
2025	7,687,275	8,582,090	454,273	5,173,852	11,549,786	14.79	20,672,606	55.87%

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

Source: City of Buffalo, Division of Accounting

CITY OF BUFFALO, NEW YORK

Table VIII—Direct and Overlapping Property Tax Rates
Last Ten Years
(Unaudited, per $1,000 of assessed valuation)

		City of Buffalo (1)			School District			City Direct	(2) (4) Total	(1) (4) Total	
Fiscal Year	(3) Class	Operating	Debt Service	Total City	Operating	Debt Service	Total School	Blended Rate (5)	County of Erie	Sewer Authority	Direct and Overlapping Rates
2016	H	5.52	3.26	8.78	7.69	1.40	9.09	20.90	5.95	1.66	28.51
2016	NH	8.26	4.88	13.14	11.72	2.13	13.85				
2017	H	5.82	3.14	8.96	7.56	1.37	8.93	20.99	6.46	1.65	29.10
2017	NH	8.71	4.69	13.40	11.51	2.09	13.60				
2018	H	5.68	3.21	8.89	7.67	1.33	9.00	20.91	7.13	1.63	29.67
2018	NH	8.43	4.76	13.19	11.56	2.01	13.57				
2019	H	5.97	3.58	9.55	7.62	1.32	8.94	21.79	7.33	1.62	30.74
2019	NH	9.05	5.42	14.47	11.73	2.01	13.74				
2020	H	6.05	3.64	9.69	7.56	1.21	8.77	22.20	7.60	1.64	31.44
2020	NH	9.59	5.78	15.37	12.18	1.95	14.13				
2021	H	3.24	2.00	5.24	4.14	0.61	4.75	12.51	5.04	0.95	18.50
2021	NH	5.40	3.33	8.73	7.00	1.03	8.03				
2022	H	3.24	1.94	5.18	4.32	0.37	4.69	12.61	5.03	0.95	18.59
2022	NH	5.61	3.36	8.97	7.59	0.66	8.25				
2023	H	3.21	2.34	5.55	4.36	0.36	4.72	13.17	5.20	0.95	19.32
2023	NH	5.65	4.11	9.76	7.76	0.64	8.40				
2024	H	4.14	1.85	5.99	4.46	0.29	4.75	13.65	5.07	1.57	20.29
2024	NH	7.18	3.2	10.38	7.83	0.51	8.34				
2025	H	4.21	2.37	6.58	4.55	0.06	4.61	14.79	5.60	2.00	22.39
2025	NH	7.89	4.43	12.32	8.61	0.11	8.72				

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

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

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

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

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

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

CITY OF BUFFALO, NEW YORK
Table IX—Principal Property Taxpayers
Years Ended June 30, 2025 and June 30, 2016
(Unaudited, amounts expressed in thousands)

	Year ended June 30,					
	2025			2016		
Taxpayer	Net Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Net Assessed Value	Rank	Percentage of Total Taxable Assessed Value
National Grid, PLC(5)	$ 500,527	1	6.17%	$ 299,968	1	4.58%
National Fuel Fas Corporation(5)	137,376	2	1.69	137,743	2	2.10
Gold Wynn Residential USA	54,475	3	0.66			
EGP 130 Buffalo, LLC	50,000	4	0.62			
Manufacturers and Trust Company(3)	49,961	5	0.62	49,242	4	0.75
Consolidated Rail Corporation(5)	49,598	6	0.56	86,552	3	1.32
Douglas Development Corporation	97,754	7	0.55			
Uniquest Delaware, LLC	41,500	8	0.51			
LCO Building, LLC	41,045	9	0.51	32,552	7	0.50
CSX Transportation	36,476	10	0.42			
Verizon Communications, Inc				44,564	5	0.68
Acquest Government Leases, Inc				40,000	6	0.61
Seneca One Realty LLC				23,900	8	0.36
Genesee Hotel Properties, Inc				22,000	9	0.34
Violet Realty, Inc.				21,000	10	0.32

Source: City of Buffalo, Division of Accounting

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

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Interest Added to Levy (1)	Final Tax Levy for Fiscal Year	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage				Amount	Percentage of Levy
2016	$ 123,793	$ 116,621	$ 94.21	$ 1,150	$ 124,943	$ 7,861	$ 124,482	99.63
2017	127,982	120,785	94.38	1,108	129,090	7,532	128,317	99.40
2018	128,000	122,454	95.67	1,021	129,021	6,557	129,011	99.99
2019	135,195	129,245	95.60	1,024	136,219	6,965	136,210	99.99
2020	139,465	131,234	94.10	1,239	140,704	7,745	138,979	98.77
2021	142,330	131,583	92.45	1,062	143,392	5,841	137,424	95.84
2022	147,040	135,078	91.86	1,006	148,046	5,165	140,243	94.73
2023	147,040	141,507	96.24	1,154	148,194	5,451	146,958	99.17
2024	159,400	144,484	90.64	1,320	160,720	5,292	149,776	93.19
2025	179,383	158,590	88.41	1,395	180,778	249	158,839	87.86

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

Source: City of Buffalo, Division of Accounting

CITY OF BUFFALO, NEW YORK
Table XI—Ratios of Outstanding Debt by Type
Last Ten Years
(Unaudited, amounts expressed in thousands, except Total Debt to City Population)

	Governmental Activities										Business-Type Activities							
Fiscal Year Ended June 30,	City General Obligation Bonds (1)	Plus BFSA Mirror Bonds City	City General Obligation Bonds Total	Board General Obligation Bonds (1)	Plus BFSA Mirror Bonds Board	General Obligation Total Board	BFSA Revenue Bonds	Total Governmental Activities Bonded Debt	Notes Payable	Leases/ Subscriptions	General Obligation Bonds (1)	Water Authority Bonds	Total Business-Type Activities Bonded Debt	Leases	Total Primary Governmental Bonded Debt (1)	Total Primary Governmental Leases/ Subscriptions	Total Debt to Personal Income (2)	Total Debt per Capita (2)
2016	$ 163,547	$ 26,093	$ 189,640	$ 62,670	$ 2,706	$ 65,376	$ 37,645	$ 289,955	$ 540	$ -	$ 11,696	$ 136,919	$ 148,615	$ -	$ 438,570	$ -	$ 3.42	$ 1,606
2017	168,950	21,283	190,233	51,755	1,923	53,678	30,017	272,005	273	-	12,814	128,522	141,336	-	413,341	-	3.10	1,514
2018	171,290	16,369	187,659	43,860	1,102	44,962	24,019	255,538	-	-	11,170	119,892	131,062	-	386,600	-	2.70	1,444
2019	138,335	11,554	149,889	35,750	239	35,989	17,855	203,494	-	-	9,652	135,137	144,789	-	348,283	-	2.36	1,365
2020	123,172	5,937	129,109	25,480	-	25,480	11,130	165,719	25,000	-	8,083	130,317	138,400	-	304,119	-	2.50	1,164
2021	164,695	5,738	170,433	16,625	-	16,625	6,440	193,498	-	2,555	7,831	128,151	135,982	-	329,480	2,555	2.34	1,190
2022	164,325	3,411	167,736	11,495	-	11,495	4,480	183,711	-	1,895	6,045	136,139	142,184	-	325,895	1,895	1.70	1,186
2023	163,049	978	164,027	6,395	-	6,395	2,440	172,862	-	2,300	5,273	128,856	134,129	-	306,991	2,300	1.80	1,230
2024	208,085	456	208,541	2,250	-	2,250	320	211,111	-	951	3,796	156,882	160,678	-	371,789	951	1.96	1,336
2025	173,158	64	173,222	1,080	-	1,080	165	174,467	-	500	3,091	148,046	151,137	-	325,604	500	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 BFSA starting in 2005.
(2) Population and income data can be found in the schedule of demographic and economic statistics.

Source: City of Buffalo, Division of Accounting

CITY OF BUFFALO, NEW YORK
Table XII—Ratios of General Bonded Debt Outstanding
Last Ten Years
(Unaudited, amounts expressed in thousands, except Total Debt to City Population)

Fiscal Year Ended June 30,	General Bonded Debt City	Schools (1)	Business-type	Total	Less Amounts Available in Debt Service Fund	Total	Total Bonded Debt to Assessed Value (2)	Total Bonded Debt to Equalized Full Value (2)	Total Bonded Debt Per Capita (3)
2016	$ 189,640	$ 65,376	$ 11,696	$ 266,712	$ 5,067	$ 261,645	3.99	3.72	$ 1,018
2017	172,527	53,678	11,593	237,798	5,282	232,516	3.50	2.95	899
2018	170,518	44,962	10,056	225,536	3,267	222,269	3.36	2.56	915
2019	146,844	35,989	8,645	191,478	3,094	188,384	2.82	1.90	738
2020	136,903	25,480	7,183	169,566	1,403	168,163	2.52	1.57	603
2021	150,341	16,625	6,760	173,726	4,027	169,699	1.44	1.41	628
2022	146,840	11,495	5,107	163,442	819	162,623	1.38	1.07	588
2023	141,099	6,395	4,468	151,962	1,199	150,763	1.32	0.96	542
2024	208,861	2,250	3,796	214,907	3,194	211,713	1.82	1.16	761
2025	173,387	1,080	3,091	177,558	1,010	176,548	1.53	0.85	n/a

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

(1) Net of bonds issued by City to BFSA starting in 2005.
(2) See the schedule of assessed value and estimated actual value of taxable real property for property value data.
(3) Population data can be found in the schedule of demographic and economic statistics.

Source: City of Buffalo, Division of Accounting

CITY OF BUFFALO, NEW YORK
Table XIII—Direct and Overlapping Debt
As of June 30, 2025
(Unaudited, amounts expressed in thousands)

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Erie County	$ 326,104	17.5%	$ 57,068
Buffalo Sewer Authority	76,839	67.3%	51,713
Subtotal — overlapping debt			108,781
City of Buffalo total debt			174,967
Total direct and overlapping debt			$ 283,748

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

(1) Excludes County general obligations sold for sewer districts in the County payable from assessments on property outside the City.

(2) The percentage of overlapping debt applicable is estimated using the ratio of City to total County full valuation as equalized by the County Commissioner of Finance. The Sewer Authority percentage is the amount of operating fund revenues derived from a sewer rent on the assessed value of real property within the City.

Source: City of Buffalo, Division of Accounting

CITY OF BUFFALO, NEW YORK

Table XIV—2025 Legal Debt Margin
As of June 30, 2025
(Unaudited, amounts expressed in thousands)

Legal Debt Margin Calculation for Fiscal Year 2025		
Average Full Valuation of Taxable Real Property and Special Franchises as Determined by the Last Completed Roll and the Four Preceding Rolls		$ 19,459,193
Debt Contracting Limitation — Nine percent of average full valuation — Article VIII, Section 4 of the Constitution of the State of New York		$ 1,751,327
Gross indebtedness:		
Borrowings:		
Serial bonds	$ 157,020	
Total gross debt	157,020	
Exclusions:		
Exempt debt:		
Parking facilities bonds	3,091	
Reserve to pay non-exempt debt	1,010	
Appropriation in current budget to pay non-exempt debt maturing during remainder of fiscal year	33,297	
Total exclusions	37,398	
Net indebtedness		119,622
Debt contracting margin		1,631,705
Authorized but unissued non-exempt debt		71,779
Effective remaining borrowing capacity — July 1, 2025		$ 1,559,926

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

Source: City of Buffalo, Division of Accounting

City of Buffalo, New York
Table XV—Legal Debt Margin Information
Last Ten Years
(Unaudited, amounts expressed in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$ 651,453	$ 710,335	$ 756,517	$ 875,796	$ 956,522	$ 1,145,255	$ 1,228,700	$ 1,402,306	$ 1,553,025	$ 1,751,327
Total net debt applicable to limit	197,475	188,360	179,607	166,266	147,817	131,433	123,425	119,742	150,030	119,622
Debt contracting margin	453,978	521,975	576,910	709,530	808,705	1,013,822	1,105,275	1,282,564	1,402,995	1,631,705
Authorized but unissued non-exempt debt	17,931	13,824	10,670	10,683	30,103	17,334	15,643	15,027	15,668	71,779
Effective remaining borrowing capacity — July 1	$ 436,047	$ 508,151	$ 566,240	$ 698,847	$ 778,602	$ 996,488	$ 1,089,632	$ 1,267,537	$ 1,387,327	$ 1,559,926
Total net debt applicable to the limit as a percentage of debt limit	30.31 %	34.15 %	23.74 %	18.98 %	15.45 %	11.48 %	10.05 %	8.54 %	9.66 %	6.83 %

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

Source: City of Buffalo, Division of Accounting

City of Buffalo, New York

Table XVI—Debt Service Coverage for Buffalo Municipal Water Finance Authority Revenue Bonds
Last Ten Years
(Unaudited, amounts expressed in thousands)

Fiscal Year Ended June 30,	Cash Receipts	Cash Disbursements for Operations	Net Available Revenue	Debt Service Payment	Debt Coverage
2016	$ 45,849	$ 25,295	$ 20,554	$ 13,523	151.99 %
2017	47,286	24,678	22,608	14,005	161.43
2018	41,717	22,990	18,727	13,742	136.28
2019	46,130	25,749	20,381	12,854	158.56
2020	49,635	28,781	20,854	9,990	208.75
2021	45,134	22,890	22,244	11,217	198.31
2022	46,681	28,119	18,562	10,658	174.16
2023	50,154	33,578	16,576	11,432	145.00
2024	54,951	27,847	27,104	11,958	226.66
2025	54,101	46,582	7,519	12,877	58.39

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

Source: City of Buffalo, Division of Accounting

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

	Year ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Population	256,902	258,612	256,304	255,284	278,349	276,807	276,486	278,349	n/a	n/a
Total personal income (in thousands)	$12,053,328	$12,661,644	$12,932,075	$12,869,888	$16,719,311	$16,788,898	$ 19,285,728	$18,998,154	n/a	n/a
Per capita personal income	$ 46,918	$ 48,960	$ 50,456	$ 50,414	$ 60,066	$ 60,652	$ 69,753	$ 68,253	n/a	n/a
School district enrollment	33,760	33,483	33,489	33,310	32,280	32,018	30,398	30,017	29,504	29,673
Unemployment rate	6.3%	6.7%	5.7%	5.5%	5.6%	5.5%	4.9%	5.3%	4.5%	n/a
Employed	103,300	103,100	102,900	102,300	94,800	100,300	103,300	102,200	118,400	n/a

(1) U.S. Census Bureau (www.factfinder.census.gov).
(2) Buffalo City School District's Department of Research and Evaluation.
(3) www.labor.state.ny.us. See "Buffalo, City of".
(4) www.labor.ny.gov/stats/laus.asp See "Buffalo city, NY".
n/a information not available

CITY OF BUFFALO, NEW YORK
Table XVIII—Principal Employers in the Buffalo Metropolitan Area
Years Ended June 30, 2025 and June 30, 2016
(Unaudited)

	2025 (1)			2016 (2)		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
State of New York	26,861	1	5.97 %	23,350	1	5.50 %
Federal Executive Board (United States of America)	11,420	2	2.54	10,000	2	2.35
Kaleida Health	9,553	3	2.12	10,000	3	2.35
Catholic Health	8,160	4	1.81	7,918	4	1.86
M&T Bank	7,938	5	1.76	7,500	5	1.77
University at Buffalo	7,018	6	1.56	6,992	7	1.65
Buffalo Public Schools	6,300	7	1.40			
Erie County	4,584	8	1.02	5,039	8	1.19
Tops Friendly Markets	4,497	9	1.00	3,942	10	0.93
Walmart	4,200	10	0.93			
Employer Services Corp				7,488	6	1.76
Seneca Gaming				4,000	9	0.94
Total	90,531			86,229		

(1) From "Buffalo Business First " (October 17, 2025 edition).
(2) From "Buffalo Business First " (July 29, 2016 edition).

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government support	373	388	388	378	377	369	356	370	399	405
Public safety:										
Police:										
Officers and exempt	690	753	762	734	746	718	725	750	759	751
Civilians	180	186	197	190	190	175	181	211	216	210
Fire:										
Firefighters and officers	593	583	652	709	724	699	683	647	673	681
Civilians	38	40	39	43	42	36	37	36	36	36
Other	129	138	138	137	134	130	135	140	131	149
Streets and sanitation	166	164	159	160	156	152	155	158	142	126
Economic assistance and opportunity	33	34	32	34	30	31	37	39	43	28
Culture and recreation	130	116	99	90	85	69	69	54	57	61
Health and community services	35	38	38	37	35	31	38	49	49	41
Business activities:										
Water	111	120	121	117	119	107	99	92	88	96
Solid waste and recycling	168	166	162	175	159	158	164	163	169	160
Parking	-	1	1	1	1	1	1	-	1	1
Total	2,646	2,727	2,788	2,805	2,798	2,676	2,680	2,709	2,763	2,745

Source: City of Buffalo, Division of Accounting

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

Function	Year ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administration and finance —										
Parking summons issued	197,137	193,278	189,420	187,121	143,231	105,762	146,959	137,657	123,938	141,598
Police:										
Physical arrests	12,016	13,060	12,906	12,081	8,939	4,659	3,993	6,244	6,657	7,422
Traffic violations	55,676	58,579	41,172	32,386	28,723	16,279	16,187	10,608	10,670	16,020
Fire:										
Number of calls answered	38,039	n/a	34,752	n/a	n/a	42,651	43,735	44,943	44,829	46,014
Inspections	4,394	4,637	6,092	n/a	2,655	1,108	2,096	3,644	3,977	3,443
Public works:										
Street resurfacing (square yards)	437,531	n/a	378,000	520,137	506,304	539,673	475,877	608,770	727,993	734,521
Pothole material used (in tons)	1,398	1,217	1,378	1,350	1,043	761	918	863	631	1,155
Sanitation:										
Refuse collected (tons/day)	448	442	374	370	371	380	480	409	411	453
Recyclables collected (tons/day)	58	62	65	54	54	73	70	65	68	62
Permits and inspections:										
Demolitions and Abatement	136	164	113	84	79	60	64	77	64	58
Inspections	66,700	68,500	65,500	67,350	53,510	47,300	58,644	65,376	70,149	78,907
Water:										
Consumers	73,759	73,915	74,137	76,649	74,635	74,701	74,831	74,936	74,997	75,044
Water main breaks	308	392	336	387	238	348	314	292	361	509
Average daily consumption (thousands of gallons)	69,880	67,597	67,657	66,811	64,601	63,801	64,066	57,571	60,172	62,600

Source: Various City departments

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety:										
Police:										
Stations (including headquarters)	8	6	6	8	7	7	7	7	6	6
Satellite stations (substations)	-	1	4	3	3	3	5	5	5	5
Fire stations (including headquarters)	20	20	20	20	20	20	20	20	20	20
Sanitation — Collection trucks	36	36	36	36	37	50	43	53	52	53
Highways and streets:										
Streets (miles)	632	632	532	628	627	627	628	628	628	628
Streetlights	31,909	31,931	31,935	31,935	31,935	31,941	31,935	32,847	31,935	31,935
Traffic signals	667	667	669	669	671	671	671	671	671	671
Culture and recreation:										
Parks acreage (including public squares and circles)	1,842	1,842	1,842	1,853	1,853	1,853	1,853	1,853	1,853	1,853
Parks (major)	29	29	29	29	29	29	29	29	29	29
Minor parks and playgrounds	61	61	61	61	61	61	61	61	61	61
Community centers	32	32	30	29	29	29	29	29	29	29
Education — School buildings	66	58	57	57	57	n/a	57	65	60	60
Water:										
Water mains (miles)	797	789	779	784	781	780	800	800	800	800
Fire hydrants	7,959	7,964	7,974	7,989	7,994	7,999	7,800	7,800	7,800	7,800
Pumping plant-maximum daily capacity (thousands of gallons)	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Filtration plant-maximum daily capacity (thousands of gallons)	180,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000

Source: Various City departments

APPENDIX C

BUFFALO CSD
COMPONENT FINANCIAL STATEMENTS
June 30, 2025

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BOARD OF EDUCATION,
CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

FINANCIAL STATEMENTS

JUNE 30, 2025

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Table of Contents

June 30, 2025

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Board of Education, City of Buffalo, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2025, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

GAAP requires that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2025 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

October 8, 2025

Management's Discussion and Analysis (unaudited)

June 30, 2025

Introduction

Management's Discussion and Analysis (MD&A) of Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, provides an overview of the Board's financial activities and performance for the year ended June 30, 2025. The information contained in the MD&A should be considered in conjunction with the information presented as part of the Board's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the Board's financial position and results of operations. The Board's financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) fiduciary fund financial statements, (5) notes to the financial statements, and (6) supplementary information.

In 2025, the Board adopted GASB Statement No. 101, *Compensated Absences*. This statement clarifies what is considered unused leave balances for employees. Under this statement, compensated absences are recognized as liabilities on the government-wide financial statements for leave that has not been used and leave that has been used but not yet paid or settled.

The government-wide financial statements are designed to provide readers with a broad overview of the Board's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the Board's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference reported as net position. The statement of activities presents information showing how the Board's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows; thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the Board as a whole. All of the activities of the Board are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the Board'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 activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the Board's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The Board maintains a custodial fund for its student activity accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Board's programs.

The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles, the New York State Education Department, and the Federal government.

Condensed Statement of Net Position (in thousands)		2025		2024		Change $	Change %
Current and other assets	$	**728,396**	$	696,654	$	31,742	4.6%
Capital assets		**518,079**		585,287		(67,208)	(11.5%)
Total assets		**1,246,475**		1,281,941		(35,466)	(2.8%)
Deferred outflows of resources		**345,280**		493,348		(148,068)	(30.0%)
Long-term liabilities		**1,945,893**		2,395,821		(449,928)	(18.8%)
Other liabilities		**186,519**		182,815		3,704	2.0%
Total liabilities		**2,132,412**		2,578,636		(446,224)	(17.3%)
Deferred inflows of resources		**1,039,995**		927,570		112,425	12.1%
Net position							
Net investment in capital assets		**184,142**		166,942		17,200	10.3%
Restricted		**110,100**		53,076		57,024	107.4%
Unrestricted		**(1,874,894)**		(1,950,935)		76,041	(3.9%)
Total net position (deficit)	$	**(1,580,652)**	$	(1,730,917)	$	150,265	(8.7%)

Net position reflects deficits of $1,580,652 and $1,730,917 as of June 30, 2025 and 2024, respectively. The net deficit is a result of recognition of the Board's total other postemployment benefits (OPEB) liability, which is an actuarial estimate of amounts the Board will owe for health insurance for its retirees. The largest positive portion of the Board's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire or lease those assets. The Board uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The Board's net position also includes resources that are subject to external restrictions on how they may be used, which includes reserves set aside for specific purposes governed by statutory law and regulations. Such reserves include funds for judgments, claims, and property loss, which are used for outstanding litigation or uninsured losses on Board property; the unemployment insurance reserve, which is used to pay the cost of reimbursement to the State Unemployment Insurance Fund; and the stabilization reserve, which is used for unanticipated, extraordinary, or capital needs. Other restricted resources include funds restricted for debt service and special activities and the Board's proportionate share of the New York State Teachers' Retirement System (TRS) net pension asset.

Total assets decreased by $35,466 ($89,735 decrease in 2024). Capital assets decreased $67,208 due to current year depreciation, amortization, and disposals of $88,070 exceeding additions of $20,862. The increase in current and other assets of $31,742 ($31,430 decrease in 2024) is primarily due to recognition of the $58,397 TRS net pension asset offset by a $28,260 reduction in cash due to current year spending on capital projects and a reduction in grant funds received.

Long-term liabilities, which include the Board's total OPEB liability of $1,494,745 ($1,830,609 in 2024), decreased by $449,928 ($79,202 decrease in 2024), while other liabilities increased by $3,704 ($70,069 decrease in 2024). Other liabilities increased primarily due to a $5,174 increase in amounts due to the City for advances in grant reimbursements from New York State and a $5,165 increase in amounts due to retirement systems due to increases in the contribution rates offset by a $5,899 decrease in accounts payable due to a reduction in grant activity. The decrease in long-term liabilities is primarily due to a decrease in the OPEB liability of $335,864 based upon an updated actuarial valuation and a decrease in bonds and related premiums of $82,330 related to principal payments made during the fiscal year and amortization of bond premiums.

Many of the Board's employees participate in TRS and the New York State and Local Employees' Retirement System (ERS), which are reflected in amounts reported as net pension assets and liabilities and deferred outflows and deferred inflows of resources related to pensions. Changes in these balances, along with changes in the total OPEB liability and deferred outflows and deferred inflows related to OPEB, are heavily influenced by actuarial assumptions and investment performance versus expected performance. See the footnotes to the financial statements for further details.

Condensed Statement of Activities (in thousands)	2025	2024	Change $	Change %
Revenues				
Program revenues				
Charges for services	**$ 4,949**	$ 5,602	$ (653)	(11.7%)
Operating grants and contributions	**173,033**	239,597	(66,564)	(27.8%)
Capital grants and contributions	**438**	4,290	(3,852)	(89.8%)
General revenues				
Contributions from the City and school tax relief	**70,823**	70,823	-	0.0%
State aid	**939,773**	914,467	25,306	2.8%
Sales tax and other	**76,862**	80,868	(4,006)	(5.0%)
Total revenue	**1,265,878**	1,315,647	(49,769)	(3.8%)
Expenses				
Instruction	**880,171**	925,837	(45,666)	(4.9%)
Support services				
General support	**117,727**	120,122	(2,395)	(2.0%)
Pupil transportation	**65,439**	64,800	639	1.0%
Food service	**44,525**	41,809	2,716	6.5%
Interest and other	**7,751**	11,408	(3,657)	(32.1%)
Total expenses	**1,115,613**	1,163,976	(48,363)	(4.2%)
Change in net position	**150,265**	151,671	(1,406)	(0.9%)
Net position (deficit) – beginning	**(1,730,917)**	(1,882,588)	151,671	(8.1%)
Net position (deficit) – ending	**$ (1,580,652)**	$ (1,730,917)	$ 150,265	(8.7%)

Board revenues decreased by $49,769 or 3.8% ($590 or 0% increase in 2024). Operating grants and contributions decreased by $66,564 or 27.8% ($64,215 or 21.1% decrease in 2024) due to a decrease in American Rescue Plan Act/Elementary and Secondary School Emergency Relief (ARP/ESSER) revenues of $82,833 as such funding expired at the beginning of 2025. A portion of this decrease was offset by additional State ($11,976) and Federal ($4,293) grants. State aid increased $25,306 or 2.8% ($66,258 or 7.8% increase in 2024) primarily because of a $27,374 increase in Foundation Aid. Also increasing were Transportation Aid ($6,257), Private High Cost Aid ($1,829) and Public High Cost Aid ($1,704). These increases were offset by reduced Building Aid ($9,489). All other State Aid categories showed nominal changes from the prior year.

Total expenses decreased $48,363 or 4.2% ($119,599 or 11.5% increase in 2024). Salaries increased $15,723 or 3.3% ($8,286 or 1.8% increase in 2024) due to contractual salary increases and filling of vacant positions. Pension expense, which is allocated among general support, instruction, transportation, and food service, decreased $34,815 from $72,663 in 2024 to $37,848 in 2025. OPEB income, allocated amongst the same categories, increased from $65,444 in 2024 to $77,801 in 2025 as a result of amortization of deferred inflows. Interest expense also decreased $3,657 ($5,365 or 32.0% decrease in 2024) due to continued repayments on outstanding debt.

Financial Analysis of the Board's Funds (in thousands)

Total fund balances for the governmental funds decreased from $497,737 to $466,095 as described below:

- Total revenues decreased by $45,258 or 3.5% (decreased $477 or 0% in 2024), mainly due to a decrease of $79,858 in Federal grants associated with the end of ARP/ESSER being somewhat offset by the increase of $37,287 in State Aid and other State grant revenues.
- Total expenses before other financing sources and uses increased $23,725 or 1.9% ($37,291 or 3.0% increase in 2024) due mainly to an increase in charter school expenditures ($11,445) and benefit costs ($19,169), off by a reduction in capital outlay of $9,045.

- During 2025, the general fund experienced a decrease of $36,916 to $387,196 in fund balance as of year end, compared to an increase of $48,584 for 2024. Significant changes in fund balance include assigned fund balance - designated for next year's budget which decreased from $83,500 to $78,800. Other changes include a decrease of $3,213 for open encumbrances, and a $25,000 increase for capital projects associated with the new commissary and the potential DaVinci Buffalo State project. Unassigned fund balance decreased from $179,903 to $122,986, with $47,460 being maintained for the required 4% minimum unassigned fund balance required by Board policy, and $75,526 being the additional amount in excess of the Board policy minimum.
- The debt service fund experienced a decrease in fund balance of $1,436 due to current year debt service payments and issuance costs. The capital projects fund experienced an increase in fund balance of $8,950 to $20,927 due to operating transfers of $15,813 against capital outlays of $12,626. The food service fund experienced a decrease in fund balance of $2,245 to an ending balance of $37,232 in part due to replacement of old cafeteria equipment.

General Fund Budgetary Highlights

The total final revenue budget for 2025 was $1,082,000. Actual revenues amounted to $1,092,229, a favorable difference of $10,229 or 0.9%. More significant favorable variances were recognized in sales tax, interest earnings, and miscellaneous revenues.

Actual expenditures and carryover encumbrances were less than the final revised budget by $35,970 or 3.4%. The main reasons for the favorable variance include budgetary savings from the approved budget in the following areas: salaries and wages of $16,910 due to vacancies, transportation of $7,775 (excluding salaries included above), charter tuitions of $4,466, and lower than revised budget expenditures for contracts, supplies, utilities, fuel, and repairs and maintenance.

Capital Assets (in thousands)

	2025	2024
Land	$ 4,562	$ 3,012
Construction in progress	46,522	68,341
Buildings and improvements	1,833,072	1,802,301
Equipment and vehicles	76,869	70,277
	1,961,025	1,943,931
Accumulated depreciation	(1,470,278)	(1,388,448)
	490,747	555,483
Right-to-use lease assets, net	27,332	29,804
	$ 518,079	$ 585,287

Current year additions of $20,862 were offset by depreciation and amortization expense and disposals of $88,070.

Debt

At June 30, 2025, the Board had $307,242 in bonds and leases outstanding, with $67,032 due within one year ($384,136 outstanding at June 30, 2024). Amounts due to New York State amounted to $3,847, with $713 due within one year ($4,560 outstanding at June 30, 2024). Outstanding compensated absences and workers' compensation claims payable were $68,860 with $16,181 expected to be paid or used within one year ($79,275 outstanding at June 30, 2024).

Additional information on the Board's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

School districts in New York State remain impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this process.

In addition to the above, the District's 4 Year Plan dated July 17, 2025 includes plans to address the structural deficits going forward including plans to "right-size" the Districts staffing and expenditures for the loss in enrollments over the past 5 years. These plans include closing two schools and reducing total staff count by 100 in the 2026-2027 year.

Contacting the Board's Financial Management

This financial report is designed to provide our Board's residents, taxpayers, parents, students, investors, and creditors with a general overview of the Board's finances, and to show the Board's accountability for the money it receives. For more detailed information, questions may be directed to the Office of the Chief Financial Officer, Buffalo City School District, 708 City Hall, Buffalo, New York 14202.

Statement of Net Position

June 30, 2025
(With comparative totals as of June 30, 2024)

	2025	2024
Assets		
Cash and cash equivalents	$ 10,806,266	$ 10,609,276
Cash held by the City of Buffalo	497,677,632	524,738,590
Cash and cash equivalents with fiscal agent	7,018,346	8,977,117
Cash and cash equivalents - restricted	14,209,637	13,646,664
Due from other governments	6,663,894	6,407,505
Accounts receivable	16,303,588	17,311,591
State and federal aid receivable	114,852,691	112,608,640
Inventory and prepaid expenses	2,466,776	2,354,537
Net pension asset	58,397,426	-
Capital assets (Note 4)	2,019,709,505	2,001,466,216
Accumulated depreciation and amortization	(1,501,630,612)	(1,416,178,874)
Total assets	1,246,475,149	1,281,941,262
Deferred Outflows of Resources		
Defeasance loss	10,936,485	13,135,001
Deferred outflows of resources related to pensions	155,935,104	174,741,683
Deferred outflows of resources related to OPEB	178,408,000	305,471,000
Total deferred outflows of resources	345,279,589	493,347,684
Liabilities		
Accounts payable	38,086,037	43,985,390
Accrued liabilities	48,110,744	45,197,046
Due to other governments	1,401,230	1,401,230
Due to retirement systems	48,651,915	43,486,411
Unearned revenue	1,824,490	5,474,587
Due to the City of Buffalo	48,444,596	43,270,186
Long-term liabilities		
Due within one year:		
Bonds	61,340,000	73,535,000
Leases	5,692,206	5,673,131
Due to New York State	713,332	713,334
Compensated absences	6,792,000	9,995,224
Workers' compensation	9,389,000	9,833,000
Due beyond one year:		
Bonds and related premiums	252,032,532	322,167,082
Leases	29,349,501	32,727,511
Due to New York State	3,133,334	3,846,666
Compensated absences	11,547,000	18,852,569
Workers' compensation	41,132,000	40,594,000
Net pension liability	30,026,727	47,274,013
Total OPEB liability	1,494,745,000	1,830,609,000
Total liabilities	2,132,411,644	2,578,635,380
Deferred Inflows of Resources		
Defeasance gain	8,882,471	12,514,386
Deferred inflows of resources related to pensions	79,773,877	34,417,988
Deferred inflows of resources related to OPEB	951,339,000	880,638,000
Total deferred inflows of resources	1,039,995,348	927,570,374
Net Position		
Net investment in capital assets	184,142,014	166,942,350
Restricted	110,100,260	53,076,275
Unrestricted (deficit)	(1,874,894,528)	(1,950,935,433)
Total net position (deficit)	$ (1,580,652,254)	$ (1,730,916,808)

See accompanying notes.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Statement of Activities

For the year ended June 30, 2025
(With summarized comparative totals for June 30, 2024)

		Program Revenues			Net (Expense) Revenue	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	**2025**	2024
Governmental activities						
General support	$ 117,726,940	$ 19,869	$ -	$ -	**$ (117,707,071)**	$ (120,111,248)
Instruction - regular	711,496,313	3,621,231	135,498,223	438,348	**(571,938,511)**	(558,818,528)
Instruction - charter	168,674,939	-	-	-	**(168,674,939)**	(156,608,183)
Pupil transportation	65,439,053	-	-	-	**(65,439,053)**	(64,800,042)
Interest expense	7,438,616	-	-	-	**(7,438,616)**	(11,032,453)
School food service	44,524,822	1,307,668	37,534,765	-	**(5,682,389)**	(2,741,317)
Community service	312,443	-	-	-	**(312,443)**	(375,476)
	$ 1,115,613,126	$ 4,948,768	$ 173,032,988	$ 438,348	**(937,193,022)**	(914,487,247)
General revenues						
Contribution from City of Buffalo					**65,483,179**	65,278,424
School tax relief reimbursement					**5,339,580**	5,544,334
Sales taxes					**60,270,556**	58,999,554
State aid					**939,773,303**	914,467,201
Miscellaneous					**16,590,958**	21,868,495
Total general revenues					**1,087,457,576**	1,066,158,008
Change in net position					**150,264,554**	151,670,761
Net position (deficit) - beginning					**(1,730,916,808)**	(1,882,587,569)
Net position (deficit) - ending					**$ (1,580,652,254)**	$ (1,730,916,808)

See accompanying notes.

Balance Sheet - Governmental Funds

June 30, 2025
(With summarized comparative totals as of June 30, 2024)

	General	Special Aid	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds 2025	Total Governmental Funds 2024
Assets							
Cash and cash equivalents	$ 10,575,835	$ 50,016	$ -	$ -	$ 180,415	**$ 10,806,266**	$ 10,609,276
Cash held by the City of Buffalo	431,600,591	-	32,068,930	-	34,008,111	**497,677,632**	524,738,590
Cash and cash equivalents with fiscal agent	-	-	-	7,018,346	-	**7,018,346**	8,977,117
Cash and cash equivalents - restricted	667,996	-	-	13,220,768	320,873	**14,209,637**	13,646,664
Due from other governments	6,663,894	-	-	-	-	**6,663,894**	6,407,505
Accounts receivable	14,976,012	-	-	-	1,327,576	**16,303,588**	17,311,591
State and federal aid receivable	35,707,732	56,380,906	20,127,282	-	2,636,771	**114,852,691**	112,608,640
Due from other funds, net	10,654,007	-	-	-	-	**10,654,007**	10,654,007
Inventory and prepaid expenses	1,729,278	28,800	-	-	708,698	**2,466,776**	2,354,537
Total assets	$ 512,575,345	$ 56,459,722	$ 52,196,212	$ 20,239,114	$ 39,182,444	**$ 680,652,837**	$ 707,307,927
Liabilities							
Accounts payable	$ 33,492,305	$ 2,414,356	$ 1,101,067	$ -	$ 710,941	**$ 37,718,669**	$ 43,405,685
Accrued liabilities	41,833,919	3,265,324	-	-	738,501	**45,837,744**	42,292,046
Due to other governments	1,401,230	-	-	-	-	**1,401,230**	1,401,230
Due to retirement systems	48,651,915	-	-	-	-	**48,651,915**	43,486,411
Due to other funds, net	-	510,956	10,143,051	-	-	**10,654,007**	10,654,007
Unearned revenue	-	1,824,490	-	-	-	**1,824,490**	5,474,587
Due to the City of Buffalo	-	48,444,596	-	-	-	**48,444,596**	43,270,186
Total liabilities	125,379,369	56,459,722	11,244,118	-	1,449,442	**194,532,651**	189,984,152
Deferred Inflows of Resources							
Unavailable revenue	-	-	20,024,979	-	-	**20,024,979**	19,586,631
Fund Balances							
Nonspendable	1,729,278	-	-	-	1,029,571	**2,758,849**	2,671,255
Restricted	30,962,732	-	-	20,239,114	180,115	**51,381,961**	52,759,557
Assigned	231,517,666	-	20,927,115	-	36,523,316	**288,968,097**	262,403,109
Unassigned	122,986,300	-	-	-	-	**122,986,300**	179,903,223
Total fund balances	387,195,976	-	20,927,115	20,239,114	37,733,002	**466,095,207**	497,737,144
Total liabilities, deferred inflows of resources, and fund balances	$ 512,575,345	$ 56,459,722	$ 52,196,212	$ 20,239,114	$ 39,182,444	**$ 680,652,837**	$ 707,307,927

See accompanying notes.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2025

Total fund balances - governmental funds		$ 466,095,207
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		518,078,893
Defeasance losses and gains associated with bond refundings are recognized as deferred outflows of resources and deferred inflows of resources, respectively, in the government-wide financial statements.		2,054,014
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized on the government-wide financial statements and include:		
Net pension asset	58,397,426	
Deferred outflows of resources related to pensions	155,935,104	
Net pension liability	(30,026,727)	
Deferred inflows of resources related to pensions	(79,773,877)	104,531,926
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide financial statements and include:		
Deferred outflows of resources related to OPEB	178,408,000	
Total OPEB liability	(1,494,745,000)	
Deferred inflows of resources related to OPEB	(951,339,000)	(2,267,676,000)
Certain revenues collected more than one year after year end are not considered available in the governmental funds but are recognized when earned in the government-wide financial statements.		20,024,979
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Retainages payable	(367,368)	
Accrued interest	(2,273,000)	
Bonds and related premiums	(313,372,532)	
Leases	(35,041,707)	
Due to New York State	(3,846,666)	
Compensated absences	(18,339,000)	
Workers' compensation	(50,521,000)	(423,761,273)
Net position - governmental activities		$ (1,580,652,254)

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the year ended June 30, 2025
(With summarized comparative totals for June 30, 2024)

	General	Special Aid	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds 2025	Total Governmental Funds 2024
Revenues							
Contributions from City of Buffalo	$ 65,483,179	$ -	$ -	$ -	$ -	**$ 65,483,179**	$ 65,278,424
School tax relief reimbursement	5,339,580	-	-	-	-	**5,339,580**	5,544,334
Nonproperty tax items	60,270,556	-	-	-	-	**60,270,556**	58,999,554
Charges for services	3,621,231	-	-	-	-	**3,621,231**	4,554,962
Use of money and property	2,779,577	-	2,323,484	1,146,562	4,425	**6,254,048**	3,763,146
Sale of property and compensation for loss	32,706	-	-	-	-	**32,706**	11,351
Miscellaneous	10,891,268	3,630,439	-	-	91,967	**14,613,674**	20,422,130
State sources	939,773,303	56,955,454	-	-	1,563,520	**998,292,277**	961,004,519
Federal sources	4,037,173	70,875,157	-	-	35,971,245	**110,883,575**	190,742,025
Sales	-	-	-	-	1,307,668	**1,307,668**	1,036,517
Total revenues	1,092,228,573	131,461,050	2,323,484	1,146,562	38,938,825	**1,266,098,494**	1,311,356,962
Expenditures							
General support	100,909,999	4,619,335	-	-	39,258,286	**144,787,620**	143,685,234
Instruction - regular	450,818,094	101,707,871	-	-	-	**552,525,965**	548,559,150
Instruction - charter	168,674,939	-	-	-	-	**168,674,939**	157,229,487
Pupil transportation	62,790,736	537,916	-	-	-	**63,328,652**	61,711,117
Community service	271,352	-	-	-	3,270	**274,622**	298,115
Employee benefits	228,578,682	28,126,901	-	-	2,833,666	**259,539,249**	240,370,403
Debt service							
Principal	6,118,365	267,229	-	73,078,334	412,582	**79,876,510**	79,919,773
Interest	943,010	84,026	-	17,155,375	20,629	**18,203,040**	22,667,727
Capital outlay	-	-	12,626,335	-	77,215	**12,703,550**	21,748,245
Total expenditures	1,019,105,177	135,343,278	12,626,335	90,233,709	42,605,648	**1,299,914,147**	1,276,189,251
Excess revenues (expenditures)	73,123,396	(3,882,228)	(10,302,851)	(89,087,147)	(3,666,823)	**(33,815,653)**	35,167,711
Other financing sources (uses)							
Transfer to City of Buffalo for debt service	(1,265,525)	-	-	-	-	**(1,265,525)**	(4,356,903)
Operating transfers, net	(108,773,459)	3,882,228	15,813,500	87,651,505	1,426,226	**-**	-
Lease proceeds	-	-	3,439,241	-	-	**3,439,241**	1,694,990
Bond proceeds from current refundings	-	-	-	-	-	**-**	57,270,000
Bond premiums	-	-	-	-	-	**-**	3,522,597
Payments to escrow agents	-	-	-	-	-	**-**	(60,087,313)
Total other financing sources (uses)	(110,038,984)	3,882,228	19,252,741	87,651,505	1,426,226	**2,173,716**	(1,956,629)
Net change in fund balances	(36,915,588)	-	8,949,890	(1,435,642)	(2,240,597)	**(31,641,937)**	33,211,082
Fund balances - beginning	424,111,564	-	11,977,225	21,674,756	39,973,599	**497,737,144**	464,526,062
Fund balances - ending	$ 387,195,976	$ -	$ 20,927,115	$ 20,239,114	$ 37,733,002	**$ 466,095,207**	$ 497,737,144

See accompanying notes.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2025

Total net change in fund balances - governmental funds		$ (31,641,937)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over estimated useful lives as depreciation and amortization expense. This is the amount by which depreciation and amortization expense and disposals exceed capital outlays (net of retainages).		(66,996,112)
Certain revenue not expected to be collected within one year is not considered available and is therefore not yet recognized in the governmental funds.		438,348
Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2025 TRS and ERS contributions	48,852,071	
2025 ERS accrued contribution	2,495,314	
2024 ERS accrued contribution	(2,016,951)	
2025 TRS pension expense	(30,682,091)	
2025 ERS pension expense	(7,166,099)	11,482,244
OPEB income (expense) is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.		138,100,000
Leases are recorded as other financing sources in the governmental funds but increase long-term liabilities in the statement of net position.		(3,439,241)
Payments of long-term liabilities, including bonds, leases, and amounts due to New York State, are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position.		81,046,510
In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
Net amortization of defeasance gain and loss	1,433,399	
Interest	632,000	
Amortization of bond premiums	8,794,550	
Compensated absences	10,508,793	
Workers' compensation	(94,000)	21,274,742
Change in net position - governmental activities		$ 150,264,554

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual		Variance with
	Original	Final	(Budgetary Basis)	Encumbrances	Final Budget Over/(Under)
Revenues					
Local sources					
Contributions from City of Buffalo	$ 65,278,424	$ 65,278,424	**$ 65,483,179**		$ 204,755
School tax relief reimbursement	5,544,334	5,544,334	**5,339,580**		(204,754)
Nonproperty tax items	56,000,000	56,000,000	**60,270,556**		4,270,556
Charges for services	3,491,727	3,491,727	**3,621,231**		129,504
Use of money and property	215,000	215,000	**2,779,577**		2,564,577
Sale of property and compensation for loss	13,418	13,418	**32,706**		19,288
Miscellaneous	8,233,909	8,233,909	**10,891,268**		2,657,359
State sources	939,223,188	939,223,188	**939,773,303**		550,115
Federal sources	4,000,000	4,000,000	**4,037,173**		37,173
Total revenues	1,082,000,000	1,082,000,000	**1,092,228,573**		10,228,573
Expenditures					
General support					
Board of education	569,421	564,481	**518,726**	10,484	(35,271)
Central administration	4,877,061	4,673,090	**4,263,825**	15,756	(393,509)
Finance	5,450,690	5,039,546	**4,436,636**	49,395	(553,515)
Staff	5,958,579	5,667,581	**4,226,927**	32,152	(1,408,502)
Central services	104,968,080	91,720,910	**84,686,645**	2,598,637	(4,435,628)
Special items	3,225,350	3,434,697	**2,777,240**	25,729	(631,728)
Instruction					
Instruction, administration, and improvement	55,538,412	53,791,906	**49,142,718**	68,890	(4,580,298)
Teaching - regular school	169,549,816	166,467,192	**161,930,706**	536,099	(4,000,387)
Charter school payments	173,266,981	169,294,478	**168,674,939**	-	(619,539)
Programs for children with handicapping conditions	143,183,416	140,887,975	**138,771,236**	150,365	(1,966,374)
Program for English language learners	21,954,003	21,810,316	**21,164,807**	-	(645,509)
Occupational education	27,741,885	28,081,871	**27,448,329**	55,136	(578,406)
Teaching - special schools	5,138,385	4,328,645	**3,302,224**	-	(1,026,421)
Instructional media	12,170,896	12,971,389	**11,838,116**	33,147	(1,100,126)
Pupil services	42,900,441	42,314,432	**37,219,958**	433,290	(4,661,184)
Pupil transportation	72,480,700	68,074,479	**62,790,736**	6,009	(5,277,734)
Community service	279,319	285,639	**271,352**	-	(14,287)
Employee benefits	226,579,803	232,621,250	**228,578,682**	1,354	(4,041,214)
Debt service					
Principal	-	6,118,365	**6,118,365**	-	-
Interest	-	943,010	**943,010**	-	-
Total expenditures	1,075,833,238	1,059,091,252	**1,019,105,177**	4,016,443	(35,969,632)
Excess revenues (expenditures)	6,166,762	22,908,748	**73,123,396**	(4,016,443)	46,198,205
Other financing sources (uses)					
Transfers to City of Buffalo for debt service	(1,478,925)	(1,478,925)	**(1,265,525)**		(213,400)
Operating transfers in	200,000	200,000	**-**		(200,000)
Operating transfers out	(95,617,647)	(110,268,676)	**(108,773,459)**		(1,495,217)
Appropriated fund balance, reserves, and carryover encumbrances	90,729,810	88,638,853	**-**		(88,638,853)
Total other financing sources (uses)	(6,166,762)	(22,908,748)	**(110,038,984)**		(87,130,236)
Excess revenues (expenditures) and other financing sources (uses)	$ -	$ -	**$ (36,915,588)**	$ (4,016,443)	$ (40,932,031)

See accompanying notes.

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2025
(With comparative totals as of June 30, 2024)

	2025	2024
Assets		
Cash	**$ 1,135,840**	$ 1,111,174
Net Position		
Extraclassroom activity	**$ 1,135,840**	$ 1,111,174

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BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2025
(With comparative totals for June 30, 2024)

	2025	2024
Additions		
Student activity additions	**$ 1,418,847**	$ 1,335,520
Deductions		
Student activity deductions	**1,394,181**	1,344,864
Change in net position	**24,666**	(9,344)
Net position - beginning	**1,111,174**	1,120,518
Net position - ending	**$ 1,135,840**	$ 1,111,174

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York (the City), is governed by Education and other laws of the State of New York (the State). The Board's Board of Education has responsibility and control over all activities related to public school education within the Board's school system. The Board's Superintendent is the chief executive officer. Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The Board provides education and support services such as administration, transportation, and plant maintenance. The Board receives funding from local, state, and federal sources and must comply with requirements of these funding sources. The Board is financially dependent upon the City and other governments and has no independent authority to contract bonded indebtedness or levy taxes, with the exception of the Special Program Revenue Bonds issued by the State of New York Municipal Bond Bank Agency (Note 5). The Board's reporting entity does not contain any component units as defined by accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Board have been prepared in conformity with GAAP as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Joint Schools Construction Board

The Buffalo Joint Schools Construction Board (the JSCB) is an inter-municipal joint cooperative board created by resolutions of the Board and the City of Buffalo Common Council (the Council) and by amendment of the City Charter, §18-59 and §18-60, to assist in a comprehensive program to redevelop the Board's school buildings and facilities. The JSCB is comprised of two Board designees, the Superintendent of Schools, the Mayor, the City Comptroller, and one Council designee.

As further explained in the JSCB Information section of these financial statements, although the Buffalo Schools Act conferred extensive powers upon the JSCB in relation to the construction of new educational facilities, it assigned to the JSCB only limited functions in relation to the reconstruction of existing schools, which the act authorized the Board to finance and implement as projects of the Erie County Industrial Development Agency (ECIDA). Phases I, II, III, IV, and V of the project were authorized by amendments to the Buffalo Schools Act as ECIDA reconstruction projects. The JSCB's role was principally to assist and advise the Board in developing projects up to the point when plans and specifications had been approved by the New York State Education Department, financing was completed and available, and construction began. The JSCB was also assigned to monitor implementation of the project's workforce and business diversification plan and to compare the financing available through ECIDA with financing available through the municipal bond agency, and to employ the financing that resulted in the lowest cost to the taxpayers. For Phase III, the JSCB was also required to submit certain cost reports to State officials and could not proceed with the projects if estimated costs did not meet certain limits prescribed in the Phase III regulation.

As a result of the completion of the projects overseen by JSCB, it is not anticipated that any more activity or business will be conducted and the JSCB special revenue fund is no longer presented within the governmental funds. On a government-wide basis, all related capital assets and long-term debt are included within the Board's financial statements.

Basis of Presentation

Government-Wide Financial Statements: The statement of net position and the statement of activities display financial activities of the overall Board, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the Board. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Board does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Board's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the Board's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) capital grants and contributions limited to the purchase or construction of specific capital assets, if any. Revenues that are not classified as program revenues, including the City's contribution, sales taxes, and state aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds. Separate statements for each fund category – *governmental and fiduciary* – are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Board reports the following major funds:

- *General fund.* This is the Board's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The Board also elected to display the following as a major fund:

- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest on the Board's long-term debt, except for amounts held by the City, which are recorded in the general and capital funds as transfers to the City.

The Board reports the following governmental funds as nonmajor governmental funds:

- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the Board's breakfast, lunch, summer food, and Root Culinary programs.
- *Special activities fund.* This fund is used to account for transactions that support miscellaneous local grants and donations. The proceeds are legally restricted to expenditures for specified purposes.
- *Permanent fund.* This fund is used to report resources that are legally restricted to the extent that earnings, and not principal, may be used for the purposes that support the Board's programs.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The Board maintains a custodial fund for its student activity accounts.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Board receives value directly without giving equal value in exchange, include contributions from the City, sales taxes, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if they are collected within one year after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset additions are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Budget Process, Amendments, and Encumbrances

Prior to May 1, the Board submits to the Mayor of the City its budget request and financial plan for the fiscal year beginning July 1. On or before May 1, the Mayor submits to the City Council a complete operating plan which includes the Board's estimated revenues and proposed expenditures. The City Council then acts upon the Mayor's recommended Board budget and may make additions or deletions within its authority as provided by the City Charter. The Board's budget, as approved by the City Council, is limited to total estimated revenues and proposed expenditures.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Cash, Cash Equivalents, and Investments

Cash and investment management is governed by State laws and as established in the Board's written policies. Cash must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Board's policies permit the Chief Financial Officer to use demand and time accounts, certificates of deposit, obligations of the United States Treasury and its Agencies, and obligations of the State or its localities, including those held under repurchase agreements or in external investment pools.

Custodial credit risk is the risk that in the event of a bank failure the Board's deposits may not be returned to it. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. At June 30, 2025, the Board's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' trust departments or agents in the Board's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contract to be reserved for various purposes.

Inventory and Prepaid Expenses

Inventories of food and/or supplies in the general and food service funds are recorded at cost on a first-in, first-out basis. Donated commodities are stated at values which approximate market. Certain payments to vendors reflect expenditures applicable to future periods and are reflected as prepaid expenses.

Capital Assets

Capital assets are generally reported at actual or estimated historical cost based on appraisals. Financed right-to-use lease assets are recorded at the present value of the initial lease liability. Contributed assets are recorded at fair value at the time received. Depreciation and amortization are provided in the government-wide financial statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which assets are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	$ 5,000	20
Buildings and improvements	$ 5,000	20-50
Equipment	$ 5,000	5-10
Vehicles	$ 5,000	5-7

Bond Defeasances

In the government-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

Unavailable Revenue

Nonexchange transactions in the form of Smart Schools Bond Act grants from the State that are not expected to be received within one year of year end are not considered available in the governmental funds and therefore are recorded as deferred inflows of resources.

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental fund financial statements when issued. In the government-wide financial statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid and unused accumulated sick and vacation that is more likely than not to be used, paid, or settled by noncash means at termination of employment. Such accumulated time is valued based on a combination of the applicable employees' rates of pay at year end and contractual rates of payout at retirement, based on estimates of amounts to be used for each. The liability also includes an estimate of leave that is not attributable to a specific employee but rather is available for use by all employees within certain bargaining units and is valued at the estimated pay rates of all eligible employees. Year to year changes in the liability are presented as a net increase or decrease (Note 5).

Pensions

The Board participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide financial statements, the Board recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position (Note 6) on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide financial statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB income (expense) for the Board's defined benefit healthcare plan (Note 7) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Equity Classifications

Government-Wide Financial Statements

The District is required to classify net position into three categories:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and amortization, and defeasance gains and losses, reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or required by the terms of the Board's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the Board.

Governmental Fund Financial Statements

The Board considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the Board allows the Chief Financial Officer or his designee to determine the order in which to use committed, assigned, and unassigned resources when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Fund balance is categorized as follows:

Nonspendable:		
Inventory	$	2,417,226
Prepaid expenses		20,750
Endowment		320,873
Restricted:		
Unemployment insurance		9,156,044
Judgments, property loss, and claims		17,750,000
Fiscal stabilization		4,056,688
Debt service		20,239,114
Special activities		180,115
Assigned:		
OPEB and other employee benefits		72,616,664
Prior year claims		9,000,000
Capital projects and repairs		70,927,115
Health insurance		15,084,559
School food service		36,523,316
Designated for subsequent year		78,800,000
Repairs and remediation - EPA		2,000,000
Other purposes		4,016,443
Unassigned		122,986,300
	$	466,095,207

Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law or State Education Law as authorized for use by the Board of Education. Earnings on invested resources are required to be added to the various reserves.

Fund balance restrictions include scholarships donated to the Board by third parties for the benefit of students and the following reserves:

- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the Board has elected to use the benefit reimbursement method.
- *Judgments, property loss, and claims* – is used to cover self-insured property loss retention or liability claims that are not insured.
- *Fiscal stabilization* – created by the State Laws of 2000, Chapter 88, for the purpose of maintaining the fiscal stability of the Board, this reserve can be used to support the Board's educational programs and any liability incurred by the Board in carrying out its functions and responsibilities under Education Law.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required under §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Special activities* – is used to account for activity from miscellaneous local grants and donations.

Committed fund balances, if any, are authorized by the Board of Education as recommended by the Board's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end.

The Board of Education has given the Chief Financial Officer the authority to assign fund balances for specific purposes that are neither restricted nor committed. Assigned fund balances include amounts designated for OPEB, health insurance, continuation of programs initially funded through the American Rescue Plan Act, capital projects and repairs, and other purposes. Outstanding encumbrances included in other assigned fund balance in the general fund as of June 30, 2025 include $558,022 for equipment, $952,811 for supplies, $1,354 for benefits, and $2,504,256 for contractual services.

Interfund Balances

The operations of the Board include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

In the government-wide financial statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the Board's practice to settle these amounts at the net balances due between funds.

2. Cash, Cash Equivalents, and Investments

The Board's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

Cash Held by the City of Buffalo

Amounts on deposit with the City on behalf of the Board total $497,677,632. Such amounts represent cash held in the City's bank accounts. The cash is an asset of the Board and is specifically designated for Board purposes. These deposits are subject to applicable City and State investment and collateralization policies. The City has also advanced $48,444,596 to the Board for purposes of providing cash flow to the special aid fund.

Cash and Cash Equivalents with Fiscal Agent

In accordance with the Indenture Trust Agreement, certain amounts from the Series 2009, 2015, 2021, and 2022 bond proceeds must be deposited and maintained by the trustee in the debt service fund and amounted to $7,018,346 as of June 30, 2025.

Cash and Cash Equivalents - Restricted

Cash and cash equivalents in the amount of $667,996 are restricted in the general fund to support obligations related to workers' compensation claims, along with an account held in trust with the Buffalo Teacher's Federation in relation to a previous teachers' settlement agreement. In addition, $320,873 represents a restricted endowment within the permanent fund.

In accordance with the Local Share Trust and Depository Agreement, the local share contribution of the JSCB projects is to be held in trust and can only be disbursed as specified by the aforementioned agreement. Such amounts total $13,220,768 and are restricted within the debt service fund until completion of the related projects.

3. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers In	Transfers Out
General	$ 12,010,119	$ 1,356,112	$ -	$ 108,773,459
Special aid	209,239	720,195	3,882,228	-
Capital projects	-	10,143,051	15,813,500	-
Debt service	-	-	87,665,005	13,500
Food service	-	-	1,426,226	-
	$ 12,219,358	$ 12,219,358	$ 108,786,959	$ 108,786,959

The general fund provides cash flow to the various other funds; these amounts are repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program, to the food service program for operations, to the capital projects fund for reconstruction expenditures, and to the debt service fund for principal and interest payments on serial bonds. In accordance with the State's requirement, the debt service fund also transferred the difference between amounts received from building aid and amounts paid under refinanced JSCB debt agreements to the capital projects fund for capital expenditures.

4. Capital Assets

	July 1, 2024	Increases	Retirements/ Reclassifications	June 30, 2025
Non-depreciable and non-amortizable capital assets:				
Land	$ 3,011,900	$ 1,550,000	$ -	$ 4,561,900
Construction in progress	68,341,326	8,951,743	(30,770,983)	46,522,086
Total non-depreciable and non-amortizable assets	71,353,226	10,501,743	(30,770,983)	51,083,986
Depreciable capital assets:				
Land improvements	7,174,887	-	-	7,174,887
Buildings and improvements	1,795,125,836	-	30,770,983	1,825,896,819
Equipment and vehicles	70,277,183	6,920,592	(328,716)	76,869,059
Total depreciable assets	1,872,577,906	6,920,592	30,442,267	1,909,940,765
Accumulated depreciation:				
Land improvements	(5,175,404)	(153,409)	-	(5,328,813)
Buildings and improvements	(1,335,163,611)	(72,038,445)	-	(1,407,202,056)
Equipment and vehicles	(48,109,174)	(9,966,930)	328,716	(57,747,388)
Total accumulated depreciation	(1,388,448,189)	(82,158,784)	328,716	(1,470,278,257)
Total depreciable assets, net	484,129,717	(75,238,192)	30,770,983	439,662,508
Right-to-use lease assets:				
Buildings	56,981,930	729,492	(2,250,090)	55,461,332
Vehicles	553,154	75,016	(39,481)	588,689
Equipment	-	2,634,733	-	2,634,733
Accumulated amortization	(27,730,685)	(5,252,079)	1,630,409	(31,352,355)
Total right-to-use assets, net	29,804,399	(1,812,838)	(659,162)	27,332,399
	$ 585,287,342	$ (66,549,287)	$ (659,162)	$ 518,078,893

Depreciation and amortization expense have been allocated to the following functions: general support $10,033,183, instruction $73,855,188, pupil transportation $1,150,237, and food service $2,372,255.

As of June 30, 2025, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	$ 518,078,893
Defeasance loss	10,936,485
Lease liability	(35,041,707)
Defeasance gain	(8,882,471)
Bonds payable and related premiums, net of unspent proceeds	(300,949,186)
	$ 184,142,014

5. Long-Term Liabilities

	July 1, 2024	Increases	Decreases	June 30, 2025	Amount Due in One Year
Due to City for bonds payable	$ 2,250,000	$ -	$ 1,170,000	$ 1,080,000	$ 715,000
Revenue bonds payable	6,160,000	-	755,000	5,405,000	790,000
JSCB bonds payable	337,325,000	-	71,610,000	265,715,000	59,835,000
Premium on bonds	49,967,082	-	8,794,550	41,172,532	-
Leases	38,400,642	3,439,241	6,798,176	35,041,707	5,692,206
Due to New York State	4,560,000	-	713,334	3,846,666	713,332
Compensated absences	28,847,793	-	10,508,793	18,339,000	6,792,000
Workers' compensation	50,427,000	17,346,000	17,252,000	50,521,000	9,389,000
	$ 517,937,517	$ 20,785,241	$ 117,601,853	$ 421,120,905	$ 83,926,538

Due to City for Bonds Payable

Amounts due to the City are for bonds payable issued on behalf of the Board. Payments made to the City for purposes of principal and interest on bonds totaled $1,265,525 for the year ended June 30, 2025.

Revenue Bonds Payable

These bonds represent 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 finance a portion of the cost of settling litigation between the Board and the Buffalo Teachers Federation, fund the debt service reserve to at least the debt service reserve fund requirement, and to pay legal, accounting, financing, and other fees and expenses related to the issuance of the bonds.

The bonds are special revenue obligations of the Agency and are secured by annual payments by the City from all monies legally available (which availability is, in general, dependent upon annual appropriations by the City), 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.

Due to New York State

In June 2000, the State Legislature passed special legislation to advance the Board $20,000,000 in lottery aid, interest-free, to help pay a litigation settlement with the Buffalo Teachers' Federation. In June 2006, the Board received an additional lottery aid advance of $1,400,000.

Existing Obligations

Description	Maturity	Rate	Balance
2011-2021 City of Buffalo serial and refunding bonds	April 2027	2.4%-5.0%	$ 1,080,000
2022 Revenue bonds	May 2031	5.0%	5,405,000
2012-2023 JSCB revenue and refunding bonds	May 2032	4.0%-5.0%	265,715,000
Building lease – 2006	August 2025	5.0%	729,492
Building lease – 2013	July 2027	4.0%	1,401,792
Building lease – 2014	June 2028	5.0%	5,799,158
Building lease – 2020	December 2034	5.0%	23,348,934
Building lease – 2022	June 2031	5.0%	1,413,309
Vehicle leases – 2021	November 2025	5.0%	14,757
Vehicle leases – 2022	May 2027	5.0%	107,190
Vehicle leases – 2025	June 2030	5.0%	69,162
Equipment leases – 2025	June 2029	5.0%	2,157,913
Due to New York State	June 2035	0.0%	3,846,666
			$ 311,088,373

Debt Service Requirements

	Bonds Payable		Due to New York State	Leases	
Years ending June 30,	Principal	Interest	Principal	Principal	Interest
2026	$ 61,340,000	$ 13,628,875	$ 713,334	$ 5,692,206	$ 2,374,823
2027	54,485,000	10,562,750	713,332	6,016,743	1,517,914
2028	55,995,000	7,839,625	713,334	5,209,922	1,166,291
2029	38,090,000	5,040,875	713,334	3,279,459	905,777
2030	35,550,000	3,137,500	713,332	2,599,715	741,853
2031-2035	26,740,000	1,702,125	233,334	12,243,662	1,720,854
2036	-	-	46,666	-	-
	$ 272,200,000	$ 41,911,750	$ 3,846,666	$ 35,041,707	$ 8,427,512

6. Pension Plans

Plan Descriptions

The Board participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 10.11% for 2025. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Board to the pension accumulation fund. For 2025, these rates ranged from 11.40% - 23.50%.

The amount outstanding and payable to TRS for the year ended June 30, 2025 was $40,514,005. A liability to ERS of $2,495,314 is accrued based on the Board's legally required contribution for employee services rendered from April 1 through June 30, 2025.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Board reported an asset of $58,397,426 for its proportionate share of the TRS net pension position and a liability of $30,026,727 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023, with update procedures applied to roll forward the total pension liability to June 30, 2024. The Board's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2024, the Board's proportion was 1.957275%, a decrease of 0.029925 from its proportion measured as of June 30, 2023.

The ERS total pension liability at the March 31, 2025 measurement date was determined by an actuarial valuation as of April 1, 2024, with update procedures applied to roll forward the total pension liability to March 31, 2025. The Board's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2025, the Board's proportion was 0.175127%, an increase of 0.008402 from its proportion measured as of March 31, 2024.

For the year ended June 30, 2025, the Board recognized net pension expense of $37,848,190 on the government-wide financial statements (TRS expense of $30,682,091 and ERS expense of $7,166,099). At June 30, 2025, the Board reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 62,883,303	$ -	$ 7,452,836	$ (351,555)
Changes of assumptions	34,933,494	(5,876,140)	1,259,261	-
Net difference between projected and actual earnings on pension plan investments	-	(64,884,516)	2,355,813	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,021,267	(8,423,037)	2,019,811	(238,629)
Board contributions subsequent to the measurement date	40,514,005	-	2,495,314	-
	$ 140,352,069	$ (79,183,693)	$ 15,583,035	$ (590,184)

Board contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS	ERS
2026	$ (31,257,693)	$ 5,674,290
2027	69,993,594	8,310,335
2028	(13,113,175)	(1,992,012)
2029	(14,660,044)	504,924
2030	6,626,630	-
Thereafter	3,065,059	-
	$ 20,654,371	$ 12,497,537

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2023 valuation, with update procedures used to roll forward the total pension liability to June 30, 2024, were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. These assumptions are:

Inflation – 2.4%
Salary increases – Based on TRS member experience, dependent on service, ranging from 1.95% - 5.18%
Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually
Investment rate of return – 6.95% compounded annually, net of investment expense, including inflation
Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis
Discount rate – 6.95%

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

For ERS, the actuarial assumptions used in the April 1, 2024 valuation, with update procedures used to roll forward the total pension liability to March 31, 2025, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.9%
Salary increases – 4.3%
COLA – 1.5% annually
Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation
Mortality – Society of Actuaries' Scale MP-2021
Discount rate – 5.9%

The long-term expected rate of return on ERS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

	TRS		ERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.6%	25%	3.5%
Global and international equities	19%	6.9%-7.4%	14%	6.6%
Private equities	9%	10.0%	15%	7.3%
Real estate equities	11%	6.3%	12%	5.0%
Domestic fixed income securities	16%	2.6%	22%	2.0%
Global and high-yield bonds	3%	2.5%-4.8%	-	-
Cash and cash equivalents	1%	0.5%	1%	0.3%
Other	8%	3.9%-5.9%	11%	5.3%-5.6%
	100%		100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Board's proportionate share of its net pension position calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
Board's proportionate share of the TRS net pension asset (liability)	$ (269,741,079)	$ 58,397,426	$ 334,370,714
Board's proportionate share of the ERS net pension asset (liability)	$ (86,901,126)	$ (30,026,727)	$ 17,463,434

7. OPEB

Plan Description

The Board maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical, prescription, vision, and dental insurance for virtually all Board retirees and their spouses. Benefit provisions are based on individual contracts with the Board, as negotiated from time to time. Eligibility is based on covered employees who retire from the Board and have met vesting requirements. Retirees have various contribution requirements based on the bargaining agreement terms in effect at the time of retirement. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2025, employees covered by the Plan include:

Active employees	5,228
Inactive employees or beneficiaries currently receiving benefits	4,232
Inactive employees entitled to but not yet receiving benefits	-
	9,460

Total OPEB Liability

The Board's total OPEB liability of $1,494,745,000 was measured as of June 30, 2025 and was determined by an actuarial valuation as of the same date.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rate – based on a combination of employer history, national trend surveys, and professional judgment, initially 8.0% and reduced to an ultimate rate of 4.5% after 2040 for pre-65 and initially 6.5% reduced to an ultimate rate of 4.5% after 2040 for post-65
Salary increases – 1.84% to 12.31%
Mortality – Society of Actuaries' Pub-2016 General Headcount Weighted Mortality Table fully generational for healthy general and teacher retirees using scale MP-2021
Discount rate – 5.2% based on a range of indices of 20-year bonds with an average rating of AA/Aa or higher as of the measurement date
Inflation rate – 2.5%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	$ (1,830,609,000)
Changes for the year:	
Service cost	(52,254,000)
Interest	(78,012,000)
Changes of benefit terms	-
Differences between expected and actual experience	204,170,000
Changes of assumptions or other inputs	201,660,000
Benefit payments	60,300,000
Net changes	335,864,000
Balance at June 30, 2025	$ (1,494,745,000)

The following presents the sensitivity of the Board's total OPEB liability to changes in the discount rate, including what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (4.20%)	Discount Rate (5.20%)	1.0% Increase (6.20%)
Total OPEB liability	$ (1,727,658,000)	$ (1,494,745,000)	$ (1,305,982,000)

The following presents the sensitivity of the Board's total OPEB liability to changes in the healthcare cost trend rates, including what the Board's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (7.0% to 3.5%)	Healthcare Cost Trend Rate (8.0% to 4.5%)	1.0% Increase (9.0% to 5.5%)
Total OPEB liability	$ (1,282,003,000)	$ (1,494,745,000)	$ (1,764,235,000)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Board recognized OPEB income of $77,801,000. At June 30, 2025, the Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (513,244,000)
Changes of assumptions or other inputs	178,408,000	(438,095,000)
	$ 178,408,000	$ (951,339,000)

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

Years ending June 30,	Amount
2026	$ (208,681,000)
2027	(226,071,000)
2028	(195,281,000)
2029	(75,262,000)
2030	(67,636,000)
Thereafter	-
	$ (772,931,000)

8. Risk Management

General Liability

The Board is self-insured for most liabilities, but has purchased commercial insurance for various risks including property damage, automobiles, and theft. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

Health Insurance

The Board maintains a self-funded health insurance plan and the program is managed by a third party administrator. The Board makes weekly payments based on employee claims as well as payments for fees charged for administering the program and for excess insurance coverage. The Board has recorded an estimate for claims liabilities incurred but not paid based on an actuarial valuation. The Board maintains excess insurance coverage that limits their self-funded exposure to $650,000 per individual occurrence in a given plan year in the aggregate.

At the end of the year, the Board records the liability for claims paid subsequent to year end as an accrued liability and a 21-day pre-funded escrow requirement held on deposit by the third party administrator as a receivable. The liability is recorded on both the government-wide and governmental fund financial statements as it is expected to be paid with currently available financial resources.

Claims activity is as follows:

	2025	2024
Estimated claims liability, beginning of year	$ (10,235,122)	$ (10,235,122)
Current year claims and changes in estimates	(167,859,000)	(154,265,000)
Claim payments	167,859,000	154,265,000
Estimated claims liability, end of year	$ (10,235,122)	$ (10,235,122)

Workers' Compensation

The Board is self-insured for workers' compensation and has accrued its best estimate of workers' compensation losses based on an actuarial valuation dated August 1, 2025. The estimate represents claims that have occurred and are open due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board as well as anticipated future payouts based on prior experience with actual payments of claims. Management believes the estimated liability is reasonable based upon historical experience and the opinions of internal risk management administrators and legal counsel.

Changes in the reported liability claims for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Estimated claims liability, beginning of year	$ (50,427,000)	$ (48,679,000)
Current year claims	(17,346,000)	(11,848,000)
Claim payments	17,252,000	10,100,000
Estimated claims liability, end of year	$ (50,521,000)	$ (50,427,000)

The liability is recorded only on the government-wide financial statements as it is not expected to be paid with currently available financial resources.

9. Commitments and Contingencies

Grants

The Board receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the Board. Based on prior experience, management expects such amounts to be immaterial.

Litigation

The Board is subject to claims and lawsuits that arise in the ordinary course of business. Claims probable of resulting in an unfavorable outcome to the Board have been reasonably estimated and are included in accrued liabilities in the government-wide and governmental fund financial statements. For claims not accrued, the ultimate outcome of the suits cannot presently be determined and no provisions for loss, if any, have been made in the accompanying financial statements. In the opinion of management, these claims will not have a material adverse effect upon the financial position of the Board.

Separate from claims and lawsuits that arise in the ordinary course of business, legislation was put in place regarding historical claims that were previously time-barred. The Child Victims Act, as amended, allowed any individual who was a minor at the time they suffered any alleged sexual abuse to file a lawsuit before August 14, 2021, regardless of when the alleged abuse occurred. This has resulted in the filing of thousands of lawsuits State-wide. Lawsuits have been initiated against the Board by former students who allege that inappropriate sexual contact occurred between them and employees of the Board dating as far back as the 1940s. The Board is not currently aware of any insurance available for the 13 remaining claims. As a result, the Board has accrued an appropriate amount in the government-wide and governmental fund financial statements at June 30, 2025 based on best estimates as determined with counsel. In the opinion of management, these claims are also not expected to have a material adverse effect upon the financial position of the Board.

Commitments

The Board has approved and plans to spend up to $187,529,000 for various capital projects that remain in progress at year end. As of June 30, 2025, the Board has spent $147,554,000 and has open commitments to contractors of $20,791,000.

Required Supplementary Information (Unaudited)
Schedule of the Board's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System

As of the measurement date of June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Board's proportion of the net pension position	1.957275%	1.987200%	1.795620%	1.780475%	1.818478%	1.786681%	1.822042%	1.836709%	1.651498%	1.668248%
Board's proportionate share of the net pension asset (liability)	$ 58,397,426	$ (22,725,323)	$ (34,456,003)	$ 308,539,289	$ (50,249,458)	$ 46,418,092	$ 32,947,326	$ 13,960,812	$ (17,688,235)	$ 173,277,759
Board's covered payroll	$ 373,713,094	$ 366,935,462	$ 318,094,673	$ 302,203,736	$ 308,657,799	$ 298,226,111	$ 348,080,898	$ 290,635,034	$ 254,844,736	$ 250,595,117
Board's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	15.63%	(6.19%)	(10.83%)	102.10%	(16.28%)	15.56%	9.47%	4.80%	(6.94%)	69.15%
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%

The following is a summary of changes of assumptions:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Inflation	2.4%	2.4%	2.4%	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%
Salary increases	1.95%-5.18%	1.95%-5.18%	1.95%-5.18%	1.95%-5.18%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%
Investment rate of return	6.95%	6.95%	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA

Required Supplementary Information (Unaudited)
Schedule of Board Contributions
New York State Teachers' Retirement System

For the years ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 40,514,005	$ 36,474,398	$ 37,757,659	$ 31,173,278	$ 28,800,016	$ 27,347,081	$ 31,671,613	$ 34,111,928	$ 34,062,426	$ 33,792,412
Contribution in relation to the contractually required contribution	(40,514,005)	(36,474,398)	(37,757,659)	(31,173,278)	(28,800,016)	(27,347,081)	(31,671,613)	(34,111,928)	(34,062,426)	(33,792,412)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 400,731,998	$ 373,713,094	$ 366,935,462	$ 318,094,673	$ 302,203,736	$ 308,657,799	$ 298,226,111	$ 348,080,898	$ 290,635,034	$ 254,844,736
Contributions as a percentage of covered payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%

Required Supplementary Information (Unaudited)
Schedule of the Board's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Board's proportion of the net pension position	0.175127%	0.166725%	0.149672%	0.142751%	0.147644%	0.144765%	0.139903%	0.136396%	0.132444%	0.141447%
Board's proportionate share of the net pension asset (liability)	$ (30,026,727)	$ (24,548,690)	$ (32,095,778)	$ 11,669,271	$ (147,015)	$ (38,334,713)	$ (9,912,527)	$ (4,402,094)	$ (12,444,723)	$ (22,702,665)
Board's covered payroll	$ 60,613,755	$ 53,509,565	$ 47,469,694	$ 44,498,145	$ 46,177,444	$ 44,405,569	$ 42,572,064	$ 40,206,979	$ 41,408,099	$ 39,110,981
Board's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(49.54%)	(45.88%)	(67.61%)	26.22%	(0.32%)	(86.33%)	(23.28%)	(10.95%)	(30.05%)	(58.05%)
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

The following is a summary of changes of assumptions:

Inflation	2.9%	2.9%	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%
Salary increases	4.3%	4.4%	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%
Cost of living adjustments	1.5%	1.5%	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%
Investment rate of return	5.9%	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%
Discount rate	5.9%	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

Required Supplementary Information (Unaudited)
Schedule of Board Contributions
New York State and Local Employees' Retirement System

For the years ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 8,338,066	$ 6,301,793	$ 5,000,684	$ 6,502,836	$ 6,152,793	$ 5,998,034	$ 5,947,217	$ 6,266,223	$ 6,004,084	$ 6,923,385
Contribution in relation to the contractually required contribution	(8,338,066)	(6,301,793)	(5,000,684)	(6,502,836)	(6,152,793)	(5,998,034)	(5,947,217)	(8,970,690)	(6,252,808)	(7,163,096)
Contribution deficiency (excess)*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,704,467)	$ (248,724)	$ (239,711)
Board's covered payroll	$ 60,613,755	$ 53,509,565	$ 47,469,694	$ 44,498,145	$ 46,177,444	$ 44,405,569	$ 42,572,064	$ 40,206,979	$ 41,408,099	$ 39,110,981
Contributions as a percentage of covered payroll	13.76%	11.78%	10.53%	14.61%	13.32%	13.51%	13.97%	15.58%	14.50%	17.70%

**In 2014, the Board elected to participate in the Contribution Stabilization Program. As a result, the Board's 2014 payment was reduced by $3,423,927, which was deferred and paid in installments over the next four years until fully repaid during 2018.*

**Required Supplementary Information (Unaudited)
Schedule of Changes in the Board's Total
OPEB Liability and Related Ratios (In thousands)**

For the years ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	$ (1,830,609)	$ (1,799,713)	$ (1,733,208)	$ (2,485,499)	$ (2,613,913)	$ (2,395,142)	$ (2,290,152)	$ (2,535,305)	$ (2,852,359)
Changes for the year:									
Service cost	(52,254)	(50,823)	(45,233)	(86,668)	(83,558)	(72,956)	(71,543)	(82,946)	(105,405)
Interest	(78,012)	(75,489)	(71,628)	(55,739)	(70,869)	(85,561)	(90,227)	(92,126)	(82,361)
Changes of benefit terms	-	-	-	189	420	-	-	(509)	-
Differences between expected and actual experience	204,170	66,391	56,918	210,089	502,178	229,606	166,075	234,596	202,349
Changes of assumptions or other inputs	201,660	(16,875)	(61,362)	630,109	(286,682)	(351,329)	(170,379)	124,707	238,475
Benefit payments	60,300	45,900	54,800	54,311	66,925	61,469	61,084	61,431	63,996
Net change in total OPEB liability	335,864	(30,896)	(66,505)	752,291	128,414	(218,771)	(104,990)	245,153	317,054
Total OPEB liability - ending	$ (1,494,745)	$ (1,830,609)	$ (1,799,713)	$ (1,733,208)	$ (2,485,499)	$ (2,613,913)	$ (2,395,142)	$ (2,290,152)	$ (2,535,305)
Covered-employee payroll	$ 405,872	$ 396,630	$ 391,540	$ 349,555	$ 362,378	$ 373,087	$ 377,000	$ 345,602	$ 344,791
Total OPEB liability as a percentage of covered-employee payroll	368.3%	461.5%	459.6%	495.8%	685.9%	700.6%	635.3%	662.7%	735.3%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	8.0%-4.5%	8.0%-4.5%	7.5%-4.5%	7.5%-4.5%	8.0%-4.5%	7.5%-4.5%	8.0%-4.5%	8.5%-5.5%	9.0%-5.0%
Salary increases	1.84%-12.31%	1.84%-12.31%	1.84%-12.31%	1.76%-10.00%	1.76%-10.00%	1.76%-10.30%	1.76%-10.30%	1.76%-10.30%	1.76%-10.30%
Discount rate	5.20%	4.21%	4.13%	4.09%	2.19%	2.66%	3.51%	3.87%	3.56%
Inflation	2.50%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	2.50%	1.30%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2017	MP-2015

Data prior to 2017 is unavailable.

Supplementary Information
Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2025

	Food Service	Special Activities	Permanent	Total Nonmajor Governmental Funds 2025	Total Nonmajor Governmental Funds 2024
Assets					
Cash and cash equivalents	$ 300	$ 180,115	$ -	$ 180,415	$ 180,415
Cash held by the City of Buffalo	34,008,111	-	-	34,008,111	36,636,432
Cash and cash equivalents - restricted	-	-	320,873	320,873	316,718
Accounts receivable	1,327,576	-	-	1,327,576	1,043,601
State and federal aid receivable	2,636,771	-	-	2,636,771	2,702,227
Inventory	708,698	-	-	708,698	930,126
Total assets	$ 38,681,456	$ 180,115	$ 320,873	$ 39,182,444	$ 41,809,519
Liabilities					
Accounts payable	$ 710,941	$ -	$ -	$ 710,941	$ 1,282,928
Accrued liabilities	738,501	-	-	738,501	552,992
Total liabilities	1,449,442	-	-	1,449,442	1,835,920
Fund Balances					
Nonspendable	708,698	-	320,873	1,029,571	1,246,844
Restricted	-	180,115	-	180,115	180,115
Assigned	36,523,316	-	-	36,523,316	38,546,640
Total fund balances	37,232,014	180,115	320,873	37,733,002	39,973,599
Total liabilities and fund balances	$ 38,681,456	$ 180,115	$ 320,873	$ 39,182,444	$ 41,809,519

Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the year ended June 30, 2025

	Food Service	Special Activities	Permanent	Total Nonmajor Governmental Funds 2025	Total Nonmajor Governmental Funds 2024
Revenues					
Use of money and property	$ -	$ -	$ 4,425	$ 4,425	$ 4,551
Miscellaneous	88,967	3,000	-	91,967	9,246
State sources	1,563,520	-	-	1,563,520	1,558,310
Federal sources	35,971,245	-	-	35,971,245	36,472,916
Sales	1,307,668	-	-	1,307,668	1,036,517
Total revenues	38,931,400	3,000	4,425	38,938,825	39,081,540
Expenditures					
General support	39,258,286	-	-	39,258,286	36,918,617
Community service	-	3,000	270	3,270	4,270
Employee benefits	2,833,666	-	-	2,833,666	2,495,189
Debt service					
Principal	412,582	-	-	412,582	388,745
Interest	20,629	-	-	20,629	40,066
Capital outlay	77,215	-	-	77,215	114,670
Total expenditures	42,602,378	3,000	270	42,605,648	39,961,557
Excess revenues (expenditures)	(3,670,978)	-	4,155	(3,666,823)	(880,017)
Other financing sources					
Operating transfers, net	1,426,226	-	-	1,426,226	1,257,228
Net change in fund balances	(2,244,752)	-	4,155	(2,240,597)	377,211
Fund balances - beginning	39,476,766	180,115	316,718	39,973,599	39,596,388
Fund balances - ending	$ 37,232,014	$ 180,115	$ 320,873	$ 37,733,002	$ 39,973,599

Supplementary Information
Schedule of Change from Original to Final Budget

For the year ended June 30, 2025

Original expenditure budget	$ 1,165,700,000
Encumbrances carried over from prior year	7,229,810
Budget amendments:	
Cancelled encumbrances	(2,090,957)
Revised expenditure budget	$ 1,170,838,853

Supplementary Information
Schedule of Capital Project Expenditures

For the year ended June 30, 2025

			Expenditures			
Project Title	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance
Partial Refunding Savings Phase IV	$ 11,063,175	$ 11,161,619	$ 11,142,798	$ 7,200	$ 11,149,998	$ 11,621
Refunding Savings Phase III A&B	25,936,750	26,224,478	26,060,071	1,072	26,061,143	163,335
Consolidated Capital Funds	-	4,246,767	3,894,279	116,022	4,010,301	236,466
Partial Refunding 2 Savings Phase IV	17,676,113	17,993,133	17,561,472	18,387	17,579,859	413,274
Refunding Savings 2 Phase II	13,680,688	14,526,560	11,559,929	2,119,581	13,679,510	847,050
Capital Outlay 2023	10,000,000	6,916,869	1,953,657	607,564	2,561,221	4,355,648
Smart Schools Bond Act	10,000,000	55,442,938	50,029,787	438,348	50,468,135	4,974,803
JSCB Local Share Yr. 2	13,683,975	13,683,975	2,615,914	4,368,154	6,984,068	6,699,907
JSCB Local Share Yr. 3	3,049,375	3,049,375	98,079	25,053	123,132	2,926,243
All High Phase III	5,000,000	7,000,000	-	-	-	7,000,000
Year 1 Capital Plan	1,200,000	12,200,000	-	1,316,666	1,316,666	10,883,334
School 8 - DaVinci Swing School	12,000,000	12,000,000	10,505,334	155,547	10,660,881	1,339,119
School 86 - Emergency Project	3,083,131	3,083,131	2,958,803	-	2,958,803	124,328
	$ 126,373,207	$ 187,528,845	$ 138,380,123	$ 9,173,594	$ 147,553,717	$ 39,975,128

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Grant Title	Assistance Listing Number	Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Program			
Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182	AGM01-C01003GG-30000	$ 1,292,121
Passed Through New York State Education Department			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	9,274,170
National School Lunch Program	10.555	N/A	21,647,069
Summer Food Service Program for Children	10.559	N/A	1,578,602
Fresh Fruit and Vegetable Program	10.582	N/A	1,067,424
			33,567,265 [1]
Farm to School Grant Program	10.575	218NY601L3203	2,444
Passed Through New York State Department of Health			
Child and Adult Care Food Program	10.558	N/A	814,884
Passed Through New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	1,589,096 [1]
Total U.S. Department of Agriculture			37,265,810
U.S. Department of Defense			
ROTC Language and Culture Training Grants	12.357	N/A	270,165
U.S. Department of Labor			
Passed Through New York State of Labor			
WIOA Cluster:			
WIOA Youth Activities	17.259	N/A	151,378
U.S. Department of Education			
Direct programs			
Title I Grants to Local Educational Agencies	84.010	N/A	25,000
Impact Aid	84.041	S041B-2025-3256	45,155
Indian Education Grants to Local Educational Agencies	84.060	S060A231033	(1,269)
Indian Education Grants to Local Educational Agencies	84.060	S060A241033	38,422
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-17-0202	(324)
Special Education Grants to States	84.027	0032-18-0202	(66)
Special Education Grants to States	84.027	0032-24-0202	76,404

[1] *Total Child Nutrition Cluster - $35,156,361*

Supplementary Information
Schedule of Expenditures of Federal Awards (continued)

For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Grant Title	Assistance Listing Number	Grantor Number	Federal Expenditures
U.S. Department of Education, continued			
Passed Through New York State Education Department, continued			
Special Education Cluster, continued			
Special Education Grants to States	84.027	0032-25-0202	14,587,427
Special Education Preschool Grants	84.173	0033-16-0202	(1,797)
Special Education Preschool Grants	84.173	0033-24-0202	(50,273)
Special Education Preschool Grants	84.173	0033-25-0202	523,176
Total Special Education Cluster			15,134,547
Adult Education - Basic Grants to States	84.002	0040-17-2001	74
Adult Education - Basic Grants to States	84.002	0138-24-5302	(186)
Adult Education - Basic Grants to States	84.002	0138-25-5302	196,781
Adult Education - Basic Grants to States	84.002	2338-16-2003	(95)
Adult Education - Basic Grants to States	84.002	2338-17-2003	21
Adult Education - Basic Grants to States	84.002	2338-17-3001	27
Adult Education - Basic Grants to States	84.002	2338-18-3003	(93)
Adult Education - Basic Grants to States	84.002	2338-24-5102	18,217
Adult Education - Basic Grants to States	84.002	2338-25-5102	658,916
Adult Education - Basic Grants to States	84.002	2338-24-5406	787
Adult Education - Basic Grants to States	84.002	2338-25-5406	114,372
Adult Education - Basic Grants to States	84.002	2338-24-5407	(257)
Adult Education - Basic Grants to States	84.002	2338-25-5407	117,258
Adult Education - Basic Grants to States	84.002	2338-24-5408	5,637
Adult Education - Basic Grants to States	84.002	2338-25-5408	93,140
Title I Grants to Local Educational Agencies	84.010	0011-24-1002	3,771
Title I Grants to Local Educational Agencies	84.010	0011-22-2002	44,671
Title I Grants to Local Educational Agencies	84.010	0011-24-2002	456,777
Title I Grants to Local Educational Agencies	84.010	0011-25-2002	4,419,744
Title I Grants to Local Educational Agencies	84.010	0011-24-3002	3,118
Title I Grants to Local Educational Agencies	84.010	0011-25-3002	110,130
Title I Grants to Local Educational Agencies	84.010	0011-24-5002	134,891
Title I Grants to Local Educational Agencies	84.010	0011-25-5002	19,171
Title I Grants to Local Educational Agencies	84.010	0011-22-6002	161
Title I Grants to Local Educational Agencies	84.010	0011-24-6002	(24,936)
Title I Grants to Local Educational Agencies	84.010	0011-25-6002	185,052
Title I Grants to Local Educational Agencies	84.010	0011-25-8002	14,781
Title I Grants to Local Educational Agencies	84.010	0021-17-0740	(157)
Title I Grants to Local Educational Agencies	84.010	0021-22-0740	873,608
Title I Grants to Local Educational Agencies	84.010	0021-24-0740	1,579,917
Title I Grants to Local Educational Agencies	84.010	0021-25-0740	31,126,121
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	0016-24-0740	46,353
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	0016-25-0740	193,609
Career and Technical Education - Basic Grants to States	84.048	8000-16-0075	231
Career and Technical Education - Basic Grants to States	84.048	8000-22-0075	4,398
Career and Technical Education - Basic Grants to States	84.048	8000-24-0075	339,414
Career and Technical Education - Basic Grants to States	84.048	8000-25-0075	628,310
Career and Technical Education - Basic Grants to States	84.048	8000-17-9002	(85)

See accompanying notes.

Supplementary Information
Schedule of Expenditures of Federal Awards (continued)

For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Grant Title	Assistance Listing Number	Grantor Number	Federal Expenditures
U.S. Department of Education, continued			
Passed Through New York State Education Department, continued			
Career and Technical Education - Basic Grants to States	84.048	8000-21-9002	(463)
Career and Technical Education - Basic Grants to States	84.048	8000-24-9002	(1,197)
Career and Technical Education - Basic Grants to States	84.048	8000-25-9002	174,729
School Safety National Activities	84.184	S184M230007 - 23A	95,058
School Safety National Activities	84.184	S184M230007 - 24	268,976
English Language Acquisition State Grants	84.365	0149-24-0740	2,421
English Language Acquisition State Grants	84.365	0149-25-0740	16,272
English Language Acquisition State Grants	84.365	0293-16-0740	19,763
English Language Acquisition State Grants	84.365	0293-24-0740	478,971
English Language Acquisition State Grants	84.365	0293-25-0740	648,315
Supporting Effective Instruction State Grants	84.367	0147-21-0740	(146,953)
Supporting Effective Instruction State Grants	84.367	0147-22-0740	78,473
Supporting Effective Instruction State Grants	84.367	0147-24-0740	1,072,666
Supporting Effective Instruction State Grants	84.367	0147-25-0740	2,990,769
School Improvement Grants	84.377	N/A	(2,287)
School Improvement Grants	84.377	0123-18-5115	57
School Improvement Grants	84.377	0123-17-7508	27
School Improvement Grants	84.377	0123-16-3102	(9,562)
Student Support and Academic Enrichment Program	84.424	0204-22-0740	54,581
Student Support and Academic Enrichment Program	84.424	0204-24-0740	111,930
Student Support and Academic Enrichment Program	84.424	0204-25-0740	2,188,979
Education Stabilization Fund:			
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0740	4,459,890
American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth Fund	84.425W	5212-21-3120	8,669
American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth Fund	84.425W	5218-21-0740	17,447
American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth Fund	84.425W	5219-21-0740	1,417
Total Education Stabilization Fund			4,487,423
Total U.S. Department of Education			69,134,452
U.S. Department of Homeland Security			
Passed Through New York State Division of Homeland Security and Emergency Services			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	152378	67,074

See accompanying notes.

Supplementary Information
Schedule of Expenditures of Federal Awards (continued)

For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Grant Title	Assistance Listing Number	Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services			
Direct programs			
Teenage Pregnancy Prevention Program	93.297	N/A	25,706
Passed Through New York State Education Department			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	0164-22-1001	(1,109)
Total U.S. Department of Health and Human Services			24,597
Total Expenditures of Federal Awards			$ 106,913,476

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, an entity as defined in Note 1 to the Board's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The Board uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the Board's financial reporting system.

Indirect Costs

The Board does not use the de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The Board is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2025, the Board used $1,589,096 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Education
Board of Education, City of Buffalo, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAP) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 8, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

October 8, 2025

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education
Board of Education, City of Buffalo, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2025. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lumsden & McCormick, LLP

October 8, 2025

Schedule of Findings and Questioned Costs

For the year ended June 30, 2025

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Title I Grants to Local Education Agencies	84.010	$ 38,971,820
Supporting Effective Instruction State Grant	84.367	3,994,955
		$ 42,966,775

Dollar threshold used to distinguish between type A and type B programs:	$3,207,404
Auditee qualified as low-risk auditee?	Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

JOINT SCHOOLS CONSTRUCTION BOARD INFORMATION

Information Regarding Joint Schools Construction Board Debt

For the year ended June 30, 2025

The Program

Authorization

The Program was developed by the Joint Schools Construction Board (JSCB) in conjunction with the Program Provider pursuant to the Buffalo Schools Act, the resolutions of the Board of Education and the Common Council, and the Charter of the City, and encompassed a comprehensive redevelopment program for the reconstruction of existing public schools and the construction of new public schools for the Buffalo City School District (Buffalo CSD). Prior to the Program, few new public schools had been built in the City and many elementary and secondary schools in the City were in need of substantial improvement, renovation, and reconstruction. The Buffalo Schools Act was enacted to encourage the City and the Buffalo CSD to cooperatively undertake new and innovative ways of renovating, building, and financing public schools within the City.

Program Overview

To date, $1.304 billion aggregate principal amount of Project Bonds (excluding Project Bonds issued for refunding purposes) have been issued and are dedicated to the Program. Each phase of the Program has been completed. Currently no additional phases are anticipated to be undertaken for the Program.

In September 2003, the Erie County Industrial Development Agency (the Agency) issued its Series 2003 Bonds to provide funds for Phase I of the Program (the "Series 2003 Project"). The Series 2003 Project provided for the general reconstruction of nine school facilities and included site work, exterior and interior building improvements, mechanical and electrical upgrades, and the renovation and improvement of Buffalo CSD's telecommunications system and an energy program on a district-wide basis. Phase I was completed in April 2005. The Series 2003 Bonds were refunded in whole from proceeds of the sale of the Series 2011B Bonds, which were subsequently refunded in whole from proceeds of the sale of Series 2021B Bonds on May 19, 2021.

In December 2004, the Agency issued its Series 2004 Bonds to provide funds for a portion of the cost of Phase II of the Program (the "Series 2004 Project"). The Series 2004 Project provided for the reconstruction of 13 existing schools, continued the construction of the district-wide technology and energy upgrades to create a state of the art educational environment, and provided for renovation of an outdoor sports facility for use district-wide. A portion of the proceeds of the Series 2007A Bonds was applied to finance additional costs relating to Phase II of the Program. Phase II of the Program was completed in July 2008. The Series 2004 Bonds were refunded in whole from proceeds of the sale of the Series 2012A bonds, which were subsequently refunded in whole from proceeds of the sale of Series 2022A Bonds on May 18, 2022.

In August 2007, the Agency issued its Series 2007A Bonds to provide funds for a portion of the cost of Phase II of the Program and a portion of the cost of Phase III of the Program (the "Series 2007 Project"). The Series 2007 Project provided for the general reconstruction of four school facilities, including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades begun with the Series 2003 Project. The technology portion of the Series 2004 Project and of the Series 2007 Project included an ongoing program known as E-RATE to renovate and improve the Buffalo CSD's telecommunications system on a district-wide basis.

In February 2008, the Agency issued its Series 2008A Bonds to provide funds for the balance of the cost of Phase III of the Program (the "Series 2008 Project"). The Series 2008 Project provided for the general reconstruction of five school facilities including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2008 Project included E-RATE to renovate and improve the Buffalo CSD's telecommunications system on a district-wide basis. These improvements are designed to deliver the flexible educational spaces, instructional technology, and social support necessary to enhance student achievement. Phase III of the Program is complete. The Series 2007A and 2008A Bonds were fully refunded from proceeds of the sale of the Series 2015A Bonds on June 24, 2015.

In November 2009, the Issuer issued its Series 2009A Bonds to provide funds for Phase IV of the Program (the "Series 2009 Project"). The Series 2009 project provided for the general reconstruction of 10 school facilities, including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2009 Project includes expanded security cameras and an access control system on a district-wide basis. These improvements were designed to deliver the flexible educational spaces, instructional technology, and social support necessary to enhance student achievement. Phase IV of the Program is complete. The Series 2009A Bonds were refunded in part from proceeds of the sale of the Series 2013A Bonds and partially from the proceeds of the Series 2016A Bonds.

In July 2011, the Issuer issued its Series 2011A Bonds to provide funds for Phase V of the Program (the "Series 2011 Project"). The Series 2011 Project provided for the general reconstruction of seven school facilities, including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2011 project includes the creation of data server hubs for the Buffalo CSD at two school locations and improved network technology and access on a district-wide basis. Phase V of the Program is complete. The Series 2011A Bonds were refunded in whole from proceeds of the sale of the Series 2021A Bonds on May 19, 2021.

The Buffalo City School District and Board of Education

The Buffalo CSD is dependent on funding from the City, the County, the State, and the Federal government. It is governed by an independently elected nine-member Board of Education and operates pursuant to the New York State Education Law (the Education Law). The administration of the schools is the responsibility of the Superintendent of Schools who is appointed by the Board of Education of the Buffalo CSD. The school system operates 20 secondary schools, 38 elementary and intermediate schools, and 2 special schools. There are 22 charter schools that operate independently from the Buffalo CSD. All charter schools receive the same per pupil tuition rate for Buffalo Resident pupils, regardless of their location.

The following table sets forth information relating to the size of the school system:

	Size of Buffalo School System									
Years ended June 30,	2026[4]	2025	2024	2023	2022	2021	2020	2019	2018	2017
Enrollment	29,681	29,681	29,507	30,500	30,441	30,850	33,290	33,286	33,512	33,834
Schools[1]	60	60	60	59	59	59	61	61	61	61
Instructional staff[2]	3,713	3,715	3,868	3,595	3,648	3,643	3,626	3,631	3,624	3,542
Administrative personnel[2]	296	297	299	262	247	255	258	262	257	240
Non-certified personnel[2][3]	1,816	1,807	1,862	1,607	1,537	1,504	1,523	1,561	1,531	1,545

Source: Buffalo CSD, Finance Office

(1) Includes active schools (with student enrollment)

(2) Paid from Buffalo CSD General, Grants, and Food Service Funds

(3) Includes clerical, custodial, transportation, maintenance, instructional aides, exempt personnel, and other full-time non-certified personnel

(4) Projected as of September 30, 2025

State Aid

State Aid (All Funds)
Buffalo CSD

Years ended June 30,	(in Millions)
2026[1]	$ 1,027.9
2025	998.3
2024	961.0
2023	895.1
2022	833.2
2021	783.0
2020	830.2
2019	822.1
2018	811.8
2017	764.7

Source: City of Buffalo Board of Education
(1) Projected as of September 30, 2025

Buffalo City School District Bargaining Units

All 11 bargaining units representing the employees of the Buffalo CSD had employee contracts in place for the 2024-25 fiscal year, and 6 have contracts in place for the 2025-26 fiscal year.

The following chart describes the Buffalo CSD unions, approximate number of employees represented, and the present agreement expiration dates. The number of employees is effective as of September 30, 2025.

Union	Number of Employees[1]	Present Agreement Expires
BTF (Teachers)	3,634	06/30/2026
BCSA (Administrators)	288	06/30/2025
PCTEA (White Collar)	490	06/30/2026
Local 264 (Blue Collar)	49	06/30/2025
Local 264 (Cook Managers)	29	06/30/2026
Local 264 (Food Service)	Variable	06/30/2027
BEST (Teachers Aides & Assistants)	964	06/30/2025
Substitutes United (Substitute Teachers)	Variable	06/30/2025
BASA (Substitute Administrators)	Variable	06/30/2025
TAB (Bus Aides)	Variable	06/30/2027
Local 409 (Engineers)	41	06/30/2026
Trades	36	N/A
Exempt (includes Board)	48	N/A

Source: Buffalo CSD, Finance Office
(1) Includes General, Grants, and Food Service Funds as of September 30, 2025

APPENDIX D

SUMMARY OF THE ACT

The Act and the Enabling Resolution contain various covenants and provisions, certain of which are summarized herein. Reference should be made to the Act and the Enabling Resolution for a full and complete statement of their provisions, including the definition of certain words and terms not defined herein.

Authorization for Fund (Section 3)

The City is authorized by the Enabling Resolution to establish and maintain with a Trustee a Capital Debt Service Fund for the purpose of paying Capital Debt Service. The Chief Fiscal Officer shall annually certify to the Collecting Officer and Trustee the amount of real property taxes to be deposited into the Fund at the time or times specified in the Enabling Resolution. Other Moneys may be deposited into the Fund. Amounts in the Fund shall be withdrawn by the Trustee for the purpose of paying Capital Debt Service.

Special Covenants to Secure Certain Obligations and Performance of the Act (Section 4)

At the discretion of the Common Council, the Enabling Resolution may contain certain covenants of the City to protect and safeguard the security and rights of Holders of Obligations issued and sold subject thereto and other Capital Debt Obligations outstanding. Such Enabling Resolution may contain covenants as to: (a) the establishment and maintenance of the Fund and its requirements; (b) the powers and duties of the Trustee; and (c) conditions which would give rise to an event of default.

Rights and Remedies of Holders of Certain Obligations (Section 5)

Holders of Obligations for the benefit of which the Fund is established shall have certain rights and remedies in addition to any rights and remedies under law, subject to the Enabling Resolution establishing said Fund. (See "Payment of and Security for the Bonds and the Notes – Rights and Remedies" herein.)

State Pledge and Agreement (Section 6)

The State pledges to and agrees with and for the benefit of the Holders of Obligations benefited by the fund to refrain from the performance of certain acts. (See "Payment of and Security for the Bonds and the Notes – Rights and Remedies" herein.") The City is authorized and directed to include this pledge in the Enabling Resolution.

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APPENDIX E

SUMMARY OF ENABLING RESOLUTION

Definitions (Section 101)

"Act" means the act of the legislature of the State entitled "AN ACT in relation to certain financing by the City of Buffalo, to authorizing the establishment of a debt service fund, to prescribing and limiting powers and procedures with respect to such fund, and to providing for the rights of holders of certain obligations of such city", approved March 8, 1977 and constituting Chapter 12 of the Laws of 1977 of the State;

"Capital Debt Obligations" means serial bonds, bond anticipation notes and capital notes;

"Capital Debt Service" means with respect to a fiscal year (a) all principal due or becoming due in said year on any serial bonds and capital notes, (b) all amounts appropriated for principal amortization for said year on bond anticipation notes and (c) all interest due or becoming due for said year on serial bonds, capital notes and bond anticipation notes;

"Capital Debt Service Fund" or "Fund" means the fund so entitled which is held by the Trustee and is described and provided for in the Resolution;

"Capital Debt Service Requirement" means the amount of Capital Debt Service on Obligations in a fiscal year;

"Chief Fiscal Officer" means the comptroller of the City or such other officer of the City who may hereafter be designated chief fiscal officer of the City;

"City" means the City of Buffalo;

City Taxes means and includes all taxes on real property levied and assessed by the City based on valuation thereof, and shall not mean any rent, rate, fee, special assessment or other charge based on benefit or use;

"Collecting Officer" means the treasurer of the City and any other official empowered to demand, collect and receive City Taxes;

"Collection Period" means a length of time during which City Taxes are received by the Collecting Officer;

"Common Council" means the common council of the City;

"First Collection Period" means the Collection Period commencing on the first day of July and ending on and including the last day of November;

"Holder" or "Holders" means any person who shall be the bearer of an Obligation or Obligations registered to bearer or not registered, or the registered owner of any Obligation or Obligations which shall at the time be registered other than to bearer;

"Investment Securities" means any investment authorized pursuant to paragraph b of section one hundred sixty-five of the local finance law, except an investment in any obligation of any political subdivision of the State; provided such investment shall be payable or redeemable within such times as the proceeds thereof shall be needed to make payments from the Fund;

"Obligation" or "Obligations" means and includes all Capital Debt Obligations issued and sold subject to the Resolution and all Outstanding Capital Debt Obligations and any coupons appurtenant thereto;

“Other Capital Debt Redemption Sources” means all or part of the proceeds of Capital Debt Obligations issued, or other funds received, which are to be applied to payment of Capital Debt Service;

“Other Moneys” means and includes (a) accrued interest received at the time of delivery of any Obligation or Obligations; (b) the proceeds of any Obligation or Obligations no longer required for the object or purpose for which such Obligation or Obligations are issued; (c) investment earnings and capital gains on any Obligation or Obligations; (d) rents, rates, fees, special assessments or other charges based on benefit or use; (e) Other Capital Debt Redemption Sources; (f) funds received by the City which are required by law to be expended only for the payment of Capital Debt Service on an Obligation or Obligations; and (g) any other revenue received by the City, whether or not required by law to be expended for payment of Capital Debt Service on any Obligation or Obligations, which the Chief Fiscal Officer determines to so expend;

“Outstanding Capital Debt Obligations” means serial bonds, capital notes and bond anticipation notes outstanding on the date Capital Debt obligations are issued and sold subject to the Resolution;

“Resolution” means this resolution as the same may from time to time be amended or supplemented;

“Second Collection Period” means the Collection Period commencing on the first day of December and ending on and including the last day of June;

“State” means the State of New York; and

“Trustee” means any trust company or bank having the power of a trust company in the State, appointed by the City in the manner set forth in the Resolution, and any successor trust company or bank having the powers of a trust company in the State which may be substituted in its place pursuant to the Resolution.

Establishment of Capital Debt Service Fund (Section 201)

The City establishes a special fund to be known as the Capital Debt Service Fund (Fund) for the purpose of paying Capital Debt Service on Obligations for the benefit of Holders of Obligations; such Fund to be held, by and maintained with the Trustee. The City covenants with the Trustee and Holders of Obligations that it will comply in all respects with the provisions of the Act and the Resolution, that it will duly and punctually pay or cause to be paid Capital Debt Service on such Obligations, and that it will maintain the Fund with the trustee, and will operate the Fund in the manner set forth in the Resolution.

Operation of the Fund (Section 202)

On or before the first day of each fiscal year commencing hereafter, the Chief Fiscal Officer shall prepare and deliver to the Trustee and to the Collecting Officer, a certificate setting forth: (a) the Capital Debt Service Requirement for such fiscal year, (b) the portions of such Capital Debt Service Requirement allocated to each Collection Period, being July 1 through December 31, for the First Collection Period and January 1 through June 30 for the Second Collection Period, (c) a schedule of the amounts of Capital Debt Service Requirement allocated to each Collection Period and the date or dates when and place or places where such amounts are due and payable, and (d) the amount to be deposited in the Fund during each Collection Period, which amount shall equal the portion of the Capital Debt Service Requirement allocated to such period.

Commencing on the first day of each Collection Period, the Collecting Officer shall deposit real property tax collections in the Fund, until the amount so deposited equals the Capital Debt Service Requirement allocated to such period. At any time, Other Moneys shall be deposited in the Fund. When the amount deposited in the Fund equals the unpaid Capital Debt Service Requirement allocated to such period and any prior period, no further real property taxes shall thereafter be deposited in the Fund during such period. If at any time during a Collection Period the amount in the Fund exceeds the unpaid amount of Capital Debt Service Requirement allocated to such period and any other prior period, such excess may be returned to the City in the manner set forth in Section 304.

The Chief Fiscal Officer's certificate shall be amended in order to provide for the payment of Capital Debt Service on Obligations issued after the commencement of the fiscal year for which such certificate was prepared, and such certificate as amended shall show the change in the amount to be deposited in the Fund.

Covenant as to City Tax Collection Procedure (Section 203)

The City covenants with the Trustee and the Holders of Obligations that it will not adopt a new tax collection procedure which in any manner shall provide insufficient City Taxes to timely pay portions of a Capital Debt Service Requirement allocated to any Collection Period as such portions and periods may be determined pursuant to the amended Resolution.

Negative Pledge (Section 204)

The City will not issue any Capital Debt Obligations other than Capital Debt Obligations issued and sold subject to the Resolution or any other forms of indebtedness and execute other contracts secured by a pledge of the revenues, moneys and securities in or payable to the Fund, and will not create or cause to be created any lien or charge upon the revenues, moneys and securities in or payable to the Fund.

Accounts, Reports and Certificates (Section 205)

The City covenants that it will keep, or cause to be kept, proper books of record in which complete and accurate entries shall be made of all transactions relating to the Fund. The City shall cause such books of record to be audited annually by one or more certified public accountants duly licensed by the State, and such audit shall be filed by the City with the Trustee.

Issuance and Sale of Capital Debt Obligations (Section 206)

All Capital Debt Obligations shall hereafter be issued and sold subject to the Resolution, unless the Common Council shall determine by resolution adopted by two-thirds of all the members of such Council and approved by the Mayor that a particular issue of Capital Debt obligations shall not be issued and sold subject to the Resolution, and such resolution shall be filed with the Trustee.

Moneys in the Fund (Section 302, 303 and 304)

The Trustee shall hold all moneys deposited in the Fund for the benefit of Holders of Obligations, and shall withdraw all amounts as may be necessary to pay the Capital Debt Service Requirement. Pending such withdrawals, moneys in the Fund may be invested in Investment Securities. If at any time during a Collection Period the amounts in the Fund exceed the unpaid amount of the Capital Debt Service Requirement allocated to such Collection Period and any prior Collection Period, the Chief Fiscal Officer may request the Trustee to, and the Trustee shall, pay over to the Chief Fiscal Officer the amount of such excess for use by the City in the manner provided by Law.

Resignation and Removal of Trustee (Section 310, 311 and 312)

The Trustee may resign by giving written and publication notice, and may be removed by the City or the holders of a majority in principal amount of Obligations outstanding provided at the time of any such removal or resignation a successor Trustee shall be appointed. A successor Trustee may be appointed by the City or the Holders of a majority in principal amount of Obligations outstanding, and any successor Trustee appointed by Holders shall supersede a successor Trustee appointed by the City.

Remedies and Abrogation of Right to Appoint Trustee (Sections 401 and 404)

The Holders shall be entitled to the benefits and be subject to the provision of Section 5 of the Act. (See "Summary of the Act.") The powers provided by said Section 5 are conferred on the Trustee, and the right or privilege of the Holders of any Obligations to be issued and sold subject to the Resolution hereafter to appoint a different Trustee is abrogated.

Events of Default (Section 402)

Each of the following constitutes an event of default under the Resolution: (1) default by the City in the payment of principal or interest on any Obligation, whether at maturity or upon call for redemption, which default shall continue for a period of thirty days; or (2) failure or refusal by the City to maintain the Fund and the covenants with respect thereto which continues for a period of 45 days after written notice of such default to the City by the Trustee or the Holders of five per cent of the principal amount of Obligations outstanding; or (3) filing by the City of a petition seeking a composition of indebtedness under any applicable law or statute of the United States of America or of the State or seeking by the City of application of laws then in effect under the bankruptcy provision of the United States Constitution.

Enforcement by Trustee (Section 403)

Upon the happening and continuance of any event of default the Trustee may, and upon the written request of the Holders of twenty-five percent in principal amount of Obligations outstanding shall, exercise all or any of the powers of any such Holders set forth below and in addition (a) bring suit for any principal or interest then due with respect to such Obligations; (b) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Holders of such Obligations, including any right to require the City to carry out the provisions of any contract with the Holders and to perform its duties thereunder; (c) bring suit upon such Obligations; and (d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of such Holders.

Enforcement by Holders (Section 405)

Any Holder of an Obligation at any time outstanding, whether or not then due and payable or reduced to judgment and either on his own behalf or on behalf of all persons similarly situated, may (a) by mandamus, original or ancillary, mandatory or other injunction, or any other order, process or decree, or by any other suit, action or proceeding at law or in equity, enforce all contractual or other rights of such Holder or Holders, including any right to require the City to carry out the provisions of any contract with such Holder or Holders and to perform its duties thereunder; and (b) by action, suit or other proceeding, enjoin any acts or things which may be unlawful or in violation of the rights of such Holder or Holders.

Restriction on Action by Holders (Section 406)

No Holder of any Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Resolution or for any other remedy hereunder, unless either (a) such Holder previously shall have given to the City and the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted requesting the Trustee to institute such suit, action or proceeding, and the Trustee shall have refused or neglected to comply with such request within a reasonable time, or (b) such Holder previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding, and such suit, action or proceeding is brought for the ratable benefit of all Holders of Obligations.

Limitation on Powers of Trustee (Section 407)

Nothing in this Resolution contained shall be deemed to give power to the Trustee either as such or as attorney-in-fact of the Holders of Obligations to vote the claims of such Holders in any bankruptcy proceeding or to accept or consent to any plan of reorganization, readjustment, arrangement or composition or other like plan, or any other action of any character to waive or change any right of any such Holder or to give consent on behalf of any such Holder to any modification or amendment of the Resolution requiring such consent pursuant to the provisions of the Resolution.

Right to Enforce Payment of Obligations Unimpaired (Section 408)

Nothing in the Resolution contained shall affect or impair the right of the Holder of any Obligation to enforce payment of the principal of and interest on his Obligation, or the duty of the City to pay the principal of and interest on such Obligation to the Holder thereof at the time and place or places set forth in said Obligation.

Powers of Amendment (Sections 502 and 503)

Any modification or amendment of the Resolution and of the rights and obligations of the City and of the Holders of Obligations may be made by written consent of the Holder of at least two-thirds in principal amount of the Obligations outstanding at the time such consent is given; provided, however, that no such modification or amendment shall permit a change in the terms of redemption or maturity or the principal of any Obligation outstanding or of any installment of interest thereon or a reduction in the principal amount or the redemption price, if any, thereof or the rate of interest thereon, or the requirements for the discharge and satisfaction of the obligations of the City without the consent of the Holders of such Obligations, or shall reduce the percentage or otherwise affect the description of Obligations the consent of the Holders of which is required to effect such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without the filing with the Trustee of its written assent thereto.

Amendments Not Requiring Consent of Holders (Section 506)

The Resolution may be amended for any of the following purposes without consent of Holders: (1) to add to the covenants or agreements to be observed by the City; (2) to add to the limitations or restrictions to be observed by the City; (3) to surrender any right, power or privilege reserved to or conferred upon the City by the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; (5) to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution; and (6) to effect any change in the operation of the Fund necessitated by any change or alteration in the procedure for collection of City Taxes.

Defeasance (Section 602)

The covenants, agreement and other obligations of the City to the Holders shall be discharged and shall be of no further force and effect if any time during a Collection Period: (a) there is on deposit in the Fund sufficient money or direct obligations of the United States of America or of the State, the principal of and interest on which will provide moneys to pay the unpaid amount of the Capital Debt Service Requirement of such Collection Period and any prior Collection Period as well as all the principal of and interest due or to become due on all Capital Debt Obligations issued and sold subject to the Resolution, (b) irrevocable instructions from the City to the Trustee for such payment on all Capital Debt Obligations issued and sold subject to the Resolution have been given, and (c) notice to the Holders of Obligations of the provisions for payment made herein has been given.

Regulations Regarding Investment of the Fund (Section 605)

Investment Securities purchased as an investment of moneys in the Fund shall be deemed at all times to be part of the Fund, and the interest thereon and any profit arising on the sale thereof shall be credited to the Fund, any loss resulting on the sale thereof shall be charged to the Fund. In computing the amount in the Fund for any purpose hereunder, such Investment Securities shall be valued at the lower of cost or market price thereof, exclusive of accrued interest.

Hawkins Delafield & Wood LLP
140 Broadway, 42nd Floor
New York, New York 10005

September 29, 2026

The Common Council of the
City of Buffalo, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Buffalo (the "City"), in the County of Erie, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the $21,500,000 School Serial Bonds-2026B (the "Bonds"), dated and delivered on the date hereof.

Concurrently with the issuance of the Bonds, the City is issuing its $13,130,000 Bond Anticipation Notes-2026 (the "Notes"). The Bonds are treated, together with the Notes, as a single issue for federal tax purposes. We have served as Bond Counsel with respect to the issuance of the Notes. On the date hereof, we have rendered our opinion with respect to the exclusion of interest on the Notes from gross income for Federal income tax purposes subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Notes and the Bonds to become subject to Federal income taxation retroactive to the date of issue thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are valid and legally binding general obligations of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the City will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the City's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the City with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax laws.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Bonds or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

Hawkins Delafield & Wood LLP
140 Broadway, 42nd Floor
New York, New York 10005

September 29, 2026

The Council of the
City of Buffalo,
in the County of Erie, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Buffalo (the "City"), in the County of Erie, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relation to the authorization, sale and issuance of the $13,130,000 Bond Anticipation Note-2026 (the "Note") of the City, dated and delivered on the date hereof.

Concurrently with the issuance of the Notes, the City is issuing its $21,500,000 School Serial Bonds-2026B (the "Bonds"). The Notes are treated, together with the Bonds, as a single issue for federal tax purposes. We have served as Bond Counsel with respect to the issuance of the Bonds. On the date hereof, we have rendered our opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Bonds and the Notes to become subject to Federal income taxation retroactive to the date of issue thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the City will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the City's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the City with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

"Annual Information" shall mean the information specified in Section 3 hereof.

"EMMA" shall mean the Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" shall mean "financial obligation" as such term is defined in the Rule.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Holder" shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the **City of Buffalo,** in the County of Erie, a municipal corporation of the State of New York.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

"Purchaser" shall mean the financial institution referred to in the Certificate of Award, executed by the Comptroller as of September 16, 2026.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

"Securities" shall mean the Issuer's **$21,500,000 School Serial Bonds-2026B**, dated September 29, 2026, maturing in various principal amounts on September 15 in each of the years 2027 to 2041, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Capital Markets Advisors, LLC, 4211 North Buffalo Street, Orchard Park, New York 14127 to the EMMA System:

(i) (A) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, the Annual Information relating to such fiscal year, and (B) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within thirty (30) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and

(ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;

(7) modifications to rights of Securities holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with Appendix A of the Issuer's final official statement relating to the Securities.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

(f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of September 29, 2026.

CITY OF BUFFALO

By____
Comptroller and Chief Fiscal Officer

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

"EMMA" shall mean the Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" means "financial obligation" as such term is defined in Rule 15c2-12.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Holder" shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the **City of Buffalo**, in the County of Erie, a municipal corporation of the State of New York.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the Comptroller as of September 29, 2026.

"Rule 15c2-12" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

"Securities" shall mean the Issuer's $13,130,000 Bond Anticipation Note-2026, dated September 29, 2026, maturing on September 28, 2027, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

(vii) modifications to rights of Securities holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Securities, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priorities rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 29, 2026.**

CITY OF BUFFALO, NEW YORK

By____
Comptroller

CITY OF BUFFALO, NEW YORK • SCHOOL SERIAL BONDS – 2026B AND BOND ANTICIPATION NOTES – 2026

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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