



**BUFFALO FISCAL
STABILITY AUTHORITY**

BOARD OF DIRECTORS MEETING

June 16, 2025



BUFFALO FISCAL STABILITY AUTHORITY

Agenda ~ June 16, 2025
 Audit, Finance & Budget Committee ~ 12:30 PM
 Full Board Meeting ~ 1:00 PM
 Ellicott Square Building
 7th Floor Conference Room
 295 Main St.
 Buffalo, NY 14203

Audit, Finance and Budget Committee ~ 12:30 PM

TAB 1	<ul style="list-style-type: none"> - Roll Call of Committee Members - Approval of September 23, 2024 and March 10, 2025 Minutes [RESOLUTION] - BFSA 2025-26 Budget and 2026-2029 Financial Plan - Approval of Audit Engagement [RESOLUTION]
-------	---

Board Meeting ~ 1:00 PM

TAB 2	<p>Opening Remarks</p> <ul style="list-style-type: none"> - Roll Call of Directors - Approval of April 28, 2025 Minutes [RESOLUTION]
TAB 3	<p>City of Buffalo</p> <ul style="list-style-type: none"> - 2025-26 Adopted Budget and Gap Closing Plan [RESOLUTION] - 2024-25 Third Quarter Report
TAB 4	<p>Buffalo City School District</p> <ul style="list-style-type: none"> - 2025-26 Adopted Budget - 2024-25 Third Quarter Report
TAB 5	<p>Buffalo Urban Renewal Agency</p> <ul style="list-style-type: none"> - Discussion with management re: lead remediation grant - 2024-25 Third Quarter Report
TAB 6	<p>Buffalo Municipal Housing Authority</p> <ul style="list-style-type: none"> - Gap Closing Plan - 2024-25 Third Quarter Report
TAB 7	<p>BFSA Items</p> <ul style="list-style-type: none"> - Adoption of 2025-26 BFSA Budget and 2026-2029 Financial Plan [RESOLUTION]

OTHER BUSINESS AND ANNOUNCEMENTS

Note: Meetings may be rescheduled based on Directors availability

Upcoming Event	Date	Location
Governance Committee ~ 12:30 PM Board Meeting ~ 1:00 PM	Monday, July 28, 2025	Ellicott Square Building 295 Main St. 7th Fl Conference Room Buffalo, NY 14203
Governance Committee ~ 12:00 PM Audit, Finance and Budget Committee ~ 12:30PM Board Meeting ~ 1:00 PM	Monday, September 22, 2025	



BUFFALO FISCAL STABILITY AUTHORITY

TAB #1

BUFFALO FISCAL STABILITY AUTHORITY
Audit, Finance and Budget Committee Meeting Minutes
September 23, 2024

The following are the minutes from the meeting of the Audit, Finance and Budget Committee (the “Committee”) of the Buffalo Fiscal Stability Authority (the “BFSA” or the “Authority”) held on Monday, September 23, 2024. The Board met in compliance with New York State Open Meeting Law, as amended. The meeting was called to order at 12:54 PM.

Committee Members Present

Committee Chair Pro Tempore Frederick G. Floss
Interim Vice-Chair Jeanette T. Jurasek

Additional Members Present

Mayor Byron W. Brown (proxy)
County Executive Mark C. Poloncarz

Staff Present

Executive Director Jeanette M. Robe
Senior Analyst II/Manager of Technology Nathan D. Miller
Administrative Assistant Nikita M. Fortune
Comptroller Claire A. Waldron

Additionally Present

Elizabeth S. Krause, CPA, Principal, Lumsden & McCormick LLP

Opening Remarks

Committee Chair Pro Tempore Floss opened the meeting, welcomed the attendees, and reviewed the agenda.

Roll Call

Committee Chair Pro Tempore Floss called a roll of the members. Finding a quorum present, the meeting commenced.

Approval of Minutes

Committee Chair Pro Tempore Floss introduced AFB Resolution No. 24-05, “Approval of June 17, 2024 Meeting Minutes and Resolution,” and requested a motion to approve.

Interim Vice-Chair Jurasek motioned to approve AFB Resolution No. 23-05.

Committee Chair Pro Tempore Floss seconded the motion.

The Committee voted 2-0 to approve AFB Resolution No. 24-05.

BFSA's 2024 Audited Financial Statements

Committee Chair Pro Tempore Floss noted the receipt of BFSA's independent audit for the fiscal year ended June 30, 2024, and stated the draft financial statements had been provided in the Board books for review. Elizabeth S. Krause, Principal, from Lumsden & McCormick LLP, was given the floor to present the audit findings.

Principal Krause stated no difficulties were encountered with the audit and provided a high-level summary of the financial statements.

Assets totaled \$19,002,000; a review of asset categories commenced.

Deferred outflows of resources totaling \$187,000 were discussed, mainly relating to the New York State Employee Retirement System.

Liabilities totaled \$19,878,000; a review of liability categories commenced.

- Due to the City of Buffalo - sales tax - \$17,852,000
- Bonds and related premiums - \$538,000
- Total other postemployment benefits ("OPEB") liability - \$1,488,000

Net position of (\$842,000) and categories therein, were discussed.

Total General Revenues were \$332,571,000

- State Tax - \$171,278,000
- Sales Aid - \$161,285,000
- Interest/Other Income - \$8,000

Total Expenses were \$332,836,000

- Distributions
 - City of Buffalo - \$273,015,000
 - City of Buffalo School District - \$58,999,000
- General and Administrative - \$944,000
- Interest Expense – (\$122,000)

Total Governmental Funds Excess Revenues over Expenditures (\$265,000).

City of Buffalo Finance Commissioner Delano D. Dowell, Sr. entered the meeting as proxy for Mayor Byron W. Brown at 1:00 PM.

Hearing no questions or comments, Committee Chair Pro Tempore Floss thanked Principal Krause for the presentation. He requested a motion to accept the audit findings and to send the audit report to the full Board with a recommendation for approval.

Interim Vice-Chair Jurasek made the requested motion.
Committee Chair Pro Tempore Floss seconded the motion.

The Committee voted 2-0 to accept the audit findings and to send the audit report to the full Board with a recommendation for approval.

BFSA Annual Report

Committee Chair Pro Tempore Floss advanced the agenda to the review of the BFSA Annual Report and to delegate authority to the Executive Director, Chair Pro Tempore, Interim Vice-Chair, and Comptroller to make any necessary changes for its accurate completion.

Executive Director Robe gave an overview of the components of the BFSA Annual Report noting it is required to be filed ninety days after fiscal year, June 30, 2024, and summarizes the accomplishments thereof. The Annual Report will be filed along with the audited financial statements after full Board approval. The report is filed with the Office of the New York State Comptroller and other New York State officials as required by New York State Public Authorities Law and is provided to other interested parties who are not required to receive a copy. The following overview of the Annual Report was provided:

- The cumulative fiscal impact of the BFSA since inception was reviewed indicating the total impact of BFSA's actions has been \$460.4M since 2003 with \$240.4M of the savings occurring during the wage freeze implemented between 2004 and 2007.
- Honorable mention was given to retired BFSA Chair R. Nils Olsen, Jr., who served as Chair from December 2009 through November 2023.

The following summary of accomplishments was provided for 2023-24:

- 8 Board meetings were held
- 3 Audit, Finance and Budget Committee meetings
- 3 Governance Committee meetings
- 12th year of BFSA operating in an advisory period
- 16 reports were issued regarding the City of Buffalo ("City")
- 9 reports issued on the Buffalo City School District ("District" "BCSD")
- 7 reports issued on Buffalo Municipal Housing Authority ("BMHA")
- 5 reports issued on Buffalo Urban Renewal Agency ("BURA")

Chair Pro Tempore Floss thanked Executive Director Robe for the work on the Annual Report.

Hearing no questions on the Annual Report, Committee Chair Pro Tempore Floss asked for a motion to accept the BFSA Annual Report as submitted and to delegate authority to the Executive Director, Chair Pro Tempore, Interim Vice-Chair and Comptroller to make any necessary changes for its accurate completion.

Interim Vice-Chair Jurasek made the requested motion.

Committee Chair Pro Tempore Floss seconded the motion.

The Committee voted 2-0 to send the BFSA 2024 Annual Report to the full Board with a recommendation for approval.

Public Financial Management (“PFM”) Financial Advisors

Committee Chair Pro Tempore Floss introduced AFB Resolution No. 24-06: “Approve Engagement of Public Financial Management as Financial Advisors.”

PFM served as the financial advisor for the BFSAs’ period of issuing debt on behalf of the City and retains the historical knowledge related to these complex transactions. The engagement period would be from October 1, 2024, through September 30, 2025, and would extend the terms and rates as last year.

Interim Vice-Chair Jurasek made a motion to approve AFB Resolution No. 24-06.

Committee Chair Pro Tempore Floss seconded the motion.

The Committee voted 2-0 to approve AFB Resolution No. 24-06.

Adjournment

Committee Chair Pro Tempore Floss asked if there was additional business to be considered by the Committee and hearing none asked for a motion to adjourn.

The Committee adjourned by consensus.

The Committee adjourned 1:13 P.M.

BUFFALO FISCAL STABILITY AUTHORITY
Audit, Finance and Budget Committee Meeting Minutes
March 10, 2025

The following are the minutes from the meeting of the Audit, Finance and Budget Committee (“AFB Committee”) of the Buffalo Fiscal Stability Authority (“BFSA”) held on Monday, March 10, 2025. The AFB Committee met in compliance with New York State Open Meeting Laws, as amended. The meeting was called to order at 12:34 PM.

Committee Members Present

Committee Chair Pro Tempore Frederick G. Floss

Committee Members Excused

Interim Vice-Chair Jeanette T. Jurasek

Additional Members Present

Director Andrew A. SanFilippo

Staff Present

Executive Director Jeanette M. Robe

Administrative Assistant Nikita M. Fortune

Principal Analyst/Media Liaison Bryce E. Link

Senior Analyst II/Manager of Technology Nathan D. Miller

Comptroller Claire A. Waldron, CPA

Opening Remarks

Committee Chair Pro Tempore Floss welcomed the attendees to the meeting and called the roll of members. A quorum was not present, a committee of the whole meeting commenced.

BFSA 2025-26 Preliminary Budget and 2026-2029 Financial Plan

Committee Chair Pro Tempore Floss introduced the BFSA’s fiscal year 2025-26 Preliminary Budget and FY 2026-2029 Financial Plan for review and to authorize its posting for public comment. The document will be posted on the BFSA website and provided to all City libraries for public posting and comment. Any public comments will be forwarded to the AFB Committee. Committee Chair Pro Tempore Floss deferred to Executive Director Jeanette Robe for comments. Executive Director Robe thanked BFSA Comptroller Claire Waldron for her work on the budget. The draft budget is fiscally responsible and carefully constructed with a focus on keeping costs for operating the organization as low as possible. Staff related expenses constitute the majority of the budget at 80%. Some costs and expenses are outside of BFSA control such as pension costs, which are budgeted to increase 18.7% over the prior year based on projections provided by the Office of the State Comptroller. The second highest increase is health insurance which is budgeted to increase by 12.1%. The increases were offset with a decrease in professional fees for arbitrage analyses as result of paying off BFSA debt. The BFSA continues to benefit from the physical office move made in December 2022, as the rent is less than the previous space. In addition, the BFSA benefits from the available building technology, keeping BFSA meeting costs down. Overall, the operating budget increases 3.5%, or \$33,000 as compared to last year’s budget.

Committee Chair Pro Tempore Floss stated the importance of BFSA leading the way in being financially responsible and feels the presented budget does that. All comments should be sent to the Executive Director and circulated under an updated budget as necessary. The approval of the final budget is scheduled for June.

Approval of BFSA Audit Engagement

Committee Chair Pro Tempore Floss announced the next item of business: approval of Lumsden & McCormick, LLP, as auditors for the BFSA for the current fiscal year ending June 30, 2025. Committee Chair Pro Tempore Floss noted Lumsden & McCormick have provided excellent service over the past several years and noted the proposed audit fee increase of \$800. This item will be voted on when a quorum is present.

Review of the BFSA 2025 Internal Controls Review

Committee Chair Pro Tempore Floss advanced the agenda to the BFSA 2024-25 internal controls review. The annual reporting for the 2025 internal controls review is performed by the appointed Internal Controls Officer, as per the statutory requirement. Principal Analyst Bryce Link serves in this capacity. Committee Chair Pro Tempore Floss gave the floor to Principal Analyst Link to report his findings.

Principal Analyst Link stated the two areas tested were document retention and storage and the budget preparation and approval process. No material findings were found regarding document retention and storage in accordance with the MI-1 records maintenance schedule. In August 2014, in consultation with counsel, the recommendation was to use the MI-1 schedule plus one year for records retention. As of January 1, 2020, the MI-1 schedule was replaced with a new New York State schedule, LGS-1. BFSA has not violated the document retention policy as BFSA has a policy in place and has not disposed of any records. By adopting the LGS-1 schedule, the BFSA can begin disposing records that have met the minimum time retention period.

Over twelve sets of differing types of documents were reviewed. It was determined that staff took the appropriate steps to maintain records. It was determined that the potential to conduct fraud is possible but unlikely due to several back-ups and formats that the records are maintained in. It was recommended the BFSA adopt the LGS-1 schedule, use a records disposition form, and appoint a new records management officer. The resolutions authorizing the adoption of the records retention policy and appointment of the records management officer, as well as the disposition schedule will be provided to the Governance Committee to be considered at the next Governance Committee meeting in July 2025. Following approval, the BFSA can begin disposing of documents that exceed the retention period.

To promote transparency, the BFSA posts the BFSA resolutions authorizing the records management officer and the adoption of the records retention policy, the BFSA annual reports, audits, budgets and financial plans, operating procedural documents, meeting minutes, and videos. It is recommended that BFSA staff revisit the subject matter list to determine if it is up to date.

Hearing no comments or questions Principal Analyst Link advanced to the next area of testing, budget preparation and approval. There were no material findings. The 2024-25 BFSAs budget and quarterly reports were reviewed with the assistance of the BFSAs Comptroller Waldron. Revenues and expenditures were reviewed. Budgets for Erie County, City of Buffalo and the State of New York were reviewed to compare economic forecasting.

Reporting requirements:

- Approval from the Board to post the budget and financial plan in March, 90 days prior to the end of the current fiscal year
- After public posting, the review and comment period begins and the review and vote will take place at the June 2025 Audit Finance and Budget Committee meeting
- The budget is then posted in Public Assistance Reporting Information System (“PARIS”) within 7 days of the next fiscal year

Director SanFilippo entered the meeting at 12:46 PM.

The opportunity to commit fraud is low due to the segregation of duties and multiple levels of review and any significant deviation from the public sources of the budget would draw additional scrutiny. The only concern is timing of the approval of the budget and submitting the budget in PARIS within the seven-day window due to a rescheduled Board meeting or a PARIS system outage; it was noted that has not been an issue to date. There were no material findings as all required documents are posted online.

Committee Pro Chair Floss reiterated that there were no findings reported for either of the test areas. Principal Analyst Link noted that the MS-1 and LGS-1 retention schedules were used for compliance.

Hearing no additional questions or comments, Committee Chair Pro Tempore Floss adjourned the meeting at 12:49 PM.

**BUFFALO FISCAL STABILITY AUTHORITY
AUDIT, FINANCE & BUDGET COMMITTEE RESOLUTION NO. 25-01
APPROVING MINUTES FROM SEPTEMBER 23, 2024 AND MARCH 10, 2025
AND RESOLUTIONS FROM SEPTEMBER 23, 2024**

BE IT RESOLVED that the Buffalo Fiscal Stability Authority's Audit, Finance and Budget Committee approves the minutes of its meetings on September 23, 2024, and March 10, 2025.

BE IT FURTHER RESOLVED that the Buffalo Fiscal Stability Authority's Audit, Finance and Budget Committee ratifies and affirms AFB Resolution Nos. 24-05 and 24-06 which were approved on September 23, 2024.

This resolution shall take effect immediately.

Approved June 16, 2025

Frederick G. Floss,
Committee Chair Pro Tempore



BUFFALO FISCAL STABILITY AUTHORITY

BUFFALO FISCAL STABILITY AUTHORITY

2026-2029

ADOPTED BUDGET AND FINANCIAL PLAN

**Buffalo Fiscal Stability Authority
Authority Directors and Staff as of June 16, 2025**

Directors

Jeanette T. Jurasek, Interim Vice-Chair

Frederick G. Floss, Secretary

Andrew A. SanFilippo

Timothy R. Hogues

Christopher P. Scanlon (ex officio)

Mark C. Poloncarz (ex officio)

Staff

Jeanette M. Robe, CPA
Executive Director

Bryce E. Link, MPA
Principal Analyst/Media Contact/Treasurer

Nathan D. Miller, BS
Senior Analyst/Manager of Technology

Claire A. Waldron, CPA
Comptroller

Contact

Ellicott Square Building
295 Main Street, Suite 800
Buffalo, New York 14203
Phone: 716.853.0907
Email: info@bfsa.ny.gov
Web: www.bfsa.state.ny.us

Table of Contents

ORGANIZATION	1
BUDGET PROCESS	2
PRINCIPAL BUDGETARY ASSUMPTIONS AND ASSESSMENT OF BUDGETARY RISKS	3
2026 ADOPTED BUDGET & RELATED FOUR-YEAR FINANCIAL PLAN.....	6
FORECASTED 2025 REVENUES AND EXPENDITURES	8
NUMBER OF EMPLOYEES	9
STATEMENT OF BORROWED DEBT	10
SCHEDULE OF LONG-TERM DEBT	12
LONG-TERM DEBT-DEBT SERVICE REQUIREMENTS:	12

ORGANIZATION

The Buffalo Fiscal Stability Authority (“BFSA” or “Authority”) is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation created by the BFSA Act (the “Act”), Chapter 122 of the Laws of 2003, as amended from time to time, and signed by the Governor on July 3, 2003. BFSA has a broad range of financial control and oversight powers over the City of Buffalo (the “City”) and its non-exempted Covered Organizations which currently include the Buffalo Public School District (the “School District”), the Buffalo Municipal Housing Authority, and the Buffalo Urban Renewal Agency.

According to its enabling statute, BFSA will continue in existence until its oversight, control or other responsibilities and its liabilities, which include the payment of BFSA bonds and notes, have been met or discharged, which in no event may be later than June 30, 2037. In addition, BFSA has certain powers under the Act to control, oversee and monitor the City’s finances, including Covered Organizations, particularly during a “control period”, which began on the effective date of the BFSA Act of July 3, 2003. Upon the restoration of the City of Buffalo to fiscal integrity, a control or advisory role for the Authority is to continue until June 30, 2037.

BFSA is governed by a board of nine directors, seven of which are to be 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 Speaker of the Assembly and the Temporary President of the Senate. 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. All directors of BFSA serve without salary.

The Act provides for BFSA to 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.” Under the Act, BFSA began its existence in a control period, which meant that BFSA commenced operation with its maximum authorized complement of financial control and oversight powers. Under an advisory period, the BFSA operates with a reduced set of financial oversight powers and responsibilities.

On May 29, 2012, BFSA made a determination that all provisions of the 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 reimposed.

After an advisory period has been established, a control period could be reimposed on the City upon a determination by BFSA 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 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 Act; (d) the chief fiscal officer's certification at any time, at the request of 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 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 Act; or (e) the City shall have violated any provision of the Act.

During a control period, BFSA is 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) to terminate the control period upon finding that no condition exists which would permit imposition of a control period, provided that budgetary operations for the prior three years were balanced without Authority assistance.

During an advisory period, as defined in the Act, 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 by the City; and (vi) to impose a control period upon making one of the statutory findings.

Revenues of BFSA consist of state aid, sales tax revenue and investment earnings on funds deposited in BFSA bank accounts and on set-aside funds deposited with the bond trustee to pay bond interest and principal payments. Revenues of BFSA that are not required to pay operating expenses and other costs of BFSA are payable to the City and the School District as frequently as practicable.

BUDGET PROCESS

Adopted Budget and Financial Plan

BFSA's adopted budget and financial plan are prepared in accordance with accounting principles generally accepted in the United States of America on a full accrual basis, but also include information for cash basis accounting as necessary. Comparative amounts for the fiscal year

ended June 30, 2024 were derived from BFSA's audited financial statements, copies of which were previously delivered to the BFSA's Board of Directors and approved by Resolution No. 24-08 on September 23, 2024. Amounts budgeted for the fiscal year ending June 30, 2026, and forecasts included in the financial plan, have been developed using assumptions and methods of estimation disclosed in the budget and financial plan notes and sections herein. Working papers that document the reasonable assumptions and methods of estimation, consistent with prudent budgetary practices, have been prepared contemporaneously with the plan and will be maintained by BFSA.

The proposed budget and financial plan is submitted to BFSA's Audit, Finance and Budget Committee for review no later than 60 days prior to the commencement of its next fiscal year along with a certification by BFSA's Executive Director attesting to the reasonableness of the assumptions and methods of estimation used to prepare the budget and financial plan. The proposed budget and financial plan is posted on BFSA's website and made available to the public for a period of not less than 45 days, at least 30 of which must be prior to approval by the Board.

The budget and financial plan, and all amendments or modifications to the budget and financial plan, are approved by the BFSA's Board of Directors. Additionally, the final approved budget and financial plan is posted to the BFSA website not less than 7 days before commencement of the next fiscal year and is submitted to the State Comptroller within 7 days of approval.

Approved Budget and Financial Plan

BFSA staff provides the BFSA's Board of Directors with quarterly updates on actual revenues and expenses compared to annual budget targets. No later than 90 days after the close of each fiscal year, BFSA staff report publicly on the prior year's actual versus budgeted results. Should any situation arise that has the potential to have a material, adverse effect on the approved budget and financial plan, BFSA staff are required to notify the State Comptroller in writing of the situation.

PRINCIPAL BUDGETARY ASSUMPTIONS AND ASSESSMENT OF BUDGETARY RISKS

The budget and financial plan includes estimates developed using assumptions as disclosed in notes to the plan. Estimates are subject to risk due to assumptions made about future scenarios. State aid and sales tax receipt estimates constitute the majority of BFSA's budgeted and forecasted revenue. Sales tax revenue has rebounded as we appear to have recovered from the economic hits of the pandemic but have faced high inflation over the past two years which has led to concerns of a recession. Sales tax is no longer increasing at the rates it was during our recovery from the pandemic and as a result the budget remains conservatively projected as it relates to sales tax. Over the years 2026 through 2029 sales tax revenue estimates are budgeted conservatively to increase at a rate of 1.5% annually, which is below the current rate of inflation of 3% on an annual basis, according to the Federal Reserve, falling short of the desired benchmark of 2% inflation annually. Sales tax receipts are sensitive to the fluctuations in

economic activity in the City, which have gone through numerous cycles of expansion and contraction over the years.

Investment income is earned by BFSA primarily from set-aside funds deposited with financial services firms to pay the semi-annual interest payment and annual principal payment. These funds are invested in accordance with forward delivery agreements and earn a guaranteed rate of return on the investments. Investment income also includes investment earnings on funds deposited in BFSA trustee accounts and bank accounts; these earnings are subject to fluctuation due to the balances held by BFSA as well as changes in interest rates. As the BFSA pays off the bonds with funds set-aside from City sales tax, less is invested under the forward delivery agreements and results in less investment returns. The last BFSA payment to the City under the forward delivery agreements is due September 1, 2025, which coincides with BFSA's final payment of debt.

BFSA has a perfected interest in the state aid and sales tax collections for the City and the School District and receives remittances from the NYS Department of Taxation and Finance for the purpose of withholding debt service set-aside monies and expenses, prior to remittance to the City and the School District. BFSA's costs are closely monitored by BFSA staff. As a result, there is little budget risk to BFSA or its bondholders.

No material non-recurring resources or transactions that shift material resources from one year to another or from reserves are included in this preliminary budget or financial plan.

Staff related costs total 79.4% of total budgeted operating expenses. The budget includes five budgeted positions, all of which are filled. Staff related costs also include employee benefits such as health insurance, pension expense and payroll taxes. Employee health insurance is budgeted at current rates and is projected to increase by 10% annually for the 2026 budget annually and 5.2% over the course of the financial plan; this projected increase is based on recent historical experience as well as available market data. Pension expense is determined based on the projected contribution rates as provided by the New York State Comptroller. As the BFSA pays off City debt funds set aside with the financial services firm decrease as well which results in less investment returns.

Professional fees are the second largest category of operating expenses, representing 12.4% of the total budget. This category includes amounts budgeted for litigation, general legal counsel services, the independent audit, trustee fees and bank charges, and other professional fees. This category is estimated based on past historical experience and has significantly decreased over the past few years as litigation has concluded.

All other operating expenses represent 8.4% of the total budget for operating expenses. The BFSA operates as leanly as possible, understanding that fiscal constraint is extraordinarily important.

Salaries expense is budgeted to increase 4.5% as compared to prior year budget. Other postemployment benefits are budgeted to increase 50.0% from the prior year budget. This liability is calculated using actuarial assumptions.

Employee health insurance is budgeted to increase 13.2% compared to prior year budget. This is due to inflation, increased use of GLP-1 drugs as well as an increase in catastrophic medical claims that are pushing premiums higher. The BFSA offers health insurance through the New York Health Insurance Program.

Pension expense is budgeted to increase 16.7% compared to prior year budget. This annual payment amount is calculated by New York State.

Trustee fees and bank charges are budgeted to decrease 25% compared to prior year budget. This is largely due to the paydown of debt resulting in less reporting and management requirements.

There were no other significant fluctuations noted in proposed 2025-26 budgeted appropriations as compared to last year's final budget.

After amounts are retained for debt service, operating expenses, and for any other purpose as provided for in New York State law, sales taxes are remitted as soon as practical to the City of Buffalo and the Buffalo City School District. Those amounts are represented as Distributions within the Adopted Budget.

**BUFFALO FISCAL STABILITY AUTHORITY
2026 ADOPTED BUDGET AND RELATED FOUR-YEAR FINANCIAL PLAN**

Accrual Basis	Actual FY 2024	Forecast FY 2025	Budget FY 2025	Budget FY 2026	% Var from Budget 2025	Budget FY 2027	Budget FY 2028	Budget FY 2029
Revenue								
BFSA City Sales Taxes	112,278,164	112,475,000	115,990,000	114,000,000	-1.7%	115,710,000	117,445,650	119,207,335
BFSA School District Sales Tax	58,999,554	58,900,000	61,385,000	59,800,000	-2.6%	60,697,000	61,607,455	62,531,567
State Aid Revenues	161,585,233	166,285,233	161,285,233	166,285,233	3.1%	161,285,233	161,285,233	161,285,233
Investment Income	-1,892	4,593	4,593	3,212	-30.1%	0	0	0
Total Revenue	332,861,059	337,664,826	338,664,826	340,088,445	0.4%	337,692,233	340,338,338	343,024,135
Operating Expenses								
Staff Related								
Salaries	453,094	470,000	478,500	500,000	4.5%	515,000	530,450	546,364
Emp Health Insurance	112,458	123,500	117,500	131,700	12.1%	140,200	148,000	155,800
Pension Expense	60,073	70,421	66,816	79,300	18.7%	82,915	85,402	87,965
Payroll taxes	32,901	37,255	37,905	39,550	4.3%	40,698	41,879	43,097
Parking	4,800	5,652	7,200	7,200	0.0%	7,500	7,800	8,100
Professional Development	1,286	4,000	11,000	10,000	-9.1%	10,200	10,404	10,612
Employee Travel	763	2,500	2,500	2,000	-20.0%	2,000	2,000	2,000
Total Staff Related	665,375	713,328	721,421	769,750	6.7%	798,513	825,936	853,937
Communications Expense	4,954	14,250	14,250	12,000	-15.8%	12,000	12,000	12,000
Office Related								
Insurance	1,525	2,750	2,750	2,833	3.0%	2,917	3,005	3,095
Office Supplies	2,000	4,300	4,300	4,300	0.0%	4,300	4,300	4,300
Payroll Service Expenses	1,245	1,350	1,500	1,600	6.7%	1,700	1,800	1,900
Postage and Delivery	1,125	2,000	2,000	2,000	0.0%	2,000	2,000	2,000
Various repairs, service	0	750	1,500	1,500	0.0%	1,500	1,500	1,500
Subscriptions	1,834	2,000	2,000	2,200	10.0%	2,200	2,200	2,200
Total Office Related	7,729	13,150	14,050	14,433	2.7%	14,617	14,805	14,995
Meeting Expense								
Meeting Expense - Travel	0	1,000	3,000	3,000	0.0%	3,000	3,000	3,000
Meeting Expense - Facilities & Other	1,110	3,000	5,000	5,000	0.0%	5,000	5,000	5,000
Public Notices	0	0	3,000	2,500	-16.7%	2,500	2,500	2,500
Total Meeting Expense	1,110	4,000	11,000	10,500	-4.5%	10,500	10,500	10,500
Professional Fees								
Accounting and Audit	16,300	17,600	17,600	18,400	4.5%	19,320	20,286	21,300
Fees:Legal Fees	2,530	7,500	40,000	40,000	0.0%	40,000	40,000	40,000
Litigation	0	0	5,000	5,000	0.0%	5,000	5,000	5,000
Other Professional Fees	5,550	10,000	60,000	52,000	-13.3%	52,000	52,000	52,000
Trustee Fees/Bank Charges	3,865	5,000	10,000	5,000	-50.0%	2,500	2,500	2,500
Total Professional Fees	28,245	40,100	132,600	120,400	-9.2%	118,820	119,786	120,800
Rent	35,627	38,000	39,000	39,000	0.0%	40,200	42,200	43,500
Furniture and Equipment	0	1,000	2,500	2,500	0.0%	2,500	2,500	2,500
Depreciation Expense	842	404	1,344	607	-54.8%	2,747	5,343	6,120
Total Operating Expenses	743,882	824,232	936,165	969,190	3.5%	999,897	1,033,070	1,064,353
Net available for BFSA debt service, amortization and distribution to City and School District	332,117,177	336,840,594	337,728,661	339,119,256	0.4%	336,692,336	339,305,268	341,959,782
Interest Expense	39,965	9,542	9,542	4,125	-56.8%	0	0	0
Amortization of Bond Premium	(172,049)	(153,636)	(153,636)	(64,022)	-58.3%	0	0	0
Total Interest Expense	(132,084)	(144,094)	(144,094)	(59,897)	-58.4%	-	0	0
Mirror Bond Interest Revenue	22,846	8,192	8,192	0	-100.0%	0	0	0
Amortization of Mirror Bond Premium	(78,741)	(21,639)	(21,639)	0	-100.0%	0	0	0
Net Mirror Bond Interest Revenue	(55,895)	(13,447)	(13,447)	-	-100.0%	0	0	0
OPEB Expense	171,404	125,000	100,000	150,000	50.0%	150,000	150,000	150,000
Distributions:								
BFSA Rev.Dist to City	273,101,346	277,937,148	276,339,255	279,311,338	1.1%	275,993,683	277,699,956	279,415,935
BFSA Rev.Dist to School District	58,999,554	58,900,000	61,385,000	59,800,000	-2.6%	60,697,000	61,607,455	62,531,567
INFORMATIONAL ONLY:								
Debt Set Asides	171,000	173,250	173,250	0	-100.0%	0	0	0
Principal Paid	2,120,000	155,000	155,000	165,000	6.5%	0	0	0
Fixed Asset Additions	0	2,500	4,400	3,200	-27.3%	18,200	9,200	2,200

NOTES AND KEY ASSUMPTIONS FOR THE 2026 - 2029 FINANCIAL PLAN	
Revenues	
Sales Tax	For 2026, sales tax revenue is conservatively budgeted at 1.5% over the balance forecasted for the year ending June 30, 2025. The use of a 1.5% increase expectation is less than the pre-pandemic annual growth and is consistent with recent actual experience, which is showing some slowing. For years 2027-2029 a 1.5% increase factor was used to remain conservative.
State Aid	State Aid is derived from the NYS 2025 Executive Budget and related Financial Plan.
Investment Income	Budgeted per the Forward Delivery Agreements. These are contractually based interest earnings that expire with the final debt payment. These earnings are related related to investments utilized to meet debt obligations. As the full obligations become due and paid down, related earnings cease.
Expenditures	
Salaries	Budgeted for four (4) full-time positions and one (1) part-time position. A 4.5% increase is budgeted for 2025-26 with 3.0% increases annually thereafter. Includes vacation payout that is permitted for up to 2 weeks of unused time.
Employee Health Insurance	For 2026, amount is budgeted for five staff on family coverage. There is an expectation based on national trends that this expense will increase 8% in 2026 due to the utilization of GLP-1 drugs as well as an increase in catastrophic medical claims. For 2027-2029, it is estimated that health insurance will increase annually thereafter by 5.2%, based on projections for private insurance as per the Center for Medicare and Medicaid Services.
Pension Expense	Used rate as published by NYSERS for 2026 and extended for remaining outyears of the Financial Plan. The blended rate is projected at 18.0% for Tier 4, 5 and 6 members.
Payroll Taxes	7.65% of projected salaries plus \$1,300 for unemployment taxes.
Other Staff Related Expenses	Professional development and employee travel is held flat for 2025 and held flat over the financial plan.
Communications Expense	Communications expense is held consistent with prior year and held flat over the financial plan.
Office Related	Budgeted amounts are held consistent with minor adjustments made. Minor increases included for 2026-2028.
Meeting Expense	Budgeted amounts are held consistent with prior year and held flat over the financial plan.
Legal Fees and Litigation	Recurring legal fees and litigation are budgeted consistent with prior year's budget and held consistent for 2026-2029.
Other Professional Fees	For miscellaneous special studies requested by the Board and other professional services as needed. Includes estimated cost for the OPEB actuarial software in 2027 and 2029 which is required to be purchased every two years.
Rent	Estimate for office lease.
Depreciation Expense/Fixed Asset Additions	Capital assets in excess of \$500 and with an estimated useful life greater than one year are depreciated. The capital asset acquisition plan for each year of the financial plan is as follows: 2026 - one (1) laptop computer at \$1,200 and office furniture/equipment of \$2,000; 2027 - one (1) laptop computer at \$1,200, office furniture/equipment of \$2,000 and the purchase of a printer at \$15,000; 2028 - the purchase of six (6) laptop computers for \$1,200 each, and office furniture/equipment for \$2,000; 2029 - the purchase of one (1) laptop computer for \$1,200 and office furniture/equipment for \$1,000.
Interest Expense	Per Bond Interest Schedule.
Mirror Bond Interest Revenue	Per schedule and agreements with the City.
OPEB Expense	OPEB expense estimated based on past experience and consistent number of employees of 5 throughout the Plan.

FORECASTED 2025 REVENUES AND EXPENDITURES

The following provides a discussion regarding key variances anticipated between the original 2025 budget, as approved, and the forecasted balances for the year ending June 30, 2025. Such forecasted amounts are documented in the “Forecast FY 2025” column in the 2026 Proposed Budget and Related Four Year Financial Plan as provided on pages 6 - 7.

Sales Tax Receipts:

City – For June 30, 2025, forecasted sales tax receipts are expected to be \$3,515,000 (1.7%) lower than budgeted. The 2025 budget was developed with the assumption that sales tax would increase at a consistent rate of 2% over the prior year. There was a slow-down in the latter half of 2024 in increases seen in sales tax collections, which has continued into 2025. The 2025 forecasted amount is expected to be approximately \$200,000 (0.2%) higher than the 2024 actual revenue.

School District – For June 30, 2025, forecasted sales tax receipts are expected to be \$2,485,000 (4.0%) lower than budgeted due to similar reasons noted for the City decrease. The 2025 forecasted amount is expected to be approximately \$100,000 (0.2%) lower than 2024.

Health Insurance – For June 30 2025, forecasted health insurance expense is expected to be \$6,000 (5.1%) higher than the budgeted amount due to an increase in premiums.

Pension Expense – For June 30, 2025, forecasted pension expense is expected to be \$3,600 (5.4%) higher than budgeted amount and is determined by NYS Office of the Comptroller.

Parking Expense – For June 30, 2025, forecasted parking expense is expected to be \$1,550 (21.5%) lower than budgeted due to the availability of less costly parking.

Communication Expense – For June 30, 2025, forecasted communication expense is expected to be \$7,000 (49.1%) lower than budget.

Professional Development Expense – For June 30, 2025, forecasted professional development expense is expected to be \$7,000 (63.6%) lower than budget.

Meeting Expense – For June 30, 2025, forecasted meeting expense is expected to be \$7,000 (63.6%) lower than budget as a result of less in person meetings as well as identifying certain cost saving measures.

Legal Expense – For June 30, 2025, forecasted legal expense is expected to be under budget by \$32,500.

Litigation Expense – For June 30, 2025, forecasted litigation expense is expected to be \$0 as there currently is no outstanding litigation involving the BFSA.

Other Professional Fees – For June 30, 2025, forecasted other professional fees is expected to be under budget \$55,000.

NUMBER OF EMPLOYEES

As of January 1, 2025, BFSA had five employees, four of which are full-time and one part-time, exempt and funded by general revenues of the BFSA. The following table shows the numbers of employees contained within the forecasted 2025 results, the 2026 budget and the financial plan:

<u>Position/Title</u>	<u>2025F</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Executive Director	1	1	1	1	1
Comptroller – Part-time	1	1	1	1	1
Principal Analyst	1	1	1	1	1
Senior Analyst	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Total	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

STATEMENT OF BORROWED DEBT

BFSA is empowered to issue bonds and notes for various City purposes, defined in the Act as “Financeable Costs”. The Act authorizes the issuance of bonds, notes, or other obligations in amounts necessary to pay any financeable costs and to fund reserves to secure such bonds. The aggregate principal amounts of such bonds, notes, or other obligations outstanding at any one time excluding refunding bonds of the City or BFSA cannot exceed \$175,000,000. BFSA may also issue bonds, notes or other obligations to pay the cost of issuance of such borrowings, to establish debt service reserves, to refund or advance refund any outstanding notes of the City. BFSA may issue cash flow borrowings which do not count toward the above limit, but are limited to \$145,000,000 of aggregate principal amounts outstanding at any one time.

BFSA issued a refunding bond in December 2015; the 2015A Refunding Bond refunded the outstanding 2005A and 2006A bonds. No other bonds were issued or are planned to be issued for the remainder of 2024-25. All issued BFSA long-term debt is serviced through its debt service fund.

Since 2003, BFSA has issued \$170,984,000 of long-term debt in the form of notes and serial bonds with due dates through 2026. At December 31, 2024, \$165,000 remains outstanding.

Revenues to pay the BFSA’s debt service are provided by the City and School District’s share of Erie County sales tax, on which the BFSA has a first lien. Pursuant to the Act, the City and School District have no right, title or interest in these revenues until transferred to the City and the School District by BFSA. The following tables contains a listing of all BFSA debt transactions since the BFSA was created, and amounts outstanding at December 31, 2024, the debt service requirements for the BFSA’s current fiscal year, and the debt service requirements over both the Financial Plan as well as over the remaining life of the bonds:

BFSA Debt Table at December 31, 2024					
Issue	Issue Date	Bond Par Issued (\$ in thousands)	Note (BAN) Par Issued (\$ in thousands)	Bond Par Outstanding (\$ in thousands)	Note Par Outstanding (\$ in thousands)
Sales Tax and State Aid Secured Bonds (Series 2004A)	6/1/2004	\$25,745		\$0	
Bond Anticipation Notes (Series 2004A-1)	9/1/2004		\$84,000		\$0
Sales Tax and State Aid Secured Bonds (Series 2005A)	6/1/2005	\$28,030		\$0	
Sales Tax and State Aid Secured Bonds – Refunding (Series 2005B&C)	7/1/2005	\$47,065		\$0	
Bond Anticipation Notes (Series 2005A-1)	7/1/2005		\$90,000		\$0
Sales Tax and State Aid Secured Bonds (Series 2006A)	4/1/2006	\$27,270		\$0	
Bond Anticipation Notes (Series 2006A-1)	4/1/2007		\$60,000		\$0
Sales Tax and State Aid Secured Bonds (Series 2007A)	4/1/2007	\$28,470		\$0	
Sales Tax and State Aid Secured Bonds- Refunding (Series 2015A)	12/21/2015	\$14,170		\$165	
Total		\$170,750	\$234,000	\$165	\$0

SCHEDULE OF LONG-TERM DEBT:

	July 1, 2024	Increases	Decreases	Amounts June 30, 2025	Amounts Due in One Year
Series 2005A Bond	\$0	\$0	\$0	\$0	\$0
Series 2005B&C Bond	0	0	0	0	0
Series 2006A Bond	0	0	0	0	0
Series 2007A Bond	0	0	0	0	0
Series 2015A Bond	320,000	0	155,000	165,000	165,000
Total	\$320,000	0	\$155,000	\$166,000	\$165,000

LONG-TERM DEBT-DEBT SERVICE REQUIREMENTS:

BFSA Long-Term Debt Debt Service Requirements		
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	165,000	4,125
Total	\$165,000	\$4,125

January 27, 2025

The Board of Directors
c/o Ms. Jeanette M. Robe, Executive Director
Buffalo Fiscal Stability Authority
Ellicott Square Building
295 Main Street, Suite 800
Buffalo, NY 14203

Dear Jeanette and Members of the Board of Directors:

You have requested that we audit the financial statements of the governmental activities and each major fund of Buffalo Fiscal Stability Authority (the Authority) as of June 30, 2025 and for the year then ended, and the related notes, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit 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 opinion. 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 auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and 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.

Accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB) require that management's discussion and analysis (MD&A) and information on pension and other postemployment benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP.

This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of the Authority's Proportionate Share of the Net Pension Position - New York State and Local Employees' Retirement System
3. Schedule of Authority Contributions – New York State and Local Employees' Retirement System
4. Schedule of Changes in the Authority's Total Other Postemployment Benefits (OPEB) Liability and Related Ratios

Supplementary information other than RSI will accompany the Authority's basic financial statements. We will subject the Schedule of General and Administrative Expenditures – General Fund to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with U.S. GAAS. We intend to provide an opinion on such supplementary information in relation to the basic financial statements as a whole.

Also, the document we submit to you will include the Report on Compliance with Section 2925(3)(f) of the New York State Public Authorities Law that will not be subjected to the auditing procedures applied in our audit.

Auditor Responsibilities

We will conduct our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. As part of an audit in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with *Government Auditing Standards*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Authority's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
 - iv. When applicable, a written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - v. When applicable, a final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditors' report.
- d. For including the auditors' report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole;
- g. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i. For informing us of any known or suspected fraud affecting the entity involving management, employees with a significant role in internal control, and others where fraud could have a material effect on the financials; and
- j. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

Other Services

As necessary, we will assist the Authority in preparing the financial statements and related notes for the year ended June 30, 2025 based on information in the trial balance and other information that comes to our attention during the course of the engagement. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards which are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

We will not assume management responsibilities on behalf of the Authority. However, we will provide advice and recommendations to assist management of the Authority in performing its responsibilities.

Management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Reporting

We will issue a written report upon completion of our audit of the Authority's basic financial statements. Our report will be addressed to the Board of Directors of the Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditors' report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Third-Party Service Providers or Subcontractors

To enhance our availability to meet your professional service needs while maintaining service quality and timeliness, we may use a third-party service provider to assist us. This may include provision of your confidential information to the third-party service provider. We require our third-party service providers to have established procedures and controls designed to protect client confidentiality and maintain data security. As the paid provider of professional services, our firm remains responsible for exercising reasonable care in providing such services, and our work product will be subjected to our firm's customary quality control procedures.

By accepting the terms and conditions of our engagement, you are providing your consent and authorization to disclose your confidential information to a third-party service provider, if such disclosure is necessary to deliver professional services or provide support services to our firm.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

Sara M. Dayton, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We will coordinate the timing of our work with management to comply with all reporting deadlines.

We will provide you with a comprehensive audit needs list through Suralink, a software that provides real-time updates to our information requests on a secure platform. This will help us organize and monitor all information requests in one place to ensure our audit remains efficient and to minimize disruption to your staff.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by an oversight agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

The audit documentation for this engagement is the property of Lumsden & McCormick, LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory bodies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Lumsden & McCormick, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory bodies. The regulatory bodies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditors' report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

We estimate our fees for the audit to be \$18,400. Our invoices for these fees will be rendered each month as work progresses and are due upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. A service charge of 1½% per month will be charged to your account on balances not paid within 30 days.

The above fee is based upon anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur additional costs. Whenever possible, we will attempt to use the Authority's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature. *Government Auditing Standards* require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a nonaudit service.

You agree that our liability arising out of the services provided under this agreement shall not exceed the total amount paid for the services described herein. This shall be your exclusive remedy. No action, regardless of form, arising out of the services under this agreement may be brought by either party more than one year after the date of the last services provided under this agreement. You hereby indemnify Lumsden & McCormick, LLP and hold it harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a known misrepresentation by a member of your management, regardless of whether such person was acting in your interest. This indemnification will survive termination of this letter of engagement. You further agree to indemnify and hold Lumsden & McCormick, LLP harmless from and against any third-party claim or action arising from our services provided hereunder. You and Lumsden & McCormick, LLP hereby knowingly, voluntarily, and intentionally waive any right either may have to a trial by jury with respect to any litigation arising out of, under or in connection with this agreement or the services provided hereunder. This agreement, its enforcement, and any dispute relating in any way to this engagement including, but not limited to, the procedural law on any dispute shall be governed by and construed and enforced in accordance with the laws of New York State, without reference to its choice of law doctrine. It is hereby understood and agreed that this engagement is undertaken solely for your benefit and that no other person or entity shall be authorized to enforce the terms of this engagement or rely on Lumsden & McCormick, LLP's services provided hereunder.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please do not hesitate to contact me. Please acknowledge your concurrence with the terms of our engagement by signing the enclosed copy and returning it to me.

Sincerely,

LUMSDEN & McCORMICK, LLP



Sara M. Dayton, CPA
Partner

ACKNOWLEDGED:

This letter correctly sets forth the understanding of Buffalo Fiscal Stability Authority.

Jeanette M. Robe
Executive Director

**BUFFALO FISCAL STABILITY AUTHORITY
AUDIT, FINANCE AND BUDGET COMMITTEE RESOLUTION NO. 25-XX
APPROVE ENGAGEMENT OF LUMSDEN & McCORMICK, LLP AS INDEPENDENT
AUDITOR OF THE BFSA FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

WHEREAS, the Buffalo Fiscal Stability Authority (the “BFSA”) was formed by Chapter 122 of the Laws of 2003, as amended (the “BFSA Act”), to “oversee the city’s budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings through debt restructuring; to finance short-term cash flow or capital needs; and if necessary, to develop financial plans on behalf of the city if the city is unwilling or unable to take the required steps toward fiscal stability”; and

WHEREAS, Section 3871(1) of the BFSA Act requires the engagement of an independent certified auditor; and

WHEREAS, BFSA previously contracted with Lumsden & McCormick, LLP, to serve as BFSA’s independent auditors pursuant to a request for proposals after determination that the firm was the most capable of carrying out the required duties; and

WHEREAS, Lumsden & McCormick, LLP, has submitted an engagement letter to continue to serve as the BFSA’s independent auditors for the year ending June 30, 2025, at a cost that is reasonable in comparison to that of prior year as well as considering the current rate of inflation; and

WHEREAS, the firm of Lumsden & McCormick, LLP, has performed its duties as independent auditors in a satisfactory manner.

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby engage the accounting firm of Lumsden & McCormick, LLP, to provide accounting and auditing services to the BFSA for the fiscal year ended June 30, 2025. Such services shall be undertaken for such amounts and on such terms as agreed upon by the Chair, Vice Chair or Executive Director.

This resolution shall take effect immediately.

Approved June 16, 2025

Frederick G. Floss,
Committee Chair Pro Tem



**BUFFALO FISCAL
STABILITY AUTHORITY**

TAB #2

BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes
April 28, 2025

The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (“BFSA”) held on Monday, April 28, 2025. The Board met in compliance with New York State Open Meetings Law, as amended. The meeting was called to order at 10:43 AM.

Board Members Present

Secretary Frederick G. Floss
Director Andrew A. SanFilippo (via teleconference)
Director Timothy R. Hogues
Mayor Christopher P. Scanlon
County Executive Mark C. Poloncarz

Board Members Excused

Interim Vice-Chair Jeanette T. Jurasek

Staff Present

Executive Director Jeanette M. Robe
Principal Analyst/Media Liaison Bryce E. Link
Senior Analyst II/Manager of Technology Nathan D. Miller
Administrative Assistant Nikita M. Fortune
Comptroller Claire A. Waldron

Additionally Present

Richard Grimm, III, Esq., Magavern Magavern & Grimm LLP
Mark Cornell, Budget Director, Erie County
Raymour Nosworthy, Commissioner of Administration, Finance, Policy and Urban Affairs, City of Buffalo
James Barnes, Chief Financial Officer, Buffalo City School District
Demone Smith, Special Assistant to the Comptroller, City of Buffalo
Gregg Szymanski, Investment and Debt Management Officer, City of Buffalo
Rebecca Castaneda, Chief of Staff, New York State Assemblymember John Rivera
Modesto Candelario, Assistant Executive Director, Buffalo Municipal Housing Authority

Opening Remarks

Chair Pro Tempore Floss welcomed everyone to the April board meeting and reviewed the meeting agenda. Chair Pro Tempore Floss asked for the roll to be called.

Roll Call of the Directors

BFSA Executive Director Robe called the roll. A quorum was not present, as Director Hogues was in route.

Chair Pro Tempore Floss advanced the agenda to review the Buffalo Urban Renewal Agency (“BURA”) 2025-26 Proposed Budget and 2026-2029 Financial Plan.

Buffalo Urban Renewal Agency

Review of 2025-26 Proposed Budget and Four-year Financial Plan

Principal Analyst Link began his review by providing a breakdown of the U.S. Department of Housing and Urban Development (“HUD”) estimated allocation for Program Year 51. Entitlement Funds total \$17.5M, including the following potential variances over the prior fiscal year (“PFY”):

- Community Development Block Grants (“CDBG”) \$11.7 million; a decrease of 11.6%
- Housing Opportunities Made Equal (“HOME”) \$4.3 million; an increase of 33.3%
- Emergency Shelter Grants (“ESGs”): \$875,000; a decrease of 24.4%
- Housing Opportunities for Persons With Aids (“HOPWA”): \$625,000; a decrease of 38.8%

HUD award notices are usually received by early May. The entitlement award in total is expected to decrease by \$1.1 million over the PFY. It was noted that prior to 2025-26, CDBG funds were split between the City of Buffalo (“City”) and BURA. BURA will receive all entitlement funds allocated to the City as a subrecipient beginning in FY 2025-26.

Comparing the 2025-26 Proposed Budget to the 2024-25 Adopted Budget:

- Grant and program income increase by \$10.9 million (62.7%)
- Program costs increase by \$11.0 million (84.1%)
- Administrative & planning costs decrease by \$114,873 (2.7%)

Principal Analyst Link gave an overview of the grant revenues. New grants were noted; Vacant Rental Property and Accessory Dwelling Unit account for \$1.4 million and \$0.9 million, respectively, in 2025-26. The offset expenditures were reviewed. Revenues and expenditures are balanced over the financial plan, ranging from \$28.3 million in FY 25-26 to \$23.1 million in FY 28-29. The decrease is attributed to a spend-down of one-time American Rescue Plan Act (“ARPA”) grants received over the last few years.

An overview of the program budgets was provided. Chair Pro Tempore Floss asked for clarification on which funds are coming from the federal government and how they may be impacted by the forthcoming federal budget reconciliation bill. Principal Analyst Link stated CDBG, HOME, ESG and HOPWA are all federal entitlement programs. It is unknown what the impact will be on funding. HUD entitlement funds are formula-based, and changes/reductions will filter down to all municipal budgets that receive entitlement funds. Chair Pro Tempore Floss highlighted the importance of knowing where funding cuts originated, and the cuts are beyond the control of the state or city. County Executive Poloncarz commented that the federal budget committees release their tentative plans on April 29, 2025.

The National Association of Counties indicated that there may be changes to administrative caps, but not cuts regarding the general funding.

Principal Analyst Link continued the review.

- ESG Budget = \$875,000
- HOPWA Budget = \$625,000
- Vacant Rental Program (VRP) Budget = \$1,410,000
- Accessory Dwelling Unit (ADU) Budget = \$900,000
- HOME ARP Budget = \$2,936,000
- City ARP Budget = \$1,530,000
- CDBG-CV Cares Budget = \$1,355,000
- HOME ARPA HUD Funds = \$12.2 million awarded
 - BURA is a subrecipient, award is to the City
 - Administered through HUD, separate funding from the ARPA and CARES funding
 - Four targeted investment areas:
 - Production/preservation of affordable housing
 - Tenant-based rental assistance
 - Homeless prevention services and supportive services
 - Purchase and development of non-congregate shelters
 - Obligation deadline of September 30, 2028, and disbursement deadline of September 30, 2030
 - Balance of \$12.2 million to disburse as of December 31, 2024
- City ARPA Funds = \$11.0 million awarded
 - BURA is a subrecipient, award is from the City
 - Administered through the Treasury Department, funds are a portion of the City's ARPA funding
 - Three targeted investment areas:
 - Production of new affordable housing
 - Improvements to existing housing
 - Transitional housing for displaced residents
 - Disbursement deadline of December 31, 2026
 - Balance of \$1.5 million to disburse as of December 31, 2024
- CDBG-CV CARES Budget = \$11.4 million awarded
 - BURA is a subrecipient, award is from the City Administered through the Treasury Department, funds are a portion of the City's CARES funding
 - Four targeted investment areas:
 - Preventing rent evictions and foreclosures
 - Fair housing
 - Renter and owner rehabilitation projects
 - Microenterprise grant program
 - Disbursement deadline of December 31, 2026
 - \$9.9M disbursed as of December 31, 2024

- Lead Hazard Grant (Federal) = \$1,044,000
 - Extension granted to July 3, 2025
 - An additional one-year extension has been requested
- Non-Federal Budget = \$891,652
 - Cities RISE = \$120,000 in 2025-26 and \$380,000 in 2026-27
 - General = \$765,652 in 2025-26, \$788,622 in 2026-27 and \$812,280 each year after
 - All revenue allocated for administrative and planning costs

Administrative Costs are limited to a certain maximum percentage of grant award, ranging from 7% to 20%. Program delivery personal service costs are not included in these limits. BURA has 40 budgeted positions, of which 16 are exempt and 11 are vacant. There are no savings from vacancies for BURA because the undisbursed funding is rolled forward to future years.

Other notable items were discussed as follows:

- Negotiated increases are included in the first two years of the financial plan.
 - Current CBA expires June 30, 2026
 - 3% estimated increases projected in each year
- Budget is not developed based on the annual award but on what project managers intend to use
- Indirect costs can be supported

The presentation concluded noting the 2026-2029 Financial Plan is balanced, is conservatively budgeted and includes reasonable underlying assumptions. It appropriately reflects the available Coronavirus Aid, Relief, and Economic Security Act (“CARES”) funding and additional ARPA funds from the City, including the required timing for using such funds

Executive Director Robe commented that while the BURA budget and financial plan are balanced, the concern is BURA’s capacity to utilize the resources while being short-staffed.

Director Hogues entered the meeting at 10:47 AM. A quorum was called.

Chair Pro Tempore Floss thanked the staff for the report. He welcomed the newly appointed Director Hogues to the Board. Executive Director Robe distributed signatory documents for Director Hogues, and the meeting commenced.

Approval of Minutes

Chair Pro Tempore Floss advanced the agenda to review the minutes of March 10, 2025, and December 11, 2024.

County Executive Poloncarz made a motion to approve the minutes.

Director SanFilippo seconded the motion.

The Board voted 5 to 0 to approve.

Chair Pro Tempore Floss advanced the agenda.

City of Buffalo

Review of Proposed 2025-26 Budget and Related Four-Year Financial Plan

Chair Pro Tempore Floss stated the Mayor submitted the 2025-26 Proposed Budget and 2026-2029 Financial Plan on April 8, 2025. The submission deadline for the City's proposed budget and corresponding financial plan was changed from May 1 to April 8 by the Buffalo Common Council. The BFSA is required to review the submission within twenty days.

Principal Analyst Link began his review of the City's 2025-26 Proposed Budget and 2026-2029 Financial Plan, stating revenues and expenditures for 2025-26 are \$622.1M, increasing to \$622.2 million in 2026-27, \$624.7 million in 2027-28 and \$630.1 million in 2028-29. An increase of \$8.0 million in revenues and expenditures over the financial plan, resulting in a total of \$2,449.1 million in revenues and expenditures over the four years of the financial plan, is projected. There are no projected deficits.

The 2025-26 Proposed Budget reflects an increase in revenues of \$19.8 million, and a decrease of \$4.9 million in expenditures as compared to the 2024-25 budget. The 2024-25 projected current fiscal year-end ("CFYE") revenue amount is \$627.5 million and includes \$37.0 million in nonrecurring federal ARPA revenue replacement funds. The 2024-25 second quarter year-end estimate includes unbudgeted programmatic federal stimulus funding and spending. Eliminating this adjusts revenues to \$610.5 million and expenditures to \$612.8 million; there is no change to the projected year-end deficit of \$2.3 million.

Revenues

Total 2025-26 estimated revenues and resources of \$622.1 million categorized by source includes:

- City: \$277.9 million (44.7%)
- New York State: \$191.5 million (30.8%)
- Erie County: \$114.9 million (18.5%)
- Federal: \$17.6 million (2.8%)
- Transfers In: \$15.0 million (2.4%)
- Other: \$5.2 million (0.8%)

Total taxes over the financial plan will generate an additional \$35.0 million of revenue with the growth driven by the real property tax levy which is projected to increase 10.3% over the financial plan. Estimated tax revenue for 2025-26 is \$201.1 million and represents 32.3% of the total 2025-26 estimated revenue. The proposed real property tax levy is \$184.5M, an increase of \$13.7M (8.0%) over 2024-25.

Taxes are projected to increase 10.0%, or \$20.1 million, from \$201.1 million to \$221.2 million over the financial plan with the increase is attributed to the real property tax levy. The tax levy is projected to increase 8.0%/5.0%/3.0%/2.0% over the plan and is projected to provide \$18.5 million in incremental revenue over the 3 outyears. The new City-wide reassessment goes into effect on July 1, 2025-26.

The City is currently utilizing 42.0% of the available taxing levy of \$439.1 million; \$254.6 million, or 58.0%, of the constitutional tax limit is available.

The real property tax levy is projected to increase between \$3.9 million to \$9.0 million over the financial plan. A historical overview of the property tax levy was provided, and a tax levy summary was also provided.

The City, along with the remaining Big 4 cities, all have dependent school districts (i.e., they are unable to levy their own property taxes). Big 4 Cities provide a portion of their property tax levies to their respective districts.

Occupancy Tax revenue is a new tax that requires New York State (“NYS”) Legislative action to implement and totals \$14.9 million over the Financial Plan. It is budgeted at \$3.4 million in 2025-26 and increases to \$3.7 million in 2026-27, \$3.9 million in 2027-28, and \$4.0 million in 2028-29.

Intergovernmental revenues were reviewed which increase over the financial plan from \$309.9 million to \$325.5 million, or 5.0%.

- \$309.9 million budgeted in 2025-26 represents 49.8% of total revenues
- Intergovernmental revenue category fluctuates over the financial plan
 - Decreases \$21.6 million (6.5%) in 2025-26 compared to PY budget
 - Increases \$13.2 million (4.2%) to \$323.0 million in 2026-27
 - Decreases \$1.0 million (0.3%) in 2027-28 to \$322.0 million
 - Increases \$3.5 million (1.1%) to \$325.5 million in 2028-29

County Executive Poloncarz asked for clarification on the year-to-year fluctuations. Principal Analyst Link stated Medicare Part D was increasing, as well as decreases to State AIM and Tribal State Compact revenue were the primary reasons.

Tribal State Compact (casino) revenue – the City included \$38.0 million in total of casino revenue over the financial plan

- \$11.0 million annually in the first two-years
- Decreases to \$8.0 million annually in the last two years
- The revenue estimate of \$11.0 million could be overstated by \$3.2 million based on a ten-year average of actual receipts
- Receipt of revenue is questionable due to lack of a current agreement
- Further uncertainty as there are unknown future contract terms
- Compact extension expired on March 31, 2024

- Beginning April 1, 2024, all casino tax payments are escrowed until a new agreement is reached and the final amount to be paid is adjusted according to the new agreement terms

Mayor Scanlon asked if the City had received all the money, including the four-year stop payment. Principal Analyst Link responded that he believes so.

NYS Aid and Incentives for Municipalities (AIM) – NYS included a temporary increase of \$5.0M in 2024-25 and 2025-26. Total State AIM is estimated at \$166.3 million for 2025-26.

- The temporary increase is maintained in 2026-27; likely overestimated by \$5.0 million
- The temporary increase is removed from projections for years 2027-28 and 2028-29
- Annual AIM increases are projected in years 2027-28 and 2028-29
 - o Net decrease of \$1.6 million to \$162.9 million in 2027-28
 - o Increase to \$164.5 million 2028-29
- State AIM increases of \$9.9 million are projected over the three out-years

Sales Tax – is estimated at \$114.9 million in 2025-26 and increasing by \$7.6 million, or 6.6%, to \$122.5 million in 2028-29. Sales tax increases by 1.3% in 2025-26, 4.0% in 2026-27, 1.5% in 2027-28, and 1.0% in 2028-29. Sales tax increased by \$2.0 million (1.8%) between 2023-24 and 2024-25. The current year-end estimate is \$114.1 million, \$0.6 million favorable variance compared to the budgeted amount of \$113.5 million

County Executive Poloncarz stated that the sales tax revenue is expected to be \$1.3M higher than what the City budgeted, as NYS has been underestimating the monthly internet sales tax receipts, with an annual adjustment in April. Chair Pro Tempore Floss asked if the issues with decreased Canadian visitors and tariffs were impacting receipts. County Executive Poloncarz stated the hotel tax will probably be affected more than anything else, whereas sales tax receipts are generated on a multitude of commodities. There has been a 17% drop in international bridge crossings.

Director Hogues asked how much is captured with the retail tax. County Executive Poloncarz stated the largest categories are utilities, auto sales, and gasoline sales, retail sales are the fourth largest category.

Principal Analyst Link continued the presentation.

Medicare Part D is included for a total of \$86.9M in the Financial Plan. \$14.3 million is included in 2025-26, and increases by \$7.8 million to \$22.1 million in 2026-27, \$3.1 million to \$25.2 million in 2027-28, and \$0.2 million to \$25.4 million in 2028-29. The City has seen a significant increase in Medicare Part D reimbursement over the last two years due to the use of more expensive drugs.

Fines total \$10.6 million, or 1.7%, of 2025-26 budgeted revenues, and increase by \$2.1 million, or 20% over the financial plan. Increases are attributed to Parking Tag fines and penalties, Traffic Violation fines, enhanced enforcement, and increased rates.

Over the financial plan, miscellaneous revenue is estimated to decrease by \$21.9 million, or 58.3%, with the largest category being the decrease in the sale of capital assets. Miscellaneous revenues are budgeted at \$37.5 million in 2025-26 and represent 6.0% of budgeted revenues. This represents an increase of \$24.6 million (191.7%) compared to the PY. Miscellaneous revenues include the sale of capital assets budgeted at \$29.6 million in 2025-26, which includes the sale of the City owned parking ramps to a yet-to-be established parking authority. This amount decreases to \$12.5 million in 2026-27 and is estimated at \$4.8 million and \$2.1 million in 2027-28 and 2028-29.

All other revenues total \$48.0 million, or 7.7% of budgeted revenues in 2025-26 and are decreasing by \$7.7 million, or 16.1%, over the Financial Plan. Interest income is budgeted to decrease \$9.5 million over the financial plan as ARPA funds are disbursed.

Transfers In decrease by \$0.2 million, or 1.0%, over the Financial Plan. Water Board transfers are increasing by \$2.1 million or 21.1%. Parking transfers are decreasing \$4.6 million, 100% with the establishment of the Parking Authority Board resulting in transfers from the parking authority increasing \$2.3 million. Solid waste transfers are increasing by \$0.1 million, 21%.

A summary of potential revenue shortfall in the budget and financial plan was reviewed. Unknown revenues over the Financial Plan for the sale of parking ramps and occupancy tax total \$57.1 million over the four-year financial plan. These two revenue streams require NYS legislation. The proposed 2025-26 budget includes \$29.9 million for these two items.

The following additional uncertain and/or overstated revenues were reviewed:

- TSC Casino revenue – \$11,000,000 in 2025-26 and a four-year total of \$38,000,000
- NYS AIM increases - \$0 in 2025-26 and a four-year total of \$9,854,685
- Parking transfer - \$0 in 2025-26 and a four-year total of \$6,750,000
- Parking meter fees - \$2,000,000 in 2025-26 and a four-year total of \$9,297,386
- Traffic violation fines - \$0 in 2025-26 and a four-year total of \$2,055,000

Uncertain/overestimated revenues total \$123,091,557 over the financial plan, of which \$42,900,000 million is included in the 2025-26 Proposed Budget.

Expenditures

Expenditures for the 2025-26 Proposed Budget total \$622.1 million:

- Fringe benefits \$201.0 million, or 32.3%
- Interfund transfers out \$107.5 million, or 17.3%
- Police \$106.4 million, or 17.1%
- Fire \$73.5 million, or 11.8%
- Public works \$39.2 million, or 6.3%
- Utilities \$19.3 million, or 3.1%
- All other (including the remaining twelve departments) \$75.2 million, or 12.1%

Expenditures are estimated to increase to \$630.1 million over the 2026-2029 Financial Plan. Departmental expenditures will increase by almost \$12.0 million over the Financial Plan.

County Executive Poloncarz asked for clarification on the property tax increase by 5% in FY 2026-27, noting the budget in total increases by only \$100,000. Principal Analyst Link stated that the increase in property taxes addresses offsets certain other declining revenues in 2026-27. County Executive Poloncarz asked if increases from collective bargaining agreements (“CBAs”) were included in the analysis. Commissioner of Administration, Finance, and Urban Affairs, Raymour Nosworthy replied that the revenue from the sale of capital assets decreases over the Financial Plan, and the salary adjustment line in the budget and financial plan are set asides for collective bargaining. County Executive Poloncarz asked if job cuts or vacancies are projected due to the small year-to-year increase. Commissioner Nosworthy replied that the plan is to keep the vacancy control measures in place. Departments coordinate with the Administration to ensure continued functionality.

Mayor Scanlon stated that conversations are being held with the bargaining units and are aware of the City’s financial constraints. Director Hogues noted the challenge of retaining talent as opposed to losing talent to private employers while balancing public services and overtime. Principal Analyst Link stated personal service for collective bargaining is limited in the Financial Plan, however, the City is accounting for the other benefits tied to collective bargaining, such as health insurance and pension increases.

Chair Pro Tempore Floss stated that step increases generally continue, and there are no changes to benefits unless they are negotiated.

County Executive Poloncarz asked when the major CBAs expire. Commissioner Nosworthy responded that there are three CBAs expiring June 30, 2025. Only three unions are under contract through the end of June 30, 2026. It was noted that FY 2025-26 reflects the largest salary adjustment set aside in anticipation of settling the contracts.

Principal Analyst Link continued with the expenditure review.

- General Fund Expenditures are budgeted to increase from \$617.2 million in 2024-25 to \$622.1 million in 2025-26:
 - Represents an increase of \$4.9 million, or 0.8%
- Total departmental spending of \$286.9 million:
 - Year-to-year budget decrease of \$9.6 million, or 3.2%
 - Includes a decrease of \$2.2 million, or 0.9%, for projected personal service costs
 - Budgeted attrition/vacancies in the budget maintained over the entire Financial Plan
 - Includes \$2.7 million, or 14.8% increase for fire and police overtime
 - Reflects a net decrease of \$4.9 million, or 2.0%, in total personal service costs outside of increases for police and fire overtime
 - A decrease of \$4.1 million, or 11.0%, for services
 - A decrease of \$1.8 million, or 19.1%, for supplies
 - A decrease of \$1.3 million, or 13.2%, for capital outlay

- Police Department is decreasing by \$2.7 million
 - o \$2.2 million decrease for personal service costs
 - Overtime increasing \$11.3 million to \$12.9 million
 - o \$0.2 million decrease for services and utilities and \$0.1 million decrease for supplies
- Fire Department is increasing by \$0.9 million
 - o \$1.5 million increase for step-progression and overtime
 - Overtime increasing \$6.9 million to \$8.0 million
 - o \$0.6 million decrease for supplies and \$0.1 million decrease for capital outlay
- All other departments net decrease of \$7.8 million
- Limited resources for labor contracts included over the Financial Plan
- Maintains approximately 300 vacancies over the Financial Plan
 - o Limiting vacancies increases pressure on overtime, as vacancies were historically used to address overages
- Reductions to supplies, services, and capital outlay in 2025-26 are maintained over the Financial Plan

Mayor Scanlon commented that the departments driving overtime downward are staffed higher than they have been in the past, therefore, the number of hours in overtime has been trending down.

- Total general charges spending of \$227.7 million:
 - Year-to-year budget increase of \$14.2 million (6.7%)
 - o Fringe benefits increasing by \$13.1 million (7.3%)
 - o All other general charges increasing by \$1.1 million (0.5%)
 - Largest cost escalator is contributions to retiree health insurance
 - o Budgeted at \$49.2 million
 - o Increase of \$3.0 million (6.5%)
 - Increase for active employee health insurance is \$2.8 million (4.0%)
 - o Budgeted at \$52.1 million
 - Increase for police and fire retirement system (“PFRS”) Contributions is \$2.3 million (4.9%)
 - o Budgeted at \$49.2 million
 - Employee retirement system (“ERS”) contributions are increasing \$0.7 million to \$12.1 million (6.1%)
 - Salary adjustment line is included at \$3.8 million, an increase of \$2.3 million
 - o Decreased to \$0.8 million in the final year of the Financial Plan
- Expenditures increase over the plan by \$8.0 million, or 1.3%
 - Departmental costs increase \$11.9 million (4.1%)
 - General charges decrease \$3.9 million (1.1%):
- Departmental expenditures increase by \$2.1 million in 2026-27 due to:
 - Police department is increasing \$1.1 million for personal service increases
 - Fire department is increasing \$0.6 million, \$0.7 million is attributed to personal services increases
 - Departmental costs are increasing by \$5.3 million (1.8%) and \$4.5 million (1.5%) to reflect step increases in fiscal years 2028 and 2029

- Average annual increase is 0.5%
 - General Charges decrease 0.6% in 2026-27, increase 0.8% in 2027-28 and increase 0.3% in 2028-29
 - Fringe benefits are increasing \$6.0 million (3.1%) over the Financial Plan
 - Health insurance increasing by \$4.6 million (2.4%), approximately 1.5% annually
 - Pension payments are increasing by \$3.1 million (1.6%), approximately 1.7% annually
 - Salary adjustment line is decreased by \$3.0 million (78.9%)
 - Utilities are increasing \$0.6 million (3.0%) over the Financial Plan
 - Other is decreasing by \$1.8 million (31.2%) over the Financial Plan
- Interfund transfers out decrease by \$9.0 million over the Financial Plan
 - Interfund transfers out total \$107.5 million in 2025-26 and decreases to \$98.5 million in 2028-29:
 - Transfer to the School District is flat at \$70.8 million
 - Transfer to Capital Debt Service Fund at \$36.2 million decreasing to \$27.3 million in FY 2029
 - Transfer to Capital Projects Fund is flat at \$400,000

Chair Pro Tempore Floss asked if the debt service for an approved parking authority has been accounted for. Commissioner Nosworthy stated the authority would issue the bond and pay it back separately.

County Executive Poloncarz asked if the Buffalo City School District (BCSD) would receive any additional funding due to the proposed property tax increases. Commissioner Nosworthy replied that the aid to the District will stay flat at \$70.8 million annually, and any increase generated from the increase in the property tax will be retained by the City.

Mayor Scanlon stated the City Administration is partnering with the BCSD to allocate funding in creative ways. For example, the City awards Say Yes! to Buffalo funds that are in turn awarded to the BCSD for specific programs.

Chair Pro Tempore Floss stated that once direct City funding has been increased, a maintenance of effort is applied wherein the annual City contribution toward operations may not be decreased unless the total assessed property value declines.

Principal Analyst Link provided the staffing plan over the financial plan:

- Police officers held flat at 812
- Firefighters held flat at 742
- Other held flat at 1,213

Totaling a workforce of 2,767 over the financial plan for the General Fund.

Other areas of significance

- The City is maintaining its contribution to the District of \$70.8 million annually
- The City has returned to subsidizing annual operations of the Refuse Fund
 - At June 30, 2024 - \$23.4 million due to the General Fund (restriction of fund balance)
 - No formal plan has been developed to address the outstanding receivable
 - City has indicated cash surpluses, when generated, will be applied against the receivable
- Unrestricted fund balance at June 30, 2024, was \$63.0 million:
 - \$50.7 million - Rainy Day Fund
 - \$12.3 million - assigned fund balance
 - \$0 million - unassigned fund balance
- The Government Finance Officers Association (“GFOA”) recommends no less than two months of regular operating expenditures
 - Two months of budgeted 2025-26 expenditures is equivalent to \$85.8 million - \$103.7 million
 - The City is below the lower threshold for recommended levels

Executive Director Robe thanked Principal Analyst Link, Commissioner Nosworthy, and Mayor Scanlon for their hard work and collaboration.

The following summary was provided:

- Key financial plan assumption is that economic conditions remain stable
 - Numerous risks exist – tariffs, recession, inflation, cut in federal funding, etc.
 - \$50.7 million emergency stabilization fund (Rainy Day Fund) remains intact. Per the City charter, the funds are to be used for “extraordinary operating or capital needs that could not be anticipated and could not be funded with current resources.”
 - Provides cushion against economic uncertainty
- No remaining fund balance is available for revenue shortfalls or unexpected expenditures
- No replenishment of fund balance provided for
- The Proposed Budget and Financial Plan are reliant on several actions:
 - Budget is balanced with \$29.9 million of revenue dependent on State legislation:
 - Legislation passes to create a Parking Authority and parking ramps are sold/bonded
 - \$26.5 million in 2025-26 and \$42.2 million over plan
 - Legislation passes to allow for assessment of 3% hotel occupancy tax
 - \$3.4 million in 2025-25 and \$14.9 million over plan
 - Budget is balanced with \$11.0 million of uncertain casino revenue
 - Budget includes \$16.5 million of attrition/vacancy savings
 - Maintaining approximately 300 vacancies annually in the Financial Plan
 - Overtime overages have been funded by vacancy savings
 - Overtime for police and fire has exceeded the budget on average by \$12.4 million over the last three years

- Limited resources provided for negotiating labor agreements
 - o All labor agreements are expired or will expire over the Financial Plan
 - o Both police and fire expire on June 30, 2025
 - o Increases in budget are for step increases only
- Health insurance may be under-projected
 - o Increases 4.8% / 2.5% / 1.0% / 1.0%
 - o Has increased on average 7.5% over the last 3 years
- Supplies, services and capital outlay are cut substantially in 2025-26
 - o Cuts are maintained over the Financial Plan

The draft resolution on the review of the City’s financial plan includes a request for the City to provide a gap-closing plan for \$40.9 million if certain items do not materialize, including revenues from the sale of the parking ramps, occupancy tax, and casino revenue.

Chair Pro Tempore Floss stated he pushed for a gap-closing plan for the City. Over \$90.0 billion of NYS’s \$250.0 billion budget comes from the federal government, of which \$72.0 billion is for Medicaid. The Continuing Resolutions in both the U.S. Senate and the U.S. House of Representatives include \$288 billion in cuts for Medicaid, along with \$233 billion in education cuts also being considered, and Title I for school districts and IDEA budget cuts, which aid students with disabilities. It is expected that the impact on higher education in WNY could be over \$100.0 million for the upcoming fiscal year. Therefore, it is prudent to prepare for some of the anticipated cuts. All entities should prepare for a 5-10% cut of revenues. A discussion on the implications of federal cuts continued.

County Executive Poloncarz thanked the Mayor and Commissioner Nosworthy for submitting a transparent budget and Financial Plan. There was concern stated about the possible revenue received from a new parking authority and the true value of the parking ramps. An analysis was requested by a fiscal advisor to explore the viability of the proposed restructuring of the parking ramps. Support for requiring a gap plan to be submitted by the City was expressed. The County is willing to assist the City however possible.

Mayor Scanlon commented that he stepped into the mayoral role in October 2024, identified a \$17.0 million hole in the CFY budget, and immediately began implementing vacancy control measures to close the gap. The upcoming FY showed a \$70.0 million gap resulting in departmental cuts of \$10.0 million, \$16.0 million in vacancy control measures, and a few other actions, leaving approximately a \$30.0 million hole. To close the gap, the options for a new parking authority and occupancy tax were introduced. A gap-closing plan will be provided as requested.

Chair Pro Tempore Floss advanced the agenda.

Buffalo Municipal Housing Authority (BMHA)

Review of 2025-26 Adopted Budget and Related Four-Year Financial Plan

Senior Analyst II Miller began his presentation with the following introduction:

- The BMHA 2025-26 Adopted Budget and 2026-2029 Adopted Financial Plan includes the individual budgets and financial plans for:
 - The combined twenty-two Asset Management Projects (AMPs)
 - The Central Office Cost Center (COCC)
 - The Marine Drive Apartments
 - The HUD Housing Choice Voucher Program (Section 8)
- The Consolidated Adopted Budget and Financial Plan are operationally balanced
- Individual budgets and financial plans are not operationally balanced

The Adopted Budget revenues remain flat at \$58.5 million as compared to the prior year amount. Expenses are projected to be \$57.1 million, a decrease of 1.6% as compared to the 2024-25 Adopted Budget. Revenues over the financial plan total \$238.4 million, and expenditures total \$229.8 million.

Revenues

- 2025-26 estimated revenues are equal to the PFY Adopted Budget
 - HUD Operating Subsidy is budgeted to decrease \$4.1 million (16.5%) based on a lower proration, lower prior year expenses, and removal of Commodore Perry Homes from the AMP budget
 - All non-operating subsidy revenues increase by a net \$4.1 million
- Revenues are projected to increase \$2.5 million (4.3%) from 2025-26 through 2028-29
 - All Other Revenues decrease by \$0.5 million beginning in 2026-27 with the exclusion of the Capital Fund Financing Program (“CFFP”) Administrative Fee

Expenditures

- Expenses in total are budgeted to decrease \$0.9 million (1.6%) in 2025-26 as compared to the 2024-25 Adopted Budget
 - Other post-employment benefits (“OPEB”) non-cash accrual reduced by \$0.7 million
 - Six (6) fewer budgeted employees
 - Removal of Commodore Perry Homes from AMP/Consolidated Budget
- Expenses are projected to increase \$0.7 million (1.2%) from 2025-26 through 2028-29
 - Maintains the Adopted Budget assumptions
 - All employees receive annual 3% raises until labor contracts expire June 30, 2028
 - A 3% raise is assumed in 2028-29
 - Total employee salaries and benefits are projected to increase to \$15.9 million (\$0.9 million or 6%) over the Financial Plan

Chair Pro Tempore Floss asked where the six employees are located. Senior Analyst II Miller stated that they were unfilled Asset Management positions. The impact on services and vacancy rate is negligible because the services are contracted out.

Senior Analyst II Miller continued the presentation with information on staffing and the four individual budgets and financial plans.

- BMHA staffing is held flat over the financial plan at 151. The vacancy rate as of March 31, 2025, was 17.2%
- The 2025-26 AMP Adopted Budget depicts \$1.7 million in net operating income.
 - The cash impact after a \$1.8 million debt service principal reduction and removing the non-cash \$0.9 million OPEB accrual is budgeted at \$0.8 million.
- The 2025-2028 AMP Financial Plan depicts \$10.2 million in cumulative net operating income.

COCC

- The BMHA has budgeted 2025-26 net operating income of \$0.2 million for COCC
 - A net loss is projected in each subsequent fiscal year for a four-year cumulative loss of \$1.3 million.
- The Adopted Budget is balanced.
- The Adopted Financial Plan is not balanced overall.
 - The out-years are balanced when including a \$0.5 million in CFFP Administrative Fees that likely will be received.

Marine Drive

- A structural deficit is depicted within all fiscal years.
 - The 2025-26 net operating loss is budgeted at \$0.5 million.
 - The four-year cumulative net operating loss is projected to be \$1.7 million.
- BMHA plans to continue COCC cashflow assistance.
 - Owed more than \$2.8 million.
 - New Marine Drive units come online in late 2027 (target).

Section 8

- Any reported surplus or deficit is temporary in nature as the program self-balances.

County Executive Poloncarz asked for clarification on when current Marine Drive tenants will be vacated. Senior Analyst II Miller stated tenants will not move out of their apartments until the replacement structure is completed.

Summary

- Balanced financial plans:
 - Asset Management Projects
 - Section 8
- Unbalanced financial plans:
 - Central Office Cost Center
 - Marine Drive Apartments

Executive Director Robe continued the summary and recommendation stating that the intended rebuild of the Marine Drive Apartments is not yet reflected in financial plan. The BFSAs anticipates future plans to include appropriate forecasts.

The Marine Drive Apartments are projecting a four-year cumulative deficit of \$1.7 million and a four-year cumulative cash outflow of \$2.5 million. There are no reserves remaining; funds must be borrowed. The loan outstanding to the Central Office Cost Center is approximately \$2.8 million; terms for repayment not yet developed. Furthermore, the Central Office Cost Center is projecting a four-year cumulative deficit of \$1.3 million and cannot support additional loans to the Marine Drive Apartments. The BFSA recommends that a financial gap closing plan be submitted to address the projected deficits in the Central Office Cost Center and Marine Drive Apartments.

Chair Pro Tempore Floss asked BMHA Assistant Executive Director Modesto Candelario to provide information on the vacancy rates and an update on the Commodore Perry projects. Mr. Candelario stated as construction is completed on Perry development, the completed units will be offered to residents of the rowhomes on South Park and Chicago first. Rental Assistance Demonstration (RAD) units will be available in the new development and tenants will pay 30% of their income as in the public housing program. People from the general waitlist will be offered housing after that, and ultimately, housing will be decided by lottery, forming another waitlist. Staffing will not be impacted because BMHA will remain the property manager. There may even be a few positions added because more units will be available. The financial impact to BMHA is minimal. The overall AMP occupancy rate is at 88%. The goal is 95% occupancy but there have been many tenants moving out in the last few months due to the large number of cases working through the court system due to nonpayment and COVID. There are over 2,800 families on the BMHA waitlist. Marine Drive rents are still too low and the process to increase the rent is arduous. More than 75% of families pay less than 30% of their income towards rent. A rent increase will help balance the Marine Drive budget.

Director Hogues asked if the 2,800-family waitlist would cover the number of tenants leaving BMHA properties. Mr. Candelario stated that the demand is high for public housing, but it takes a long time to turn over the units because of the application process, and sometimes units get caught up in the court system. BMHA has been contracting out unit turnovers and streamlining their application process to fill the units quicker. Director Hogues asked about the process for the 2,800 on the waitlist. Mr. Candelario stated that families aren't processed until the units are ready, and the process starts approximately three months before a unit is expected to be available.

County Executive Poloncarz asked how many units the new Perry development will add for BMHA. Mr. Candelario replied there will be 405 units, previously there were 284 units. The average time on the waitlist is one year.

Chair Pro Tempore Floss thanked Mr. Candelario for attending and advanced the meeting.

Chair Pro Tempore Floss stated the review of the City financial plan has been completed and proposed Resolution 25-02: “Declaration of Incomplete Financial Plan”. It has been concluded that a gap closing plan be provided by the City to address the \$40.9 million potential gap in the 2025-26 budget. The BMHA is out of balance and is required to submit a gap-closing plan for COCC and Marine Drive. The budget and financial plan for the District must be submitted as soon as possible as the District did not comply with the new deadline as imposed by the Buffalo Common Council. All required items are to be submitted to the BFSA by May 28, 2025.

Mayor Scanlon made the motion to accept the resolution.

Director Hogues seconded the motion.

The Board voted 5 to 0 to approve.

New Business

Chair Pro Tempore Floss opened the floor to discuss new business. Hearing none, the agenda was advanced.

Privilege of the Floor and Adjournment

Chair Pro Tempore Floss noted there were no members of the public present to address the Board. Hearing no comments, the meeting adjourned at 12:39 PM.

**BUFFALO FISCAL STABILITY AUTHORITY
RESOLUTION NO. 25-XX
APPROVING MINUTES AND RESOLUTIONS FROM
APRIL 28, 2025**

BE IT RESOLVED that the Buffalo Fiscal Stability Authority hereby approves the minutes of its meeting on April 28, 2025.

BE IT FURTHER RESOLVED that the Buffalo Fiscal Stability Authority ratifies and affirms Resolution Nos. 25-01 and 25-02 which were approved on April 28, 2025.

This resolution shall take effect immediately.

Approved June 16, 2025

Frederick G. Floss,
Secretary



**BUFFALO FISCAL
STABILITY AUTHORITY**

TAB #3

CITY OF BUFFALO

Buffalo Fiscal Stability Authority's Analysis of the 2025-26 Adopted Budget and the City of Buffalo's 2025-26 Gap Closing Plan

June 16, 2025

The following summarizes modifications made to the 2025-26 City of Buffalo (“City”) Proposed Budget pursuant to the subsequent adoption of the budget. Various revisions were made to budgeted appropriations in the General Fund. City budget officials have indicated that the revisions to the budget will impact all four years of the 2026-2029 Financial Plan. The Buffalo Fiscal Stability Authority (“BFSA”) has not yet received the revised 2026-2029 Financial Plan. In addition, the BFSA received the City’s 2025-26 gap closing plan on May 28, 2025, that addresses uncertain revenues identified by the BFSA and how the City will address the potential budget gap as identified by the BFSA.

The Mayor submitted the proposed 2025-26 budget and related four-year financial plan to the BFSA on April 8, 2025. The BFSA reviewed and commented on the proposed budget and financial plan on April 28, 2025. The City of Buffalo Common Council (Common Council or Council) approved the budget on May 27, 2025, as amended. The Council’s changes impacted only the City’s General Fund.

The modifications approved by the Council only impact expenditures as there were no changes to revenues. The modifications do not change total appropriations as compared to the proposed budget of \$622.1 million. There are multiple line-item changes with both increases and reductions totaling \$1.3 million; within categories there is a net increase/decrease of \$1.1 million. The modifications have a net impact of \$0 in regard to total appropriations.

The City’s 2025-26 Adopted Budget (“Adopted Budget”) provides for General Fund revenues and budgeted appropriations of \$622.1 million, representing an increase of \$19.8 million and \$4.9 million, or 3.3 and 0.8 percent, respectively, over last year’s adopted budget of \$602.3 million and \$617.2 million for revenues and appropriations. The use of fund balance in the amount of \$3.6 million was included in 2024-25; there is no unrestricted fund balance available to be used in the 2025-26 budget.

The categorical changes of modifications to budgeted appropriations made by Common Council are shown below on a net basis:

General Fund	2025-26		Net	
	Proposed Budget	Adopted Budget	Increase/(Decrease)	
Departmental Costs	\$	\$	\$	%
Personal Services	\$ 240,953,419	\$ 239,878,966	\$ (1,074,453)	-0.4%
Utilities	17,220	17,220	-	0.0%
Travel	274,403	274,403	-	0.0%
Supplies	11,325,435	11,325,935	500	0.0%
Services	32,911,475	32,914,975	3,500	0.0%
Capital Outlay	1,458,745	1,458,745	-	0.0%
Departmental Subtotal	286,940,697	285,870,244	(1,070,453)	-0.4%
GENERAL CHARGES				
Grant in Aid	400,000	400,000	-	0.0%
Utilities	19,260,000	19,260,000	-	0.0%
Services	1,316,000	1,316,000	-	0.0%
Other	5,610,000	5,680,453	70,453	1.3%
Personal Service	9,575,000	9,575,000	-	0.0%
Fringe Benefits	187,663,325	188,663,325	1,000,000	0.5%
Salary Adjustment	3,750,000	3,750,000	-	0.0%
Debt Service	88,000	88,000	-	0.0%
Interfund Transfers Out	107,471,393	107,471,393	-	0.0%
General Charges Subtotal	335,133,718	336,204,171	1,070,453	0.3%
TOTAL BUDGET	\$ 622,074,415	\$ 622,074,415	\$ -	0.0%

The final approved modifications to both departmental costs and general charges result in a total net impact of \$0:

- Departmental Personal Service Costs – Personal service costs are reduced by \$1.1 million reflecting the net elimination of two positions and the modification to budgeted salaries for multiple positions. Three positions are eliminated including Director of Open Data, a vocational counselor, and an investigator. There is the addition of a position for a Director of Data Management and the funding of a junior collection officer position that was included in the proposed budget but was not funded as part of attrition savings. The amount of these staffing changes totals a net reduction of \$74,453. These position changes are now reflected in the FTE count of 2,765.
 - In addition, overtime for the fire department was reduced by \$800,000 and overtime was reduced by \$200,000 for the police department.
- Services are increased by \$3,500 for an outside vendor contract and supplies are increased \$500 for additional diesel fuel.
- The Other category is increased by \$70,453 for payments towards prior-year legal claims.
- Fringe benefits are increased by \$1.0 million to establish a freeze account, with the intention of the freeze account to be used to increase the City’s fund balance.

Summary of Uncertain Revenues

The BFSA reviewed the Mayor’s 2025-26 Proposed Budget and 2026-2029 Financial Plan on April 28, 2025. Pursuant to that review, various revenue estimates were identified as uncertain. Those uncertain revenues either required state legislation to be passed at the time the Proposed Budget was reviewed, were potentially overestimated based on recent actual collections, timing of collection is unknown, or a combination of these factors resulted in the uncertainty classification. The following chart summarizes the uncertain revenues as identified over the 2026-2029 Financial Plan:

	Adopted Budget 2025-26	2026-27 Projection	2027-28 Projection	2028-29 Projection	Four-Year Total
Revenue Requiring State Legislation:					
Potentially Overestimated in Financial Plan					
Sale of Parking Ramps	\$ 26,500,000	\$ 11,000,000	\$ 3,300,000	\$ 1,400,000	\$ 42,200,000
Occupancy Tax	3,400,000	3,672,000	3,892,320	3,970,166	14,934,486
Total Revenues Requiring State Action	\$ 29,900,000	\$ 14,672,000	\$ 7,192,320	\$ 5,370,166	57,134,486
Uncertain/Overestimated Revenues:					
Casino Revenue	11,000,000	11,000,000	8,000,000	8,000,000	38,000,000
State AIM Increases	-	5,000,000	1,612,852	3,241,833	9,854,685
Parking Transfer	-	2,250,000	2,250,000	2,250,000	6,750,000
Parking Meter Fees	2,000,000	2,330,973	2,460,902	2,505,511	9,297,386
Traffic Violation Fines	-	500,000	750,000	805,000	2,055,000
Total Uncertain/Overestimated Revenues	\$ 13,000,000	\$ 21,080,973	\$ 15,073,754	\$ 16,802,344	\$ 65,957,071
Total Uncertain and State Action Revenues	\$ 42,900,000	\$ 35,752,973	\$ 22,266,074	\$ 22,172,510	\$ 123,091,557

Uncertain revenue over the proposed four-year Financial Plan totaled \$123.1 million, of which \$57.1 million was dependent on state legislation being enacted. The legislation for the City of Buffalo to create a municipal parking authority as well as to assess an occupancy tax was passed on May 9, 2025, as part of the New York State 2025-26 Enacted Budget. Even with the legislation, the City may run into a timing issue with the creation of the parking authority and sale of the City parking ramps to the new municipal parking authority.

Additionally, \$66.0 million of potential timing issues impacting revenue recognition were identified:

- Tribal State Compact (“TSC”) casino revenue may be overestimated by as much as \$38.0 million over the Financial Plan, based on recent actual receipts. There are two concerns with the TSC casino revenue estimates as presented in the Financial Plan. The first concern is that a new compact has yet to be negotiated between New York State and Seneca Gaming. Revenue recognition could be delayed if a new agreement is not reached as casino tax receipts are being held in escrow until such time there is an executed agreement. The second concern is regards to what is budgeted by the City compared to what they would receive under a new gaming compact. Further complicating the ability to project this revenue is that the terms of the future contract could, and most likely will, be less favorable to the City of Buffalo. Casino revenue receipts are included annually at \$11.0 million in the first two-years of the Financial Plan

and are reduced to \$8.0 million in the final two-years. Recent receipts indicate a reasonable annual amount of \$7.0 million to \$7.5 million, resulting in a potential revenue shortfall of \$3.5 million to \$4.0 million in the first two years of the plan. Revenue estimates are potentially overstated between \$3.0 million to \$11.0 million annually based on these factors.

- State AIM increases over the three years of the Financial Plan is included in the cumulative amount of \$9.9 million; the estimated increase by the City is not included in the New York State Financial Plan and we are unable to predict the likelihood of this projected increase.
- Parking meter fees are potentially overestimated by \$9.3 million over the Financial Plan, based on past collections.
- Transfers from the parking enterprise fund and the municipal parking authority may be overestimated by \$6.8 million. The parking authority has yet to be created, and it is unknown what funds would be available to transfer to the City at this time.
- Traffic violation fines are estimated to be overestimated by \$2.1 million over the Financial Plan; this estimate is based on past collections.

Review of Gap Closing Plan:

As summarized and discussed above, the 2025-26 Adopted Budget includes \$42.9 million of uncertain revenue. There is \$29.9 million in estimated revenues that could be delayed due the timing of implementation of the parking authority and occupancy tax collections. Additionally, it is unknown if Common Council will approve creation of the municipal parking authority.

A gap closing plan was submitted by the City Administration on May 28, 2025, addressing the potential revenue shortfall. A significant portion of the potential budget gap was related to the creation of the municipal parking authority (\$26.5 million) and the implementation of the occupancy tax (\$3.4 million), for a total of \$29.9 million. Both items have been approved legislatively and the City may move forward with implementation. However, the timing of implementation and subsequent receipt of said revenue is a serious concern, and it is unknown if those revenues will be recognized in the 2025-26 fiscal year.

The Administration's gap closing plan consists of two primary actions. The first one is the issuance of a short-term deficiency note in the amount of \$30.0 million. The second is the reduction of expenditures in the amount of \$10.9 million. In regard to reduction of expenditures, there are proposed reductions at both the departmental and general service levels. The Administration would reduce all departments, excluding fire and police departments, by an additional 5 percent to reduce approximately \$9.0 million in expenditures. A reduction of 2.5% would occur in the police department, and a reduction of 1.2% in the fire department. These reductions are in addition to the attrition savings (budgeted but unfunded positions) that are included in the 2025-26 Adopted Budget. The departmental reductions would most likely be personnel reductions, but a more detailed plan is not available at this time. Actual position reductions would be dependent on City operations and needs at the time of potential mid-year reductions. Under General Charges the Administration is proposing \$2.0 million in reductions including a decrease of \$200,000 in the grants in aid line and \$1.75 million from the salary adjustment line. By reducing the salary adjustment line the City is reducing the set aside for

collective bargaining leaving \$2.0 million in the budget for this purpose, which is ineffective for negotiating with the five collective bargaining units that would be out of contract post 6/30/2025.

2025-26 Gap Plan	
Revenue Actions:	
<i>Short-term Deficiency Note</i>	\$ 30,000,000
Expenditure Actions:	
<i>Departmental Cuts</i>	\$ (8,950,000)
<i>General Charges</i>	\$ (1,950,000)
Total Expenditure Actions	\$ (10,900,000)
Total Gap Plan:	\$ 40,900,000

The following schedule identifies the potential reductions the City would implement if the Gap closing plan was to be utilized in 2025-26:

City of Buffalo Potential Gap Closing Measures - Departmental Expenses					
Department	2025-2026		Reduction		
	Proposed Budget	Mid-Year Gap Closing	\$	%	
Common Council	\$ 3,637,275	\$ 3,455,411	\$ (181,864)	-5.0%	
City Clerk	4,225,410	4,014,140	(211,270)	-5.0%	
Mayor & Executive	8,233,543	7,821,866	(411,677)	-5.0%	
Audit & Control	4,330,820	4,114,279	(216,541)	-5.0%	
Law	5,342,513	5,075,387	(267,126)	-5.0%	
Assessment	3,031,265	2,879,702	(151,563)	-5.0%	
MIS	6,919,604	6,573,624	(345,980)	-5.0%	
Administration & Finance	10,634,848	10,103,106	(531,742)	-5.0%	
Parking	3,638,029	3,456,128	(181,901)	-5.0%	
Police	106,445,731	103,744,790	(2,700,941)	-2.5%	
Fire	73,532,608	72,631,667	(900,941)	-1.2%	
Human Resources	5,602,021	5,321,920	(280,101)	-5.0%	
Public Works	39,194,849	37,235,107	(1,959,742)	-5.0%	
Community Services	5,095,309	4,840,544	(254,765)	-5.0%	
Permits & Inspections	7,076,872	6,723,026	(353,846)	-5.0%	
Department Subtotal	\$ 286,940,697	\$ 277,990,697	\$ (8,950,000)	-3.1%	
Grants in aid	\$ 400,000	\$ 200,000	\$ (200,000)	-50.0%	
Misc. Utilities	19,260,000	19,260,000	-	0.0%	
Misc. Services	1,316,000	1,316,000	-	0.0%	
Misc. Other	5,610,000	5,610,000	-	0.0%	
Fringe Personal Services	8,325,000	8,325,000	-	0.0%	
Fringe Benefits	192,663,325	190,913,325	(1,750,000)	-0.9%	
Debt Service	88,000	88,000	-	0.0%	
Interfund Transfers Out	107,471,393	107,471,393	-	0.0%	
General Charges Subtotal	\$ 335,133,718	\$ 333,183,718	\$ (1,950,000)	-0.6%	
Total	\$ 622,074,415	\$ 611,174,415	\$ (10,900,000)	-1.8%	

At the departmental level, the Administration would reduce most departments by 5.0 percent, outside of police and fire departments, to achieve a reduction of \$9.0 million. Based on the average salaries as budgeted for 2025-26, this is equal to approximately 97 positions on a full year basis. However, if the cuts are made mid-year as presented by the Administration that would be equivalent to 195 positions to be cut. These reductions in positions would be in addition to the previous number of held vacancies of approximately 300 FTEs for attrition savings. Under general charges, the potential reductions total \$2.0 million. There would be a reduction of \$0.2 million for grants in aid and a reduction of \$1.75 million from the salary adjustment line, which is the contingency line used for negotiating labor contracts.

Unrestricted fund balance was \$63.0 million at June 30, 2024, and the Rainy Day fund was \$50.7 million. The Rainy Day fund remains intact within the budget gap closing plan. We stress the importance of attaining structural balance and not relying on one-time funding sources. Additionally, fund balance replenishment will need to be addressed in future budgets if such balances fall below the minimums as established in the fund balance policy. The Government Finance Officers Association (“GFOA”) recommends no less than two months of regular operating expenditures, or \$85.8 million, based on the Adopted Budget.

Conclusion: The gap plan provides actions to address a budget gap for those uncertain revenues identified by the BFSA. It is further recommended the City prioritize identifying additional revenues or potential cuts in the outyears of the Financial Plan to address the uncertain revenues. Additionally, we recommend a departmental-level plan be developed to identify specific position reductions and/or other cost reductions by department.

The deficit note, if needed, would be repaid presumably with proceeds from the ramp borrowing. In the event Common Council does not approve this transaction or a bond sale fails, this likely would require a substantial tax increase to repay in the subsequent fiscal year.

Additionally, the 2026-2029 Financial Plan will require updating for the modifications made to the budget by Common Council as subsequently adopted. The Mayor shall certify that the budget is consistent with the revised Financial Plan as submitted, and that operation within the 2025-26 budget is feasible.

Amendments to 2025-2026 Recommended Budget

Account	Line Item Description	Initial Amount	Increase	Decrease	Final Amount
10871001 - 411001	Director of Open Data	\$ 129,000.00		\$ (129,000.00)	\$ -
10871001 - 411001	Director of Data Management	\$ -	\$ 87,729.00		\$ 87,729.00
10871001 - 411001	Deputy Commissioner of MIS	\$ 109,000.00	\$ 15,676.00		\$ 124,676.00
10871001 - 411001	Chief Information Security Officer to I061	\$ 124,676.00	\$ 12,314.00		\$ 136,990.00
10871001 - 411001	GIS Specialist IA046	\$ 50,015.00	\$ 3,815.00		\$ 53,830.00
10871005 - 461007	TVEyes INSIGHT CONTRACT	\$ -	\$ 3,500.00		\$ 3,500.00
11545001 - 411001	Remove Jr. Coll. Officer from attrition	\$ -	\$ 45,186.00		\$ 45,186.00
12005001 - 413001	Police Overtime	\$ 10,750,000.00		\$ (200,000.00)	\$ 10,550,000.00
12132001 - 413001	Fire Overtime	\$ 7,550,000.00		\$ (800,000.00)	\$ 6,750,000.00
13110001 - 411001	Investigator	\$ 59,937.00		\$ (59,937.00)	\$ -
13116007 - 473010	ROAD IMPROVEMENTS	\$ 175,000.00	\$ 40,000.00		\$ 215,000.00
13116007 - 474200	Traffic engineering vehicle	\$ 40,000.00		\$ (40,000.00)	\$ -
13296003 - 441002	Diesel for B District	\$ 3,000.00	\$ 500.00		\$ 3,500.00
15501001 - 411001	Assistant for External Affairs - 1821 Should be ASST EXTERNAL AFFAIRS(COMM) - 1824	\$ 63,456.00	\$ 11,500.00		\$ 74,956.00
15560001 - 411001	VOCATIONAL COUNSELOR 9450 A038 STEP 17	\$ 61,736.00		\$ (61,736.00)	\$ -
17221008 - 480225	Prior-Year Legal Settlements	\$ 4,250,000.00	\$ 70,453.00		\$ 4,320,453.00
17221008 - 490000	General City Charges - Freeze	-	1,000,000.00		\$ 1,000,000.00
	Net Totals:	23,365,820.00	1,290,673.00	(1,290,673.00)	23,365,820.00

City of Buffalo
Potential Gap Closing Measures

2025-2026	2025-2026
Recommended Budget	Mid-Year Gap Closing

REVENUE

01 Taxes	(201,098,400)	(197,698,400)	Assuming no Hotel Occupancy Tax revenue
02 Non Property Taxes	(13,600,000)	(13,600,000)	
05 Licenses and Permits	(8,129,020)	(8,129,020)	
10 Intergovernmental	(309,886,033)	(298,886,033)	Assuming no Tribal Compact revenue
15 Service Charges	(16,514,567)	(16,514,567)	
20 Fines	(10,620,400)	(10,620,400)	
25 Interest	(9,750,000)	(9,750,000)	
30 Miscellaneous	(37,490,417)	(10,990,417)	Assuming no parking ramp sale in FY25-26
TOTAL	(607,088,837)	(566,188,837)	

RESOURCES

90 Operating Transfers In	(14,985,578)	(14,985,578)	
96 Other Financing Sources	-	(30,000,000)	Short-term deficiency note
TOTAL	(14,985,578)	(44,985,578)	

TOTAL REVENUE BUDGET	(622,074,415)	(611,174,415)	
-----------------------------	----------------------	----------------------	--

DEPT EXPENSES

			Most departments cut by 5%
01 Common Council	3,637,275	3,455,411	
02 City Clerk	4,225,410	4,014,140	
03 Mayor & Executive	8,233,543	7,821,866	
04 Audit & Control	4,330,820	4,114,279	
05 Law	5,342,513	5,075,387	
06 Assessment	3,031,265	2,879,702	
08 MIS	6,919,604	6,573,624	
11 Administration & Finance	10,634,848	10,103,106	
14 Parking	3,638,029	3,456,128	
20 Police	106,445,731	103,744,790	
21 Fire	73,532,608	72,631,667	
25 Human Resources	5,602,021	5,321,920	
30 Public Works	39,194,849	37,235,107	
55 Community Services	5,095,309	4,840,544	
65 Permits & Inspections	7,076,872	6,723,028	
TOTAL	286,940,697	277,990,697	

GENERAL CHARGES

Grants In Aid	400,000	200,000	Reduce cultural support
Misc. Utilities	19,260,000	19,260,000	
Misc. Services	1,316,000	1,316,000	
Misc. Other	5,610,000	5,610,000	
Fringe Personal Services	8,325,000	8,325,000	
Fringe Benefits	192,663,325	190,913,325	Reduce union set-asides
Debt Service	88,000	88,000	
Interfund Transfers Out	107,471,393	107,471,393	
TOTAL	335,133,718	333,183,718	

TOTAL EXPENSE BUDGET	622,074,415	611,174,415	
-----------------------------	--------------------	--------------------	--

Buffalo Fiscal Stability Authority
Summary of the City of Buffalo’s 2024-25 Third Quarter Report
June 16, 2025

COVID – 19 Recovery:

It has been five-years since the COVID-19 Pandemic was first determined to be a public health crisis in New York State. The federal government responded via the American Rescue Plan Act (“ARPA”), which provided state, county and local governments an infusion of funds to address lost revenue attributed to the pandemic, to provide additional safety-net programs, and to make strategic capital investments. The City of Buffalo was awarded \$331.4 million in ARPA funds. The City obligated all funds by the December 31, 2024 deadline and is in the process of disbursing said funds by the December 31, 2026 deadline. The availability and use of ARPA funds for revenue recovery allowed the City to maintain City staffing and programming at pre-covid levels; however, this is the final fiscal year that revenue replacement funds are available to the City. The City relied on ARPA funds to maintain a balanced 2024-25 budget.

There are continuing external factors outside the control of the City that are a risk to the City’s finances, including policy changes and potential funding freezes from the federal government, inflation, and the risk of an economic slowdown. The impact of the policy changes at the federal level, including the reduction of federal employees, has not been determined as the process is in flux and there are currently legal challenges to the reductions. Inflation has cooled but remains a concern. The federal funds interest rate was reduced in both September and November 2024 for a federal funds rate of 4.25-4.5 percent. The national economy has indicators that it continues to be operating in a strong position; however, inflation continues to be a concern as consumer prices rose substantially over the past few years. More specifically there has been a significant decrease in travelers from Canada to Western New York over the past year.

General Fund Overview:

At the end of the first quarter, the City Administration was projecting a year-end deficit of \$17.7 million. In December, the Administration increased ARPA general fund revenue replacement to \$37.0 million, an increase of \$17.2 million. The Administration has taken actions including the implementation of both a hiring freeze and spending freeze on non-mission critical supplies and services. These actions have allowed the City Administration to close the gap and led to a forecasted year-end surplus of \$1.3 million as of the end of the second quarter. The third quarter forecast is an unfavorable year-end deficit of \$1.6 million:

Projected year-end revenues	\$ 636,992,376
Projected year-end expenditures	<u>638,553,679</u>
Total projected deficit	<u><u>\$ (1,561,303)</u></u>

At the end of the third quarter, the City is projecting a year-end budget surplus of \$2.1 million and is the result of a favorable budget variance in revenues, transfers in and other resources of approximately \$23.5 million and an unfavorable variance in expenditures of approximately \$21.4 million:

City of Buffalo	
2024-25 3rd Quarter Summary	
Projected Budget Variances - General Fund	
Revenues and resources - projected favorable budget variance	\$ 23,476,800
Expenditures - projected unfavorable budget variance	(21,395,637)
Total - projected favorable budget variance	\$ 2,081,163

The City’s 2024-25 Adopted Budget included estimated revenues, including the use of fund balance, and budgeted appropriations of \$617.2 million. The 2024-25 Adopted Budget was balanced with \$40.7 million in one-time revenues or other sources, including \$19.8 million of ARPA revenue replacement funds, \$6.0 million in ARPA program funds for prior year property tax arrears, and \$14.9 million in unrestricted/unassigned fund balance.

The following chart summarizes the City’s current year-end projections compared to the 2024-25 Adopted Budget at the end of the City's third quarter.

City of Buffalo				
2024-25 3rd Quarter Summary				
Projected Budget Variances - General Fund				
	<u>Adopted</u> <u>Budget</u>	<u>2nd Quarter</u> <u>Year-End</u> <u>Projection</u>	<u>Variance Between</u> <u>Adopted Budget and</u> <u>Year-End Projection</u> <u>Favorable /</u> <u>(Unfavorable)</u>	
	\$	\$	\$	%
Revenues and Fund Balance	617,158,042	640,634,842	23,476,800	3.8%
Expenditures	(617,158,042)	(638,553,679)	(21,395,637)	-3.5%
Projected surplus	-	2,081,163	2,081,163	0.3%

Revenues:

Following is a line-item summary of the 2024-25 Adopted Budget and current year-end projections as reported in the City’s third quarter report.

City of Buffalo 2024-25 Third Quarter Report Summary of Revenues				
<u>Revenue Source</u>	<u>Adopted Budget</u>	<u>3rd Quarter Year-End Projection</u>	<u>Variance Between Adopted Budget and Year-End Projection Favorable / (Unfavorable)</u>	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>%</u>
<i>Intergovernmental</i>	331,499,962	371,394,373	39,894,411	12.0%
<i>Taxes</i>	186,167,560	182,636,796	(3,530,764)	-1.9%
<i>Service Charges</i>	17,121,883	14,135,270	(2,986,613)	-17.4%
<i>Non-Property Taxes</i>	13,600,000	13,111,146	(488,854)	-3.6%
<i>Fines</i>	12,920,450	9,882,873	(3,037,577)	-23.5%
<i>Miscellaneous</i>	12,854,278	16,411,970	3,557,692	27.7%
<i>Licenses and Permits</i>	5,373,150	5,118,990	(254,160)	-4.7%
<i>Interest</i>	10,148,927	11,744,370	1,595,443	15.7%
Total Departmental	589,686,210	624,435,788	34,749,578	5.9%
<i>Transfers In</i>	12,556,588	12,556,588	-	-
<i>Use of Fund Balance ⁽¹⁾</i>	14,915,244	3,642,466	(11,272,778)	-75.6%
Total Resources and Transfers In	27,471,832	16,199,054	(11,272,778)	-41.0%
Total Revenues, Resources and Transfers In	617,158,042	640,634,842	23,476,800	3.8%
(1) Per generally accepted accounting principles (GAAP) the use of fund balance is not recognized as a revenue, but a deficit to be closed utilizing fund balance. The City did include the planned use of fund balance in the 2024-25 Adopted Budget, subsequently those funds are no longer available. Per audited June 30, 2024 results, \$3,642,466 is available.				

As shown above, a budgetary surplus for total revenues and other resources, including the year-end reconciliation of ARPA program funds, of \$23.5 million is projected. At the end of the third quarter, the City Administration is projecting unfavorable variances in five of the eight revenue categories for a combined negative variance of \$10.3 million. This negative variance is offset by a favorable variance of \$45.0 million in the three remaining revenue categories, for a net favorable variance of \$34.7 million for departmental revenue. Under other resources and transfers in, there is an unfavorable variance in the use of fund balance category; this is due to unfavorable year-end financial results for the year ended June 30, 2024. The final amount available for the 2024-25 fiscal year to balance the budget is \$3.6 million bringing the revised variance to \$(11.3) million.

Notable variations to the Adopted Budget are as follows:

- Intergovernmental revenue is the single largest revenue category, with a year-end estimate of \$371.4 million for the current fiscal year, compared to a budgeted amount of \$331.5 million, representing a favorable variance of \$39.9 million, or 12.0 percent. Included within this revenue category is New York State (“State”) Aid and Incentive for Municipalities (“AIM”) at \$166.3 million, sales tax in the amount of \$114.1 million, Federal American Rescue Plan Act (“ARPA”) funds in the amount of \$59.3 million, and Tribal-State Compact (“TSC”) revenue in the amount of \$11.0 million. All other intergovernmental sources total \$20.6 million.

	2023-24	2023-24	2024-25	2024-25	Year-End Variance		Year-to-Year	
	Adopted	Year-End	Adopted	Year-End	Favorable /		Increase/(Decrease)	
	Budget	Actuals*	Budget	Projection	(Unfavorable)			
					\$	%	\$	%
Intergovernmental								
State AIM	\$ 161,285,233	\$ 161,020,623	\$ 166,285,233	\$ 166,285,233	\$ -	-	\$ 5,264,610	-
Sales Tax	111,335,000	111,512,602	113,487,500	114,135,375	647,875	-	2,622,773	2.4%
TSC - Casino Revenue	11,000,000	6,805,254	11,000,000	11,000,000	-	-	4,194,746	61.6%
ARPA Funds**	30,585,235	30,585,235	25,771,429	39,509,099	13,737,670	-	8,923,864	29.2%
ARPA Program Funds	-	43,669,279	-	19,821,273	19,821,273	-	(23,848,006)	-54.6%
All Other	11,692,062	9,534,609	14,955,800	20,643,393	5,687,593	38.0%	11,108,784	116.5%
Total Intergovernmental	\$ 325,897,530	\$ 363,127,602	\$ 331,499,962	\$ 371,394,373	\$ 39,894,411	12.0%	\$ 8,266,771	2.3%

*Audited
 **Includes \$2.5M for RPT arrears program.

The favorable variance of \$39.9 million is mainly attributed to ARPA funds which are projected to be favorable by \$33.5 million. Of that amount, \$17.2 million is attributed to the increase in revenue replacement. A total of \$19.8 million is for unbudgeted ARPA program dollars which are offset by an equal unbudgeted amount for the transfers out of such ARPA program dollars with no effect on the overall operating results as revenues are equal to expenditures. Additionally, there is an expected reduction in ARPA funding towards property arrears abatement of \$3.5 million.

ARPA Funds is projected at \$39.5 million and consists of \$37.0 million of revenue replacement and \$2.5 million for a prior-year property tax arrears program that was postponed last year. The City budgeted federal ARPA funding in the amount of \$19.7 million in fiscal year 2024-25 for revenue replacement, which has subsequently been increased to \$37.0 million. These funds represent a portion of the \$331.4 million the federal government funded as part of the COVID-19 pandemic relief package.

The City has an approved recovery plan that utilizes the federal ARPA funds as part of the annual operating budget with 2024-25 representing the last year unrestricted general fund dollars can be recognized as revenue. In addition the recovery plan provides for ARPA spending over the required five years to provide investments in other programs to assist city residents, along with capital investment and the provision of services.

Included in the All Other category is Medicare Part D, budgeted at \$10.6 million and there is a favorable projected year-end variance of \$6.3 million at this time, for a total of \$16.9 million.

The TSC revenue, or casino revenue, is related to the operation of the Seneca Buffalo Creek gaming facility. In October 2024, the State advanced the City of Buffalo \$5.5 million for the expected future receipts from a to-be negotiated Tribal-State Compact. The gaming compact expired on December 9, 2023; both parties agreed to a short-term extension until March 31, 2024. The terms of the original compact currently remain in effect, except that payments under the agreement are held in escrow until a new compact is negotiated. The timing of an agreement and terms for revenue sharing are unknown, but there have been indications that revenue sharing will be reduced. The City has included \$11.0 million in the current budget and the City's projection is consistent with the budget. Subsequent to the end of the third quarter the City received a second advancement of the TSC casino revenue from NYS in June 2025, for a total of \$10.5 million received to date.

There is lower-than-budgeted expected revenue for cannabis tax which is forecasted at \$0.3 million; \$1.2 million was budgeted. Actual receipts for the quarter ended March 31, 2025 was \$162,600; actual 2023-24 cannabis tax revenue was approximately \$96,000.

Sales tax is currently forecasted to be consistent with the budget with an estimated year-end favorable variance of \$0.6 million. The accelerated growth seen in the previous years has begun to slow and plateau.

There is no expected budget variance in State AIM. It is noted that the State had maintained the annual AIM revenue allocation at the same amount of \$161.3 million dating back to 2012. The NYS budget provides an additional \$5.0 million in temporary AIM in fiscal years 2024-25 and 2025-26, for a total of \$166.3 million in State AIM.

- Taxes as estimated by the City of Buffalo Administration ("Administration") are unfavorable by \$3.5 million at fiscal year-end. The variance is directly related to the occupancy tax as included in the adopted budget. The imposition of an occupancy tax requires State legislative action and was included in the New York State 2025-26 Enacted budget. The City will have the authority to implement the proposed occupancy/hotel tax beginning in 2025-26, once required local legislative actions are taken.
- Service charges are projected to be under budget by \$3.0 million, or 17.4 percent. There are multiple service charges projected to be less than initially estimated based on actual revenue collected during the first nine months of the year. The most significant variance is with the parking meter fees, as the adopted budget included an increase to those fees and the Common Council subsequently did not approve the fee increases. The unfavorable variance is \$3.0 million for parking meter fees and \$20,000 net basis for all remaining service fees.
- Fines are projected to be under budget by \$3.0 million, or 23.5 percent, at year-end. Inspection fines for non-licensed cannabis sales are estimated to be \$2.0 million under budget, parking tag fines and penalties are estimated to be \$0.6 million under budget, and traffic violations fines are estimated to be \$0.4 million under budget. All other fines are estimated to have a net negative variance of \$57,840 at year-end.

- Miscellaneous revenue is projected to be favorable to budget by \$3.6 million for a total of \$16.4 million. The positive variance is attributed to the sale of the Mohawk Ramp in the amount of \$3.2 million, a favorable cash refund from the prior-year in the amount of \$0.7 million, and is offset by a negative net variance of \$0.3 million for all other miscellaneous revenue.
- Interest revenue is projected to exceed the adopted budget by \$1.6 million, or 15.7%.
- No other significant revenue fluctuations were noted.

American Rescue Plan Act Summary as of March 31, 2025:

The following schedule summarizes total expenditures and obligations of ARPA funds as of March 31, 2025. The City has a spending plan for the ARPA funds and has submitted this plan, along with the required annual and quarterly updates, to the U.S. Treasury Department. The ARPA funds were required to be fully obligated by December 31, 2024, and must be disbursed by December 31, 2026. The funds have been fully obligated and approximately \$70.9 million, 21.4 percent, of the funds remain to be disbursed by December 31, 2026.

American Rescue Plan Act Funds
(\$ in Millions)

Total Award	\$331.4
Total amount obligated as of 12/31/24	331.4
Total amount expended as of 3/31/25	260.5
Total amount remaining to be expended by 12/31/26	\$70.9

Fiscal Year-End (FYE) 2023-24 Actual Revenues Compared to FYE 2024-25 Projected Revenues

The following analysis is based on audited FYE 2023-24 year-end actuals. Actual General Fund revenues, excluding transfers in and other financing sources, were \$593.8 million for the year ended June 30, 2024. General Fund year-end revenues projected by the City Administration for FYE 2024-25 as of the end of the third quarter are \$624.4 million. The City Administration did account for the recognition of ARPA project funds in the General Fund to pay for those ARPA project expenditures that have been reported through the end of the third quarter.

Intergovernmental revenue is estimated to increase \$8.3 million year-to-year. There are several revenue sources impacting intergovernmental revenue including ARPA funding, State AIM, Tribal-State Compact, and sales tax. There are three components of ARPA funding: unrestricted revenue replacement, a tax arrears program for which the revenue will remain within the General Fund, and program funding which is essentially pass-through dollars.

ARPA funds for revenue replacement are estimated to increase by \$6.4 million from \$30.6 million in 2023-24 to an estimated \$37.0 million in the current year. The property tax arrears program is estimated to provide \$2.5 million in the current fiscal year which has not been received previously. The remaining ARPA program funds are estimated to decrease by \$23.8 million; these are essentially pass-through dollars and match expenditures. Sales tax is estimated to increase by \$2.6 million (2.4 percent) year-to-year. Also within the Intergovernmental revenue category is a year-to-year increase in State AIM of \$5.3 million for additional temporary state aid which was received in the first quarter. There is a projected increase in Medicare Part D revenue of \$11.0 million. The City has also projected an increase in casino revenue of \$4.2 million which is due to expected State prepayments for the year which were not received last year.

Taxes are projected to increase by \$15.6 million, or 9.3 percent, on a year-to-year basis. The increase is attributed to an increase in real property tax of \$15.4 million. There is also an estimated increase of \$0.3 million for the mortgage tax and \$0.1 million for payments-in-lieu-of-taxes. These increases are offset by decreases in the STAR program in the amount of \$0.2 million.

Miscellaneous revenue is estimated to increase by \$13.3 million, or 425.5 percent. Of this, \$3.9 million to grant reimbursement for the fire department, \$3.1 million is for the sale of capital assets, there is a \$2.4 million increase for miscellaneous revenues, \$1.5 million is for grant reimbursement for the police department, \$1.0 million is for court facility aid, and there is a \$1.4 million net increase for all other miscellaneous revenues.

Fines are projected to increase by \$2.9 million, or 40.9 percent, on a year-to-year basis. The increase is attributed to \$2.0 million for the school bus arm cameras and \$1.0 million for parking tags and fines, with and all other fines decreasing by \$0.1 million on a net basis.

Service charges are projected to increase by \$1.5 million, or 11.8 percent, on a year-to-year basis. The increase is attributed to an increase of \$1.2 million for rental registration fees and \$0.5 million for services provided by the police department. These increases are offset by a net decrease of \$0.2 million in all other service charges.

Interest income is projected to decrease \$9.1 million and is related to a decrease in funds available for investment and decreased interest rates.

The remaining variances in operating categories are not significant.

It is noted that Other Financing Sources are projected to decrease by \$39.5 million on a year-to-year basis. Bond proceeds of \$43.1 million were recognized in 2023-24 for a legal settlement. Transfers In are projected to decrease by \$1.1 million, attributed to a decrease of \$1.4 million from the parking enterprise funds and \$0.2 million from the refuse fund, offset by an increase of \$0.4 million from the water enterprise fund.

Expenditures:

The following chart summarizes the variances in expenditures between the adopted budget and the year-end projections as of the third quarter:

City of Buffalo				
2024-25 Third Quarter Report				
Summary of Expenditures				
<u>Departments</u>	<u>Adopted</u>	<u>3rd Quarter</u>	<u>Variance Between</u>	
	<u>Budget</u>	<u>Year-End</u>	<u>Adopted Budget and</u>	
		<u>Projection</u>	<u>Year-End Projection</u>	
			<u>Favorable /</u>	
	<u>\$</u>	<u>\$</u>	<u>(Unfavorable)</u>	<u>%</u>
<i>Police</i>	109,169,773	112,900,852	(3,731,079)	-3.4%
<i>Fire</i>	72,747,784	77,534,991	(4,787,207)	-6.6%
<i>Public Works</i>	41,107,037	40,041,857	1,065,180	2.6%
<i>Administration & Finance</i>	12,202,862	9,485,396	2,717,466	22.3%
<i>Permits & Inspections</i>	7,493,444	6,804,658	688,786	9.2%
<i>Human Resources</i>	6,210,275	4,731,114	1,479,161	23.8%
<i>Management Information Systems</i>	7,058,890	6,164,389	894,501	12.7%
<i>Community Services</i>	5,636,714	5,143,618	493,096	8.7%
<i>Law</i>	5,430,635	4,781,380	649,255	12.0%
<i>Assessment</i>	3,633,854	3,415,851	218,003	6.0%
<i>Mayor & Executive</i>	9,121,044	7,444,023	1,677,021	18.4%
<i>Audit & Control</i>	4,517,649	3,523,614	994,035	22.0%
<i>Parking</i>	4,329,526	3,256,606	1,072,920	24.8%
<i>City Clerk</i>	4,270,700	3,780,261	490,439	11.5%
<i>Common Council</i>	3,612,814	3,250,238	362,576	10.0%
Total Departmental	296,543,001	292,258,848	4,284,153	1.4%
<u>General Charges</u>				
<i>Fringe Benefits</i>	178,372,602	178,776,148	(403,546)	-0.2%
<i>Other</i>	5,473,669	12,072,263	(6,598,594)	-120.6%
<i>Personal Services</i>	9,524,975	9,200,706	324,269	3.4%
<i>Capital Outlay</i>	-	-	-	0.0%
<i>Grants In Aid</i>	400,000	513,500	(113,500)	-28.4%
<i>Debt Service</i>	88,000	88,000	-	0.0%
<i>Services</i>	1,391,000	1,321,000	70,000	5.0%
<i>Utilities</i>	18,155,000	17,367,531	787,469	4.3%
Total General Charges	213,405,246	219,339,148	(5,933,902)	-2.8%
Total General Fund	509,948,247	511,597,996	(1,649,749)	-0.3%
Transfers Out	107,209,795	126,955,683	(19,745,888)	-18.4%
Total General Fund w/ Transfers	617,158,042	638,553,679	(21,395,637)	-3.5%

At the end of the third quarter, the City is projecting an unfavorable budgetary variance of \$21.4 million consisting of a favorable variance of \$4.3 million in departmental expenditures, an unfavorable variance of \$5.9 million for general charges, and an unfavorable variance of \$19.7 million in transfers out. The unfavorable variance in transfers out is directly related to the transfer of ARPA program funds to the special revenue fund; this item was not budgeted.

The fire department has an unfavorable year-end variance projection of \$4.8 million compared to the adopted budget which is related to personal service costs. The unfavorable personal service variance is attributed to an unfavorable variance of \$5.9 million in overtime, \$4.3 million for duty-disability salary and offset by vacancies in the amount of \$6.1 million. All other department expenditures are estimated to be unfavorable by \$0.6 million. There are 48 firefighter vacancies in the fire department. There are approximately 21 firefighters out on injured-on-duty that are non-deployable; these individuals represent a filled budgeted position, but as the individuals cannot work, other firefighters must fill the shifts which impacts overtime costs. Overtime for the fire department is \$10.8 million as of March 31, 2025, and is up \$653,875, 6.5 percent, compared to the prior-year third quarter of \$10.1 million. Total fire department overtime expenditures for FY 2024 totaled \$12.8 million; the current year-end projection for overtime ranges between \$13.0 million and \$13.8 million. Compared to the 2024-25 Adopted Budget amount of \$7.0 million, this would result in an overage of \$6.0 to \$6.8 million in the current fiscal year.

The police department is projecting an unfavorable variance of \$3.7 million compared to the adopted budget. Personal services are estimated to be unfavorable to budget by \$3.9 million and is primarily due to overtime, which is estimated to be over budget by \$6.6 million and is offset by vacancies with projected vacancy savings of \$7.5 million. Duty-disability payments are estimated to be unfavorable by \$3.6 million and court time is estimated to be unfavorable at \$1.4 million at the departmental level. All other departmental expenditures are projected to be favorable by \$0.4 million on a net basis. There are 48 vacancies in the police department at the end of the third quarter, not including a new police recruit class of 21 trainees that began their academy training at the end of July 2024 and began their field training in February 2025. The City assumes that attrition will continue to increase the number of vacancies and that even with the current police officer recruit class of 21, they will be unable to change the current trend. Overtime in the police department for sworn personnel for the current year is on track to exceed the budget for the year as of the end of the third quarter. As of March 31, 2025, overtime for the sworn personnel in the police department totaled \$12.8 million, an increase of \$2.0 million compared to the \$10.8 million reported for the same period in the prior year. The current year-end projection for overtime is between \$15.4 to \$16.0 million, which is \$6.1 to \$6.7 million over the adopted budget amount of \$9.3 million. Total overtime for FY 2024 was \$14.8 million which exceeded the budget of \$7.7 million by \$7.1 million. The City of Buffalo and the Police Benevolent Association (“PBA”) settled a labor contract in January 2024, which expires June 30, 2025.

Public Works has a favorable year-end variance projection of \$1.1 million compared to the adopted budget. The variance is related to personnel savings of \$2.0 million and \$0.5 million for outside contract services. The savings are offset by unfavorable variances in capital outlay in the amount of \$0.9 million and supplies in the amount of \$0.5 million.

The remaining twelve departments are projected to be under budget at year-end with a combined favorable variance of \$11.7 million, or 4.0 percent. These budgetary savings are attributed to lower than projected staffing (i.e., vacancies) of \$6.6 million, lower than expected supply purchases of approximately \$2.6 million, and a favorable variance in service contracts of approximately \$2.3 million.

Both the fire and police departments provide critical public health and safety functions and have minimum manning requirements. The police department, including sworn officers and civilians, currently has 91.2 percent of positions filled with 90 vacancies, an 8.8 percent vacancy rate. The current recruit class of 21 FTEs has completed academy training and began field training in February 2025. Excluding this count, the police department effectively has 111 vacancies, or a rate of 10.9 percent, as of the third quarter.

The fire department, including firefighters and civilian employees, is currently at 92.9 percent staffing with 56 vacancies, a 7.1 percent vacancy rate.

Both departments have employees eligible for retirement or who could be eligible within the year. Currently 24 individuals, or 3.5 percent of the filled positions in the fire department, will be eligible for retirement by June 30, 2025. In the police department, 20 police officers, or 2.6 percent of the filled sworn positions, are eligible to retire by June 30, 2025.

A new hire for a police officer or firefighter is counted towards the City's total full-time equivalent ("FTE") staffing levels. Still, there is a lag between the time they are officially hired and serving in the role due to required training. The training for a police officer includes five months of academy training followed by an additional sixteen weeks of field training for nine months from a police officer's date of hire to be able to work independently. The fire academy lasts eighteen weeks, and successful graduates are assigned to a fire company upon completion.

Staffing levels will be discussed in further detail later in this report.

General Charges, excluding transfers out, are projected to be unfavorable when compared to the 2024-25 Adopted Budget by \$5.9 million, or 2.8 percent. There is an unfavorable variance of \$6.6 million in the Other category for prior-year judgments and claims for prior-year legal settlements and court decisions that were settled during the 2024-25 fiscal year.. Fringe benefits are projected to be unfavorable by of \$0.4 million. These unfavorable variances are offset by \$1.1 million in favorable variances, including a \$0.8 million favorable variance in utilities and a \$0.3 million favorable variance in personal services.

The fringe benefits unfavorable variance totals \$0.4 million and consists of an unfavorable variance of \$4.2 million in active employee health insurance, an unfavorable variance of \$1.2 million for employer payroll taxes, and an unfavorable variance of \$0.5 million for retiree health insurance. The unfavorable variance in fringe benefits is offset with favorable variances of \$2.7 million for pension payments, as there is a \$1.6 million favorable variance for police fire retirement system ("PFRS") contributions and a \$1.1 million favorable variance for employee retirement system contributions ("ERS"). Additionally, there is a favorable variance of \$1.5 million for the salary adjustment line, \$0.6 million for dental insurance, \$0.4 million for workers' compensation, and \$0.3 million for unused sick leave payout. All other fringe benefits are projected to be unfavorable by \$23,000 on a net basis.

The City's projection for actual fringe benefits expenditures is likely understated as it does not reflect the vacancies projected for the remainder of the year.

Transfers out are estimated to be over budget by \$19.7 million at year-end. This negative variance is directly related to ARPA program funds, as these funds were not included in the 2024-25 Adopted Budget. The funds are included in the ARPA revenue year-end projection, as previously noted, and are offset by this increase in transfers out. The remaining three components of transfers out are projected to be consistent with the adopted budget levels and consist of transfers to 1) the Buffalo School District - \$70.8 million, 2) Capital Debt payments - \$36.0 million, and 3) Capital Projects - \$0.4 million.

FYE 2023-24 Actual Expenditures Compared to Current Fiscal Year-End (CFYE) 2024-25 Projected Expenditures

The following analysis includes the use of audited actuals for the prior year.

Actual General Fund expenditures were \$682.2 million for the year ended June 30, 2024. Projected General Fund expenditures for 2024-25 are \$638.6 million, representing a decrease of \$43.6 million, or 6.4 percent.

Departmental costs are estimated to be \$292.3 million at year-end, a decrease of \$3.2 million, or 1.1 percent over the 2023-24 amount of \$295.5 million. General charges, including transfers out, are projected to decrease by \$40.4 million, or 10.4 percent, from \$386.7 million in the prior year, 2023-24, to \$346.3 million projected for the current year. The decrease year-to-year is driven by the reduction of \$45.0 million for an extraordinary expenditure incurred in 2023-24 for a legal settlement paid from bond funds. The remaining difference is attributed to an overall decrease in ARPA program funds transferred out (offset by ARPA program revenue).

Actual 2024-25 expenditures may be less than projected at the third quarter's end. Personnel costs comprise approximately 85 percent of the City's operating budget and depending on the City's management of its workforce and filling of positions, actual costs associated with employees may be lower than currently projected when including salary and benefits. The following analysis is based on year-end filled positions for the fiscal year 2023-24 compared to 2024-25 year-end estimates based on budgeted amounts through the third-quarter.. The City has implemented a hiring freeze and are only filling mission critical positions, and it is unknown how many positions will be filled over the remaining three-months of the fiscal year based on the City's staffing needs. Personal service increases include salaries for firefighters, building inspectors, blue-collar employees and operating engineers in the amount of 3.0 percent, and a 4.0 percent increase for members of the Police Benevolent Association. The white-collar CBA expired on June 30, 2024; two percent increases for white-collar and exempt employees were budgeted. The year-to-year increase is comprised of the following:

Departmental Costs are decreasing by \$3.2 million, or 1.1 percent:

- Employee compensation, excluding duty disability payments, is increasing by \$4.3 million, or 1.8 percent. The increase in personnel costs is attributed to the following departmental changes:
 - Police Department \$1.9 million
 - Public Works \$0.5 million
 - Fire Department \$0.3 million
 - Law Department \$0.3 million
 - Permits and Inspections \$0.3 million
 - Audit and Control Department \$0.2 million
 - Common Council \$0.1 million
 - All other departments increased by \$0.7 million on a net basis.
- Services are decreasing by \$3.9 million, or 10.0 percent; the decrease is attributed to a decrease of \$4.1 million in public works primarily for outside contractor services for snow removal, the police department is decreasing by \$1.4 million for other contractual services and vehicle rentals, and all other services are increasing by \$1.6 million on a net basis.
- Supplies are decreasing by \$0.7 million, or 5.8 percent. There is a decrease of \$0.8 million in management and information services due to upgrades made to the 311 System in the prior fiscal year, a decrease of \$0.2 million for police equipment, and a net increase of \$0.3 million for all other supplies.
- Capital outlay is decreasing by \$3.1 million, or 47.2 percent, with the decrease attributed to \$2.6 million for fire department vehicles, a decrease of \$0.9 million for public works vehicles, and a decrease of \$0.2 million for police vehicles. The decreases are offset by an increase of \$0.2 million for land improvements in the mayor and executive department. All other capital outlay is decreasing by \$0.4 million on a net basis.
- All other departmental costs are increasing by \$62,200 on a net basis.

General Charges, including transfers out, are currently projected to decrease \$40.4 million, or 10.4 percent:

- Employee benefits are increasing by \$13.5 million, or 7.7 percent, on a year-to-year basis and includes duty disability salary and funds estimated for contract negotiations and include:
 - An increase of \$6.3 million for active employee health insurance and \$2.4 million for retiree health insurance.
 - An increase of \$2.8 million for contributions for police and fire pension payments.
 - An increase of \$2.4 million for the employee retirement system.
 - All other fringe benefits are decreasing by \$0.4 million on a net basis.
- Other General Charges are decreasing by \$36.0 million for a legal settlement as discussed above.
- No other significant changes noted.

Interfund transfers are decreasing by \$17.8 million, or 12.3 percent; the ARPA program funds drive this variance and will change by year-end.

Audited actual 2023-24 expenditures, excluding transfers out, totaled \$537.4 million and comprised 112.3 percent of total budgeted expenditures of \$478.6 million. For the year ending June 30, 2025, the City is projecting total year-end expenditures of \$511.6 million, excluding transfers out, representing 100.3 percent of the adopted budget of \$509.9 million.

Currently, six out of eight City unions are under contract through 2025 and 2026. Both the White Collar Union (Local 650) and the Crossing guards expired at fiscal year-end 2024. The Police Benevolent Association (“PBA”), Local 282 (“Firefighters”), and Local 264 (“Blue Collar”) contracts all expire on June 30, 2025.

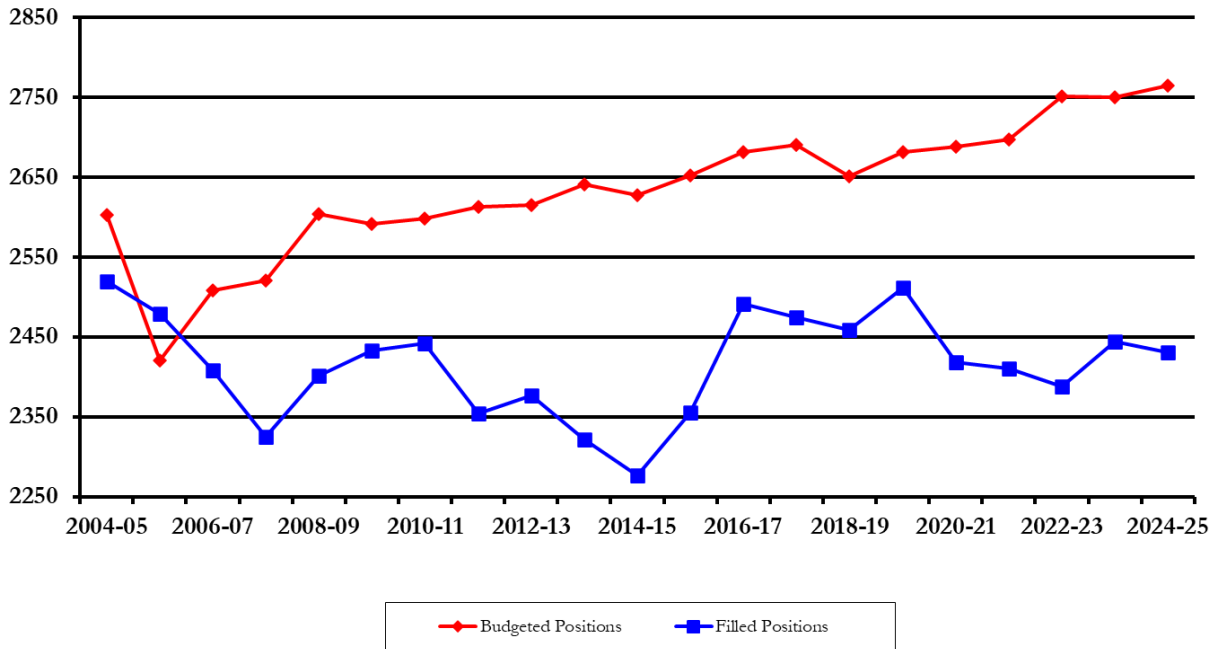
Union	Number of Employees⁽²⁾	Present Agreement Expires
PBA (Police Officers)	764	6/30/2025
Local 282 (Firefighters)	695	6/30/2025
Local 264 (Blue Collar)	350	6/30/2025
Local 650 (White Collar)	391	6/30/2024
Local 2651 (Building Inspectors)	56	6/30/2026
Local 17 (Operating Engineers)	15	6/30/2026
Local 264T (Pipe Caulkers)	22	6/30/2026
CGA (Crossing Guards) ⁽¹⁾	116	8/31/2024

(1) Seasonal employees, laid off in the summer.
(2) Full time equivalent count as of March 31, 2025.

Personnel

The following chart compares budgeted positions to actual filled positions on an annual basis from 2005 to 2025:

City of Buffalo Personnel
(Budget vs. 3rd Quarter Actual)
At March 31, 2025



The City increased budgeted positions by 15 FTEs from 2,750 in 2023-24 to 2,765 in 2024-25. As of March 31, 2025, 2,431 positions have been filled, resulting in 334 vacant positions, or a vacancy rate of 12.1 percent. Over ten years, the budgeted number of FTE's has increased by 137 (5.2 percent) from 2,628 to 2,765. Concerning filled positions, there is an increase of 154 FTEs over the last ten years from 2,277 in FY 2015 to 2,431 on March 31, 2025.

Compared to last year's third quarter, there is a decrease of 13 filled positions from 2,444 to 2,431 or 0.5 percent. The decrease of 13 filled positions is driven an increase of 16 firefighters and 5 positions in permits and inspections, which are offset with decreases of 9 FTEs in both community services and for civilian employees in the police department, and 5 sworn police officers. The remaining 11 departments had a net decrease of 11 FTE's.

The police department currently has 812 FTE sworn officers budgeted; as of March 31, 2025, 764 positions were filled, leaving 48 vacancies, or a 5.9 percent vacancy rate. As previously discussed, the vacancies do not include the current class of 21 police recruits who are currently participating in field training. The recruits began their field training in February 2025, which would place the recruits in the field under the supervision of a senior patrol officer. Total non-deployable officers and vacancies total 69 FTEs, or 8.5 percent, as of March 31, 2025. Non-sworn police department personnel are budgeted at 208 FTE's, with 166 filled, creating a vacancy of 42 positions, or 20.2 percent. Approximately 90 out of the 334 current vacancies, or 26.9 percent of vacancies, are in the police department.

The fire department has 743 FTE uniformed officers budgeted, and currently, 695 of those positions are filled. As of March 31, 2025, there were 48 uniformed vacancies in the fire department, as well as approximately 21 employees on long-term injured-on-duty disability, for an effective vacancy of 69 FTE's or 9.3 percent of the department's firefighters. There are 8 non-uniform vacancies in the fire department for 56 out of 334 city-wide vacancies, or 16.8 percent of total City vacancies.

On a year-to-year basis, the City has increased the number of filled firefighter positions from 679 FTEs on March 31, 2024, to 695 FTEs on March 31, 2025, an increase of 16 FTE's, or 2.4 percent, on an annual basis. Sworn police FTE's have decreased over the same period from 769 FTEs to 764 FTE's, a net decrease of 5 FTE's or 0.7 percent.

Summary

BFSA originally identified \$22.2 million in potentially overestimated revenue in the 2024-25 budget. During the second quarter, the City reallocated \$17.2 million of APRA funding to revenue replacement, which largely addressed those revenues that have since been determined to be overestimated and will not be realized in 2024-25. In June 2025, the City received an advance in the amount of \$5.0 million from the State for casino revenue. These two actions address the potentially overestimated revenue as originally identified.

Any negative variances that have not been projected could have a significant impact on the City's operations as there is no available fund balance to provide a cushion against an unfavorable outcome.



**BUFFALO FISCAL
STABILITY AUTHORITY**

TAB #4

BUFFALO FISCAL STABILITY AUTHORITY

*Analysis of the Buffalo City School District's 2025-26 Adopted Budget
June 16, 2025*

INTRODUCTION

The Buffalo City School District's Board of Education approved the Superintendent's fiscal year (FY) 2025-26 proposed budget on May 28, 2025. The 2025-26 adopted budget (Adopted Budget) was submitted to the Buffalo Fiscal Stability Authority (BFSA) on May 21, 2025, after the April 8th statutory requirement.

The Buffalo City School District (District or BCSD) has not yet submitted a 2026-2029 Financial Plan (Financial Plan) as required by the BFSA Act. The financial plan was required to be submitted to BFSA no later than May 28, 2025; a financial plan has not yet been submitted.

KEY FINDINGS

BFSA has the following key findings.

1. The Adopted Budget includes a substantial deficit of \$78.8 million which is closed through fund balance appropriation (6.6% of total General Fund appropriations). It includes \$1,107.7 million in estimated General Fund revenues, a \$25.4 million (2.3%) increase over the District's prior fiscal year adopted budget (PFY Adopted Budget).
2. The New York State Legislature revised the New York State Foundation Aid formula. The revised Foundation Aid formula replaces the poverty measure from census data with a new Small Area Income and Poverty Estimates (SAIPE) metric. It also substituted school lunch eligibility with a broader category of "economically disadvantaged" students.
 - a. The New York State final budget includes a total Foundation Aid appropriation of \$26.5 billion, \$35.0 million lower than the Governor's 2026 Executive Budget proposal. The Big 4 City School Districts all saw significant allocation adjustments due to the formula update and the reduced final 2026 appropriations as follows:
 1. Buffalo City School District: \$(5.4) million (-0.6%)
 - As compared to the District's 2025-26 estimated NYS Aid based on the Executive Budget
 2. Rochester City School District: \$(4.2) million (-0.7%)
 3. Syracuse City School District: \$9.4 million (2.3%)
 4. Yonkers City School District: \$12.2 million (4.1%)
3. The Adopted Budget includes \$1,186.5 million in total budgeted appropriations, a \$20.8 million (1.8%) increase over the District's PFY Adopted Budget.
 - a. The Adopted Budget includes \$1.9 million in a Reserve Contingency. This amount is a set aside for unbudgeted expenditures including funding newly settled collective bargaining agreements. Five collective bargaining units funded through the District's General Fund have labor agreements that expire on June 30, 2025.

4. A structural deficit exists as budgeted appropriations exceed estimated revenues. Total estimated General Fund revenues are 93.4% of budgeted General Fund appropriations.
5. In 2024-25, the District began realigning staffing levels with the existing student population. District enrollment declined by 3,419 pupils (10.4%) from FYE 2019 to FYE 2024. Total District full-time equivalent (FTE) staffing inversely increased by 361 FTEs (6.6%) over this period.
 - a. In the current fiscal year (CFY), the District reduced total staff counts (central office and schools) by eliminating vacancies, not filling positions that became vacant through retirements, eliminating 36 Teacher on Special Assignment (TOSA) positions, extending a Superintendent-imposed hiring freeze (for non-essential staff), and several layoffs. The District currently employs 262 fewer FTE employees (4.5%) than at FYE 2024 including 323 (8.2%) teachers.
 - b. The District did not include the previously planned year two right-sizing initiatives within the Adopted Budget. These actions included closing two schools, reducing staff by an additional 250 FTEs, and other right-sizing actions. The District has stated that these actions are deferred until 2026-27 and will be incorporated in the forthcoming 2026-2029 Financial Plan. These right-sizing initiatives are essential to the District's fiscal stability as:
 1. The District's \$78.8 million 2025-26 budgeted deficit is substantially greater than the \$36.4 million deficit depicted for 2025-26 in the 2025-2028 Adopted Financial Plan, despite \$6.7 million in greater than previously estimated revenues; and
 2. The CFY will include a substantial operating deficit and commensurate drawdown of fund balance; and
 3. All collective bargaining units funded through the General Fund have labor agreements that expire either June 30, 2025 or 2026 (excepting the part-time bus aides). Based on the 2025-26 staffing level and school portfolio, 3% increases in these contract costs would cumulatively increase the District's General Fund four-year expenditures by an estimated \$105.7 million. The net cost in 2025-26 is estimated at \$1.4 million.
6. The Adopted Budget does not address the impact of potential federal education cuts. Federal aid constitutes a critical portion of the District's education funding, including programs serving low-income students and those with special needs. These funds are recorded primarily within the Special Projects Fund (Grants Fund); the loss of grant funding would place further strain on the General Fund if the services are maintained.
 - a. Recently proposed federal actions are poised to significantly affect schools. The current congressional budget bills propose to reduce the rates of increase in federal outlays, including educational funding. Public schools rely on federal funds for programs like the Every Student Succeeds Act (ESSA) and Individuals with Disabilities Education Act (IDEA). Title I funding, which supports schools such as Buffalo with high concentrations of low-income students, is particularly at risk. Cuts or elimination of these funds would disproportionately affect vulnerable populations, including students with disabilities and those living in

- poverty. Loss of federal funds could force reductions in special education, career and technical education, and support for English Language Learners.
- b. New York State may need to divert local resources to cover shortfalls, putting additional pressure on already strained budgets, and potentially leading to cuts in other programs or services. Cuts would undermine efforts to provide equitable education, as schools serving the highest-need populations are the most dependent on federal aid.
 - c. The federal funding identified as most at risk for potential cuts are:
 1. Title I: Support for schools with high concentrations of low-income students. Cuts could force reductions in academic interventions, after-school programs, and basic classroom resources for high-poverty schools.
 2. Individuals with Disabilities Education Act: Funding for special education services. Cuts would likely reduce specialized instruction, therapies, and support staff for these students.
 3. Support for English Language Learners (ELLs): Provides schools with language instruction and support for ELLs. Reductions would limit access to bilingual education and targeted interventions.
 4. Career and Technical Education (CTE): Support for CTE programs that prepare students for workforce entry. Cuts could diminish course offerings and hands-on training opportunities.
 5. School Nutrition and Health Programs: The termination of temporary pandemic relief grants has already resulted in losses for locally sourced school meals and other health-related services. Further federal cuts would additionally impact school districts.

2025-26 ADOPTED BUDGET SUMMARY

General Fund revenues are estimated at \$1,107.7 million, an increase of \$25.4 million (2.3%) over the District’s PFY Adopted Budget. General Fund expenditures are appropriated at \$1,186.5 million, an increase of \$20.8 million (1.8%) over the District’s PFY Adopted Budget. The \$78.8 million excess of budgeted appropriations over estimated revenues represents the structural deficit and is closed through fund balance appropriation.

The following schedule compares the Adopted Budget with the District’s PFY Adopted Budget. The current fiscal year-end (CFYE) projections are included to provide additional context.

General Fund Summary	2024-25 Adopted Budget	2024-25 District Forecast at 3.31.25	2025-26 Adopted Budget	Budget-to-Budget Change (\$)	Budget-to-Budget Change (%)	Adopted Budget compared to FYE 2025 Forecast (\$)	Adopted Budget compared to FYE 2025 Forecast (%)
	\$ in Millions						
Revenues	\$1,082.3	\$1,086.9	\$1,107.7	\$25.4	2.3%	\$20.8	1.9%
Expenditures	1,165.7	1,141.7	1,186.5	20.8	1.8%	44.8	3.8%
	(\$83.4)	(\$54.8)	(\$78.8)	\$4.6	0.6%		
Total Fund Balance	83.4	54.8	78.8				
Remaining Deficit	\$0.0	\$0.0	\$0.0				
Fund Balance as % of Total GF Appropriations	7.2%	4.8%	6.6%				

The structural deficit is a trend and a continuation from the 2024-25 fiscal year. Structural deficits will continue unless the Buffalo Board of Education takes responsive actions to address the systemic causes.

In the 2024-25 Adopted Budget and 2025-2028 Adopted Financial Plan, the District implemented a two-year phase-out of 331 FTE positions to address the structural deficit. The Superintendent's goal was to “right-size” staff with current enrollment. District enrollment had steadily declined by 4,667 pupils (13.7%) since FYE 2016, inversely to budgeted positions which had steadily increased by 418 FTEs (7.9%) since FYE 2016.

Year two of the right-sizing initiative included closing two public schools and reducing budgeted teacher positions by 250 FTEs. BSA estimated the cost reduction at \$30.3M beginning in 2025-26. The District has deferred these actions until 2026-27; the planned right-sizing actions are anticipated to be detailed within the forthcoming 2026-2029 Financial Plan.

The Adopted Budget adds seventeen full-time equivalent (FTE) positions across All Funds. The General Fund decreases by a net of twenty-six FTE General Fund budgeted positions as compared to the 2024-25 Adopted Budget as follows.

BCSD Employee Count Comparison									
Employee Group	All Funds				General Fund				Contract Status
	2024-25 Adopted Budget	Actual at 3.31.2025	2025-26 Adopted Budget	2024-25 Adopted Budget compared to PFY Adopted Budget (#)	2024-25 Adopted Budget	Actual at 3.31.2025	2025-26 Adopted Budget	2024-25 Adopted Budget compared to PFY Adopted Budget (#)	
BTF (Teachers)	3,737	3,608	3,709	(28)	3,360	3,200	3,274	(86)	Current thru 6/30/2026
BEST (Teacher Aides/Teaching Assistants)	966	955	1,004	38	791	811	841	50	Current thru 6/30/2025
BCSA: Administrators	298	290	298	0	254	254	258	4	Current thru 6/30/2025
PCTEA: White-Collar	570	491	577	7	484	423	490	6	Current thru 6/30/2026
Local 264: Blue-Collar	67	51	64	(3)	61	51	60	(1)	Current thru 6/30/2025
Local 264: Cook Managers	27	31	29	2	0	0	0	0	Current thru 6/30/2026
Trades	41	41	42	1	41	41	42	1	Prevailing Wage
Local 409: Operating Engineers	57	39	57	0	56	39	56	0	Current thru 6/30/2026
Exempts	43	38	43	0	43	38	43	0	All contracts current
Board Members	9	9	9	0	9	9	9	0	N/A (elected positions)
Total Full-Time Employees	5,815	5,553	5,832	17	5,099	4,866	5,073	(26)	

GENERAL FUND REVENUES

General Fund revenues are estimated at \$1,107.7 million in the Adopted Budget. The following chart summarizes General Fund revenue and fund balance usage in the Adopted Budget as compared to the PFY Adopted Budget. The District’s CFYE forecast is included to provide additional context.

2025-26 Adopted Budget Revenues & Use of Fund Balance	2024-25 Adopted Budget	2024-25 District Forecast at 3.31.25	2025-26 Adopted Budget	Budget-to- Budget Change (\$)	Budget-to- Budget Change (%)	Adopted Budget compared to FYE 2025 Forecast (\$)	Adopted Budget compared to FYE 2025 Forecast (%)
	(In Millions)						Percent
<i>Real Property Tax</i>	\$70.8	\$70.8	\$70.8	\$0.0	0.0%	\$0.0	0.0%
<i>Erie County Sales Tax</i>	56.0	57.8	58.5	2.5	4.5%	0.7	1.2%
<i>Federal Medicaid Reimbursement</i>	4.0	5.5	5.0	1.0	25.0%	(0.5)	-9.1%
<i>New York State Aid (less Building Aid)</i>	837.2	837.2	869.2	32.0	3.8%	32.0	3.8%
<i>New York State Building Aid</i>	102.0	102.0	89.3	(12.7)	-12.5%	(12.7)	-12.5%
<i>Miscellaneous</i>	12.3	13.6	14.9	2.6	21.1%	1.3	9.6%
Total General Fund Revenues	\$1,082.3	\$1,086.9	\$1,107.7	\$25.4	2.3%	\$20.8	1.9%
<i>Fund Balance</i>	83.5	54.8	78.8				
Total GF Revenue & Assigned Fund Balance	\$1,165.8	\$1,141.7	\$1,186.5				

The increase in General Fund revenue is driven by a \$32.0 million increase (3.8%) in NYS Aid less Building Aid, which is offset by a \$12.7 million (12.5%) decline in NYS Building Aid.

Real Property Taxes

2025-26 % of total General Fund Revenues: 6.4%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$0M and 0%

The City of Buffalo (City) forwards a portion of collected property tax revenue to the District for general operations and annual debt payments. The City’s contribution for 2025-26 remains at \$70.8 million, maintained since 2007-08. The City may provide whatever contribution it deems necessary, but the level of effort must be maintained once the contribution for general operations has increased unless there is a decrease in the total taxable assessed property value.

Total New York State Aid

2025-26 % of total General Fund Revenues: 86.5%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$201.2M or 27.3%

The District’s largest revenue source is NYS Aid. The District is one of the Big 4 City School Districts, including the Buffalo City School District, the Rochester City School District, the Syracuse City School District, and the Yonkers City School District. These districts are financially dependent on their respective city governments as they have no independent authority to levy taxes or issue bonds. The District is heavily dependent on NYS Aid, which comprises 86.5% of the District’s total estimated 2025-26 revenues.

All NYS Aid, including Building Aid, totals \$958.5 million in the Adopted Budget and represents an increase of \$19.3 million (2.1%), as compared to the PFY Adopted Budget. This increase is primarily comprised as follows:

- Foundation Aid: \$35.5 million
- Building Aid: \$(12.7) million
- Net of Services & Other Formula-Based Aids: \$(3.5) million

New York State Aid (less Building Aid)

2025-26 % of total General Fund Revenues: 86.5%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$217.4M or 35.1%

NYS Aid (less Building Aid) totals \$869.2 million in 2025-26, a \$32.0 million (3.8%) increase over the District's PFY Adopted Budget.

New York Aid (less Building Aid) is an umbrella term that combines various formula and expense-based aids, most significantly Foundation Aid.

NYS Foundation Aid totals \$744.2 million in 2025-26, an increase of \$35.5 million (5.0%) over the District's PFY Adopted Budget. This funding amount represents \$15.7 million less than had been included within the New York State 2026 Executive Budget. The reduction is based on an initial \$12.1 million overestimation within the aid run, a revised Foundation Aid formula, and a reduction in total New York State appropriations, as compared to the 2026 Executive Budget proposal (net of \$3.6 million).

NYS Transportation Aid is a reimbursement for PFY Transportation expenditures. The District's reimbursement is 87% of eligible reimbursements. The 2025-26 NYS Transportation Aid is budgeted at \$60.1 million, an increase of \$2.2 million (4.2%) over the District's PFY Adopted Budget.

All other NYS aid totals a combined \$64.9 million, a decrease of \$(5.7) million (8.9%).

New York State Building Aid

2025-26 % of total General Fund Revenues: 8.1%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$(16.2M) or -13.7%

NYS Building Aid is shown separately to delineate it from funds available for general operations. NYS Building Aid is a reimbursement from NYS for capital projects and is directly correlated to the District's General Fund Debt Service payments. NYS reimburses the District through Building Aid at reimbursement rates set by the New York State Education Department (NYSED) based on approved Maximum Cost Allowances, amortization schedules for related debt, and reimbursement rates at approximately 94% for approved school building projects.

NYS Building Aid is budgeted at \$89.3 million in 2025-26, a \$12.7 million (-12.5%) decrease over the PFY Adopted Budget

Erie County Sales Tax

2025-26 % of total General Fund Revenues: 5.3%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$3.4 million or 6.3%

The District's fourth-largest revenue source is sales tax, budgeted at \$58.5 million for 2025-26, \$2.5 million (4.5%) greater than the District's PFY Adopted Budget.

BFSA has forecasted sales tax revenue for FYE 2025 of \$61.0 million, exceeding the District's 2024-25 forecast. Given the current inflation rate on taxable goods and BFSA's CFYE projection, the District's estimated 2025-26 sales tax revenue appears underestimated.

The District's local funding structure differs from the other Big 4 City School Districts. The District receives 6.4% of its funding from the City property tax levy. The District additionally receives a sizable portion of the 3% base sales tax levied by Erie County. Of the other three Big 4 City School Districts, only the Syracuse City School District receives any portion of county sales tax receipts directly, budgeted at \$1.0 million for 2025-26. Conversely, these three school districts all receive a greater percentage of their city's total property tax levy.

The 2024-25 and 2025-26 per pupil local contribution is as follows.

Big 4 Big City District	2024-25 Enrollment	2025-26 Enrollment
BCSD	29,647	29,681
<i>Local Revenue (Per Pupil)</i>	\$4,277	\$4,356
RCSD	19,300	18,426
<i>Local Revenue (Per Pupil)</i>	\$6,171	\$6,464
SCSD	19,426	19,153
<i>Local Revenue (Per Pupil)</i>	\$3,372	\$3,420
YCSD	23,589	24,035
<i>Local Revenue (Per Pupil)</i>	\$12,654	\$12,223

The Big 4 receive a percentage of their host municipalities' property tax levy as follows.

2024-25 & 2025-26 Big 4 School Districts Property Tax and Sales Tax		
General Fund Revenues	2024-25 Adopted Budget	2025-26 Proposed or Adopted Budget
	\$ in Millions	
Buffalo City School District		
<i>City Contribution</i>	\$70.8	\$70.8
<i>Sales Tax Receipts</i>	56.0	58.5
Combined Real Property Tax/Sales Tax	\$126.8	\$129.3
Combined Real Property Tax/Sales Tax (% of total revenues)	11.7%	11.7%
Rochester City School District		
<i>City Contribution</i>	\$119.1	\$119.1
<i>Sales Tax Receipts</i>	0.0	0.0
Combined Real Property Tax/Sales Tax	\$119.1	\$119.1
Combined Real Property Tax/Sales Tax (% of total revenues)	13.1%	12.4%
Syracuse City School District		
<i>City Contribution</i>	\$64.6	\$64.9
<i>Sales Tax Receipts</i>	\$0.9	\$1.0
Combined Real Property Tax/Sales Tax	\$65.5	\$65.5
Combined Real Property Tax/Sales Tax (% of total revenues)	12.6%	11.2%
Yonkers City School District		
<i>City Contribution</i>	\$298.5	\$293.8
<i>Sales Tax Receipts</i>	0.0	0.0
Combined Real Property Tax/Sales Tax	\$298.5	\$293.8
Combined Real Property Tax/Sales Tax (% of total revenues)	39.6%	39.0%

All Other Revenue (Miscellaneous)

2025-26 % of total General Fund Revenues: 1.3%
 5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)
 \$(13.6)M or -10.6%

All Other Revenues include tuition, interest, interfund revenues for indirect costs, and miscellaneous items. The combined total of all other Revenues (Miscellaneous) was \$14.9 million in the Adopted Budget, a \$2.6 million (21.1%) increase over the District's PFY Adopted Budget.

Federal Medicaid Reimbursement

2025-26 % of total General Fund Revenues: 0.5%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$(24.6M) or -81.7%

*FYE 2021 included a significant level of one-time federal funds

The Federal Medicaid Reimbursement totals \$5.0 million in the Adopted Budget, \$1.0 million (25%) greater than the PFY Adopted Budget. This revenue is a reimbursement of Medicaid-eligible healthcare services funded and provided by the District. The year-over-year increase is a function of timing; the District forecasts a historically high CFYE level of federal Medicaid Reimbursement.

There is a concern that future Medicaid reimbursements will be negatively impacted by future federal appropriations. The currently approved U.S. House of Representatives spending bill includes a planned reduction in the rate of increase in certain federal outlays, as compared to out-year projections. This may include eliminating the federal Medicaid reimbursement to New York State school districts for individuals determined ineligible for such benefits at the federal level.

GENERAL FUND EXPENDITURES

General Fund budgeted appropriations total \$1,186.5 million in the Adopted Budget, a \$20.8 million (1.8%) increase from the District's PFY Adopted Budget.

General Fund expenditures are examined here in six discrete subcategories:

- Employee Compensation
- Employee Benefits
- Debt Service
- Charter School Payments
- Transportation
- All Other Expenditures

The following chart summarizes General Fund expenditures by these six subcategories as compared to the PFY Adopted Budget. The District’s CFYE forecast are included to provide additional context.

2025-26 Adopted Budget Expenditures	2024-25 Adopted Budget	2024-25 District Forecast at 3.31.25	2025-26 Adopted Budget	Budget-to-Budget Change (\$)	Budget-to-Budget Change (%)	Adopted Budget compared to FYE 2025 Forecast (\$)	Adopted Budget compared to FYE 2025 Forecast (%)
	(In Millions)						
<i>Employee Compensation</i>	\$427.0	\$415.1	\$431.8	\$4.8	1.1%	\$16.7	4.0%
<i>Employee Benefits</i>	232.3	227.1	244.0	11.7	5.0%	16.9	7.4%
<i>Debt Service</i>	91.7	91.7	78.4	(13.3)	-14.5%	(13.3)	-14.5%
<i>Charter School Payments</i>	170.4	170.4	180.6	10.2	6.0%	10.2	6.0%
<i>Transportation</i>	63.0	61.0	72.4	9.4	14.9%	11.4	18.7%
<i>All Other Expenditures</i>	181.3	176.4	179.3	20.8	1.8%	2.9	1.6%
Total	\$1,165.7	\$1,141.7	\$1,186.5	\$20.8	1.8%	\$44.8	3.8%

EMPLOYEE COMPENSATION

2025-26 % of total General Fund expenditures: 36.4%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$105.7M or 34.2%

Employee Compensation is the District’s largest expenditure and includes salaries and wages for District employees. Total General Fund Employee Compensation expenditures are budgeted at \$431.8 million, a \$4.8 million (1.1%) increase as compared to the District’s PFY Adopted Budget.

The following depicts Employee Compensation in the Adopted Budget, as compared to the District’s PFY Adopted Budget. The District’s CFYE forecast are provided for additional context.

2025-26 Adopted Budget Expenditures	2024-25 Adopted Budget	2024-25 District Forecast at 3.31.25	2025-26 Adopted Budget	Budget-to-Budget Change (\$)	Budget-to-Budget Change (%)	Adopted Budget compared to FYE 2025 Forecast (\$)	Adopted Budget compared to FYE 2025 Forecast (%)
(In Millions)							
Employee Compensation							
<i>BTF (Teachers)</i>	\$293.3	\$290.6	\$299.7	\$6.4	2.2%	\$9.1	3.1%
<i>Teacher Substitutes</i>	8.9	7.9	7.4	(1.5)	-16.9%	(0.5)	-6.3%
<i>Administrator Substitutes</i>	1.0	1.0	1.0	0.0	0.0%	0.0	0.0%
<i>BCSA (Administrators)</i>	37.7	34.5	38.4	0.7	1.9%	3.9	11.3%
<i>PCTEA (White Collar)</i>	29.4	26.3	30.4	1.0	3.4%	4.1	15.6%
<i>BEST (Aides & Assistants)</i>	26.4	25.4	26.4	0.0	0.0%	1.0	3.9%
<i>TAB (Bus Aides)</i>	7.3	6.3	5.9	(1.4)	-19.2%	(0.4)	-6.3%
<i>Trades</i>	4.8	4.7	5.2	0.4	8.3%	0.5	10.6%
<i>Local 264 (Blue Collar)</i>	2.8	3.0	2.8	0.0	0.0%	(0.2)	-6.7%
<i>Local 409 (Engineers)</i>	4.2	4.2	4.8	0.6	14.3%	0.6	14.3%
<i>Exempt</i>	6.0	6.0	6.0	0.0	0.0%	0.0	0.0%
<i>Miscellaneous (Includes Board Member Stipends)</i>	0.3	0.3	0.3	0.0	0.0%	0.0	0.0%
<i>Overtime</i>	4.9	4.9	3.5	(1.4)	-28.6%	(1.4)	-28.6%
Total Employee Compensation	\$427.0	\$415.1	\$431.8	\$4.8	1.1%	\$16.7	4.0%

The District's General Fund staffing plan includes a net decrease of 26 FTEs as compared to the PFY Adopted Budget as follows.

- Teachers (-86)
- Teacher Aides/Teaching Assistants (+50)
- Net of all other (+10)

The following highlights several employee compensation areas of significance.

BTF Compensation (64.5% of total full-time employees)

The largest area of employee compensation is for teachers. Budgeted positions are 3,274 FTEs in 2025-26, a decrease of 86 FTEs as compared to the 2024-25 Adopted Budget.

Seventy BTF positions have been removed during the 2024-25 school year. The decrease is sixteen FTE positions as compared to the most recent staffing plan as follows.

- Regular Instruction: +15 FTEs
- Guidance Services: -12 FTEs
- Social Worker Services: -9 FTEs
- Net of all other: -10 FTEs

BTF employee compensation has increased by \$6.4 million (2.2%) compared to the District's PFY Adopted Budget. The budgeted amount is consistent with the total number of budgeted positions and the estimated 2025-26 average compensation of \$92,312 (including a 3% contractual increase).

Note: The BTF labor agreement expires at FYE 2026.

All Other Employee Compensation (combined 35.5% of total full-time employees)

Employee Compensation for all other collective bargaining units appears to be adequate based on the number of budgeted positions and BFSAs' estimated average compensation, if not slightly overestimated. For example, BCSA employee compensation increased \$0.7 million (1.9%) to \$38.4 million for 258 BCSA FTEs. BFSAs have calculated an average BCSA compensation of \$120,398; total compensation for 258 FTEs at an average salary of \$120,398 totals \$30.6 million. The budgeted amount appears to be more than sufficient to fully fund this employee group.

The Adopted Budget includes an overtime appropriation at \$3.5 million. This represents a \$1.4 million (-28.6%) reduction from the PFY Adopted Budget and is a function of the District's cost-containment initiatives.

The following employee groups have labor contracts that expire FYE 2025.

1. Buffalo Association of Substitute Administrators (Substitute Administrators or BASA – expires June 30, 2025),
2. Buffalo Council of Supervisors and Administrators (Administrators or BCSA - expires June 30, 2025
3. Buffalo Educational Support Team (Teacher’s Aides and Teaching Assistants or BEST) – expires June 30, 2025
4. Substitutes United of Buffalo (Substitute Teachers or SUB) – expires June 30, 2025
5. Local 264 (Blue-collar employees) – expires June 30, 2025

Any contract settlement will increase FY 2025-26 Employee Compensation and Benefits. BFSFA has estimated that increasing compensation and benefits for these five groups by 3% would increase 2025-26 expenditures by \$1.4 million. The \$1.9 million Reserve Contingency would be sufficient to fully fund this level of increase.

The following employee groups have labor contracts current through 2025-26. These labor contracts all expire June 30, 2026.

1. Buffalo Teachers’ Federation (Teachers or BTF) – expires June 30, 2026
2. Professional, Clerical, and Technical Employees’ Association (White-Collar employees or PCTEA) – expires June 30, 2026
3. Local 409 engineers (Engineers) - expires June 30, 2026

EMPLOYEE BENEFITS

2025-26 % of total General Fund expenditures: 20.6%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$49.3M or 27.7%

Employee Benefits is the second largest General Fund expenditure category and includes the cost to the District for all non-salary/wage-related benefits for employees such as pension, healthcare, and employer payroll taxes. The District has included \$244.0 million for Employee Benefits in the Adopted Budget, a \$11.7 million (5%) increase as compared to the District’s PFY Adopted Budget.

Employee Benefits include payments for:

- The pension expense under the New York State Teachers’ Retirement System (NYSTRS) and New York State Employee Retirement System (NYSERS)
- The employer portion of the payroll tax
- Health insurance for current and retired employees
- Termination Pay and other miscellaneous benefits

The following depicts Employee Benefits in the Adopted Budget, as compared to the District’s 2024-25 Adopted Budget. The District’s CFYE forecast is provided for additional context.

2025-26 Adopted Budget Expenditures	2024-25 Adopted Budget	2024-25 District Forecasted at 3.31.25	2025-26 Adopted Budget	Budget-to-Budget Change (\$)	Budget-to-Budget Change (%)	Adopted Budget compared to FYE 2025 Forecast (\$)	Adopted Budget compared to FYE 2025 Forecast (%)
Employee Benefits	(In Millions)						
<i>Civil Service Retirement</i>	\$5.3	\$5.3	\$5.3	\$0.0	0.0%	\$0.0	0.0%
<i>Teachers Retirement</i>	33.4	33.4	37.1	3.7	11.1%	3.7	11.1%
<i>Social Security</i>	30.6	30.6	33.6	3.0	9.8%	3.0	9.8%
<i>Health Insurance (Active Employees)</i>	88.6	79.5	85.5	-3.1	-3.5%	6.0	7.5%
<i>Health Insurance (Retired Employees)</i>	55.2	57.1	61.0	5.8	10.5%	3.9	6.8%
<i>Termination Pay</i>	4.5	4.5	4.5	0.0	0.0%	0.0	0.0%
<i>Other Benefits</i>	14.7	16.7	17.0	2.3	15.6%	0.3	1.8%
Total Employee Benefits	\$232.3	\$227.1	\$244.0	\$11.7	5.0%	\$16.9	7.4%

The following highlights several employee compensation areas of significance.

New York State Pension Systems

General Fund expenditures for the New York State Employees’ Retirement System (NYSERS) and the New York State Teachers’ System (NYSTRS) are budgeted at a combined amount of \$42.4 million in the Adopted Budget, a \$3.7 million (9.6%) combined increase as compared to the District’s PFY Adopted Budget. The 2026 NYSERS blended employer contribution rate increases from 12.5% to 15.8%; the 2025 NYSTRS employer contribution rate increases from 11.1% to 12%. Pension contribution rates are actuarially determined by the New York State retirement systems.

The District’s payment to the retirement systems is a function of the contribution rates applied to actual annual salaries and wages. The overall increase in total pension payments is due to both the increase in compensation as well as increased employer contribution rates (ERCs) for NYSERS and NYSTRS.

The combined NYS pension payments are reasonable given the budgeted total employee compensation and increased ECRs. BFA’s estimated pension costs are slightly lower than the District’s budgeted appropriation.

Payroll Tax

The District’s employer portion for payroll taxes remains at 7.65% of budgeted Employee Compensation and Termination Pay. It is budgeted at \$33.6 million in the Adopted Budget, \$3.0 million (9.8%) greater than the District’s PFY Adopted Budget. The budgeted amount is consistent with the static tax rates and the increase in employee compensation costs.

Active/Retiree Health Insurance

Health insurance for active employees is one of several major General Fund expenditures for the District. It is budgeted at \$85.5 million in the Adopted Budget, a \$(3.1) million (3.5%) decrease over the District’s PFY Adopted Budget.

The District is self-insured; forecasted health insurance costs are based on total gross allowable health insurance-related costs billed to the District through its third-party administrator.

All employees are required to pay either a flat amount (e.g.: teacher aides/teaching assistants contribute \$300 (S)/\$600 (F)), an established percentage of their base annual salary (e.g.: blue-collar employees hired before July 11, 2012 pay 1.25% of their base salary), or a percent of the annual cost (e.g.: blue-collar employees hired on or after July 11, 2012 pay 20% of the total insurance cost). These contributions offset expected expenditures by \$6.1 million in 2025-26.

The following are the average 2025-26 active employee premium-equivalent health insurance rates:

- 2025-26 rate (active/single – estimated): \$9,862 (\$700 or 7.6%)
- 2025-26 rate (active/family – estimated): \$25,412 (\$1,706 or 6.7%)

Retiree Health Insurance

Retiree health insurance expenditures are also a major General Fund expenditure. Retiree health insurance is budgeted at \$61.0 million in the Adopted Budget, a \$5.8 million (10.5%) increase over the District's PFY Adopted Budget. The increase in budgeted retiree healthcare expenditures is based on the current number of retirees receiving health insurance and estimated average 2025-26 retiree premium-equivalent health insurance rates:

- 2025-26 rate (active/single – estimated): \$12,262
- 2025-26 rate (active/family – estimated): \$29,192

The growth of these expenditures has been curtailed in recent fiscal years and has been favorably impacted by several cost-saving initiatives.

Effective at the start of the 2018-19 fiscal year, the District no longer budgeted based on premium-equivalent rates but instead used actual claim costs by the various groups, including retirees. This is compared to an actuarial valuation annually for reasonableness. In January 2020, the District converted its Medicare Advantage offering the Forever Blue Medicare Advantage Plan to the Independent Health Medicare Advantage Plan, resulting in a forecasted savings of \$1.1 million annually, which is included in the base cost.

The District contacts qualified retirees receiving retiree health benefits to offer an incentive to forego the costlier traditional plan for a Medicare Advantage Plan. The cost of this plan is significantly less than most of the District's traditional plans. The option to enroll in the Medicare Advantage plans has allowed the District to curb the rate of growth in retiree health insurance expenditures.

The Adopted Budget assumes 1,532 single and 3,108 family coverages in 2025-26. The projections are deemed reasonable as the District projects the number of new retirees conservatively; actual new retirees tend to be somewhat less than forecasted.

Termination Pay and All Other Fringe Benefits

Termination Pay and All Other Fringe Benefits total a combined \$21.5 million in the Adopted Budget, an increase of \$2.3 million (12.0%) over the District's PFY Adopted Budget.

Termination Pay is \$4.5 million in the Adopted Budget and is forecasted based on the actual number of employees eligible to retire, the estimated termination pay benefit, and the percentage expected to retire based on the trend data. Termination Pay includes compensation to newly retired individuals or eligible terminated individuals for unused paid leave as well as payouts for early retirement incentives.

All Other Fringe Benefits include supplemental benefits, workers' compensation costs, unemployment, and other minor fringe benefit costs. The Adopted Budget includes \$17.0 million in All Other Fringe Benefits including \$1.7 million in unemployment expenditures.

PAYMENTS TO CHARTER SCHOOLS

2025-26 % of total General Fund expenditures: 15.2%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$35.2M or 26%

Payments to Charter Schools is the third largest General Fund expenditure at \$180.6 million, a \$10.2 million (6.0%) increase over the PFY Adopted Budget. The increase is driven by enrollment growth (net 126 FTE pupils or 2.1%) and a substantial increase in the base tuition rate (\$1,526/pupil or 10.4%).

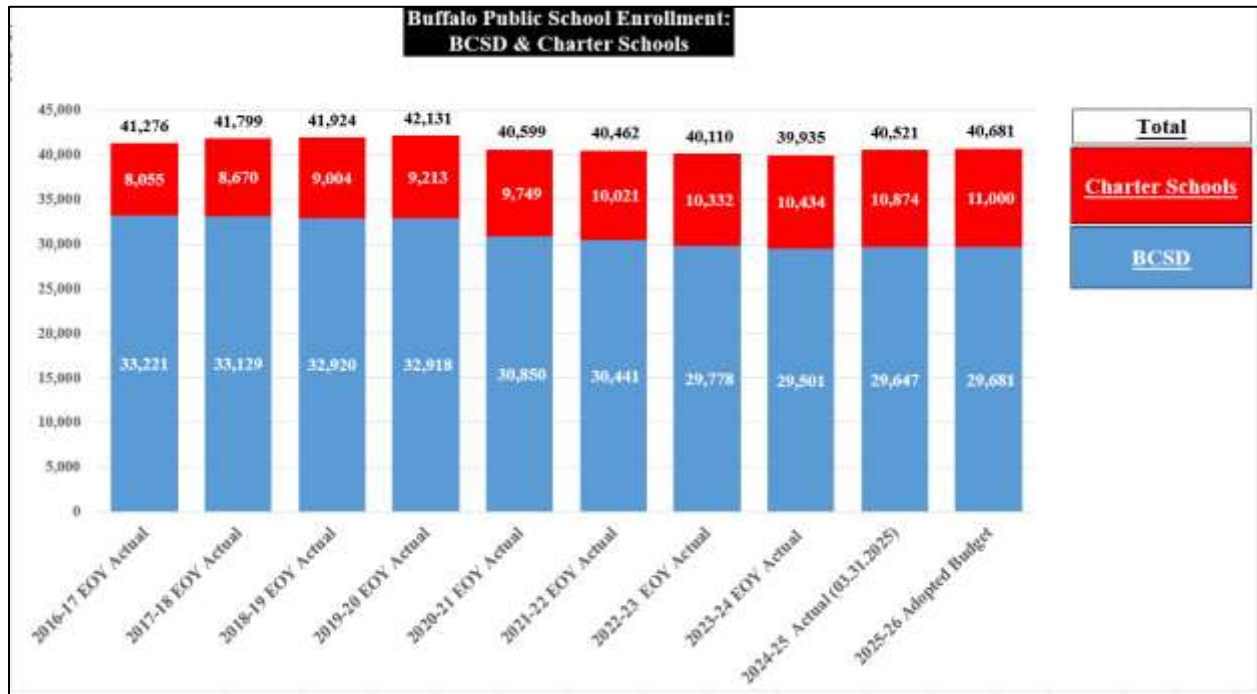
The following formula demonstrates the budgeted amount.

$(\text{Population} \times \text{Base Tuition}) + (\text{SPED population} \times \text{effective SPED rates}) = \text{Charter School Tuition Payment.}$

The Adopted Budget includes \$3.1 million for a charter school Special Education (SPED) tuition rate. The District now believes this expenditure is underbudgeted by \$10 million to \$15.0 million; the actual amount cannot be estimated until the New York State Education Department finalizes 2025-26 SPED rates. The District will need to address the additional Charter School expenditures via budgetary transfers, if possible, and/or by modifying the budget to increase overall appropriations if transfers are not sufficient to address these unbudgeted expenditures.

Payments to Charter Schools include the funds the District forwards to the twenty-one area charter schools (including two out-of-District charter schools) based on the number of Buffalo resident pupils enrolled in charter schools at a rate established by NYS.

The following depicts City resident pupil public school enrollment for a ten-year period, consisting of the last nine years of actual enrollment and the current projection for the 2025-26 school year. It is noted that District enrollment decreased significantly in the last two pandemic-impacted school years. Aggregate City resident charter school enrollment grew over this same period.



The District is projecting that Buffalo Public School District pupil counts have stabilized with a minor increase of 34 pupils to 29,681 in 2025-26, as compared to the actual count on March 31, 2025. The District projects an increase of 126 (1.2%) Buffalo resident pupils enrolled in area charter schools, as compared to the actual count on March 31, 2025. The increase in expected area charter school enrollment has been projected based on the expansion plans of existing charter schools as they add grade levels to meet their chartered plans.

The District serves as the Lead Educational Agency for all public and non-public school City resident pupils. The District provides special educational services at rates set by NYS. These services include speech, physical and occupational therapy, vision, and hearing.

The total number of Buffalo resident pupils enrolled in area public schools is relatively flat since a sizable drop off from FYE 2020 of 1,430 total public-school pupils (3.4%). The District's enrollment is relatively flat; enrollment growth primarily appears within area charter schools.

The following table shows the percentages of total Buffalo resident pupils enrolled in District schools and area charter schools.

Buffalo Resident Pupils in Public Schools: District & Charter	2016-17 EOY Actual	2017-18 EOY Actual	2018-19 EOY Actual	2019-20 EOY Actual	2020-21 EOY Actual	2021-22 EOY Actual	2022-23 EOY Actual	2023-24 EOY Actual	2024-25 Actual (03.31.2025)	2025-26 Adopted Budget
<i>Buffalo Resident Pupils: District</i>	80.5%	79.3%	78.5%	78.1%	76.0%	75.2%	74.2%	73.9%	73.2%	73.0%
<i>Buffalo Resident Pupils: Charter Schools</i>	19.5%	20.7%	21.5%	21.9%	24.0%	24.8%	25.8%	26.1%	26.8%	27.0%
Total Buffalo Resident Public School Pupils	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

TRANSPORTATION

2025-26 % of total General Fund expenditures: 6.1%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$35M or 134.6%

Note: The District provided very limited bussing in FY 2020-21 due to its response to the Covid-19 Pandemic.

Transportation expenditures are the sixth largest General Fund expenditure category. Transportation expenditures total \$72.4 million in the Adopted Budget, a substantial \$9.4 million (14.9%) increase over the PFY Adopted Budget. The increase is based on the anticipated level of transportation services offered by the District and a new bussing contract with First Student, Inc.

The District instituted bell time adjustments in the 2023-24 school year. The District changed the starting and ending times at schools to accommodate savings on bus routes and improve the transportation of students. School bussing had been impacted significantly in 2021-22 and 2022-23 by a bus driver shortage; school start/end times changed from a two-tiered system into a three-tiered system to alleviate transportation issues.

NYS Transportation Aid is received by the District at a rate of approximately 87% of the prior year's expenditures. Qualified expenditures for reimbursement include but are not limited to, contractual transportation costs, supplies and materials, insurance, and salary and fringe benefits for Bus Aides providing services to students with disabilities if the aid was required by the student's Individual Educational Plan.

DEBT SERVICE

2025-26 % of total General Fund expenditures: 6.6%

5-Year Change: (FYE 2020 Actual – FYE 2024 Forecasted)

\$(13.9) M or -12.1%

Debt Service payments are the fifth largest expenditure category. Debt Service includes the annual principal and interest payments that the District pays on its outstanding bonds. Debt Service expenditures are budgeted at \$78.4 million in the Adopted Budget, a \$13.3 million (14.5%) decrease over the District's PFY Adopted Budget. The annual amount of Debt Service expenditures is directly correlated to the annual amount of NYS Building Aid received, although NYS uses an assumed debt service amortization schedule in calculating the annual NYS Building Aid. Debt Service includes the scheduled principal and interest payments on borrowings for capital improvements including work associated with the Joint Schools Construction Board (JSCB) project.

ALL OTHER EXPENDITURES

2025-26 % of total General Fund expenditures: 15.1%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$64.2M or 57.2%

All Other Expenditures is the final expenditure subcategory and is a composite category that includes all General Fund expenditures other than those described above. It includes tuition, contracts, textbooks and supplies, repairs, and maintenance.

A reserve contingency is included within All Other Expenditures. It is not a specific expenditure and was established as a contingency to cover revenue reductions and/or expenditure increases that may occur after a budget's adoption. These expenditures may include the 2025-26 net costs to settle expiring labor agreements. BFSA has previously examined this expenditure line separately from All Other Expenditures due to its size.

The following chart depicts the All Other Expenditures as included within the Adopted Budget as compared to the PFY Adopted Budget. The District’s CFYE forecast is additionally included as a reference.

2025-26 Adopted Budget Expenditures	2024-25 Adopted Budget	2024-25 District Forecasted at 3.31.25	2025-26 Adopted Budget	Budget-to-Budget Change (\$)	Budget-to-Budget Change (%)	Adopted Budget compared to FYE 2025 Forecast (\$)	Adopted Budget compared to FYE 2025 Forecast (%)
All Other Expenditures	(In Millions)						
<i>Utilities</i>	\$12.5	\$12.5	\$10.6	(\$1.9)	-15.2%	(\$1.9)	-15.2%
<i>Tuition</i>	35.1	35.1	34.6	(0.5)	-1.4%	(0.5)	-1.4%
<i>Contracts - Custodian</i>	21.4	21.4	25.7	4.3	20.1%	4.3	20.1%
<i>Equipment</i>	9.8	8.8	10.2	0.4	4.1%	1.4	15.9%
<i>Contracts - Misc. & Contingency</i>	50.7	49.6	48.7	(2.0)	-3.9%	(0.9)	-1.8%
<i>Rental Contracts</i>	9.6	9.6	10.2	0.6	6.2%	0.6	6.2%
<i>Repairs & Maintenance</i>	8.9	9.0	4.6	(4.3)	-48.3%	(4.4)	-48.9%
<i>Textbooks</i>	5.5	5.5	5.7	0.2	3.6%	0.2	3.6%
<i>Supplies and Misc. Related Items</i>	16.2	15.2	11.2	(5.0)	-30.9%	(4.0)	-26.3%
<i>Reserve for Contingency</i>	0.1	0.5	1.9	1.8	1800.0%	1.4	280.0%
<i>Software</i>	6.6	6.6	6.5	(0.1)	-1.5%	(0.1)	-1.5%
<i>Interfund Transfers</i>	4.9	2.6	9.4	4.5	91.8%	6.8	261.5%
Total Other Expenditures	\$181.3	\$176.4	\$179.3	(\$2.0)	-1.1%	\$2.9	1.6%

All Other Expenditures are budgeted at \$179.3 million, a decrease of \$2.0 million (1.1%) over the District’s PFY Adopted Budget.

The 2024-25 Adopted Budget included sizable increases in items previously funded via federal American Rescue Plan Act funds during the 23-24 year, including Summer and After School programming (\$7.1 million) and IT-related infrastructure and the provision of student devices (\$11 million). The 2025-26 Adopted Budget maintains these programs and supplies; appropriated 2025-26 levels are based on the CFYE forecast with adjustments based on needs and anticipated cost increases.

Utilities

Utilities expenditures total \$10.6 million in the Adopted Budget, a \$1.9 million (15.2%) decrease over the PFY Adopted Budget. The decrease may not be appropriate. While combined energy commodities have an annualized 3.7% deflationary factor (April 2025 CPI-U), the District’s Utilities include electricity and piped gas service, both have had inflationary factors (3.6% and 15.7% annualized). The overall variance would not be sizable as compared to the Adopted Budget’s totality.

Tuition

The District’s tuition expenditure includes the costs for outside instruction including payments to agencies to educate children with special needs, payments to other school districts to educate foster children who are Buffalo resident pupils, and college tuition for Middle Early College and DaVinci High School students attending classes at Erie Community College, Buffalo State College, and D’Youville College. The Adopted Budget includes \$34.6 million in Tuition expenditures, of which \$31.8 million, or 91.9%, relate to Agency instruction. An additional \$1.8 million is budgeted for foster and resident student tuition. The remaining \$1.0 million is budgeted for Career and Technical Educational (CTE) college credit.

The Adopted Budget reflects the forecasted enrollment in these programs and the tuition rates established by NYS.

Contracts

All service, performance, and rental contracts funded through the General Fund total \$84.6 million in the Adopted Budget, a \$4.0 million (5%) increase as compared to the PFY Adopted Budget. These include Contracts – Custodian, Contracts – Miscellaneous & Contingency, and Rental Contracts.

Contracts – Custodian is budgeted at \$25.7 million in the Adopted Budget, a \$4.3 million (20.1%) increase as compared to the PFY Adopted Budget. The increase somewhat exceeds the contractual rate of increase and may be over budgeted.

The District is unique in its custodial contracts in that the Operating Engineers receive lump sums of money based on the square footage of the building they maintain, and other factors as established by the collective bargaining agreement to perform school custodial duties. These duties are carried out in part by custodians who are employees of the Operating Engineers, not of the District. As such, the custodial union negotiates directly with the Operating Engineers, not the District. These contractual amounts were increased in the most recently settled collective bargaining agreement.

Contracts – Miscellaneous are budgeted to decrease by \$2.0 million (4.0%) over the PFY Adopted Budget. The decrease is based on actual 2025-26 contractual needs. These include programs and services previously funded via federal stimulus funds and continued through general funds (e.g., IT contractual services (\$3.7 million) and staffing development services (\$2.2 million).

Rental contracts are budgeted to increase \$0.6 million (6.2%) over the PFY Adopted Budget based on forecasted actual rental contract expenditures and a 1.5% increase annually stipulated and/or assumed contractual increases for these contracts.

The following table summarizes these three contract expenditures within the Adopted Budget.

2025-26 Adopted Budget Expenditures	2024-25 Adopted Budget	2024-25 District Forecast at 3.31.25	2025-26 Adopted Budget	Budget-to-Budget Change (\$)	Budget-to-Budget Change (%)
Contracts	(In Millions)				
<i>Contracts - Custodian</i>	\$21.4	\$21.4	\$25.7	\$4.3	20.1%
<i>Contracts - Misc. & Contingency</i>	50.7	49.6	48.7	(2.0)	-4.0%
<i>Rental Contracts</i>	9.6	9.6	10.2	0.6	6.2%
Total Contracts	\$81.7	\$80.6	\$84.6	\$4.0	5.0%

Miscellaneous

Miscellaneous General Fund expenditures include equipment, software, repairs and maintenance, textbooks, supplies, a reserve contingency, and interfund transfers. These expenditures total \$43.8 million in the Adopted Budget, a decrease of \$8.2 million (15.8%) as compared to the PFY Adopted Budget.

Equipment expenditures are budgeted to increase by \$0.4 million (4.1%) over the PFY Adopted Budget based on the planned 2025-26 purchasing.

Software expenditure includes instructional and business system software. Software expenditures are budgeted to decrease \$0.1 million (1.5%) over the PFY Adopted Budget based on the planned 2025-26 purchasing.

Repairs & Maintenance expenditures are budgeted to decrease by \$4.3 million (-48.3%) as compared to the PFY Adopted Budget. The 2025-26 budgeted amount is consistent with the historical average for these expenditures; 2024-25 included a higher level of repair and maintenance related to plant services.

Textbook expenditures are budgeted to increase \$0.2 million (3.6%) over the PFY Adopted Budget based on the total number of students receiving textbooks (District, charter school, and parochial), the District's five-year replacement cycle and cost-saving initiatives to reduce procurement costs through more competitive bidding.

Supplies and Miscellaneous Expenditures are budgeted to decrease by \$5.0 million (30.9%) as compared to the PFY Adopted Budget, based on the anticipated 2025-26 need for these items. Most significantly, this includes a \$3.7 million (96.%) reduction in WozED, a K-12 STEM program.

The Reserve for Contingency is budgeted at \$1.9 million, \$1.1 million (36.7%) less than the PFY Adopted Budget. This expenditure line is a source for budgetary transfers including settling labor agreements.

Interfund Transfers are transfers from the General Fund to other funds to support the summer handicapped program, JROTC, special projects, the debt service fund, capital projects, and food service operations. These expenditures are increased substantially by \$4.5 million (91.8%) as compared to the PFY Adopted Budget. The 2025-26 budgeted amount is in line with historically budgeted amounts.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District has significant accrued liabilities for post-retirement healthcare. NYS law does not currently authorize a governmental trust that entities could voluntarily contribute to fund these long-term liabilities. The District provides OPEB benefits on a "pay-as-you-go" basis and may only assign fund balance for future OPEB costs. Such a designation is not binding as Assigned fund balance may be reallocated by District management.

As of June 30, 2024, the District had \$70.1 million of fund balance assigned for OPEB. As of the last actuarial valuation report dated June 30, 2024, the total OPEB liability was \$1.83 billion. This is an increase from the estimate of the total OPEB liability on June 30, 2023, of \$0.3 billion.

The District has actively been examining and implementing additional cost-saving measures to address this long-term liability. The collective bargaining agreements with the BTF and with the BCSA provided terms that allowed for the growth in the long-term liability to decrease. The year-to-year decrease is based primarily on changes in assumptions and other inputs.

FOOD SERVICE FUND

The District provides breakfast, lunch, and after-school dinner to all District students as well as to five Buffalo charter schools, three non-public schools, and an out-of-District charter school.

The Emerson School of Hospitality and Buffalo School of Culinary Arts and Hospitality Management provide students with an academic program while focusing on career preparation in the food service and hospitality industries. While these schools’ budgets are separate from the Food Service Program, federal dollars flow through the Food Service Program for the Child Nutrition Program, as administrators of the program.

The Summer Food Service program, which is federally funded, provides meal service to children during the summer months. It provides breakfast, lunch, and snacks to summer school students and organizations.

The Food Service Fund totals \$49.5 million in the Adopted Budget. The following depicts the Food Service Fund Financial Plan.

The Food Service 2024-25 Adopted Budget is as follows.

Food Service Fund	2024-25 Adopted Budget	2024-25 CFYE Forecast	2025-26 Adopted Budget	Variance
	\$ in Millions			
<i>Revenues</i>	\$45.0	\$43.9	\$43.0	\$(0.9)
<i>Expenditures</i>	49.5	50.5	47.7	2.8
Surplus/(Deficit)	\$(4.5)	\$(6.6)	\$(4.7)	\$1.9
Appropriated Fund Balance	\$4.5	\$6.6	\$4.7	
Deficit/Surplus				

The 2025-26 Food Service Adopted Budget includes a \$1.8 million reduction in federal food service aid, as compared to the 2024-25 Adopted Budget. The reduction is based on the U.S. Agriculture Department decision to end two pandemic-era programs that provided more than \$1.0 billion for schools and food banks to purchase food from local farmers and producers.

The District drew down fund balance assigned for capital improvements from 2015-16 through 2024-25 for a building improvement and expansion project.

Food Service fund balance will be drawn down closer to the statutory maximum. To maintain the nonprofit status required for the food service account, the fund balance (net cash resources) must not exceed three month's average expenditures at any time. The District's planned drawdown of Food Service fund balance is a planned action to reduce available fund balance closer to this threshold.

Central Commissary Update

The District intends to present a lease for a new Central Commissary to the Buffalo Board of Education on July 16, 2025. The lease will continue until after the construction is completed in the 2025-26 year. The estimated \$2.0 million in additional lease costs are projected to cause sizable deficits in the Food Service Fund, funded with available fund balance. Total Food Service fund balance was \$38.1 million at June 30, 2024.

The District believes the new commissary facility lease will address two issues: first, the provision of a safe facility which offers a greater variety of healthier foods using the cook/chill method, and second provides a plan to utilize excess fund balance held by the Food Service Fund. It is assumed all construction costs and incidentals will be paid for by the contractor/developer and reimbursed through lease payments with the Food Service Fund. The details of this program are currently being deliberated and considered.

SPECIAL PROJECTS FUND

The Special Projects Fund includes grants from federal, state, and local foundations. The Special Projects Fund Adopted Budget totals \$139.4 million and funds 704 FTEs.

Combined Grants Funds	2024-25 Adopted Budget	2024-25 Adopted Budget (FTEs)	2025-26 Adopted Budget	2025-26 Adopted Budget (FTEs)	Change	Change
					(\$)	(FTE #)
Special Projects Fund						
<i>Federal Grants</i>	\$64.5	369.0	\$67.1	384.0	\$2.6	15.0
<i>NYS Grants</i>	63.7	277.0	67.8	304.0	4.1	27.0
<i>Foundation Grants</i>	4.0	14.0	4.5	16.0	0.5	2.0
Total Special Project Funds	\$132.2	660.0	\$139.4	704.0	\$7.2	44.0

The District estimates an increase in federal aid of \$2.6 million (4.0%). This includes the following:

Ongoing federal funding

- Title I-IV funds: \$8.8 million
 - based on federally mandated formula aid

Expiring federal funding

- Buffalo Farm Share: \$(2.0) million
- Afghan Refugee School Impact: \$(4.2) million

As noted, the Adopted Budget does not address the potential for federal aid cuts based on the current federal budget bills. The Adopted Budget estimated \$67.1 million in cumulative federal aid. A reduction in this funding would hurt the District's ability to provide programs and services.

The District receives additional NYS aid in the form of categorical grants, New York State Education Department (NYSED) funds, and other NYS sources. These grants are budgeted at \$67.8 million in 2025-26, an increase of \$4.1 million (6.4%)

The District receives additional grants from local foundations. These grants are budgeted at \$4.5 million in 2025-26, a \$0.5 million (12.5%) increase as compared to the District's 2024-25 Adopted Budget. This amount will increase over 2025-26 as the District is awarded new grants.

The fund is self-sufficient; if anticipated grant applications are either rejected, reduced, or require resubmission, mandated expenditures are funded via the General Fund.

CONCLUSIONS

The District has presented a balanced 2025-26 Adopted Budget. Importantly, the budget is balanced with the use of \$78.8 million in fund balance, a non-recurring source of funding. As General Fund budgeted appropriations exceed estimated revenues, a structural deficit exists.

General Fund revenues are reasonably estimated within the Adopted Budget. The rate of increase is 2.3% as compared to the PFY Adopted Budget. There is a threat to the federal Medicaid reimbursement as current congressional budget bills seek to limit Medicaid eligibility. These changes could potentially reduce the District's reimbursement.

General Fund expenditures are reasonably appropriated within the Adopted Budget. The rate of increase is 1.8% as compared to the PFY Adopted Budget. The District will realize an operating deficit in the CFYE. As estimated revenues are less than appropriations, this structural deficit widens and requires gap-closing actions, including the appropriation of one-time fund balance and structural alignments.

The 2025-26 Adopted Budget shifted from the plan as presented last year with respect to right-sizing the District. This initiative reduced schools and staffing to be consistent with the decline in enrollment. This is particularly important given that all collective bargaining units have contracts that either expire on June 30, 2025, or June 30, 2026. The BFSAs will analyze the actions detailed within the forthcoming 2026-2029 Financial Plan.

The District should consider the impacts that changes at the federal level will have on out-year funding. Current congressional funding bills seek to curtail the rates of increase in federal education spending. These changes would put greater pressure on the District to continue these programs and services. Potentially, the State of New York could limit funding increases as well in response to federal actions.

BUFFALO FISCAL STABILITY AUTHORITY
Buffalo City School District's 2024-25 Third Quarter Report Analysis
June 16, 2025

Introduction

The Buffalo City School District (District) issued its fiscal year (FY) 2024-25 third quarter report (Q3 2025 Report) on April 29, 2025. It includes the District's current fiscal year-end (CFYE) projections as compared to the 2024-25 Adopted Budget (Adopted Budget).

The 2024-25 Modified Budget's total budgeted appropriations are equal to the 2024-25 Adopted Budget (Adopted Budget) overall; several minor budgetary transfers occurred between various expenditure lines. The Buffalo Fiscal Stability Authority's analysis compares the Adopted Budget amounts with the third quarter's actual results.

The following is the Buffalo Fiscal Stability Authority's Q3 2025 Report analysis.

Key Findings

- The District is forecasting a favorable \$4.6 million revenue budgetary variance, not significantly dissimilar to the Adopted Budget. The Buffalo Fiscal Stability Authority (BFSA) believes current fiscal year-end (CYFE) revenues will not be significantly greater than budget (\$0.5 million; 0.04%) based on the most recent New York State Education Department (NYSED) State Aid Management System (SAMS) estimate, BFSA's Supplemental Charter School Tuition aid forecast, offset somewhat by BFSA's Erie County Sales Tax receipt CFYE forecast.
- The District is forecasting a favorable \$24.0 million expenditure budgetary variance. The BFSA believes CYFE expenditures will depict at least a \$43.5 million budgetary variance based on the BFSA's forecasts for Employee Compensation and the District's Transportation and All Other Expenditure forecasts, barring any unforeseen/unbudgeted new expenditures.
- The 2024-25 Adopted Budget and 2025-2028 Adopted Financial Plan contained an inaccurate 2024-25 Charter School base tuition rate and had erroneously stated that a \$14.0 million one-time payment had been included as a Special Education set-aside. Based on these assumptions and actual enrollment, BFSA had previously forecasted a \$25.2 million CFYE favorable variance as compared to the Adopted Budget. BFSA has since revised its 2024-25 Charter School Tuition forecast and now conservatively estimates a minimum \$3.1 million favorable budgetary variance.
- The City of Buffalo was requested to approve the District's capital plan in the amount of \$55.4 million; the City of Buffalo Common Council approved this in December 2024. Since then, the requested bond sale decreased to \$22.0 million for District capital projects due to timing issues, as not all proposed capital projects met the NYSED's submission deadlines. Subsequently, the DaVinci project did not meet timing requirements as a lease has not yet been executed.

- Included in the request are twenty-one individual projects with an estimated \$33.4 million combined maximum cost. The estimated \$11.4 million excess cost over the borrowed amount will be funded via General Fund resources.
 - All design work has been completed and all projects except for the PS #212 Leonardo DaVinci High School at Buffalo State University - Buckham Hall are scheduled to be completed by September 2026. The PS #212 capital project should be completed by December 2027.
 - The City of Buffalo (City) has not been requested to borrow on behalf of the District since 2012. The District intends to utilize the funds to improve its buildings and infrastructure. New York State (NYS) will reimburse approximately 97% of all expenditures through NYS Building Aid. There is no cost to the City.
 - As of May 13, 2025, the Buffalo City Comptroller had not issued a commitment to sell District bonds.
- District enrollment was higher at January 7, 2025, than at the end of the 2023-24 school year. If overall enrollment remains at or near this level, it will mark the first instance within the last ten school years where enrollment increased year-over-year, albeit by 146 (0.4%) year-to-year increase.
 - The Adopted Budget represents year one of two which are focused on reducing total staff counts by eliminating vacancies, not filling positions that become vacant through retirements, eliminating 36 Teacher on Special Assignment (TOSA) positions at the schools, and continuing the Superintendent-imposed hiring freeze for non-essential staff. The two-year plan reduces total full-time equivalent (FTE) counts from 2023-24 by approximately 226 positions while mitigating current fiscal year (CFY) layoffs. The District was able to assign all laid-off TOSA employees to classroom instruction. Two FTE employees were ultimately laid off in the CFY. No further CFY layoffs are anticipated.

Outlook Items

1. **Expiring Collective Bargaining Agreements** - All collective bargaining agreements will expire over the next three fiscal years, including five at the end of the current fiscal year. These collective bargaining units include the following.

June 30, 2025 Expiration

- Buffalo Association of Substitute Administrators (Substitute Administrators)
- Buffalo Council of Supervisors and Administrators (Administrators)
 - Negotiations underway
- Buffalo Educational Support Team (Teacher's Aides and Teaching Assistants)
- Local 264 (Blue-collar)
- Substitutes United of Buffalo (Substitute Teachers)

June 30, 2026 Expiration

- Buffalo Teachers’ Federation (Teachers)
- Local 409 engineers (Engineers)
- Professional, Clerical, and Technical Employees’ Association (white-collar)

June 30, 2027 Expiration

- Transportation Aides of Buffalo (Bus Aides)

BFSA has estimated that settling labor agreements will increase 2025-26 through 2027-28 General Fund employee compensation and benefits by \$22.4 million for 2% annual contractual increases and \$33.5 million for 3% annual contractual increases. This estimate included a significant level of position reductions beginning in 2025-26. The updated 2025-26 through 2028-29 estimated cumulative increases are \$69.2 million and \$105.5 million on a General Fund basis and based on the 2025-26 staffing plan. The year-over-year increases are estimated as follows.

Percent Increase	2025-26	2026-27	2027-28	2028-29	4-Year Cumulative Increase
2%	\$0.9M	\$12.6M	\$22.6M	\$33.1M	\$69.2M
3%	1.4M	19.0M	34.1M	50.2M	105.7M

Note: The Employee Compensation and Benefit increases are more pronounced beginning in 2026-27 after a potential teacher labor agreement settlement.

BFSA will be able to more accurately estimate these prospective costs once the 2026-2029 Financial Plan has been developed.

2. Projected Structural Imbalances/Status of District’s ‘Right-Sizing’ Initiatives

The District’s 2025-2028 Financial Plan estimated a cumulative four-year deficit of \$199.6 million. The deficit is fully funded during these four years through fund balance, a nonrecurring funding source. The growth in projected expenditures continues to outpace revenues, with a widening budget gap projected in the plan’s final year (year four). These projected structural imbalances will be exacerbated by the delayed/deferred implementation of the right-sizing initiative.

The 2025-26 Adopted Budget does not include year two of two of the right-sizing initiative. These actions included reducing an additional 250 teaching positions via attrition or layoff if necessary and closing two schools. These or similar actions are anticipated within the 2026-2029 Financial Plan. The 2025-26 operating deficit is \$78.8 million, significantly greater than the \$36.4 million depicted for 2025-26 in the 2025-2028 Adopted Financial Plan. The 2025-26 budget was adopted on May 28, 2025. The proposed 2026-2029 Financial Plan has been finalized.

2024-25 Adopted Budget Highlights

The following summarizes the FY 2024-25 Adopted Budget.

General Fund Revenues, Expenditures, and Appropriated Fund Balance

- General Fund revenues are budgeted at \$1,082.3 million, an increase of \$2.6 million (1.2%) over the prior fiscal year (PFY) actual revenues.
- General Fund expenditures are projected at \$1,165.7 million, a \$144.5 million (12.4%) increase over the PFY actual expenditures. This increase is largely due to the expiration of federal stimulus funding and the Buffalo Board of Education’s decision to continue approximately \$45.0 million of the \$91.7 million in programs, services, and personnel previously funded via these funds.

Structural Deficit

- The Adopted Budget includes a substantial deficit of \$83.4 million (7.2% of total General Fund appropriations). The deficit is closed through the appropriation of fund balance.

General Fund CFYE Projections

The following depicts the 2024-25 Adopted Budget and the CFYE projected balances. BFSA’s CFYE revenue forecast is not significantly different from the BCSD’s forecast. BFSA forecasts a greater expenditure variance, particularly within Employee Compensation.

General Fund	2024-25 Adopted Budget	2024-25 Projected FYE (BCSD)	2024-25 Variance Projected FYE (BCSD)	2024-25 Projected FYE (BFSA)	2024-25 Variance Projected FYE (BFSA)
	\$ in Millions				
Revenues	\$1,082.3	\$1,086.9	\$4.6	\$1,082.8	\$0.5
Expenditures	1,165.7	1,141.7	24.0	1,122.2	43.5
Surplus (Deficit)	(\$83.4)	(\$54.8)	\$28.6	(\$39.4)	\$44.0

General Fund Revenues

The Adopted Budget included total estimated General Fund revenues of \$1,082.3 million. Actual Q3 2025 General Fund revenues were \$821.3 million. The District is forecasting a minor \$4.6 million CFYE variance. BFSA forecasts a minor, \$0.5 million variance, not significantly different than the District’s forecast. The following depicts the 2024-25 Adopted Budget revenues and CFYE projected revenues:

Buffalo City School District Revenues						
2024-25 3rd Quarter	2023-24 Actuals	2024-25 Adopted Budget	FYE 2024-25 Projected (District)	FYE 2024-25 Projected Variance (\$ - District)	FYE 2024-25 Projected (BFSA)	FYE 2024-25 Projected Variance (\$ - BFSA)
	\$ in Millions					
<i>Real Property Tax</i>	\$70.8	\$70.8	\$70.8	\$0.0	\$70.8	\$0.0
<i>Erie County Sales Tax</i>	59.0	56.0	57.8	1.8	60.0	4.0
<i>Federal Medicaid Reimbursement</i>	5.2	4.0	5.5	1.5	5.5	1.5
<i>New York State Aid (less Building Aid)</i>	803.6	837.2	837.2	0.0	830.7	(6.5)
<i>New York State Building Aid</i>	110.9	102.0	102.0	0.0	102.2	0.2
<i>Miscellaneous</i>	20.2	12.3	13.6	1.3	13.6	1.3
Total General Fund Revenues	\$1,069.7	\$1,082.3	\$1,086.9	\$4.6	\$1,082.8	\$0.5

Erie County Sales Tax receipts were greater than the PFY to date by \$0.9 million (1.97%). BFSA forecasts CFYE Erie County Sales Tax receipts at \$60.0 million, \$2.2 million greater than the BCSD forecast and \$3.0 million greater than the Adopted Budget.

BFSA’s forecast is conservative; the Buffalo-Niagara region has been negatively impacted by the unanticipated federally imposed tariffs on Canadian imports and the subsequent response by Canadian shoppers. Likely 2025-26 Erie County Sales Tax receipts will be significantly impacted by these events.

The NYSED released the SAMS full aid update. Several NYS formula-based aids will be slightly less than what was included within the Adopted Budget (e.g., NYS Transportation Aid). The District currently has more enrolled pupils than assumed in the Adopted Budget; NYS Foundation Aid will likely offset some of the unfavorable variances within the smaller, formula-based aids. BFSA forecasts the District will receive an additional \$0.8 million than budgeted Supplemental Charter School Reimbursement revenues based on the reimbursement rate and the number of Buffalo resident public school pupils in area charter schools.

BFSA forecasts total NYS Aid to be unfavorable by \$6.5 million at CFYE.

The Federal Medicaid Reimbursement is budgeted at \$4.0 million. This revenue is a reimbursement of Medicaid-eligible healthcare services funded and provided by the District. The District projects a \$1.5 million favorable variance based on the amount of actual reimbursements received CFY to date. BFSA concurs with this projection.

All Other Revenue (Miscellaneous) combined totals \$12.3 million in the Adopted Budget. All Other Revenues include tuitions, interest, interfund revenues for indirect costs, and miscellaneous items. The District projects a \$1.3 million CFYE variance based on increased intrafund transfers from the Special Projects Fund. BFSA concurs with the projection.

2023-24 Actual Revenues Compared to CFYE 2024-25 Forecasted Revenues

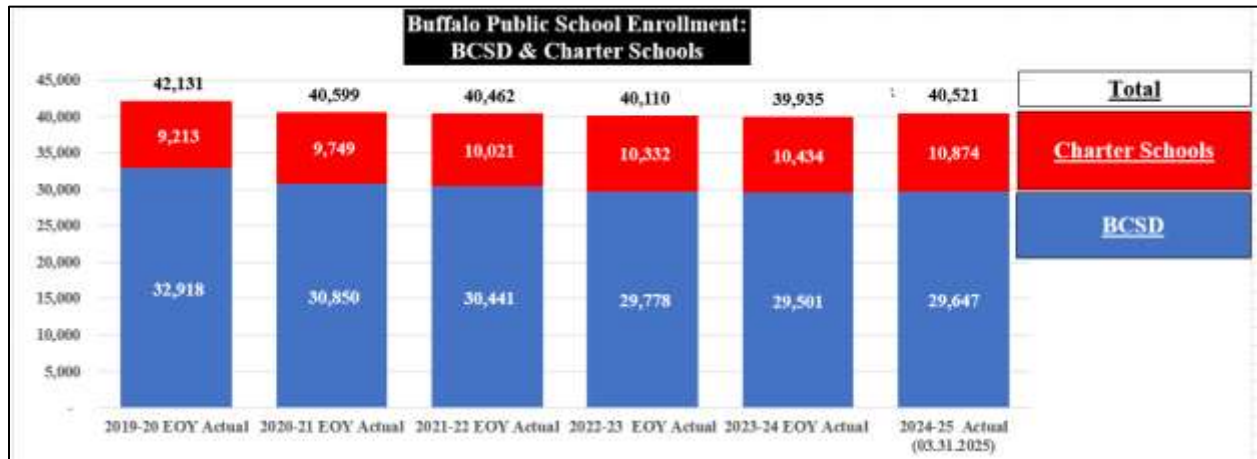
Actual FYE 2023-24 General Fund revenues were \$1,069.7 million. The District forecasts CFYE General Fund revenues at \$1,086.9 million, a net increase of \$17.2 million (1.6%). BFSFA forecasts CFYE General Fund revenues at \$1,081.9 million, a net increase of \$12.2 million (1.1%).

The District’s year-to-year projected changes are comprised of the following:

- New York State Aid (less Building Aid) is projected to increase by \$33.6 million (4.2%)
- New York State Building Aid – A decrease of \$8.9 million (8.0%)
- Erie County Sales Tax revenue – A decrease of \$1.2 million (2%)
- Federal Medicaid Reimbursement – An increase of \$0.3 million (5.8%)
- Miscellaneous revenue – A decrease of \$6.6 million (32.7%)
 - 2023-24 included a significant amount of interfund transfers from the Special Project Fund related to the American Rescue Plan Act (ARPA)

CFY District & Charter School Enrollment

The following compares budgeted and actual Buffalo pupil public school enrollment within District and area charter schools.



The District’s September through March pupil count exceeded the 2023-24 fiscal year-end (FYE) amount. This is the first District year-to-year enrollment increase since 2014-15, albeit not by a sizable amount. The most recent BEDS count of 29,647 represents a 146 (0.5%) year-to-year increase.

General Fund Expenditures

The Adopted Budget's General Fund appropriations total \$1,165.7 million, a \$141.1 million (13.8%) increase over the prior fiscal year's actual expenditures.

General Fund expenditures are examined in seven discrete subcategories in the following order:

- Employee Compensation
- Employee Benefits
- Charter School Payments
- Transportation
- Reserve for Contingency
- All Other Expenditures
- Debt Service

The Adopted Budget was modified and increased by \$5.4 million to recognize PFY carryover encumbrances. The budget modification was automatic per accounting standards and required neither BFSAs review nor the Buffalo Board of Education's approval.

The following schedule summarizes expenditures and compares the 2023-24 actual results, the Adopted Budget, the Modified Budget, the District's CFYE projections, and the BFSAs CFYE forecasts.

Buffalo City School District Expenditures								
2024-25 3rd Quarter	FYE 2023-24 Actuals	2024-25 Adopted Budget	Budget Transfers	2024-25 Modified Budget	FYE 2024-25 Forecast (District)	Adopted Budget to CFYE Forecast Variance (District)	FYE 2024-25 Forecast (BFSAs)	Adopted Budget to CFYE Forecast Variance (BFSAs)
	\$ in Millions							
<i>Total Employee Compensation</i>	\$370.7	\$424.8	\$1.3	\$426.1	\$415.1	\$9.7	\$397.1	\$27.7
<i>Total Employee Benefits</i>	203.9	226.6	0.5	227.1	227.1	(0.5)	226.2	0.4
<i>Payments to Charter Schools</i>	148.0	172.9	(2.5)	170.4	170.4	2.5	169.8	3.1
<i>Debt Service</i>	108.5	91.7	0.0	91.7	91.7	0.0	91.7	0.0
<i>Transportation</i>	55.2	63.8	(0.8)	63.0	61.0	2.8	61.0	2.8
<i>Reserve for Contingency</i>	0.0	3.0	(2.5)	0.5	0.5	2.5	0.5	2.5
<i>All Other Expenditures</i>	138.3	182.9	4.0	186.9	175.9	7.0	175.9	7.0
Total General Fund Expenditures	\$1,024.6	\$1,165.7	\$0.0	\$1,165.7	\$1,141.7	\$24.0	\$1,122.2	\$43.5

The BFSAs forecasts expenditures to be less than the District's projection and notes that revenues and appropriated fund balance are adequate to cover all expenditures. The Modified Budget presented excludes the PFY carryover encumbrances to offer a comparison to the originally approved budget.

The District's year-end forecast is conservative. BFSAs anticipates budgetary savings within Employee Compensation.

2023-24 Actual Expenditures Compared to 2024-25 Forecasted Expenditures

Actual 2023-24 General Fund expenditures were \$1,024.6 million. The District projects 2024-25 General Fund expenditures at \$1,141.7 million. Expenditures at this level would represent a substantial year-to-year increase of \$117.1 million (11.4%). The BFSA forecasts 2024-25 General Fund expenditures at \$1,122.2 million. Expenditures at this level would still represent a substantial year-to-year increase of \$97.6 million (9.5%).

The District continued a sizeable portion of the programs, services, and personnel previously funded via federal ARPA funds. The General Fund was increased by approximately \$45.0 million to continue a portion of these activities. While entity-wide positions decreased by 197 FTEs, positions in the General Fund increased by 162 FTEs, including 115 BTF FTEs.

The District's projected year-to-year increase is comprised of the following:

- Employee Compensation – An increase of \$44.4 million (12.0%)
 - Contributing Factors:
 - An increase in General Fund FTE positions
 - All employees have current labor agreements and will receive both step increases (if eligible), and contractual salary increases
- Employee Benefits – An increase of \$23.2 million (11.4%)
 - Contributing Factors:
 - An increase in General Fund FTE positions
 - All employees have current labor agreements and will receive both step increases (if eligible), and contractual salary increases
- Charter School Payments – An increase of \$22.4 million (15.1%)
 - Contributing Factors:
 - Increase in the number of Buffalo resident pupils enrolled in Buffalo-area charter schools and the tuition rate
- Debt Service – A decrease of \$16.8 million (15.5%), based on established debt service schedules.
- Transportation – An increase of \$5.8 million (10.5%)
 - Contributing Factors
 - First Student contractual increase
 - Increase in bus runs from enrollment growth
- Reserve for Contingency – The prior year's budget included \$63.6 million for the Reserve for Contingency, which was “zeroed out” during the year via budget transfers. The Adopted Budget amount totals \$3.0 million and will be zeroed out by CFYE via budget transfers.
- All Other Expenditures – An increase of \$37.6 million (27.2%)
 - Contributing Factors
 - Reflects a traditional school year's operation (supplies, equipment, etcetera)
 - Transfer of previously grant-funded programs and services to the General Fund

BFSA's CFYE 2024-25 Forecasted Expenditures

Employee Compensation

Employee Compensation is the District's largest expenditure. The Adopted Budget included Employee Compensation expenditures at \$424.8 million. The Modified Budget increased this amount slightly by \$1.3 million via budgetary transfers. BFSA's analysis focuses on the Adopted Budget amount as compared to the CFYE projections.

Employee Compensation includes the salary and wages of District employees, including the following groups/categories:

- The Buffalo Teachers' Federation
- The Substitutes United of Buffalo
- The Buffalo Association of Substitute Administrators
- The Buffalo Council of Supervisors and Administrators
- The Professional, Clerical and Technical Employees' Association
- The Buffalo Educational Support Team
- The Transportation Aides of Buffalo
- Skilled Trades (Trades)
- Local 264 members
- Local 409
- Miscellaneous Compensation Items

The following table lists the District's full-time positions. FTEs are presented on both an All Funds basis and a General Fund basis.

Q3 2025 Full-Time Employee Counts									
Employee Group	All Funds				General Fund				Contract Status
	2024-25 Adopted Budget	Actual at 3.31.2025	Vacancy (#)	Vacancy (%)	2024-25 Adopted Budget	Actual at 3.31.2025	Vacancy (#)	Vacancy (%)	
BTF (Teachers)	3,737	3,608	129	3.5%	3,360	3,200	160	4.8%	Current thru 6/30/2026
BEST (Teacher Aides/Teaching Assistants)	966	955	11	1.1%	791	811	(20)	-2.5%	Current thru 6/30/2025
BCSA: Administrators	298	290	8	2.7%	254	254	0	0%	Current thru 6/30/2025
PCTEA: White-Collar	570	491	79	13.9%	484	423	61	12.6%	Current thru 6/30/2026
Local 264									
Blue-Collar	67	51	16	23.9%	61	51	10	16.4%	Current thru 6/30/2025
Cook Managers	27	31	(4)	-14.8%	0	0	0	0.0%	Current thru 6/30/2026
Trades	41	41	0	0.0%	41	41	0	0.0%	Prevailing Wage
Local 409: Operating Engineers	57	39	18	31.6%	56	39	17	30.4%	Current thru 6/30/2026
Exempts	43	38	5	11.6%	43	38	5	11.6%	All contracts current
Board Members	9	9	0	0.0%	9	9	0	0%	N/A (elected positions)
Total Full-Time Employees	5,815	5,553	262	4.5%	5,099	4,866	233	4.6%	

The following table lists the District’s part-time positions on an All Funds basis solely (General Fund breakout unavailable).

2024-25 3rd Quarter Part-Time Employees		
Employee Group	3.31.2025	Contract Status
BTF (Teachers)	108.0	Current thru 6/30/2026
BEST (Teacher Aides/Teaching Assistants)	9.0	Current thru 6/30/2025
Local 264: Food Service Workers & Cooks	430.0	Current thru 6/30/2027
SU/B: Substitutes	444.0	Current thru 6/30/2025
TAB:Bus Aides	219.0	Current thru 6/30/2027
BASA: Substitute Administrators	20.0	Current thru 6/30/2025

The following schedule summarizes Employee Compensation expenditures and compares the 2023-24 actual results, the Adopted Budget, the Modified Budget, and the District’s CFYE projections.

Buffalo City School District Expenditures						
2024-25 3rd Quarter	FYE 2023-24 Actuals	2024-25 Adopted Budget	Budget Transfers	2024-25 Modified Budget	FYE 2024-25 Projected (District)	FYE 2024-25 Forecasted Variance (District)
Employee Compensation	\$ in Millions					
<i>Teachers</i>	\$266.5	\$295.8	(\$3.1)	\$292.7	\$290.7	\$5.1
<i>Administrators</i>	29.6	36.2	1.3	37.5	34.5	1.7
<i>Professional, Clerical, & Technical Employees Assoc. (White Collar)</i>	19.6	28.4	0.9	29.3	26.3	2.1
<i>Local 264 - (Blue Collar)</i>	2.5	2.9	0.1	3.0	3.0	(0.1)
<i>Teacher Aides/ Teaching Assistants</i>	22.8	25.0	1.4	26.4	25.4	(0.4)
<i>All Other Employees/ Overtime</i>	29.7	36.5	0.7	37.2	35.2	1.3
Total Employee Compensation	\$370.7	\$424.8	\$1.3	\$426.1	\$415.1	\$9.7

The District forecasts a \$9.7 million CFYE Employee Compensation budgetary variance. BFSA forecasts a higher CFYE budgetary variance at \$27.7 million based on:

- 1) Actual versus budgeted employee salaries, and
- 2) Vacant positions from July 1st through March 31st.

This is a conservative estimate and assumes no unplanned Employee Compensation expenditures are required.

Actual General Fund Employee Compensation was \$281.3 million as of Q3 2025, \$9.6 million less than the \$290.9 million budgeted through the third quarter.

Employee Benefits

Employee Benefits is the second largest expenditure category and includes the cost to the District for all non-salary/wage-related benefits for employees. The Adopted Budget included budgeted Employee Benefit expenditures at \$226.6 million. Several minor budget transfers have occurred (net \$0.5 million increase).

Employee Benefits include payments for:

- The pension expense under the New York State Teachers’ Retirement System (NYSTRS) and New York State Employee Retirement System (NYSERS)
- The employer portion of the payroll tax
- Health insurance for current and retired employees
- Termination Pay and other miscellaneous benefits

The following chart summarizes the budgeted and forecasted CFYE General Fund Employee Benefits by major categories.

Buffalo City School District Expenditures						
2024-25 3rd Quarter	FYE 2023-24 Actuals	2024-25 Adopted Budget	Budget Transfers	2024-25 Modified Budget	FYE 2024-25 Projected (District)	FYE 2024-25 Forecasted Variance (District)
Employee Benefits	\$ in Millions					
<i>Civil Service Retirement</i>	\$4.9	\$5.3	\$0.0	\$5.3	\$5.3	\$0.0
<i>Teacher Retirement System</i>	29.3	33.4	0.0	33.4	33.4	0.0
<i>Social Security</i>	28.6	30.6	0.0	30.6	30.6	0.0
<i>Health Insurance - Active Employees</i>	80.3	78.9	0.6	79.5	79.5	0.0
<i>Health Insurance - Retirees</i>	47.1	57.0	0.1	57.1	57.1	0.0
<i>Termination Pay</i>	2.0	4.5	0.0	4.5	4.5	0.0
<i>All Other Fringe Benefits</i>	11.7	16.9	(0.2)	16.7	16.7	0.0
Total Employee Benefits	\$203.9	\$226.6	\$0.5	\$227.1	\$227.1	\$0.0

Actual General Fund Employee Benefits expenditures were \$105.8 million as of Q3 2025, \$5.9 million less than the \$111.7 million budgeted through the third quarter.

The District does not currently forecast any budgetary variances. BFSA forecasts a favorable budgetary variance of \$0.4 million for the CFYE, correlated to the Employee Compensation forecast.

Payments to Charter Schools

Payments to Charter Schools are the fourth largest General Fund expenditure category and include the portion of NYS Aid the District receives and forwards to area charter schools. The District receives NYS Aid based on the total number of Buffalo resident pupils enrolled in both District and charter public schools. A charter school tuition payment is forwarded to area charter schools, and other aid payments are based on the number of Buffalo resident pupils enrolled in these schools.

The Adopted Budget included \$172.9 million in Payments to Charter Schools; the Modified Budget is \$2.5 million less. The District does not forecast any CFYE budgetary variance.

BFSA believes the forecast is conservative and forecasts a \$3.1 million CFYE favorable variance (as compared to the Adopted Budget) based on the following:

1. The actual 2024-25 Charter School Tuition base rate of \$14,614 per pupil. The 2024-25 Adopted Budget includes Charter School base tuition at \$13,417 per pupil.
2. The average Buffalo pupil enrolled in area charter schools of 10,863, 237 (2.1%), lower than assumed within the Adopted Budget.

Actual Payments to Charter Schools were \$1.3 million less than the budget-to-date amount of \$85.2 million, which indicates a favorable CFYE budgetary variance.

Debt Service

Debt Service payments are the fifth largest expenditure category, including the principal and interest the District pays for outstanding debt. They are budgeted at \$91.7 million for 2024-25. Debt Service expenditures were not modified.

Neither the District nor BFSA are projecting any CFYE variances in debt service expenditures. Actual payments were \$87.9 million.

Debt service payments have predetermined payment dates and amounts. The District largely structured its debt service payments between January 1st and March 31st.

Transportation

Transportation expenditures are the sixth largest category, including the District's transportation costs to bus District, area charter, special education students at agencies, and non-public resident pupils. This includes transportation to and from schools for regular school days, after-school programs, and summer school.

The Modified Budget totals \$63.0 million in Transportation expenditures, a slight adjustment from the Adopted Budget of \$63.8 million. Actual Transportation expenditures were \$31.4 million, or \$7.8 million less than the \$39.2 million budgeted year-to-date. The variance is largely due to the timing of contractual payments; the BCSD is forecasting a \$2.0 million favorable budgetary variance.

Reserve For Contingency

The Reserve for Contingency expenditure totals \$3.0 million in the Adopted Budget. The Modified Budget includes \$0.5 million. Various budget transfers have occurred to reduce this expenditure line. Most significantly, a \$2.0 million budgetary transfer to Interfund Transfers occurred. The funds are transferred from the General Fund to the Capital Fund. While the amount budgeted is not significant overall as compared to the Adopted Budget, this contingency has been used much more significantly in previous budgets including the 2023-24 Adopted Budget, which included \$63.3 million.

All Other Expenditures

All Other Expenditures is the third largest and final expenditure subcategory. It is a composite category that includes all General Fund expenditures other than those described above, including tuition, contracts, textbooks and supplies, and repairs and maintenance. These expenditure areas have historically shown fiscal year-end favorable budgetary variances, though FYE 2022 and FYE 2023 resulted in budgetary variances of \$(7.4) million and \$(8.2M). FYE 2024 was favorable by \$19.0 million as the District covered a significant portion of contractual expenditures with grant funding.

The following chart summarizes the budgeted and forecasted CFYE General Fund All Other Expenditures by major categories. Various budgetary adjustments have been performed to address actual versus anticipated expenditures.

Buffalo City School District Expenditures						
2024-25 3rd Quarter	FYE 2024-25 Actuals	2024-25 Adopted Budget	Budget Transfers	2024-25 Modified Budget	FYE 2024-25 Projected (District)	FYE 2024-25 Forecasted Variance (District)
All Other Expenditures	\$ in Millions					
<i>Utilities</i>	\$9.3	\$12.5	\$0.0	\$12.5	\$12.5	\$0.0
<i>Tuition</i>	32.3	35.1	0.0	35.1	35.1	0.0
<i>Contracts - Custodian</i>	22.3	23.3	(1.9)	21.4	21.4	1.9
<i>Equipment</i>	3.6	9.1	0.7	9.8	8.8	0.3
<i>Contracts - Misc.</i>	28.0	51.3	(0.7)	50.6	49.6	1.7
<i>Rental Contracts</i>	11.7	10.1	(0.5)	9.6	9.6	0.5
<i>Repairs/Maintenance</i>	3.3	8.8	0.2	9.0	9.0	(0.2)
<i>Textbooks</i>	3.6	5.5	0.0	5.5	5.5	0.0
<i>Supplies and Misc.</i>	8.8	15.2	1.0	16.2	15.2	0.0
<i>Software</i>	4.1	6.6	0.0	6.6	6.6	0.0
<i>Interfund Transfers</i>	11.3	5.4	5.2	10.6	2.6	2.8
Total All Other Expenditures	\$138.3	\$182.9	\$4.0	\$186.9	\$175.9	\$7.0

The District forecasts a net CFYE \$7.0 million budgetary variance. BSA does not disagree with this forecast.

Non-Major Governmental Funds

Food Service Fund

The Food Service fund administers the District’s food service program. The District provides breakfast, lunch, and afterschool snacks to all District students, six Buffalo charter schools, Buffalo Hearing & Speech Center students, three non-public schools, and two out-of-district charter schools. The District also administers a summer food service program to provide meals to summer school pupils, various organizations, and parks and community centers.

The Food Service 2024-25 Adopted Budget is as follows

Food Service Fund	2024-25 Adopted Budget	2024-25 Modified Budget	CFYE Projection	Variance
\$ in Millions				
<i>Revenues</i>	\$45.0	\$43.9	\$41.8	\$(2.1)
<i>Expenditures</i>	49.5	50.5	43.4	7.1
Surplus/(Deficit)	\$(4.5)	\$(6.6)	\$(1.6)	\$5.0
Appropriated Fund Balance	\$4.5	\$6.6	\$1.6	\$5.0
Deficit/Surplus	-	-		-

The 2024-25 Food Service Adopted Budget (Food Service Adopted Budget) was automatically modified on July 1, 2024, for \$0.7 million in carryover encumbrances. The District forecasts a \$(2.1) million revenue variance and a \$7.1 million expenditure variance at CFYE.

As of Q3 2025, actual Food Service revenues and expenditures were \$22.6 million and \$27.7 million, respectively.

SPECIAL PROJECTS FUND

The Special Projects Fund includes grants from various sources, with most from the federal government or NYS. The Special Projects Fund Modified Budget totaled \$150.3 million and has been modified to include \$18.1 million in new grant awards.

The Special Projects Fund is a self-balancing fund. If anticipated grant applications are rejected, reduced, or require resubmission, mandated expenditures are funded via the General Fund.

Summary

The 2024-25 fiscal year will very likely conclude with an operating deficit. BFSAs estimates this deficit at \$39.4 million. The District has forecast a deficit of \$54.8 million. The 2024-25 fiscal year will mark the first operating deficit since FYE 2017. Total Fund Balance grew substantially over the last seven years by \$241.5 million.

BFSA has no concerns related to the District's projections for the current fiscal year-end. The District has demonstrated the ability to fund the projected deficit with reserves. The District will likely report a larger budgetary surplus compared to what is currently being reported, as actual Employee Compensation will likely be less than projected. BFSA is forecasting a slightly favorable revenue variance for the current fiscal year and has further forecasted a \$43.5 million favorable budgetary variance within expenditures.



BUFFALO FISCAL STABILITY AUTHORITY

TAB #5

Buffalo Fiscal Stability Authority
Summary of the Buffalo Urban Renewal Agency's FY 2024-25 Third Quarter Report
June 16, 2025

The Buffalo Urban Renewal Agency (“BURA”) has submitted its 2024-25 third quarter report for the nine months ended March 31, 2025. The City of Buffalo Administration submitted BURA’s third quarter report on April 30, 2025. The following analysis is based on the 2024-25 Adopted Budget compared to the third quarter actual balances, as reported by BURA management.

Due to the uncertainty at the federal government level and the concern that the release of already appropriated federal funds may be restricted, on January 28, 2025, the City of Buffalo Common Council (Common Council) approved a resolution to allow BURA to draw-down federal funds and disburse them to subrecipients in advance of work being completed. The current process is dependent on subrecipients expending the funds themselves and then seeking reimbursement from BURA. Both processes are allowable by the United States Department of Housing and Urban Development (HUD); however, if funding is drawn down as an advancement by BURA, the funds must be released to the subrecipients within three days. BURA has maintained the pre-existing reimbursement process that they have historically utilized as they work through the various requirements of the new available process.

The American Rescue Plan Act (ARPA) provided substantial funding to the City of Buffalo (City). ARPA funds were awarded by the City to BURA to address community issues created by the pandemic, including housing and public health programs. There are three distinct categories of ARPA funding provided to the City that have different timelines for the obligation and disbursement of funds. The three categories are: 1) the Coronavirus Aid, Relief, and Economic Security (the “CARES”) Act funding, 2) the City’s ARPA funds from the Treasury Department, and 3) City ARPA funds from the Department of Housing and Urban Development. The balances and required deadlines will be discussed in further detail. It is noted that the City has contracted with BURA to conduct ARPA subrecipient monitoring for City ARPA program disbursements. BURA management has no concern with their ability to monitor these contracts from a capacity standpoint.

BURA staff have returned to working in the office. As part of the recently settled labor contract, BURA employees may work remotely based on the agency's needs and prior approval from the employee's supervisor. The most significant obstacle BURA faces from a workforce management perspective is the ability to hire and retain staff. BURA continues to work on filling vacant positions; there are eight (8) vacant positions as of March 31, 2025, with a total of forty budgeted positions. The need for adequate staffing levels has increased the workload for the current employees and could impact the timing and ability of staff to complete work, leading to further delays in program operations and delivery of services.

Grant revenues administered by BURA on behalf of the City of Buffalo are primarily based on funding received from federal allocations through the U.S. Department of Housing and Urban Development ("HUD"). Congress approves the funding, and a formula determines how such funds will be distributed to local communities. In addition to the current grant awards, BURA can draw-down previously allocated funding that has yet to be expended from previous grant awards for program and administrative costs incurred in the current year. BURA's financial plan includes current year allocations as well as the planned use of available prior year funds, including Community Development Block Grant funds ("CDBG"), Home Investment Partnerships Program ("HOME") program funds, in addition to Emergency Solutions Grant ("ESG") funds and Housing Opportunities for Persons with Aids ("HOPWA") grants. These four funding sources are collectively referred to as Entitlement Funds since they are an annual allocation to BURA from HUD.

Additionally, \$11.4 million of CARES funding was awarded to BURA, referred to as Community Development Block Grant CARES Act ("CDBG-CV") funds, in the amount of \$11.4 million; an estimated balance of \$1.5 million is remaining as of March 31, 2025. The funds were provided to BURA for activities that prevent, prepare for, and respond to the coronavirus or COVID-19 Pandemic. These funds were to be obligated by January 6, 2025, and disbursed by January 6, 2027. The remaining funds have been obligated for owner-rehabilitation projects. The actual contracts are between BURA and several non-profit subrecipients, who will be working directly with homeowners for qualified owner-rehabilitation projects. BURA is now monitoring the process, as the subrecipients identify the properties and projects the funds will be utilized for.

There are two distinct ARPA allocations to the City of Buffalo, which include an allotment from the U.S. Treasury Department and an allotment from HUD. From the Treasury allotment, the City will be providing BURA with \$1.1 million, and \$12.4 million has been awarded from the HUD allotment. BURA expects to receive over \$7.2 million in ARPA funds from the City of Buffalo over the four-year financial plan, with \$1.4 million included in the current year. The federal stimulus funds address affordable housing and health inequalities in the City. The Treasury ARPA funds must be disbursed by December 31, 2026, whereas the HUD ARPA funds must be obligated by January 1, 2026, and disbursed by January 1, 2031.

The Office of the City Comptroller's Department of Audit and Control is responsible for several functions related to program implementation of CDBG funds, including the review of subrecipient submissions for the draw-down of grant proceeds for non-ARPA funding, the issuance of payments to local service providers under contract, monitoring contracts between BURA and its subrecipients, and the auditing of expenses and invoices. BURA has entered into a subrecipient agreement with the City of Buffalo per the HUD directive; the subrecipient agreement is renewed annually once the City of Buffalo receives the HUD entitlement. BURA has a subrecipient agreement with the City Comptroller's Office specifically for the CARES Act funds, which would provide functionality similar to that provided for CDBG funds.

The following schedule details the final amounts of Entitlement Funds awarded for Program Year 50, the current operating year. Entitlement Funds are normally released and available to be drawn down at the end of December.

HUD Allocation*			
Entitlement Funds			
Program Year 50: 2024-25			
	Total	BURA	City of Buffalo
CDBG	\$ 13,202,268	\$ 6,074,693	\$ 7,127,575
HOME	3,221,431	3,000,000	221,431
ESG	1,158,098	0	1,158,098
HOPWA	1,022,025	0	1,022,025
Total:	\$ 18,603,822	\$ 9,074,693	\$ 9,529,129
*Does not include local program income amounts.			

Total Entitlement Funds awarded to the City of Buffalo are approximately \$18.6 million, with BURA receiving \$9.1 million of the allocation and the balance of \$9.5 million flowing directly to the City. The BURA third quarter report focuses on the funds received and expended only by BURA. Entitlement funds are currently reimbursement-based, which means BURA must first incur the expenditure and then submit a request to draw-down funds from the federal government for said expenditures. BURA is currently in the process of improving the draw-down process between subrecipients and BURA, to improve the timeliness of the process. It is noted that the schedule above accounts only for the current year's grant awards and does not include prior year award amounts or program income generated by BURA programs.

BURA is primarily funded through grants and, therefore, is limited in spending up to the amounts awarded under those grants. Unspent grant awards are available in subsequent fiscal years to fund operations and programs. At the end of each fiscal year, the grant funds are individually balanced so that operating revenues are equal to operating expenditures.

The following schedule provides a high-level comparison of budget-to-actual for the first nine months:

	<u>Adopted</u> <u>Budget</u>	<u>YTD Budget</u> <u>3/31/25</u>	<u>Actual YTD</u> <u>3/31/25</u>	<u>Actual as</u> <u>Percent of</u> <u>Budget</u>
Total Grant and Program Income	\$ 17,378,240	\$ 12,159,180	\$ 8,735,435	50.3%
Total Program Costs	13,098,715	9,010,577	6,257,579	47.8%
Total Admin & Planning Costs	4,279,525	3,007,144	2,323,275	54.3%
Total Expenditures	\$ 17,378,240	\$ 12,017,720	\$ 8,580,854	49.4%

The adopted budget revenue was estimated at \$17.4 million, with BURA projection of \$12.2 million through March 31, 2025. Approximately \$8.7 million was reported as of the end of the third quarter, which constituted primarily prior year allocations, as current year (Year 50) funds were not available for draw-down from HUD until December 2024. The draw-down of cash occurs as needed to reimburse for expenditures. However, a one-time occurrence, such as the sale of a property, can have an unplanned positive revenue impact, as seen in recent years.

Expenditures as of March 31, 2025, were less than budget by \$3.4 million with actual expenditures totaling \$8.6 million. Specific programs such as HOME program costs, ARPA funded programs, and the lead water abatement program, are not disbursing funds in a timely manner. The delay in expending these funds is attributed to several factors including delays in subrecipients filing the appropriate documentation with BURA to draw-down funds and delays in the planning process for the use of ARPA funding. BURA management, in consultation with the City’s Administration, has issued requests for proposals for projects to utilize the City ARPA funds, including both the Treasury and HUD allotments. A significant portion of the Treasury allotment is being used to fund the Eight Days of Hope program. Currently the HUD allotment is in the planning phase with three RFP’s received and approved as of March 31, 2025. BURA management expects additional RFP’s to be received through the third and fourth quarter, with work beginning on the approved projects beginning during that time period. A list of projects has been received from BURA management and as proposals are received and approved, they will be added to the project list.

The following revenue schedule provides a detailed listing of the various revenue sources utilized by BURA to fund expenditures and provides additional detail about the available revenue sources. Funds are restricted for specific purposes and have a cap on chargeable administrative costs against the individual grant awards.

	2024-25 Adopted Budget	2024-25 3rd Quarter Budget	2024-25 Actual YTD- 3rd Quarter	Variance- Actual to Budget	
				\$	%
Grant Revenues and Related Income					
Community Development Block Grant (CDBG)	\$ 6,074,693	\$ 4,556,020	\$ 4,239,198	(316,822)	-7.0%
Community Development Block Grant Cares Act (CDBG-CV)	1,061,264	795,948	100,361	(695,587)	-87.4%
CDBG Interest/Rental Income	50,000	37,500	11,957	(25,543)	-68.1%
HOME Investments Partnership Program	5,395,283	4,046,462	2,306,604	(1,739,858)	-43.0%
CDBG Program Income	950,000	712,500	570,224	(142,276)	-20.0%
HOME Program Income	100,000	75,000	122,311	47,311	63.1%
Lead Hazard Grant Income	1,280,000	960,000	307,371	(652,629)	-68.0%
Evans Fund	12,000	9,000	2,205	(6,795)	-75.5%
Cities Rise	166,000	-	-	-	-
City American Rescue Plan Act Affordable Housing Advancement Fund (ARPA AHAF)	320,000	277,500	160,587	(116,913)	-42.1%
HOME American Rescue Plan Act (HOME ARPA)	1,080,000	22,500	20,866	(1,634)	-7.3%
General Fund Revenues	889,000	666,750	893,751	227,001	34.0%
Total	\$ 17,378,240	\$ 12,159,180	\$ 8,735,435	\$ (3,423,745)	-28.2%

Three significant budgeted revenue sources are CDBG resources at \$6.1 million, HOME resources at \$5.4 million, and Lead Hazard Grant Income at \$1.3 million, for approximately \$12.7 million, representing 73.4 percent of total budgeted revenue of \$17.4 million. This is the fourth year of the lead hazard grant which represents 7.4 percent of total estimated revenue. The utilization of this funding was delayed and BURA was granted an extension by HUD through July 2025. In addition to the extension, BURA received approval to increase the scope of the work from a limited census tract to city-wide. CDBG-CV resources are budgeted at \$1.1 million and represent 6.1 percent of budgeted resources. During the 2024-25 third quarter, BURA requested an additional one-year extension but was denied. BURA has through July 2025 to commit the funds which must be disbursed by November 2025; remaining funds are to be returned.

In addition, the City provided BURA with \$0.3 million, equivalent to 1.8 percent of budgeted resources, in ARPA funding for the Affordable Housing Advancement Fund (ARPA AHAF) and \$1.1 million, equal to 6.2 percent of the budget, for HOME ARPA projects. CDBG and HOME program income were budgeted at \$950,000 and \$100,000, respectively, and all other revenue sources total \$1.1 million or 6.4 percent of budgeted revenues.

Significant revenues through the first nine months included CDBG revenues of \$4.2 million and HOME resources of \$2.3 million. Other revenue sources included general fund income of \$0.9 million, CDBG program income of \$0.6 million, Lead Hazard grant of \$0.3 million, City provided ARPA AHAF income of \$0.2 million, with all other revenues totaling approximately \$0.4 million.

Total revenues were less than budget-to-date by \$3.4 million, or 28.2 percent, and reflect expenditures being less than budgeted.

Program Costs

Due to the various cap restrictions on administrative costs, program costs are broken out and discussed separately from general administrative and planning expenses. Total program costs for 2024-25 were budgeted at \$13.1 million, with \$9.0 million projected to be expended by March 31, 2025. Actual program expenditures for the third quarter were less than budget and totaled \$6.3 million, representing a variance \$2.7 million. Third quarter expenditures represent approximately 47.8 percent of the adopted budget amount.

	2024-25 Adopted Budget	2024-25 3rd Quarter Budget	2024-25 Actual YTD- 3rd Quarter	Variance- Actual to Budget	
				\$	%
Grant Expenditures					
CDBG CV Program Costs	\$ 750,000	\$ 562,500	\$ 78,350	\$ 484,150	86%
City ARPA AHAF Program Costs	150,000	150,000	150,000	-	0%
CDBG Emergency Loan Program Costs	2,002,458	1,501,844	2,087,185	(585,341)	-39%
HOME Program Costs	4,995,283	3,746,462	2,221,965	1,524,497	41%
CDBG Program Delivery	2,085,322	1,563,992	1,161,191	402,801	26%
CDBG CV Program Delivery	210,739	158,054	15,224	142,830	90%
Lead Hazard Program Costs	1,255,000	941,250	294,614	646,636	69%
HOME ARPA Project Delivery	30,000	-	-	-	-
Cities Rise	166,000	124,500	106,693	17,807	14%
HOME ARPA Program Costs	750,000	-	-	-	-
CDBG Project Costs	384,613	60,000	60,000	-	-
CDBG Crime Prevention	202,300	151,725	59,579	92,146	61%
HOME Community Housing Development Organization	50,000	-	-	-	-
HOME Program Delivery Costs	55,000	41,250	14,942	26,308	64%
Evans Fund Program Costs	12,000	9,000	7,836	1,164	13%
General Fund	-	-	-	-	-
Total Program Costs	\$ 13,098,715	\$ 9,010,577	\$ 6,257,579	\$ 2,752,998	30.6%

Significant expenditures during the third quarter include a combined \$3.4 million for the CDBG emergency loan program and program delivery costs and \$2.2 million for HOME programs. Smaller amounts expended under other programs include the Lead Hazard Grant in the amount \$0.3 million, \$150,000 for City ARPA AHAF, and \$0.1 million for both Cities Rise programming costs and CDBG-CV program and delivery costs. All other program expenditures totaled \$7,836 through the end of the third quarter.

Currently, several HOME projects in progress are difficult to budget quarterly as the timing of such payments depends on the subrecipient submitting the required documentation to BURA promptly. Such projects include continuing over \$5.4 million for a Citywide initiative targeting select homes to be rehabilitated and other targeted investments. Examples of current projects include:

- West Side Homes – The Buffalo Neighborhood Stabilization Company Inc. (BNSC) of PUSH Buffalo is developing a \$20 million affordable rental housing project on the City's west side, including forty-nine units. The West Side Homes project consists of several scattered sites comprised of new construction and redevelopment of several parcels. The project includes four rehabilitated units in two buildings and twelve newly constructed buildings on twelve sites consisting of 2-4 family homes and small multi-family buildings. BNSC is partnering with Best Self Behavioral Health to designate sixteen apartments for homeless individuals with a substance use disorder or severe mental illness; seven units will be HOME assisted. Construction began in October 2022 and was completed in January 2025. Rent up is complete and BURA is awaiting the final submission of the cost certification and close out list before releasing the balance of the remaining funds. BURA's commitment to the project is \$520,000 in HOME funds, with \$470,000 disbursed and a balance of \$50,000 remaining.

- Mt. Olive Senior Manor – 703 E. Delavan – Mt. Olive Development Corp. has partnered with People, Inc., as co-developers for an affordable housing project estimated to total \$27.5 million. Mt. Olive Senior Manor is an integrated permanent supportive senior housing project involving the remediation of a vacant brownfield and infill of new construction of a 65,250 square foot multi-family housing building, creating 65 affordable units. The units comprise sixty-one (61) one-bedroom and four (4) two-bedroom apartments. The residents will be low-income seniors ages 55 and up. In addition to the residential apartments, the building will include common laundry areas, a community room with a kitchen, an on-site management office, a services office, a multipurpose room, a lobby area, and bicycle storage space.

All units will be made affordable to households whose annual income is at or below 30%, 50%, and 60% of AMI; no household will pay more than 30% of their income toward rent. The project has been allocated \$2.0 million in HOME funds. Construction is underway, with construction beginning in June 2023 and 60 percent complete with an anticipated completion date of June 2025. \$1.5 million has been released in HOME funds as of March 31, 2025, with a remaining balance of \$0.5 million.

- 875 Lafayette/630 Linwood Avenue – Belmont Housing Resources for WNY is developer of a \$35.5 million affordable housing adaptive reuse/conversion project located at the former Gates Circle Hospital. The project will create eighty units of family rental housing at the site. 19 units are targeted at households at or below 30 percent AMI, 16 units are for households at or below 50 percent AMI, 37 units for those at or below 60 percent AMI, and 8 units are for households with incomes at or below 80 percent AMI. The 80-residential units consist of ten efficiency units, 39 one-bedroom units, 23 two-bedroom units, and 8 three-bedroom units.

The development will also include a playground, green space/courtyard, a community room, a fitness center, laundry facilities, storage and a management office. BURA's commitment to the \$35.5 million project is \$2.0 million. Construction began in September 2024 and is anticipated to be completed in April 2026.

- 895 Main St. Hope on Main – The Salvation Army Services administration are the developers for the \$20.5 million emergency family shelter project. \$3.4 million in HOME investment partnership funds ARPA (HOME ARPA) have been allocated for the Hope on Main Emergency Shelter. The project will consist of thirty-two units/residential rooms with eighty beds, as well as common laundry and interior office and meeting spaces. The start of the construction began in April 2025 and is projected to be completed by December 2026.

The following projects have been completed and closed-out with all funds disbursed:

March 2025

- 1373 Main Street/Main Utica Square Apartments – is a \$1.1 million adaptive reuse historic conversion of former commercial space into six HOME assisted rental units.

December 2024

- McCarley Gardens Apartments – is a \$56.8 million redevelopment of the McCarley Gardens Apartments to 135 units.
- Apartments at the Lyceum – is a \$17.7 million redevelopment of the Lyceum building into 42 residential units and commercial space.

July 2024

- 892 Genesee Street/Polly Jean Suites – is \$1.7 million historic preservation and adaptive reuse into 8 units of affordable housing.
- People Inc., Folwell Apartments – 219 Bryant Street – is a \$14.7 million single-phase, 44-unit affordable rental housing project.

BURA continuously provides resources for emergency home repairs, including emergency roof repairs, weatherization programs, down payment and closing cost assistance, home buyers' education workshops, and lead remediation. BURA has expended \$1.6 million year-to-date for these programs through the third quarter.

Outside of the non-federal grants, BURA has secured a total of \$1,038,983 in grant funding through the Enterprise New York's Cities for Responsible Investment and Strategic Enforcement ("Cities RISE") program. These grant funds target neighborhood development through "Love Your Block" mini grants, provide funding for code enforcement officers, and address abandoned properties. The Love Your Block mini-grants provide financing to block clubs and community-based organizations to assist in improving their neighborhoods by creating community gardens and playgrounds. \$166,000 is budgeted in the current fiscal year, with \$106,695 expended as of March 31, 2025, and as of June 30, 2024, \$618,719 of available funding remained.

BURA previously received a \$475,000 grant from Evans Bank, referred to as the Evans Fund, with a remaining balance of \$20,000 that was established as part of a revolving fund for various programs, including a target street program, which provides funds for code-related repairs and lead abatement, an emergency roof program, a weatherization assistance program and a down payment closing costs assistance program. As borrowers repay loans, the proceeds are reinvested into the program. The budget included \$12,000 for the current fiscal year; as of March 31, 2025, approximately \$7,836 had been disbursed.

In January 2021, the City of Buffalo was awarded \$2.0 million in federal funds for a lead hazard initiative. BURA, as a subrecipient, was awarded \$1.9 million of the grant to be administered for various programs addressing lead issues in the City of Buffalo. The grant was originally budgeted to be spent down over three years, with the grant award set to expire in July 2024. During the 2023-24 third quarter, BURA amended the lead abatement policies and procedures to widen eligibility requirements and also conducted a mass marketing and outreach campaign. Subsequently, HUD provided a one-year extension for this program with a new expiration date of July 2025. Approximately \$307,371 out of the \$1,280,000 budgeted in the current year has been disbursed through the third quarter.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") CDBG-CV funds represent nonrecurring revenues to BURA as they are federal stimulus funds related to the Covid-19 pandemic. The use of these funds was originally budgeted over three years, however due to timing these funds will be utilized over six years, with the current fiscal year being year five. The balance of the CDBG-CV funds is \$1.5 million as of June 30, 2024. These funds are budgeted at \$1.1 million in the current fiscal year, consisting of \$0.8 million of program costs, \$0.2 million of program delivery costs, and \$0.1 million for administrative costs. CDBG-CV funding is provided to prevent rent evictions and foreclosures, address fair housing issues, support renter and owner rehabilitation projects, and promote economic development through a microenterprise grant program. Expenditures through the end of the third quarter total \$100,362, consisting of \$78,350 for program costs, \$15,224 for delivery costs, and \$6,788 for administrative costs. The delay in disbursing the funds is related to the change in the purpose of the funding. Initially the funding was to assist prevention with foreclosures, evictions and other tenet issues due to COVID-19. The funds have been repurposed for owner rehabilitation projects for those that were impacted by COVID-19.

These projects and programs are examples of some of the targeted investments that BURA is making in the City.

Administration and Planning Costs

The adopted budget included \$4.3 million for Administration and Planning Costs. BURA's third quarter budget was \$3.0 million of the total budgeted amount of \$4.3 million, or 70.3 percent of the total budget. Actual expenditures were \$2.3 million, representing a budget variance of \$0.7 million. Eight vacancies currently exist in BURA, contributing to the variance in administrative costs.

Total expenditures for the third quarter that ended March 31, 2025, including program, administration, and planning costs, were \$8.6 million, or 49.4 percent of annual budgeted expenditures. At the end of the third quarter, a surplus of \$0.2 million is reported, with any variances addressed at the end of the year.

The following schedule summarizes Administration and Planning Costs and total expenditures as of the third quarter.

	2024-25 Adopted Budget	2024-25 3rd Quarter Budget	2024-25 Actual YTD- 3rd Quarter	Variance- Actual to Budget	
				\$	%
Administration & Planning Costs					
CDBG Admin @ 20% cap including Program Income	\$ 2,400,000	\$ 1,800,000	\$ 1,453,424	\$ 346,576	19.3%
HOME Admin Costs @ 10% cap including Program Income	395,000	296,250	192,009	104,241	35.2%
CDBG CV Administrative Costs	100,525	75,394	6,788	68,606	91.0%
General Fund Costs	889,000	666,750	628,650	38,100	5.7%
HOME ARPA Admin	300,000	22,500	20,866	1,634	7.3%
Lead Hazard	25,000	18,750	12,757	5,993	32.0%
City ARPA AHAF Admin	170,000	127,500	8,781	118,719	93.1%
Subtotal	\$ 4,279,525	\$ 3,007,144	\$ 2,323,275	\$ 683,869	22.7%
Total Program Costs	\$ 13,098,715	\$ 9,010,577	\$ 6,257,579	\$ 2,752,998	30.6%
Total Expenditures	\$ 17,378,240	\$ 12,017,721	\$ 8,580,854	\$ 3,436,867	28.6%

Current year-end projections are consistent with the adopted budget amounts for Administration and Planning costs. Thirty-two of the forty budgeted positions are filled; there are no projected savings as resources would be used for program costs if they are unused for administration and planning.

Salary and Fringe Benefits

Salary and fringe benefit expenditures are reflected in program, administration, and planning costs. BURA carefully monitors personnel expenditures to ensure administrative caps are not exceeded and other restrictions are met. Total personnel service costs through the first nine months total \$2.7 million; of that, salaries total \$1.5 million, health insurance totals \$0.7 million, pension costs total \$150,000, employer payroll taxes total \$131,000, and all other fringe benefits total \$192,400.

The following schedule summarizes salary and fringe benefits expenditures for BURA employees for the period July 1, 2024, through March 31, 2025:

Salary and Fringe Benefits Expenses							
July 1, 2024 - March 31, 2025							
	<u>Salary</u>	<u>FICA</u>	<u>Pension</u>	<u>Health</u>	<u>All Other</u>	<u>Total</u>	<u>Total</u>
	<u>Expense</u>	<u>Expense</u>	<u>Expense</u>	<u>Insurance</u>	<u>Fringe</u>	<u>Fringe</u>	<u>Personnel</u>
					<u>Benefits</u>	<u>Benefits</u>	<u>Costs</u>
CDBG Projects/Programs:							
Demolition/Clearance	\$ 45,128	\$ 3,730	\$ 4,594	\$ 19,828	\$ 4,238	\$ 32,390	\$ 77,518
Homeownership Assistance	11,825	1,750	343	9,287	10,542	21,922	33,747
Rehabilitation	294,326	27,233	22,679	141,448	65,691	257,051	551,377
Crime Prevention	31,199	2,509	3,680	12,527	1,164	19,880	51,079
Public Facilities & Infrastructure	<u>65,520</u>	<u>5,183</u>	<u>4,143</u>	<u>23,692</u>	<u>3,386</u>	<u>36,404</u>	<u>101,924</u>
Program Delivery	\$ 447,998	\$ 40,405	\$ 35,439	\$ 206,782	\$ 85,021	\$ 367,647	\$ 815,645
Policy, Planning, Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Administration	<u>565,620</u>	<u>44,706</u>	<u>67,899</u>	<u>254,923</u>	<u>25,839</u>	<u>393,367</u>	<u>958,987</u>
Administrative	<u>565,620</u>	<u>44,706</u>	<u>67,899</u>	<u>254,923</u>	<u>25,839</u>	<u>393,367</u>	<u>958,987</u>
Total CDBG	\$1,013,618	\$ 85,111	\$103,338	\$461,705	\$ 110,860	\$ 761,014	\$ 1,774,632
HOME	\$ 275,740	\$ 26,540	\$ 24,078	\$140,438	\$ 69,805	\$ 260,861	\$ 536,601
COVID Admin	3,743	328	6,678	4,202	816	12,024	15,767
All Other Programs	<u>235,781</u>	<u>18,539</u>	<u>13,409</u>	<u>103,162</u>	<u>10,938</u>	<u>146,048</u>	<u>381,829</u>
Total	\$1,528,882	\$130,518	\$147,503	\$709,507	\$192,419	\$1,179,947	\$2,708,829

Programming

BURA continues looking for opportunities with community partners to leverage resources and expertise to maximize available resources. BURA has taken several specific actions, including enhanced advertising and outreach for programs, specifically housing assistance and those impacted by COVID-19. Advertising initiatives include but are not limited to advertising on bus shelters and bus tails, print advertisement in local publications, digital marketing, radio shows/advertisements, and community outreach and engagement events.

- BURA is working with several partners/community stakeholders and is participating in the Housing Solutions Collaboration ("HSC"). The HSC aims to facilitate the connection between the communities in each cohort to discuss housing challenges and solutions. Buffalo is one of eight communities across the United States participating in this program.

- River Rock Connections Project is a six-month feasibility study focused on the Black Rock and Riverside neighborhoods. The study's desired outcome is a better understanding of how to connect Black Rock and Riverside to the waterfront assets. Points of focus of the study include increasing waterfront access, complete streets, and implementing a rails-to-trails program. As of September 31, 2024, the inventory study, all public engagement sessions, and the drafting of plan elements are complete. The Office of Strategic Planning has received the final draft and appendices for the connectivity plan and has posted it to the OSP project webpage. The project is now entering the implementation stage as of the third quarter no update was available.

Other Notable Items

BURA continues to attempt to maximize various revenue streams by identifying additional opportunities outside of HUD Entitlement Funds. BURA's management team continues to research and identify grants that would contribute towards the programs being delivered by BURA. Over the past several years, two such grants were awarded, including Cities RISE in the amount of \$166,000 and Evans Bank in the amount of \$12,000 included in the current fiscal year.

BURA is up to date regarding the contract with CSEA Local 815. The current collective bargaining agreement was settled during the first quarter of 2022-23 and expires on June 30, 2026, in the second year of the current four-year financial plan.

Federal Funding Requirements - Summary

The CARES Act was authorized by Congress and signed into law in March 2020. The City was awarded \$11.4 million in CARES funding, and BURA is the subrecipient of those funds. There is \$1.5 million remaining which must be expended by January 6, 2027. The City's Treasury funded ARPA Recovery Plan provides \$1.1 million to BURA. There is a balance remaining of \$0.6 million as of September 30, 2024, and those funds must be expended by December 31, 2026. The HUD ARPA allocation is \$12.4 million, with \$8,900 disbursed as of March 31, 2025. BURA has until January 1, 2031, to disburse the HUD ARPA funds.

The current year budget includes appropriations of \$1.1 million for programs funded by CARES. For the nine-month period ending March 31, 2025, total CARES spending was \$100,360, representing 9.5 percent of the annual budget. As of March 31, 2025, BURA had expended 87.2 percent and 44.2 percent of CARES and ARPA Treasury funds, respectively.

The ARPA Treasury funds are budgeted at \$0.3 million in the current fiscal year, as well as the first two out-years of the financial plan and are reduced to \$0.2 million in the final year of the financial plan. The ARPA HUD federal funds are budgeted at \$1.1 million in the current fiscal year, \$1.4 million in 2025-26, and \$1.8 million in 2026-27 and 2027-28. On a combined basis the current year's budget includes an appropriation of \$1.4 million, and BURA has reported that \$179,650 has been expended as of the end of the third quarter.

The lead hazard remediation program is budgeted at \$1.3 million. The remaining funding for the lead hazard remediation program is \$1.0 million as of March 31, 2025, and is to be obligated by July 2025 and expended by November 2025. A request to extend the deadline was denied.

Currently, BURA is understaffed with a vacancy rate of 20 percent. As previously discussed, BURA has budgeted for 40 positions, of which 32 are filled. BURA management has conveyed that there is an active process to fill the positions. The capacity of BURA to address the organization's needs, along with the additional pressures of timing requirements for the use of pandemic-related federal funds, is a concern.



**BUFFALO FISCAL
STABILITY AUTHORITY**

TAB #6



Buffalo Municipal Housing Authority

300 Perry Street • Buffalo • New York • 14204-2299

Gillian D. Brown, Esq.
Executive Director

Modesto Candelario
Assistant Executive Director

Roslyn McLin, Esq.
General Counsel

May 27, 2025

Jeanette M. Robe
Executive Director
Buffalo Fiscal Stability Authority
295 Main Street, Suite 800
Buffalo, New York 14203

RE: May 19, 2025 Letter regarding BMHA Four-year Financial Plan 2026-2029

Dear Ms. Robe:

In response to your letter dated May 19, 2025, regarding the Buffalo Municipal Housing Authority's (BMHA) Four-Year Financial Plan for the years 2026-2029, the following is a description of our plan to cover the operating deficits at Marine Drive Property and Central Office Cost Center.

We have made a request for a 10% rent increase to New York State Homes and Community Renewal (HCR), for Marine Drive. The increase would not be enforced until 90 days from approval by HCR. We are anticipating receiving approval by June 1, 2025, with an implementation date of September 2025. This increase is expected to generate approximately \$150,000 additional revenues in year 1 of the plan and \$268,000 per year for the remaining 3 years of the plan, for a total of \$804,150 of additional revenue. The cash operating deficits for Marine Drive are covered by the BMHA Central Office Cost Center (COCC), which funds are de-federalized. It is anticipated that the COCC will be receiving in the coming years several repayments of loans that it has made to several transactions, including loans to Bridges Development. Below is the anticipated loan repayment by transaction:

FJA/FDII redevelopment (from Bridges):	\$500,000
Marine Drive Phase I:	1,000,000
Shaffer Village Phase I	500,000
Lakeview Phase I and II:	<u>4,940,000</u>
Total Loan Repayments	6,940,000

Office: 716.855.6711 • Fax: 716.855.6761 • TDD: 716.855.6725



It is anticipated that the Central Office Cost Center (COCC) will be reimbursed for the loans stated above. This effort will increase the cash reserves and thereby allow for operating deficits to be covered. In addition, we are in the process of negotiating fees for services rendered to the Marine Drive Phase I transaction. We are estimating that approximately \$1Million in fees will be paid to COCC in the next two years from the Marine Drive Phase I ownership entity. These additional fees have not yet been budgeted due to continued negotiations. This additional revenue and the repayments of loans will improve the COCC cash position.

In total the BMHA is anticipating approximately \$8,894,000 Million consisting of repayment of loans and additional non-budgeted fees and rent increases. We are confident that the BMHA will be able to meet the operating expenses of both the Marine Drive property and the Central Office Cost Center totaling \$2,930,659 for the four-year plan period. These transactions have been in the planning stages for many years and we feel very strongly on the feasibility of securing the financing necessary to close and the ability to re-pay BMHA for the loans provided and payment for services. If you have any questions or need additional information, please contact Modesto Candelario, Assistant Executive Director via email at mcandelario@bmhahousing.com.

Sincerely,



Gillian D. Brown
Executive Director

Cc: All Members of Board of Commissioners, BMHA
Modesto Candelario, BMHA
Nathan D. Miller, BFSA

BUFFALO FISCAL STABILITY AUTHORITY
Buffalo Municipal Housing Authority's 2024-25 Third Quarter Analysis

Introduction

The following is the Buffalo Fiscal Stability Authority's third-quarter report analysis.

The Buffalo Municipal Housing Authority (BMHA) issued its 2024-25 third-quarter report on April 1, 2025. It includes the BMHA's current fiscal year (CFY) financial results as of March 31, 2025 (Q3 2025) and details various budget-to-date budgetary variances.

Key Findings

- The BMHA is operating within its Consolidated Adopted Budget overall as of Q3 2025.
 - Revenues totaled \$47.3 million (79.2% of budget)
 - Expenses totaled \$45.7 million (78.9% of budget)
- The Asset Management Project (AMP) budget recorded an additional unbudgeted \$2.0 million in All Other Revenues.
 - BMHA transferred ownership of Fosdick Field to the Buffalo City School District (BCSD) for \$2.05 million. The four-acre lot was purchased from the BCSD in 1977 and was used by BMHA's defunct Woodson Gardens public housing unit (demolished in 2013). The BCSD's City Honors High School will utilize it as an athletic field and green space.
- The 2024-25 Marine Drive Apartments (Marine Drive) budget was not balanced as adopted. Budgeted expenses exceeded estimated revenues by \$0.2 million. As of Q3 2025, actual expenses were considerably higher than initially budgeted. The net operating loss at Q3 2025 was \$1.1 million, with total expenses at 113% of budget (\$0.5 million).
 - This loss was \$1.0 million higher than anticipated, attributed to:
 1. General Expenses (\$0.3 million), including both property and liability insurance payments,
 2. Maintenance expenses (\$0.6 million),
 3. Administration expenses (\$0.3 million), and
 4. Utility expenses (\$0.3 million).
 - Marine Drive revenues were favorable by \$0.5 million as rental receipts exceeded the budget-to-date amounts by \$0.5 million. This offset some of the cumulative \$1.5 million unfavorable expenses.
- BMHA had a 17.2% employee vacancy rate as of March 31, 2025 (27 vacant positions). The vacancy rate was the most pronounced within the Capital Improvements department (42.9% vacant). The Asset Management department had eighteen vacant positions (16.4% vacancy).

Significant Current Fiscal-Year Events

On September 19, 2024, the BMHA Board of Commissioners approved Resolution No. 2024.9.19.3, “To Approve a Rent Increase at the Marine Drive Apartments for the Property Fiscal Year Ending Budget March 31, 2025, Along with the Required New York State HCR Forms.” The Marine Drive Apartments have sustained operating losses in the last three fiscal years totaling over \$1.2 million, including \$654,223 in 2023-24 (unaudited). BMHA projects that Marine Drive Apartments would end the CFY with an additional \$0.5 million operating loss without the rent increase. As of Q3 2025, this increase had not yet been approved by the New York State Homes and Community Renewal (NYSHCR).

BMHA secured seventy-two Section 8 Project-Based Vouchers (PBVs) from the NYSHCR agency to minimize the impact of the rental increases on extremely low-income families, as defined by Section 3 of the HUD Act of 1968 (12 U.S.C § 1701u) and its associated regulations (24 C.F.R. Part 75). Residents in PBV units would pay 30% of their income towards rent. The remainder of the residents would see an average monthly rent increase of \$50.

On October 17, 2024, BMHA’s Executive Director provided BMHA’s annual update. This included the following:

- **Redevelopment:**
 - Commodore Perry Homes – closed April 2024 with demolitions and new construction underway.
 - Marine Drive Apartments – new construction borrowing is anticipated to close in July or August 2025.
 - Shaffer Village – redevelopment plan finalized with new construction borrowing anticipated to close in late 2025 or early 2026.
 - Frederick Douglass 2 – currently housing 44 families, with approximately 33% of the new construction completed.
- FYE 2024 results (unaudited):
 - Consolidated revenues exceeded consolidated expenses by \$3.2 million.
 - AMP revenues exceeded AMP expenses by \$4.4 million.
 - Section 8 revenues equaled Section 8 expenses.
 - Central Office Cost Center (COCC) expenses exceeded COCC revenues by \$0.4 million.
 - Marine Drive expenses exceeded Marine Drive revenues by \$0.8 million.

On February 20, 2025, BMHA’s Board of Commissioners approved BMHA Res. No. 2025.2.20.4, “To Approve Significant Amendment to the Buffalo Municipal Housing Authority’s 2024 Annual Agency Plan and Submission of an Inventory Removal Application with the Department of Housing and Urban Development’s Special Application Center.”

- The amendments were necessary to incorporate requirements and regulations associated with the transfer of assistance conversion from A.D. Price Courts to PBVs under the Rental Assistance Demonstration (RAD) of HUD at the Marine Drive Phase I new construction redevelopment property.

- To finalize the conversion, a financial plan must be submitted to HUD, which includes the provision to incorporate RAD PBV requirements and regulations in the form of policies of the BMHA. These policies and requirements will be mandated in the Marine Drive Phase I redevelopment transaction.
 - A total of 105 out of the 170 units at A.D. Price Courts will be transferred to the Marine Drive Phase I transaction.
 - The remaining 65 units at A. D. Price Courts will be addressed in the future.

On April 8, 2025, the BMHA submitted its FY 2025-26 Adopted Budget and FY 2026-2029 Consolidated Financial Plan to the BFSA. The Adopted Budget contained a net income of \$1.4 million. The three out-years of the Financial Plan included net income ranging from \$1.6 million to \$3.2 million. BMHA projected a cumulative, four-year positive cash impact of \$4.2 million after reducing net income for the impact of principal debt payments and adding back the annual \$1.0 million non-cash OPEB accrual.

- The 2026-2029 AMP Financial Plan and 2026-2029 Section 8 adopted budgets and financial plans are balanced.
- The 2026-2029 Marine Drive Apartment Adopted Budget and Financial Plan and the COCC 2026-2029 Financial Plan are not operationally balanced. The BFSA Board of Directors required that BMHA develop a financial gap-closing plan to address these operational deficits. The gap-closing plan is particularly important as the Marine Drive Apartments has had operating deficits in 2021-22, 2022-23, and 2023-24, will very likely have a significant operating deficit in the CFY, and has a cumulative four-year net operating loss of \$1.7 million from 2025-26 through 2028-29.

On April 17, 2025, BMHA’s Board of Commissioners approved BMHA Res. No. 2025.04.17.3, “Resolution Authorizing the Formation of a SLIHC Corp. in Furtherance of the First Phase of the Redevelopment of the Marine Drive Apartments.

- The resolution authorizes the BMHA to authorize Bridges Development, Inc. (Bridges), to form a New York State Low Income Housing Corporation (SLIHC) to facilitate phase 1 of the Marine Drive Apartment redevelopment.
- The SLIHC Corp. will be a wholly-owned direct or indirect subsidiary of Bridges, to potentially obtain a greater amount of New York State (NYS) Low Income Housing Tax Credits (LIHTC) Phase I financing.

2024-25 Consolidated Adopted Budget Summary

The City of Buffalo (City) submitted Buffalo Municipal Housing Authority’s fiscal year (FY) 2024-25 Consolidated Adopted Budget (Adopted Budget) to the BFSA on May 1, 2024. The Adopted Budget includes the 2024-25 Consolidated Adopted Budget (Consolidated Adopted Budget) in addition to the individual budgets for the combined twenty-two AMPs, the COCC, Marine Drive, and the U.S. Housing and Urban Development (HUD) Housing Choice Voucher Program (Section 8). The BMHA Board of Commissioners approved the Adopted Budget on April 18, 2024.

The Consolidated Adopted Budget is balanced overall. It includes \$1.7 million in net operating income (i.e., before the outstanding debt principal payment). The cash impact is \$1.2 million after factoring in debt service principal payments and removing the non-cash other post-employment benefits (OPEB) accrual. Individual segments within the Consolidated Budget do not have balanced budgets, including the COCC Adopted Budget and the Marine Drive Adopted Budget. The COCC has a budgeted net operating income loss of \$0.5 million and a \$0.1 million cash impact after factoring in debt service principal payments and removing the non-cash other post-employment benefits OPEB accrual. The Marine Drive has a budgeted net operating income loss of \$0.2 million and a \$(0.4) million cash impact after factoring in debt service principal payments and removing the non-cash other post-employment benefits OPEB accrual. Any shortfall at Marine Drive may constitute an additional expense for the COCC. Cash borrowings cannot be made from either the AMPs or Section 8 to assist cash flow shortfalls in either COCC or Marine Drive.

The COCC is projected to have \$2.4 million in operating reserves on June 30, 2024. These reserves would be available to close any out-year deficit as depicted within the COCC Financial Plan. If losses are incurred, such losses would be funded through COCC current-year operations or COCC reserves to the extent available, as Marine Drive does not have any operating reserves.

Consolidated Revenues

BMHA’s revenues consist of five major subcategories:

1. HUD Subsidy
2. Net Dwelling /Non-Dwelling Income
3. HUD Public Housing Authority Grants – Vouchers
4. All Other Revenues
5. Transfers from Capital Grants

BMHA reported revenues of \$47.3 million as of Q3 2025. Revenues were \$2.4 million greater than the 2024-25 budget-to-date (79.2% of total budgeted revenues).

The following schedule summarizes BMHA’s third-quarter consolidated revenues. The 2024-25 Adopted Budget is included to provide additional context.

Consolidated 2025-28 Financial Plan Revenues				
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance
	\$ in Millions			
Total HUD Subsidy	\$24.8	\$18.6	\$17.3	(\$1.3)
Total Net Dwelling/Non-Dwelling Income	15.7	11.8	12.6	0.8
Total HUD PHA Grants - Vouchers	8.2	6.2	7.8	1.6
Total All Other Revenues	7.9	6.0	7.8	1.8
Total Transfers from Capital Grants	3.1	2.3	1.8	(0.5)
Total Revenues	\$59.7	\$44.9	\$47.3	\$2.4

HUD Operating Subsidy

Percent of Total Estimated Consolidated 2024-25 Revenues: 41.6%

Adopted Budget - \$24.8 million

BMHA's HUD Operating Subsidy is its largest funding source. The third quarter revenues were \$17.3 million, \$1.3 million less than the budget-to-date amount. The variance is likely predictive of a fiscal year-end unfavorable variance. The U.S. Congress established 2025 funding levels through September 30, 2025; the 96% interim proration rate is not expected to be increased.

The following depicts the HUD Operating Subsidy by individual budget.

Consolidated 2024-25 Revenues				
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance
\$ in Millions				
HUD Subsidy				
<i>AMP</i>	\$24.8	\$18.6	\$17.3	(\$1.3)
<i>COCC</i>	-	-	-	-
<i>Marine Drive</i>	-	-	-	-
<i>Section 8</i>	-	-	-	-
Total HUD Subsidy	\$24.8	\$18.6	\$17.3	(\$1.3)

HUD provides public housing authorities (PHAs) with a subsidy to fund their operational expenses (as per the U.S. Housing Act of 1937, as amended). PHAs provide HUD with financial information on project, utility, and other formula expenses to determine total formula income. HUD reviews the information to determine each PHA's formula aid amount and the funds to be obligated for the funding period based on the appropriation by the U.S. Congress. HUD subsidy funding is based on a calendar year, utilizing information from the prior July through June fiscal year.

The operating subsidy formula is as follows:

Total Formula Income
<i>- Resident Rental Receipts</i>
= Amount eligible for subsidy
<i>x Proration Rate</i>
=Total Operating Subsidy

BMHA will receive an additional \$0.6 million in its 2024-25 operating subsidy funding from a program intended to elevate the reserves of certain PHAs. Eligibility terminates when reserves are equal to four months of AMP expenses. BMHA had approximately \$8.6 million in reserves on June 30, 2024, or approximately 2.7 months of expenses.

Dwelling/Non-Dwelling Income

Percent of Total Estimated Consolidated 2024-25 Revenues – 26.3%

2024-25 Adopted Budget - \$15.7 million

Dwelling income includes the rental payments that BMHA receives from federal AMPs and Marine Drive tenants. Non-dwelling income consists of rental income received for commercially rented space.

The following depicts the Net Dwelling/Non-Dwelling income by individual budget.

Consolidated 2024-25 Revenues				
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance
	\$ in Millions			
Net Dwelling/Non-Dwelling Income				
<i>AMP</i>	\$12.1	\$9.1	\$9.4	\$0.3
<i>COCC</i>	-	-	-	-
<i>Marine Drive</i>	3.6	2.7	3.2	0.5
<i>Section 8</i>	-	-	-	-
Total Net Dwelling/Non-Dwelling Income	\$15.7	\$11.8	\$12.6	\$0.8

BMHA reported \$12.6 million in Net Dwelling/Non-Dwelling income as of Q3 2025, \$0.8 million greater than the budget-to-date amount. AMP rental receipts were favorable by \$0.3 million; Marine Drive rental receipts were significantly greater than the budget-to-date by \$0.5 million (18.5%). BMHA attributes this to recovering past due balances and the rental assistance that tenants receive.

AMP tenants pay no more than 30 percent of their monthly adjusted gross income towards rent. If an AMP is part of the LIHTC program, a flat rent that does not fluctuate with changes in household income and/or size may be charged. The amount will increase or decrease with comparable private unassisted rental market units nearby.

The LIHTC program allows the BMHA to leverage private equity to fund the renovations or revitalization of the properties. It provides a source for additional hard debt, debt for which repayment is required, and other credit terms for the AMP to achieve long-term preservation.

The Marine Drive Apartments charge a flat rent, limited to 35 percent of monthly adjusted gross income. A rental increase request is pending with NYS Homes and Community Renewal approval.

Voucher Grants

Percent of Total Estimated Consolidated 2024-25 Revenues – 13.7%

2024-25 Adopted Budget - \$8.2 million

BMHA receives PHA Voucher Grants from HUD and passes them along to recipients, less the Housing Choice Voucher (HCV) Administration Fee earned. The Administrative Fee funds the program’s administrative costs.

The following depicts the Voucher Grants by individual budget.

Consolidated 2024-25 Revenues				
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance
	\$ in Millions			
HUD PHA Grants - Vouchers				
<i>AMP</i>	-	-	-	-
<i>COCC</i>	-	-	-	-
<i>Marine Drive</i>	-	-	-	-
<i>Section 8</i>	\$8.2	\$6.2	\$7.8	\$1.6
Total HUD PHA Grants - Vouchers	\$8.2	\$6.2	\$7.8	\$1.6

Voucher Grant receipts were \$7.8 million as of Q3 2025, a favorable budgetary variance of \$1.6 million. BMHA attributes the variance to program enhancements. The variance is predictive of fiscal year-end variance as the US Congress has established 2025 funding levels through September 30, 2025.

The voucher program's revenues and expenses reflect BMHA’s continued efforts to fully utilize the total vouchers available. PHAs that do not spend 100% of available PHA grants are considered underutilized and may be subject to either penalization or recapture of the underutilized funds.

Transfers from Capital Grants

Percent of Total Estimated Consolidated 2024-25 Revenues – 5.2%

2024-25 Adopted Budget - \$3.1 million

Transfers from Capital Grants represent funds used to reimburse BMHA for the administrative and programmatic work performed on capital projects funded through grants. Therefore, they may fund general operations. The revenues are reflected in the AMP Adopted Budget.

The following depicts the Transfers from Capital Grants by individual budget.

Consolidated 2024-25 Revenues				
Description	2024-25 Adopted Budget	Budget-to-Date	Actual at 3.31.2025	Variance
\$ in Millions				
Transfers from Capital Grants				
<i>AMP</i>	\$3.1	\$2.3	\$1.8	(\$0.5)
<i>COCC</i>	-	-	-	-
<i>Marine Drive</i>	-	-	-	-
<i>Section 8</i>	-	-	-	-
Total Transfers from Capital Grants	\$3.1	\$2.3	\$1.8	(\$0.5)

Actual Transfers from Capital Grants were \$1.8 million as of Q3 2025, \$0.5 million less than the budget-to-date projection; transfers are made at BMHA management’s discretion.

Transfers from Capital Grants consist of capital grant program administration cost reimbursements and direct personnel costs. A PHA may use capital funds for operating fund purposes only if they are included in the five-year action plan approved by the PHA board and HUD, subject to limitations. This revenue represents the transfer of grant funds for the reimbursement of expenses. Capital Funds identified in the five-year action plan to be transferred to operations may be transferred after the PHA draws them down. Once such a funds transfer occurs, the PHA must follow the 24 CFR Part 990 requirements concerning those funds. Unless otherwise provided in the annual HUD appropriation act, a PHA with 250 or more public housing units may use no more than 25% of its annual Capital Fund grant for operating fund-eligible activities.

All Other Revenues

Percent of Total Estimated Consolidated 2024-25 Revenues – 13.2%
 2024-25 Adopted Budget - \$7.9 million

All Other Revenues include interest income, service fees, development fees, administrative fee reimbursement associated with the HUD Section 8 Housing Voucher Program, and other miscellaneous income.

The following depicts All Other Revenues by individual budget.

Consolidated 2024-25 Revenues				
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance
	\$ in Millions			
All Other Revenues				
<i>AMP</i>	\$0.3	\$0.2	\$2.2	\$2.0
<i>COCC</i>	5.8	4.4	3.8	(0.6)
<i>Marine Drive</i>	0.1	0.1	0.1	0.0
<i>Section 8</i>	1.7	1.3	1.7	0.4
Total All Other Revenues	\$7.9	\$6.0	\$7.8	\$1.8

All Other Revenues were \$7.8 million, \$1.8 million greater than the third quarter budget-to-date amount.

These variances are as follows:

- AMP – favorable by \$2.0 million: BMHA received \$2.05 million in additional revenue from the Fosdick Field property transaction
- COCC – unfavorable by \$0.6 million: The COCC had an unfavorable variance of \$0.6 million due to the Frontline Service Fee and the CFFP (Capital Fund Financing Program) administrative fee revenues. These rates are currently under review and may be amended.
- Section 8 – favorable by \$0.4 million: Section 8 had a favorable variance of \$0.4 million based on the total HCV Administrative Fee revenue received.

Consolidated Expenses

BMHA’s expenses consist of six major subcategories:

- 1) General Expenses
- 2) Maintenance
- 3) Administration
- 4) Utilities
- 5) Other Expenses
- 6) Protective/Resident Services Costs

BMHA reported expenses of \$45.7 million as of Q3 2025. Consolidated expenses were \$2.1 million greater than the 2024-25 budget-to-date (79.2% of total budgeted expenses).

The following schedule summarizes BMHA’s third-quarter consolidated expenses. The 2024-25 Adopted Budget is included to provide additional context.

Consolidated 2024-25 Expenses				
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance
	\$ in Millions			
Total General Expenses	\$14.7	\$11.1	\$9.9	\$1.2
Total Maintenance	14.0	10.5	12.0	(1.5)
Total Administration	11.3	8.4	8.7	(0.3)
Total Utility	7.0	5.3	5.7	(0.4)
Total Other Expenses	8.8	6.6	8.5	(1.9)
Total Protective Services/ Resident Service Costs	2.2	1.7	0.9	0.8
Total Expenses	\$58.0	\$43.6	\$45.7	(\$2.1)

General Expenses

Percent of Total Budgeted Consolidated 2024-25 Expenses – 25.3%

2024-25 Adopted Budget - \$14.7 million

General Expenses include employee benefits, insurance, the annual accrual for OPEB, actual retiree health insurance, and other miscellaneous expenses.

The following is a depiction of General Expenses by individual budget.

Consolidated 2024-25 Expenses					
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance	
	\$ in Millions				
General Expenses					
<i>AMP</i>	\$11.3	\$8.5	\$7.5	\$1.0	
<i>COCC</i>	2.4	1.8	1.4	0.4	
<i>Marine Drive</i>	0.9	0.7	1.0	(0.3)	
<i>Section 8</i>	0.1	0.1	0.0	0.1	
Total General Expenses	\$14.7	\$11.1	\$9.9	\$1.2	

General Expenses were \$9.9 million as of Q3 2025, \$1.2 million less than the budget to date. Employee Benefits expenses were favorable by a net \$0.3 million compared to the budget-to-date amount attributed to vacant AMP positions (17.2% as of Q3 2025). Retiree health insurance was favorable by \$0.1 million compared to the budget-to-date amount, particularly within the AMP budget. This favorable variance is attributed to lower legacy costs associated with retiree health claims (i.e., fewer retirees than budgeted). The OPEB service cost was \$0.8 million less than the budget-to-date amount.

Other Postemployment Benefits

BMHA maintains an employer-defined-benefit healthcare plan providing medical benefits to eligible retirees and spouses. Benefit provisions are based on individual contracts with the BMHA. Employees hired after May 28, 2019, are not eligible for BMHA-funded health insurance upon retirement. Eligibility is determined based on the hire date, a minimum age of 55, and five or more years of service. Qualifying retirees are moved to a less costly HMO Medicaid plan, with BMHA reimbursing 100% of the plan's costs. Qualifying retirees are eligible to continue the same coverage they received immediately before retirement for their lifetime. On June 30, 2024, BMHA accrued future OPEB benefits for 139 active employees, 48 of whom were eligible to retire. Actual retiree healthcare benefits were provided to 221 retirees or beneficiaries. The BMHA's total OPEB liability of \$60,259,857 was measured as of June 30, 2024.

BMHA's OPEB liability has decreased substantially in the last five years. On June 30, 2019, it was estimated at \$111,378,647. The June 30, 2024, valuation represents a \$51,118,790 decrease.

Maintenance

Percent of Total Budgeted Consolidated 2024-25 Expenses – 24.1%

2024-25 Adopted Budget - \$14.0 million

BMHA's Maintenance expenses include the salaries of maintenance employees and non-personnel expenses, such as materials and equipment, to maintain BMHA-managed properties, including the AMPs, the COCC, and the Marine Drive Apartments.

The following is a depiction of Maintenance Expenses by individual budget.

Consolidated 2024-25 Expenses					
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance	
	\$ in Millions				
Maintenance					
<i>AMP</i>	\$12.3	\$9.2	\$10.1	(\$0.9)	
<i>COCC</i>	0.1	0.1	0.1	0.0	
<i>Marine Drive</i>	1.6	1.2	1.8	(0.6)	
<i>Section 8</i>	-	-	-	-	
Total Maintenance	\$14.0	\$10.5	\$12.0	(\$1.5)	

Maintenance expenses were \$12.0 million as of Q3 2025, \$1.5 million greater than the budget. Certain maintenance contract costs exceed the total budget, including janitorial, extermination, and elevator repair.

AMP expenses were unfavorable by \$0.9 million, as maintenance contract, unit turnaround, and LIHTC maintenance contract costs were a combined \$1.5 million greater than budget. AMP maintenance employee compensation was \$0.6 million less than budget, based on vacant positions.

Marine Drive expenses were unfavorable by \$0.6 million, as total maintenance contract costs were \$0.6 million greater than the budget-to-date amount.

Administration

Percent of Total Budgeted Consolidated 2024-25 Expenses – 19.5%

2024-25 Adopted Budget - \$11.3 million

BMHA’s Administrative expenses include the administration employees’ salaries and AMP management fees, telephone, internet, software, office equipment, employee travel, etc.

The following is a depiction of Administrative Expenses by individual budget.

Consolidated 2024-25 Expenses					
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance	
	\$ in Millions				
Administration					
AMP	\$6.1	\$4.6	\$4.6	\$0.0	
COCC	3.6	2.7	2.7	0.0	
Marine Drive	0.5	0.3	0.6	(0.3)	
Section 8	1.1	0.8	0.8	0.0	
Total Administration	\$11.3	\$8.4	\$8.7	(\$0.3)	

Administration expenses were \$8.7 million as of Q3 2025, \$0.3 million greater than the budget to date. Marine Drive administration expenses exceeded the budget-to-date by \$0.3 million as administrative employee compensation and management fees were a combined \$0.3 million greater than budget.

Utility

Percent of Total Budgeted Consolidated 2024-25 Expenses – 12.1%

2024-25 Adopted Budget - \$7.0 million

BMHA’s Utility expenses include the water, sewer, electric, and natural gas expenses for the AMPs, the COCC, and the Marine Drive Apartments, as well as the Utility employees’ salaries.

The following is a depiction of Utility Expenses by individual budget.

Consolidated 2024-25 Expenses					
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance	
	\$ in Millions				
Utility					
AMP	\$6.2	\$4.7	\$4.8	(\$0.1)	
COCC	-	-	-	-	
Marine Drive	0.8	0.6	0.9	(0.3)	
Section 8	-	-	-	-	
Total Utility	\$7.0	\$5.3	\$5.7	(\$0.4)	

Actual Utility expenses were \$5.7 million as of Q3 2025, \$0.4 million greater than the budget-to-date amount. The AMP budget was unfavorable by \$0.1 million as combined water and electric expenses were greater than the budget. The Marine Drive budget was unfavorable by \$0.3 million as combined water and sewer expenses were significantly over the budget to date by \$0.2 million. Current year-to-date expenses for these two utilities were more than the total 2024-25 Marine Drive budget.

BMHA receives a time-lagged utility expense reimbursement through the HUD Operating Subsidy. The reimbursement is a three-year rolling average of expenses, adjusted by inflationary or deflationary factors. This expense reimbursement impacts the AMP budget solely; the Marine Drive Adopted Budget does not receive utility expense reimbursements.

Protective Services/Resident Service Costs

Percent of Total Budgeted Consolidated 2024-25 Expenses – 3.8%
 2024-25 Adopted Budget - \$2.2 million

Resident Service expenses are budgeted at \$0.6 million and are largely contractually based. The remaining expenses consist of employee costs. Protective Services expenses are budgeted at \$1.7 million. The following is a depiction of Protective Services and Resident Service Costs expenses by individual budget:

Consolidated 2024-25 Expenses					
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance	
	\$ in Millions				
Protective Services/ Resident Service Costs					
<i>AMP</i>	\$1.9	\$1.4	\$0.7	\$0.7	
<i>COCC</i>	0.2	0.2	0.1	0.1	
<i>Marine Drive</i>	0.1	0.1	0.1	0.0	
<i>Section 8</i>	-	-	-	-	
Total Protective Services/ Resident Service Costs	\$2.2	\$1.7	\$0.9	\$0.8	

Actual Protective Services and Resident Service Costs expenses were \$0.9 million as of Q3 2025, \$0.8 million less than the budget-to-date and based on actual contract costs.

BMHA’s Protective Services expenses include the salaries of the AMP, COCC, and Marine Drive Protective Service employees and contract costs including an intergovernmental security services agreement with the City. Resident Service expenses include employees’ salaries, contract costs, AMP tenant stipends, and other miscellaneous costs.

The BMHA's intergovernmental agreement with the City expired on June 30, 2023. BMHA’s management is negotiating a new agreement that purportedly expands the terms of the now-expired agreement. The City continues to provide BMHA services under the prior terms while a new agreement is being negotiated.

Other Expenses

Percent of Total Budgeted Consolidated 2024-25 Expenses – 15.2%

2024-25 Adopted Budget - \$8.8 million

Other Expenses include non-operating items, primarily the housing assistance payment (HAP), which is the payment public authorities make to HCV program participants. These expenses are mainly pass-through, not operational expenses. HUD calculates funding by reviewing usage reported by BMHA on a three- to six-month lookback. This process lends itself to periods of overfunding and underfunding. Budgetary variances are due to the timing of HUD funding (i.e., when vouchers are issued and when HAPs are made). HAP voucher income is restricted to be used for HCV payments.

The following is a depiction of Other Expenses by individual budget.

Consolidated 2024-25 Expenses					
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance	
	\$ in Millions				
Other Expenses					
<i>AMP</i>	\$0.3	\$0.2	\$0.0	\$0.2	
<i>COCC</i>	-	-	-	-	
<i>Marine Drive</i>	0.0	0.0	0.0	0.0	
<i>Section 8</i>	8.5	6.4	8.5	(2.1)	
Total Other Expenses	\$8.8	\$6.6	\$8.5	(\$1.9)	

Other Expenses were \$8.5 million as of Q3 2025, or \$1.9 million greater than the budget-to-date amount. The variance is noted largely within the Section 8 unit. The program has received \$1.7 million greater-than-budgeted PHA grant revenue based on HUD's actual appropriation, which passes through the Section 8 budget. As a result, the amount of housing vouchers expended is greater than what was budgeted. The AMP budget recorded a minor \$0.2 million favorable variance.

Personnel

The employee groups represented by Local 264 (managerial, white-collar, and blue-collar) are all under contract until June 30, 2028. The terms of this settled labor agreement cover non-represented employees. The operating engineers represented by Local 17 are also under contract until June 30, 2028. Total employee compensation is budgeted at \$15.7 million in 2024-25. The total number of budgeted positions is 157 FTEs. BMHA has historically had a level of vacancy between 10-25% at any period during a fiscal year.

The following depicts the BMHA’s 2024-25 staffing plan and filled positions as of Q3 2025.

BMHA STAFFING 2024-25									
Employee Division	FYE 2024	2024-25 Adopted Budget	2025 Q3	Vacancy Rate	Employee Unit	FYE 2024	2024-25 Adopted Budget	2025 Q3	Vacancy Rate
<i>MIS</i>	3	4	3	25.0%	<i>Local 264: Blue-Collar</i>	58	64	50	21.9%
<i>Finance</i>	8	12	9	25.0%	<i>Local 264: White-Collar</i>	52	60	51	15.0%
<i>Personnel</i>	4	4	3	25.0%	<i>Local 264: Managers</i>	7	7	7	0.0%
<i>Capital Improvements</i>	5	7	4	42.9%	<i>Local 17: Operating Engineers</i>	6	7	5	28.6%
<i>Asset Management</i>	108	116	97	16.4%	<i>Non-Represented (NYS Civil Svc. and Exempt)</i>	17	19	17	10.5%
Total	140	157	130	17.2%	Total	140	157	130	17.2%

As of Q3 2025, 82.8% of budgeted positions were filled.

AMP Budget Summary

BMHA’s housing stock is grouped into 22 individual AMPs. Each AMP includes single or multiple housing facilities. Smaller facilities are grouped (e.g., AMP 33 contains three facilities with a combined 124 habitable units). Large facilities may be the entirety of the AMP (e.g., Jasper Parish contains 191 habitable units and comprises the entirety of AMP 12). The individual AMP budgets cumulatively comprise the total AMP Adopted Budget.

The following summarizes the AMP's actual results compared to the budget as of Q3 2025.

Asset Management Program 2024-25 Summary				
Description	2024-25 Adopted Budget	Budget-to-Date	Actual at 3.31.2025	Variance
Total Revenues	\$40.3	\$30.2	\$30.7	\$0.5
Total Expenses	38.1	28.6	27.7	0.9
Net Operating Income (Loss) before Debt Service	\$2.2	\$1.6	\$3.0	\$1.4
Debt Service - Principal Reduction	(1.8)	(1.3)	(1.3)	0.0
Cash Impact after Removal of the Non-cash OPEB Accrual	\$1.3	\$1.0	\$2.4	\$1.4

AMP revenues account for \$40.3 million (67.5%) of total 2024-25 estimated revenues. AMP expenses account for \$38.1 million (65.7%) of total 2024-25 budgeted expenses. The AMP budget is the largest component within the overall Adopted Budget.

The 2024-25 AMP Adopted Budget depicts \$2.2 million in net operating income. The cash impact is a positive \$1.3 million after including the \$1.8 million of debt service payments and removing the non-cash \$0.9 million OPEB accrual.

As of Q3 2025, revenues were greater than the budget-to-date amount by \$0.5 million due to the following:

- HUD Subsidy: \$(1.3) million
- Net Dwelling/Non-Dwelling Income: \$0.3 million
- All Other Revenues: \$2.0 million
 - Includes \$2.0 million transfer of Fosdick Field to the BCSD
- Transfers from Capital Grants: \$(0.5) million

Expenses were \$0.9 million less-than-budget, due to the following:

- General Expenses: \$1.0 million
 - OPEB-related: \$0.6 million
 - Employee benefits: \$0.4 million
- Maintenance: \$(0.9) million
 - Various Maintenance Contracts: \$(1.0) million
 - Maintenance – LIHTC: \$(0.4) million
 - Maintenance Employee Compensation: \$0.5 million
- Utility: \$(0.1) million
 - Electric: \$(0.3) million
 - Gas: \$0.4 million
 - Water: \$(0.2) million
- Protective Services/ Resident Service Costs & Other Expenses: \$0.7 million
- Other Expenses: \$0.2 million

The net operating income was \$3.0 million.

The variances within Administrative and Maintenance employee compensation and benefits resulted from vacant positions.

COCC Budget Summary

The COCC is the business unit within the BMHA. It operates as a property management company and earns income from fees and by overseeing other business activities. COCC revenues account for \$5.8 million (9.7%) of total 2024-25 estimated revenues. COCC expenses account for \$6.3 million (10.9%) of total 2024-25 budgeted expenses.

The following summarizes the COCC's actual results as compared to the budget as of Q3 2025.

Central Office Cost Center 2024-25 Summary				
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance
\$ in Millions				
Total Revenues	\$5.8	\$4.4	\$3.8	(\$0.6)
Total Expenses	6.3	4.8	4.3	0.5
Net Operating Income (Loss) before Debt Service	(\$0.5)	(\$0.4)	(\$0.5)	(\$0.1)
Debt Service - Principal Reduction	0.0	0.0	0.0	0.0
Cash Impact after Removal of the Non-cash OPEB Accrual	\$0.1	\$0.0	(\$0.1)	\$0.0

The BMHA has budgeted a net operating loss of \$0.5 million in 2024-25. The cash impact is \$0.1 million in 2024-25 after removing the \$0.6 million non-cash OPEB accrual.

As of Q3 2025, revenues were less than the budget-to-date amount by \$0.6 million due to the following:

- All Other Revenues: \$(0.6) million
 - Frontline Service Fees: \$(0.1) million
 - Management Fees Earned: \$(0.5) million

Expenses were \$0.5 million less-than-budget, due to the following:

- General Expenses: \$0.4 million
 - OPEB Service Costs: \$0.4 million
- Protective Services/Resident Service Costs: \$0.1 million

The net operating loss was \$0.5 million

Marine Drive Budget Summary

BMHA manages the Marine Drive Apartments, a BMHA-owned apartment complex. The complex is not federally subsidized. Marine Drive tenants pay a flat rental rate as established by BMHA, not to exceed 35 percent of the tenant’s adjusted monthly income.

The following summarizes the Marine Drive's actual results as compared to the budget as of Q3 2025.

Marine Drive 2024-25 Summary				
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance
	\$ in Millions			
Total Revenues	\$3.7	\$2.8	\$3.3	\$0.5
Total Expenses	3.9	2.9	4.4	(1.5)
Net Operating Income (Loss) before Debt Service	(\$0.2)	(\$0.1)	(\$1.1)	(\$1.0)
Debt Service - Principal Reduction	(0.3)	(0.3)	(0.3)	0.0
Cash Impact after Removal of the Non-cash OPEB Accrual	(\$0.4)	(\$0.3)	(\$1.3)	(\$1.0)

Marine Drive revenues account for \$3.7 million (6.2%) of the total 2024-25 estimated revenues, and Marine Drive expenses account for \$3.9 million (6.7%) of the total 2024-25 budgeted expenses. Net dwelling income is almost the entirety of Marine Drive’s operating revenue. The 2024-25 cash outflow is budgeted at \$0.4 million.

As of Q3 2025, revenues were greater than the budget-to-date amount by \$0.5 million due to dwelling rental income.

The 2024-25 Marine Drive Adopted Budget includes an increase of rental receipts of \$0.2 million over the 2023-24 Marine Drive Adopted Budget.

BMHA has applied to the NYSHCR to increase Marine Drive Apartment rents. The rental increase is anticipated to have an annualized \$0.5 million increase. This request remains pending NYSHCR approval.

The BMHA has secured seventy-two (72) Section 8 Project-Based Vouchers from NYSHCR to minimize the impact of rent increases on extremely low-income families. Residents occupying the PBV units would pay 30% of their income towards rent. The remaining residents would see an average of \$50/month rent increase.

Expenses were \$1.5 million greater-than-budget, due to the following:

- General Expenses: \$(0.3) million
- Maintenance: \$(0.6) million
- Administration: \$(0.3) million
- Utility: \$(0.3) million

Marine Drive Q3 2025 total expenses totaled \$4.4 million. These expenses exceed the 2024-25 Adopted Budget by \$0.5 million (112.8% of budget).

The CFY deficit is concerning in that the Marine Drive Apartments have been provided cashflow assistance from the COCC in an amount exceeding \$2.8 million. The terms of repayment have not yet been developed. The growing operating deficit within the CFY will put further pressure on COCC to assist Marine Drive operations.

The Marine Drive Adopted Budget did not adequately estimate 2024-25 expenses. Additionally, the 2025-26 Adopted Budget includes \$4.2 million in total expenses, a level that was exceeded at Q3 2025.

Marine Drive Occupancy Rates

BMHA’s FYE 2023 and 2024 occupancy rates were 82.8% and 78.0%, respectively. The occupancy rate has continued declining and averaged 76.72% from July 1st through March 31st. The occupancy rate has gradually but steadily declined since the lifting of the eviction moratoria from 89.4% on March 31, 2022, to 77.27% on June 30, 2024. This constitutes 69 fewer rented units per month.

Section 8 Update

The HUD Section 8 Voucher Program is the federal government's major program for assisting low-income families, older adults, and the disabled to afford decent, safe, and sanitary housing in the private market. Section 8 revenues account for \$9.9 million (16.6%) of total 2024-25 estimated revenues. Section 8 expenses account for \$9.7 million (16.7%) of total 2024-25 budgeted expenses.

The following summarizes the Section 8 actual results as compared to the budget as of Q3 2025.

Section 8 2024-25 Summary				
Description	2024-25 Adopted Budget	Budget- to-Date	Actual at 3.31.2025	Variance
	\$ in Millions			
Total Revenues	\$9.9	\$7.5	\$9.5	\$2.0
Total Expenses	9.7	7.3	9.3	(2.0)
Net Operating Income (Loss) before Debt Service	\$0.2	\$0.2	\$0.2	\$0.0

HUD PHA Grants total \$8.2 million in 2024-25, 82.8% of total Section 8 revenues. HAPs are \$8.2 million. The HAPs are the voucher disbursements of the PHA Grants. Any reported surplus or deficit is temporary as the program self-balances.

As of Q3 2025, revenues were \$2.0 million greater than the budget-to-date, and expenses were \$2.0 million greater than the budget-to-date. Both variances are due to the amount of HCVs received and the related Housing Assistance Payments/Utility Assistance Payments subsequently remitted.

Summary

The 2024-25 AMP Adopted Budget depicts \$2.2 million in net operating income and a net cash inflow of \$1.3 million. For the nine-month period ended March 31, 2025, revenues were greater than the budget-to-date by \$0.5 million and expenses were \$0.9 million less than budget. The net operating income was \$3.0 million.

Marine Drive's Adopted Budget included \$0.2 million in net operating loss. For the nine-month period ended March 31, 2025, BMHA reported an operating loss of \$1.5 million. The loss was much higher than anticipated. Total expenses through the third quarter exceeded the annual adopted budget; BMHA has not yet modified the budget. Marine Drive presents a financial challenge as each of the three prior fiscal years concluded with operating losses, the current fiscal year is likely to conclude with a significant operating loss, and the four-year projection for the Marine Drive Apartments substantial operating losses in all four years. Marine Drive has been provided with cashflow assistance from the COCC to fund operations; it does not have operating reserves to cover deficits. We recommend BMHA modify the Marine Drive Apartments budget for 2024-25 as spending levels will be exceeded.

The COCC Adopted Budget included \$0.5 million in net operating loss. As of March 31, 2025, BMHA reported an operating loss of \$0.5 million. A fiscal year-end operating loss is not certain as the loss reporting in the third quarter may be a function of timing of revenue recognition. As with the Marine Drive Apartments financial plan, the COCC financial plan likewise projects operating deficits in each out-year with a four-year cumulative \$1.2 million operating loss.

The Section 8 Adopted Budget included revenues at \$9.9 million and expenses at \$9.7 million. As of Q3 2025, revenues were \$2.0 million greater than the budget-to-date, and expenses were \$2.0 million greater than the budget-to-date. Both variances are due to the amount of HCVs received and the related Housing Assistance Payments/Utility Assistance Payments subsequently remitted.



**BUFFALO FISCAL
STABILITY AUTHORITY**

TAB #7

BUFFALO FISCAL STABILITY AUTHORITY
RESOLUTION NO. 24-XX
ADOPTION OF 2025-26 BUFFALO FISCAL STABILITY AUTHORITY BUDGET AND
2026-2029 FOUR-YEAR FINANCIAL PLAN

WHEREAS, the Buffalo Fiscal Stability Authority (“BFSA”) was created by Chapter 122 of the Laws of 2003 of the State of New York (the “State”), as amended (the “BFSA Act”); and

WHEREAS, the BFSA is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation with a broad range of financial control and oversight powers over the City of Buffalo and the non-exempted Covered Organizations; and

WHEREAS, the BFSA intercepts certain revenues according to the direction to the State Comptroller as prescribed within the BFSA Act; and

WHEREAS, the BFSA incurs expenses for its operations and the execution of the functions prescribed within the BFSA Act; and

WHEREAS, the New York State Office of the Comptroller Public Authority Regulations Part 203 requires the BFSA to annually prepare a budget and financial plan covering the budget year and the three subsequent fiscal years in accordance with generally accepted accounting principles; and

WHEREAS, the BFSA has carefully reviewed and projected the revenues forecasted to be received and expenses forecasted to be incurred over the four-year period of the Financial Plan for fiscal years 2025-26 through 2026-29.

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby approve the 2025-26 BFSA Budget and 2026-2029 Financial Plan.

This resolution shall take effect immediately.

Approved June 16, 2025

Frederick G. Floss,
Secretary