

CITY OF BUFFALO
URBAN RENEWAL AGENCY

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013
WITH
INDEPENDENT AUDITORS' REPORT

CITY OF BUFFALO URBAN RENEWAL AGENCY
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JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

To Mark J.F. Schroder
Comptroller of the City of Buffalo
Buffalo, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buffalo Urban Renewal Agency ("BURA"), a component unit of the City of Buffalo, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise BURA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

CITY OF BUFFALO URBAN RENEWAL AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Buffalo Urban Renewal Agency ("BURA") is a public benefit corporation that was formed by an act of the New York State Legislature in 1966. Its corporate purpose includes the general planning and operation of a range of urban renewal programs designed to prevent or eliminate blight and enhance economic development in the City of Buffalo, New York ("the City"). Since 1966 BURA has administered various Federal, state and local grant programs to accomplish these objectives, on behalf of the City. BURA is considered a *component unit* of the City and its financial transactions will be incorporated into the financial statements of the City.

BURA's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of BURA's financial activity, identify changes in BURA's financial position (its ability to address the next and subsequent years' challenges), and identify any individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with BURA's financial statements that follow.

Financial Highlights

- At June 30, 2013, BURA's net assets totaled (\$12,626,200) and are comprised of (\$12,626,200) in governmental net assets and \$- in business-type activities.
- Net assets of BURA's governmental activities decreased by \$12,390,980, which resulted from ongoing activities, prior period adjustments of \$2,769,178, impairment of capital assets of \$5,266,449, and GASB Statement No. 45, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* ("GASB Statement 45") ("the Statement"). See further explanation of the prior period adjustments, the impairment of the capital assets and the Statement later in Management's Discussion and Analysis.
- The general fund (which is used only to account for non-grant activity) has a fund balance of \$2,303,845 including long-term receivables of \$1,133,587 and unrestricted assets of \$2,258,700.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 - 14) provide information about BURA's activities as a whole and present a longer-term view of BURA's finances. Fund financial statements start on page 15. For governmental activities, the fund financial statements tell how these services were financed in the short term. Fund financial statements also report BURA's operations in more detail than the component unit-wide financial statements by providing information about BURA's most significant funds.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**Reporting on BURA as a Whole
Component Unit-Wide Financial Statements**

The component unit-wide financial statements are designed to provide a long-term view. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets combines and consolidates the governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations, while the Statement of Activities shows the changes in net assets during the year.

These two statements report BURA's net assets and changes to them. You can think of BURA's net assets – the difference between assets and liabilities – as one way to measure BURA's financial position at a given point in time. Over time, increases or decreases in net assets are one indicator of whether BURA's financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, management has historically presented two types of activities:

- **Governmental Activities** – Most of BURA's major activities, consisting of various economic and neighborhood development projects, are reported here. These are primarily funded by certain Federal, state and local grants to the City, which are administered by BURA. Program income generated by the grant programs is another source of revenue used to pay for such projects.
- **Business-Type Activities** – Reflect the activities that are carried on in a fashion similar to private sector type operations, where the fee for service typically covers all or most of the cost of operations, including depreciation. During the year ended June 30, 2004, BURA's City Centre parking ramp, the last of BURA's business-type assets, was sold to a private party. Such assets had previously generated the fee for services that funded the operation of this project. Upon the sale of these assets, the activity ceased and the project was closed. At June 30, 2013 and June 30, 2012 BURA had no business-type activities.

**Reporting on BURA's Most Significant Funds
Fund Financial Statements**

Management's analysis of BURA's major funds begins on page 9. The fund financial statements have detailed information about the most significant funds, not about BURA as a whole. As of June 30, 2013 and June 30, 2012, BURA had only one type of fund – *governmental*.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**Reporting on BURA's Most Significant Funds (Continued)
Fund Financial Statements**

Governmental funds focus on how money flows into and out of those funds and the balances that are left at year-end and available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of BURA's operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance BURA's programs. Management describes the relationship and differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations on pages 17 and 19.

BURA as a Whole

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets as of June 30, 2013 and 2012.

	As of June 30,	
	2013	2012
Current and Other Assets	\$ 15,271,175	\$ 18,036,564
Capital Assets	3,332,780	10,304,867
Total Assets	18,603,955	28,341,431
Other Liabilities	13,386,890	11,806,341
Long-Term Debt	6,025,000	7,290,000
OPEB Liability	11,818,266	9,480,310
Total Liabilities	31,230,156	28,576,651
Net Assets:		
Invested in Capital Assets	3,332,780	10,304,867
Restricted	1,184,265	-
Unrestricted (Deficit)	(17,143,245)	(10,540,087)
Total Net Assets	\$ (12,626,200)	\$ (235,220)

**CITY OF BUFFALO URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Statement of Net Assets - Continued

At June 30, 2008, BURA implemented the requirements of GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions* ("OPEB"). This Statement requires that BURA include the costs of providing health care benefits to its retirees as a current cost of compensation for employee services. Under this Statement, OPEB expenditures should be recognized on a modified accrual basis in governmental fund financial statements. Similarly, net OPEB obligations associated with proprietary or fiduciary funds from which contributions are made should be displayed as liabilities (or assets) in the financial statement of those funds.

Recognition of the liability accumulated from prior years is being amortized over 30 years, commencing with the 2008 liability. A total of \$11,818,266 is recorded as the OPEB liability in the Statement of Net Assets at June 30, 2013.

The unreserved deficit in BURA's governmental activities of \$17,023,245 is primarily due to the recognition of \$6,025,000 in long-term debt from loans borrowed under the Federal Section 108 Loan Program ("Section 108 Loans"), recognition of \$11,818,266 of the OPEB liability, impairment of capital assets in the amount of \$5,266,449, and prior period adjustments to beginning net assets of \$2,769,178.

BURA uses current Community Development Block Grant ("CDBG") funds to repay those loans borrowed directly by BURA as they come due. Under CDBG regulations, Section 108 Loans are guaranteed by the annual CDBG allocation, meaning that CDBG allocations will be reduced by any unpaid Section 108 Loan payments. CDBG is a Federal entitlement program, which means it is an established grant that is paid under a formula prescribed in the grant regulations. Accordingly, BURA expects that such grant funds will be received annually by the City into the long-term future and that these loans will be paid when due.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Statement of Activities

The following table reflects the changes in net assets for the years ended June 30, 2013 and 2012:

	Years Ended June 30,	
	2013	2012
Revenues		
Federal Grants	\$ 38,075,761	\$ 47,219,616
New York State Grants	1,188,713	11,700
Repayment of Program Loans	583,296	267,419
Sales of Real Estate	-	224,000
Rental Income	285,072	287,801
Interest Income	364,911	768,352
Other Income	(332,102)	1,592,980
	<u>\$ 40,165,651</u>	<u>\$ 50,371,868</u>
Expenses		
Public Facilities and Site Improvements	\$ 461,491	\$ 3,188,515
Clearance Activities	665,602	5,299,214
Public Services and Human Services Rehabilitation and Preservation Activities	34,980,092	33,765,957
Including Grants and Loans	913,476	1,878,187
Economic Development Activities		
Including Grants and Loans	5,798,668	1,565,401
Interest on Debt	356,002	695,142
Code Enforcement	-	84,919
Planning, Management and Administration	3,009,166	3,977,405
Principal Payments of Long-Term Debt	1,265,000	1,265,000
OPEB Expense	2,337,956	2,353,373
	<u>\$ 49,787,453</u>	<u>\$ 54,073,113</u>
Deficiency of Revenues over Expenses	(9,621,802)	(3,701,245)
Prior Period Adjustment	(2,769,178)	-
Decrease in Net Assets	<u>\$ (12,390,980)</u>	<u>\$ (3,701,245)</u>

**CITY OF BUFFALO URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Capital Assets

BURA's capital assets at June 30, 2013 and 2012 are detailed below.

	Years Ended June 30,	
	2013	2012
Land	\$ -	\$ 380,370
Parks	15,552	204,809
Building	7,223,998	14,706,007
Furniture & Fixtures	75,868	75,868
Equipment	532,127	532,127
Vehicles	105,558	105,558
	<u>\$ 7,953,103</u>	<u>\$ 16,004,739</u>

BURA does not own infrastructure assets like roads, bridges or sewers. The most significant capital assets owned by BURA include the Market Arcade Complex ("MAC") and the Market Arcade Cinema ("the Cinema"). BURA assesses long-lived assets for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset is greater than the fair value and the amount may not be recoverable. BURA recognized a loss on impairment of capital assets, including the MAC and the Cinema, totaling \$5,266,449 for the year ended June 30, 2013. Impairment expense is included in Economic Development Activities Including Grants and Loans on the statement of activities. There was no impairment recognized during the year ended June 30, 2012.

During the year ended June 30, 2013, a prior period adjustment was recorded to the capital assets beginning balance in the net amount of \$1,537,104 (cost of \$2,785,187 less accumulated depreciation of \$1,248,083). This adjustment was made to reflect sales of buildings and land that were made in prior years and to include a building that BURA acquired in a prior year.

Debt

As of June 30, 2013, BURA had \$7,290,000 in loans outstanding as compared to \$8,555,000 as of June 30, 2012, for a decrease of \$1,265,000.

BURA continues to collect and remit payments from loan recipients under the Section 108 Loan program, and to make payments on its own loans and on behalf of recipients in default. Loans in default totaled \$4,200,000 at June 30, 2013. Of the remaining \$7,290,000 of Section 108 loan principal due, \$3,965,000 million is to be repaid by BURA and the remaining \$3,325,000 is due from developers. The terms of the loans vary, with repayment schedule over the next six years.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Governmental Activities

BURA's major funds consist of its most significant grant programs based on dollars received and expended during the fiscal year. Non-major grant programs are aggregated and presented in a single column. Although BURA has a general fund, which is reported as a major fund, the general fund has no significant independent means of revenue and is limited to amounts remaining from prior grant funds or other closed out funds.

Revenues for BURA's governmental activities decreased by \$10,206,217 or 20.3%. The decline in revenues was brought about primarily as a result of the decrease in grant funds awarded to BURA under the terms of the subrecipient agreements that were entered into during the year ended June 30, 2013. These agreements are discussed in the Grant Highlights section of this report.

During the year ended June 30, 2013, the unreserved fund balance for governmental activities decreased by \$12,270,980 (from \$(235,220) to \$(12,506,200)). This decrease is attributable to OPEB expenses, a decrease in encumbrance, prior period adjustments to beginning net assets in the amount of \$2,769,178 and a loss on impairment of capital assets in the amount of \$5,266,449.

Grant Highlights

BURA's main source of revenue for governmental activities is grant funds provided to the City by the United States Department of Housing and Urban Development ("HUD"). Grant funds are awarded annually. The grant periods begin May 1 of each year and most BURA grants generally do not expire until funds are expended. Certain grants do have statutory terms, which require the use of funds within a specified time period. The Housing Opportunities Made Equal ("HOME") regulations require that funds be expended within five years of the date of the awards; similarly, the Emergency Solutions Grant ("ESG") and Housing Opportunities for People with Aids ("HOPWA") grants have two and three year grant periods, respectively.

In January, 2013 BURA entered into formal subrecipient agreements ("the Agreements") with the City as a result of a mandate issued by HUD which requires entitlement funds be received directly by the City beginning with the 2012 federal grant year, which began May 1, 2012. The Agreements, as amended, are contracts with the City which allows BURA to administer and provide program delivery services for the CDBG, HOME, ESG and HOPWA programs. The agreements, as amended, expire on April 30, 2014.

The major focus of BURA's grant efforts in the coming year will center on the implementation of the City's Neighborhood and Business Development initiatives, which seek to develop communities, enhance neighborhoods and encourage private enterprise.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Grant Highlights - Continued

The following grant awards were provided by HUD over the past five years:

	For Grant Program Years Beginning May 1,				
	2013	2012	2011	2010	2009
CDBG	\$ 13,423,963	\$ 13,319,409	\$ 14,540,753	\$ 17,409,073	\$ 16,091,522
HOME	2,627,890	2,772,819	4,476,638	5,073,088	5,081,876
ESG	971,690	1,259,191	705,316	705,483	706,910
HOPWA	524,721	550,703	567,151	565,329	521,962
	<u>\$ 17,548,264</u>	<u>\$ 17,902,122</u>	<u>\$ 20,289,858</u>	<u>\$ 23,752,973</u>	<u>\$ 22,402,270</u>

From time to time, BURA is the recipient of other grants from Federal, state and local authorities.

BURA received several one-time grants in previous fiscal years that have varying close-out dates:

- \$4,311,494 for the CDBG – Recovery program was awarded to the City on August 14, 2009.
- \$6,594,081 for the ESG for Homeless Prevention and Rapid Re-Housing Program was awarded by HUD on August 13, 2009.
- BURA applied for and was awarded \$1,552,000 of Block-by-Block Grant funds from the NYS Affordable Housing Corp. (“AHC”). This grant consists of \$400,000 of AHC Subsidy funds for Acquisition Rehab and \$1,152,000 for Home Improvement. The grant was awarded on July 22, 2008.
- BURA applied for a Neighborhood Stabilization Grant of \$2,635,019 and was awarded this grant on April, 14, 2009. This is a fixed 45-month grant that was a joint application with the Town of Cheektowaga. Funding is provided with demolition, housing rehabilitation and a pilot land bank.

Grant funds administered by BURA are restricted to uses prescribed in grant regulations and in BURA’s grant applications. They are not available to meet the general obligations of the City.

Economic Factors and Next Year’s Grant Information

To generate the greatest impacts from dwindling grant funds, BURA works with the City to focus redevelopment efforts on neighborhoods that exhibit one or more of the following characteristics:

- Are near emerging employment and economic development engines that can serve as a stabilizing influence;
- Have developed a cohesive network of community-based and institutional support; and
- Have secured and leveraged funding to support their efforts.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Economic Factors and Next Year's Grant Information (Continued)

Federal funding will serve all low- to moderate-income areas, but additional consideration will be given to projects within or adjacent to neighborhoods and corridors identified by the Better Buffalo Fund – Black Rock, West Side, Lower West Side, Perry Choice, Pratt-Willert, Fruit Belt, Cold Spring, Masten Park, Hamlin Park, Fillmore-Leroy, and Buffalo Promise. The City will reassess these areas annually, to respond to new funding opportunities and investments, and to make adjustments if funding opportunities fail to materialize.

Two significant neighborhood revitalization initiatives that are separately funded or seeking funds include the Buffalo Promise Neighborhood (“BPN”) and the Perry Choice Neighborhood (“PCN”). The Buffalo Promise Neighborhood is located in the northeast section of the City; and is bounded by Winspear Avenue on the north, Eggert Road on the east, Amherst Street and Kensington Avenue on the south, and Main Street on the west.

The BPN was created in 2010 as a collaborative effort led by the Westminster Foundation, with the goal of providing a continuum of solutions to children from the cradle through college and career. BPN was selected by the Department of Education to receive both planning and implementation grants under the Promise Neighborhood program. This funding was used to develop a comprehensive neighborhood revitalization strategy, which BPN is now beginning to implement. The City has already committed significant funds to neighborhood improvements within this area.

The Perry Choice Neighborhood is located to the east of downtown, and is bounded by William Street to the north, Smith Street to the east, South Park Avenue to the south, and Michigan Avenue to the west. PCN has been targeted since it received a Choice Neighborhoods planning grant from HUD. If the project is awarded an implementation grant, the City will be required to devote a percentage of its annual CDBG funding to the PCN.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Contacting BURA's Financial Management

This financial report is designed to provide the citizens, taxpayers and elected officials of the City of Buffalo with a general overview of the Buffalo Urban Renewal Agency's finances and to show BURA's accountability for the monies it receives. If you have any questions about this report or need additional financial information, contact the Office of Strategic Planning, Room 214 City Hall, Buffalo, New York 14202.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2013**

	<u>Governmental Activities</u>
Assets	
Restricted Cash (Note 6)	\$ 1,184,265
Receivables, Net	
Due Within One Year	7,185,437
Due in More Than One Year	3,305,000
Due from City of Buffalo (Note 3)	1,550,661
Due from Other Governmental Units	837,023
Other	139,712
Construction in Progress (Note 9)	247,561
Real Estate Acquired for Resale, at Cost	821,517
Capital Assets, Net of Accumulated Depreciation	<u>3,332,780</u>
Total Capital Assets	<u>3,332,780</u>
Total Assets	<u>\$ 18,603,955</u>
Liabilities	
Accounts Payable and Accrued Expenses	\$ 6,940,040
Due to Federal Government	238,706
Deferred Grant Revenue	4,943,143
Long-Term Liabilities	
Due Within One Year	1,265,000
Due in More than One Year	6,025,000
Other Non Current Liabilities	
OPEB Liability (Note 5)	<u>11,818,266</u>
Total Liabilities	<u>31,230,155</u>
Net Assets	
Invested in Capital Assets	3,332,780
Restricted Assets	1,184,265
Unrestricted / (Deficit)	<u>(17,143,245)</u>
Total Net Assets	<u>(12,626,200)</u>
Total Liabilities and Net Assets	<u>\$ 18,603,955</u>

See accompanying notes to basic financial statements.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Community Development	\$ 49,787,452	\$ 40,165,650	\$ -	\$ (9,621,802)
Total Governmental Activities (Note 1)	49,787,452	40,165,650	-	(9,621,802)
Business-Type Activities:	-	-	-	-
Total Business-Type Activities	-	-	-	-
	<u>\$ 49,787,452</u>	<u>\$ 40,165,650</u>	<u>\$ -</u>	<u>(9,621,802)</u>
Net Assets - Beginning, as previously reported				(235,220)
Prior period adjustments (Note 10):				
Capital Assets				(1,537,104)
Receivables, Net				(1,348,735)
Real Estate Inventory				116,661
				<u>(2,769,178)</u>
Net Assets - Beginning, as restated				<u>(3,004,398)</u>
Net Assets - Ending				<u>\$ (12,626,200)</u>

See accompanying notes to basic financial statements.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds						Total Governmental Funds
	General	Community Development Block Grants	Section 108 Loan Program	Section 8 Housing Program	HOME Ownership Zone Program	Other Programs	
Assets							
Restricted Cash	\$ 45,145	\$ 708,061	\$ -	\$ -	\$ 212,962	\$ 218,097	\$ 1,184,265
Temporary Investments at Cost	-	-	-	-	-	-	-
Receivables:							
Program Loans Receivable	850,000	-	745,000	-	-	1,282,662	2,877,662
Notes Receivable	1,133,587	5,948,006	-	-	-	-	7,081,592
Advances to Subgrantees	435,711	619,527	(177,894)	-	-	10,629	887,973
Advances for Payroll and Related Expenses	401,926	-	-	-	-	-	401,926
Other Receivables	923,648	-	-	-	-	8,563	932,211
Allowance for Uncollectibles / Forgiveness	(2,575,346)	(1,217,156)	-	-	-	(1,203,426)	(4,995,927)
Due from Other Funds	1,782,278	214,020	841,080	-	-	140,065	2,742,818
Due from Federal Government	-	2,732,818	-	-	-	10,000	1,550,661
Due from City of Buffalo	203,512	26,610	-	-	-	1,320,539	837,022
Due from Other Governmental Units	837,022	-	-	-	-	-	139,713
Other	15,803	123,910	-	-	-	-	247,561
Construction in Progress	247,561	-	-	-	-	-	821,517
Real Estate Acquired for Resale, at Cost	-	821,517	-	-	-	-	-
Total Assets	\$ 4,300,847	\$ 9,977,312	\$ 1,408,186	\$ -	\$ 212,962	\$ 1,787,128	\$ 14,708,994

Liabilities and Fund Equity / (Deficit)

Liabilities:							
Accounts Payable and and Accrued Liabilities	\$ 248,609	\$ 5,106,861	\$ -	\$ -	\$ -	\$ 1,412,512	\$ 6,766,301
Due to Federal Government	-	95,520	143,186	-	-	-	238,706
Due to Other Funds	1,748,392	960,032	-	-	143,643	123,693	(2,975,761)
Deferred Grant Revenue	-	245,343	-	-	69,319	204,101	518,763
Current Portion of Long-Term Debt	-	-	1,265,000	-	-	-	1,265,000
Total Liabilities	1,997,002	6,407,756	1,408,186	-	212,962	1,740,306	8,788,770
							<i>(Continued)</i>

See accompanying notes to basic financial statements.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
BALANCE SHEET - GOVERNMENTAL FUNDS - CONTINUED
JUNE 30, 2013**

	Special Revenue Funds						Total Governmental Funds
	General	Community Development Block Grants	Section 108 Loan Program	Section 8 Housing Program	HOME Ownership Zone Program	Other Programs	
Fund Balances	\$ -	\$ 6,925,204	\$ -	\$ -	\$ -	\$ -	\$ 6,925,204
Reserved for Encumbrances	-	821,517	-	-	-	-	821,517
Reserved for Land Inventory	-	-	-	-	-	-	-
Reserved for Long-Term Advances	-	73,247	-	-	-	-	73,247
Reserved for Long-Term Notes Recei	-	4,388,298	-	-	-	-	4,388,298
Reserved for Project Assistance	-	-	-	-	-	-	-
Unreserved	2,303,845	(8,638,710)	-	-	-	46,822	(6,288,043)
Total Fund Equity / (Deficit)	2,303,845	3,569,557	-	-	-	46,822	5,920,224
Total Liabilities and Fund Equity / (Deficit)	\$ 4,300,847	\$ 9,977,312	\$ 1,408,186	\$ -	\$ 212,962	\$ 1,787,128	\$ (2,977,442)

See accompanying notes to basic financial statements.

**Explanations of Certain Differences Between the
Governmental Funds Balance Sheet
and the Statement of Net Assets**

Differences between Governmental Fund Balance Sheet and the Statement of Net Assets are as follows:

Capital assets are expensed as capital outlays in the Governmental Fund Balance Sheet whereas they are recorded at historical cost and depreciated in the Statement of Net Assets. Long-term receivables, notes payable, and other payables are not reported in the Governmental Fund Balance Sheet but they are recorded in the Statement of Net Assets. Encumbrances are recorded as a Federal Government receivable in the Fund Balance Sheet, whereas the Statement of Net Assets does not include encumbrances.

Balances at June 30, 2013 were:

Long-Term Receivable – Section 108	\$	3,305,000
Capital Assets, Net of Depreciation		3,332,780
Compensated Absences		(173,739)
Due from Federal		(7,167,199)
Long-Term Debt – Section 108		(6,025,000)
OPEB Liability		<u>(11,818,266)</u>
Combined Adjustment		(18,546,423)
 Total Fund Equity – Total Governmental Funds, June 30, 2013		 <u>5,920,224</u>
 Net Assets of Governmental Activities		 <u>\$ (12,626,200)</u>

See accompanying notes to basic financial statements.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds						Total Governmental Funds
	General	Community Development Block Grants	Section 108 Loans Program	Section 8 Housing Program	HOME Ownership Zone Program	Other Programs	
Revenues							
Federal Grants	\$ -	\$ 6,930,384	\$ -	\$ 30,798,595	\$ -	\$ 4,242,837	\$ -
New York State Grants	1,188,713	-	-	-	-	-	41,971,816
Repayment of Program Loans	22,500	34,932	-	-	6,671	519,193	1,188,713
Rental Income	285,072	-	-	-	-	-	583,296
Interest Income	15,433	919	347,795	-	363	400	285,072
Other Income	215,228	(557,626)	-	-	-	10,296	364,910
							(332,102)
Total Revenues	1,726,946	6,408,608	347,795	30,798,595	7,034	4,772,726	44,061,705
Expenditures							
Current							
Public Facilities and Site Improvements	-	433,132	-	-	-	28,359	-
Clearance Activities	-	665,602	-	-	-	-	-
Public Services and Human Service Programs	-	(75,902)	-	30,798,595	-	4,257,399	-
Rehabilitation and Preservation Activities, Including Grants and Loans	179,386	734,090	-	-	-	-	913,476
Economic Development Activities, Including Grants and Loans	1,535,479	1,572,321	-	-	-	-	3,107,800
Interest on Loans	1,173	-	347,795	-	7,034	-	356,002
Planning, Management and Administration	738,018	1,779,595	-	-	-	486,968	3,004,581
	2,454,057	5,108,838	347,795	30,798,595	7,034	4,772,726	43,489,045
Total Expenditures	(727,111)	1,299,770	-	-	-	-	572,659
Excess/(Deficiency) of Revenues Over Expenditures							
Other Financing Sources / (Uses):							
Issuance of Long-Term Debt	-	-	-	-	-	-	-
Payment of Long-Term Debt	-	-	-	-	-	-	-
Transfer to Current Portion of Long Term Debt	-	-	-	-	-	-	-
Transfer of Long-Term Debt	-	214,116	-	-	-	-	214,116
	-	214,116	-	-	-	-	214,116
Excess/(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(727,111)	1,513,886	-	-	-	-	786,775
Fund Balances, June 30, 2012, as previously reported	3,030,956	3,287,745	-	-	-	46,822	6,365,523
Prior period adjustments	-	(\$1,348,735)	-	-	-	-	(1,348,735)
Fund Balances, June 30, 2012, as restated	3,030,956	1,939,010	-	-	-	46,822	5,016,788
Increase in Reserve for Land Inventory	-	116,661	-	-	-	-	116,661
	\$ 2,303,845	\$ 3,569,557	\$ -	\$ -	\$ -	\$ 46,822	\$ 5,920,224

See accompanying notes to basic financial statements.

**Explanations of Certain Differences Between the
Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances and the Statement of Activities**

Encumbrances are recorded as revenue in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances, whereas the Statement of Activities does not include such revenue. Capital assets and land inventory are expensed when incurred in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances; whereas capital assets and land inventory are capitalized and, where applicable, depreciated for in the Statement of Activities. Repayment of long-term debt is expensed in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances whereas they are recorded as a reduction of long-term debt in the Statement of Net Assets.

Net Change in Fund Balances --		
Total Governmental Funds	\$	572,659
Amounts Reported for Change in Net Assets of		
Governmental Activities over / (under) Amounts		
Reported for Net Change in Fund Balances:		
Long - Term Notes Receivable - Section 108		(745,000)
Changes in Encumbrances		(3,151,054)
Capital Assets Impairment		(5,266,449)
Capital Assets Prior Period Adjustment		(1,537,104)
Depreciation		(168,534)
Changes in Long-Term Debt		1,265,000
OPEB Expenses		(2,337,956)
Changes in Land Inventory		116,661
Changes in Reserve for Long-Term Receivable - Other		214,116
Changes in Long-Term Advances		(1,348,735)
Compensated Absences		(4,584)
		(4,584)
Change in Net Assets of Governmental Activities	\$	<u>(12,390,980)</u>

See accompanying notes to basic financial statements.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 – Description of the Entity

The City of Buffalo Urban Renewal Agency (“BURA”) is a public benefit corporation, which was formed by an act of the New York State Legislature in 1966. Its corporate purpose includes the general planning and operation of various urban renewal programs designed to prevent or eliminate blight and deterioration in the Buffalo, New York urban area (“the City”). Such programs include real estate acquisition and clearance; relocation of businesses and individuals displaced by urban renewal activities; design and construction of site improvements and public facilities; provision of grants and loans to facilitate rehabilitation of residential and business properties, and other programs designed to stimulate urban economic growth and to revitalize urban neighborhoods.

As required by the legislation which created the entity, BURA’s members consist chiefly of City governmental officials. Most of the funding for the various programs conducted by BURA is obtained from the Federal government, through the City. In effect, BURA acts as an agent of the City in carrying out its urban renewal activities. Because of its close administrative and financial relationship with the City, BURA is considered to be a component unit of the City for financial reporting purposes, and the financial information presented herein for BURA alone is to be presented within the City’s basic financial statements as of June 30, 2013 and for the year then ended.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

BURA funds are grouped into two broad fund categories for financial statement presentation. Governmental funds include general and special revenue funds. Proprietary funds include enterprise funds. During the year ended June 30, 2013, BURA had no proprietary funds.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 2 – Summary of Significant Accounting Policies - Continued

Basis of Accounting

BURA's accounting policies conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). The City implemented new reporting model standards beginning July 1, 2001. Comparability with reports of all prior years will be affected.

Component Unit-Wide Financial Statements

The component unit-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all activities of BURA. Governmental activities, which normally are supported by grants, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The component unit-wide statements are prepared using the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the component unit-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the component unit-wide financial statements.

The component unit-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of BURA and for each governmental program. Program revenues include charges paid by the recipients for the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors and laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Separate financial statements are provided for governmental fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 2 – Summary of Significant Accounting Policies – Continued

Basis of Accounting - Continued

Fund financial statements report detailed information about BURA. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis, revenues, other than those susceptible to accrual, are recorded when received in cash and expenditures are recorded when fund liabilities are incurred.

Significant revenues considered to be susceptible to accrual include grant revenues receivable under Federal Community Development Block Grants (Metropolitan Entitlement) and various categorical grants.

Deferred grant revenue consists of funds received in excess of project costs chargeable in the current period.

The major governmental funds are:

- **The General Fund** is used to account for all financial resources except those required to be accounted for in another fund. Included in BURA's general fund are proceeds from previously closed out grant programs.
- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust funds, or major capital projects) that are legally restricted to expenditures for specified purposes. BURA's special revenue funds account for the proceeds of Federal Community Development Block Grants (Metropolitan Entitlement), Home Ownership Made Easy grants ("HOME"), Emergency Solutions Grants ("ESG"), and various other Federal and New York State grants.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 2 – Summary of Significant Accounting Policies – Continued

Budgets and Budgetary Accounting

BURA follows specified procedures in establishing budgetary controls over its revenues and expenditures. These controls relate solely to the Community Development Block Grant (“CDBG”), HOME Investment Partnership, ESG and Housing Opportunities for Persons with Aids (“HOPWA”) grant programs which are funded annually by the U.S. Department of Housing and Urban Development (“HUD”) under Metropolitan Entitlement grants. Expenditures for these programs are budgeted over the entitlement program year which commences on May 1 and ends on April 30 of the following year. Appropriations of funds do not lapse at the close of the program year, but remain available for expenditure until the budgeted projects are completed, at which time any unexpended funds may be reprogrammed in accordance with HUD guidelines. The following outlines the budgetary process for these entitlement funds.

- An allocation plan is developed annually by the Office of Strategic Planning (“OSP”) of the City, taking into consideration citizens’ comments received at a public hearing.
- An annual allocation plan is presented by the Mayor to the City of Buffalo Common Council (“Common Council”) approximately sixty days prior to the commencement of the program year.
- The Common Council holds additional public hearings and considers the proposed allocation plan, and provides advisory comments to the Mayor.
- Upon approval of the annual allocation plan by the Mayor, the plan is approved by the BURA board. An application based on the plan is submitted to HUD approximately forty-five days prior to the commencement of the program year. HUD then forwards entitlement grant contracts to the City for execution by the City.
- The detailed budget for the various projects and for the administrative costs of the program is prepared by OSP in conjunction with other City departments affected.
- The administrative budget is submitted annually to the members of BURA for approval.
- Contracts for work on individual HOME projects are approved separately by the members of BURA at regular and special meetings held throughout the year.
- Budgeted amounts and contract encumbrances are recorded and integrated with the program expenditure records as a management control device.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 2 – Summary of Significant Accounting Policies – Continued

Budgets and Budgetary Accounting - Continued

- Budgets for the entitlement programs do not expire at the end of the fiscal year but continue in force until all grant funds are expended, or the grant regulatory period expires, whichever comes first.
- Budgets for projects funded by sources other than HUD entitlement grants are generally an integral part of the respective grant contracts and are processed internally by management.

Since BURA's budgets are programmatic and are designed to cover several fiscal years, a fiscal period budgetary comparison has not been included in the general-purpose financial statements at June 30, 2013.

Subrecipient Agreements

During the year ended June 30, 2013, the City and BURA entered into subrecipient agreements ("the Agreements") regarding the CDBG, ESG, HOME and HOPWA entitlement program ("the Programs").

The Agreements, as amended, generally require BURA to administer and provide planning, administration and implementation services for the Programs. They also require BURA to remit program income generated by the Programs to the City on a periodic basis. During the year ended June 30, 2013, BURA remitted a total of \$1,473,662 of program income to the City. This includes \$553,778 of program income generated during the year ended June 30, 2013 as well as \$919,884 of program income from 2010. The Agreements, as amended, expire on April 30, 2014.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded, is employed as part of BURA's budgetary control mechanism for the CDBG program, which is included in BURA's special revenue funds.

BURA, for budgetary control purposes, accounts for encumbrances as a charge against appropriations and does not distinguish the portion of encumbrances that represent liabilities for goods or services received but not paid for at the balance sheet date. For financial statement purposes, these encumbrances are segregated into the portion that represents an outstanding liability for goods or services received versus a commitment for goods and services not received. The amounts representing goods or services received are shown in the financial statements as accounts payable and are included in expenditures, while the amounts representing commitments are shown as a reservation of fund balance. Encumbrances outstanding at the end of the fiscal year do not lapse.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 2 – Summary of Significant Accounting Policies – Continued

Real Estate Inventory

In the course of conducting its urban renewal activities, BURA acquires real property for use in future urban renewal projects. This property is recorded at historical cost at the time of purchase. BURA uses the purchase method for recording real estate inventory transactions, which requires a corresponding reservation of fund balance in the governmental fund purchasing the asset.

A prior period adjustment that increased real estate inventory in the amount of \$116,661 was made as of July 1, 2012, which is fully discussed in Note 10.

Long-Term Advances and Receivables

Long-term advances and receivables, which are not available for current expenditures, have been designated by reservation of the fund balance of the special revenue fund.

Capital Assets (Governmental Activities)

Governmental capital assets, recorded at the lower of cost or fair market value, as of June 30, 2013 are summarized as follows:

<u>Function and Activity</u>	<u>Total</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>
Economic Development				
Administration	\$ 7,928,237	\$ 7,223,998	\$ 598,681	\$ 105,558
General				
Administration	24,866	-	24,866	-
Governmental Capital				
Assets	7,953,103	7,223,998	623,547	105,558
Less: Accumulated Depreciation	(4,620,323)	(3,899,608)	(615,157)	(105,558)
	<u>\$ 3,332,780</u>	<u>\$ 3,324,390</u>	<u>\$ 8,390</u>	<u>\$ -</u>

For the year ended June 30, 2013 depreciation in the amount of \$168,534 has been recorded using the straight-line method over the useful lives of the assets, which range from 5 to 50 years.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 2 – Summary of Significant Accounting Policies – Continued

Capital Assets (Governmental Activities) - Continued

BURA assesses long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is greater than the fair value and the amount may not be recoverable. BURA recognized a loss on impairment totaling \$5,266,449 for the year ended June 30, 2013. The impairment is included as an expense in the Statement of Activities. There was no impairment recognized during the year ended June 30, 2012.

There was a prior period adjustment in the net amount of \$1,537,104 made to beginning capital net assets as of July 1, 2012, which is fully discussed in Note 10.

Post-Employment Benefits Other Than Pensions

At June 30, 2008, BURA implemented the requirements of GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions* (“the Statement”) (“OPEB”). This Statement requires that BURA include the costs of providing health care benefits to its retirees as a current cost of compensation for employee services. Under the Statement, OPEB expenditures should be recognized on a modified accrual basis in governmental fund financial statements. Similarly, net OPEB obligations associated with proprietary or fiduciary funds from which contributions are made should be displayed as liabilities (or assets) in the financial statement of those funds.

Compensated Absences

Employees of BURA earn vacation, personal, and sick pay based upon length of service and job classification. Unused vacation leave accumulates up to a maximum number of days based upon length of service and is payable upon termination.

Unused sick leave accumulates, but may only be used to compensate for actual time off for medical or other defined reasons. However, it is BURA’s policy to compensate retiring employees for unused accumulated sick pay on a reduced basis. BURA has reflected the June 30, 2013 liability for accumulated earned, but unpaid, employee vacation time in the amount of \$173,739 in its Statement of Net Assets and Statement of Activities. Other compensated absences, which are not vested in the employees, are accounted for on a cash basis.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 3 – Related Party Transactions

In the course of carrying out its urban renewal activities, BURA regularly engages in transactions with various administratively and functionally related entities. The principal such entity is the City, which is the prime sponsor of the programs conducted by BURA and which is the nominal recipient of most of BURA's Federal and state grant funding. BURA is a component unit of the City.

Other program activities funded by BURA are conducted by two related public benefit entities, the Buffalo Economic Renaissance Corporation ("BERC") and the Buffalo Neighborhood Revitalization Corporation ("BNRC").

These entities receive loans or grants from BURA under the CDBG program, the Section 108 Loan program, as well as various New York State grant programs, and, in turn, loan or grant funds to qualifying individuals and businesses for purposes of property rehabilitation, home acquisitions for low income individuals, or business development and expansion. For the year ended June 30, 2013, no loans or grants were provided by BURA to BERC or BNRC.

Under subrecipient agreements with BERC and BNRC, certain program income (such as loan repayments and interest) earned through the CDBG program may generally be retained as supplemental BURA funding, subject to applicable Federal regulations. The subrecipient agreements with these entities also provide that, upon termination of the subrecipient agreements, all unused program income, and any CDBG assets held by BERC and BNRC will revert to BURA.

In 2010, the City notified BERC that effective May 1, 2010 the subrecipient agreements between BERC and BURA had expired. Additionally, BURA demanded the return of any unexpended program income. In order to ensure that any such program income is returned to BURA, BERC established an escrow account in the initial amount of \$800,000 and an agreement was reached whereby BERC would transfer to BURA such program income, if any, from real estate operations. Furthermore, BERC was required to transfer control of its CDBG loans to BURA during the year ended June 30, 2012. The outstanding balance of these loans as of June 30, 2013 is \$4,688,806. BURA has established an allowance equal to this amount at June 30, 2013.

At June 30, 2013, net amounts due from related parties consisted of:

Due from City of Buffalo	\$ 1,550,661
Other BERC Net Receivables	840,703
BNRC Net Receivables	<u>47,269</u>
Total	<u>\$ 2,438,633</u>

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 3 – Related Party Transactions – Continued

The amounts due from BERC and BNRC are reported as Advances to Subgrantees in the component unit-wide financial statements.

Note 4 – Employee Retirement Benefits

BURA's employees participate in the New York State Employee Retirement System ("the System"), a cost-sharing, multiple-employer defined benefit pension plan administered by the New York State and Local Retirement System. All BURA employees are eligible to participate in the System. The System provides retirement, disability and death benefits to plan members and beneficiaries. Membership benefits and employer and employee obligations to contribute are described in the New York State Retirement and Social Security Law. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Employees who joined the System before July 27, 1976, are on a pension plan with a minimum retirement age of 55, which provides for 1.67% of the final average salary for each year of service less than 20 years. Generally, the benefits for employees with more than 20 years of service are 2% of the final average salary for each year of service. Employees who joined on or after July 1, 1973 but before July 27, 1976, and those who retire between the ages of 55 and 62 with less than 30 years of service, receive reduced benefits. Employees who joined after July 27, 1976 earn 1.67% of the final average salary for the first 20 years of service and 2% for 20 to 30 years of service. An additional benefit of 1.5% is applied to each year of service over 30 years. A member must be age 62 with 10 years of service or at least age 55 with 30 years of service to retire with full benefits. Employees who joined after January 1, 2010 earn 1.66% of the final average salary for the first 20 years of service and 2% for 20 to 30 years of service with a minimum retirement age of 62. Employees who joined after April 1, 2012 earn 1.66% of the final 5 years average salary for each year of less than 20 years service, 3.5% of 5 years average salary for 20 years of service and an additional 2% of their 5 years average salary for each year of service in excess of 20 years. Generally, vesting requires 5 years of service except for employees who joined after April 1, 2012. The employees who joined the System after April 1, 2012 require 10 years of service credit to be vested.

Certain covered employees, as determined by date of entry into the plan, are required to contribute 3% of their salary to the plan during their first 10 years of credited service or for the whole period of service.

The payroll for the employees covered by the System for the year ended June 30, 2013 was \$2,290,246. All full-time BURA employees at June 30, 2013 were covered by the pension plan.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 4 – Employee Retirement Benefits – Continued

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 250,946	100%	\$ -
6/30/2012	\$ 503,727	100%	\$ -
6/30/2013	\$ 537,506	62%	\$ 206,810

The amount to be funded within the next fiscal year has been recorded as a current liability of the special revenue fund, from which applicable wages are paid.

The System uses the aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities. Therefore no schedule of funding progress is provided. The System returned to this method on April 1, 1994, using a four-year phase-in period. For fiscal years beginning after March 31, 1997, contribution rates are full aggregate rates.

Under its employee union contract, BURA also provides health insurance coverage for individuals who have retired from BURA service and who also meet specified longevity requirements with respect to employment. It is BURA’s practice to fund these insurance premiums as billed. For the year ended June 30, 2013, the cost of providing health insurance benefits to thirty-three BURA retirees was \$721,690.

Note 5 – Post-employment Health Care Benefits

From an accrual accounting perspective, the cost of post-employment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, BURA recognizes the cost of post-employment health care in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on BURA’s future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 5 – Post-employment Health Care Benefits – Continued

Plan Description: BURA provides continuation of medical insurance coverage to employees that retire under the System at the same time they end their service to BURA. Based on the collective bargaining agreement, the retiree and his or her beneficiaries receive this coverage for the life of the retiree. Health care benefits for non-union employees are similar to those of union employees. The retiree’s share of premium cost range from 0% to 25%, depending on the employee hire date.

The number of participants as of June 30, 2013 was as follows:

Active Employees	36
Retired Employees	33
Spouses of Retired Employees	<u>24</u>
Total	<u>93</u>

Funding Policy: BURA currently pays for post-employment health care benefits on a pay-as-you-go basis. Although BURA is studying the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue.

Annual Other Post-employment Benefit Cost (“OPEB”): For the fiscal year ended June 30, 2013, BURA’s annual OPEB cost is \$2,735,088 and the Annual Required Contribution is \$3,059,646. The payment of current health insurance premiums, which, for the year ended June 30, 2013, totaled \$721,690 for retirees and their beneficiaries, resulted in a Net OPEB obligation of \$11,818,266 for the year ended June 30, 2013.

Annual OPEB Cost and Net OPEB Obligation: BURA’s annual OPEB cost is calculated based on the annual required contribution of the employer (“ARC”). BURA has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of BURA’s annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in BURA’s net OPEB obligation to the Plan.

CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 5 – Post –employment Health Care Benefits – Continued

Annual Required Contribution, Including Interest	\$ 3,059,646
Contribution Made	<u>(721,960)</u>
Increase in Net OPEB Obligation	2,337,956
Net OPEB Obligation – Beginning of Year	<u>9,480,310</u>
Net OPEB Obligation – End of Year	<u>\$ 11,818,266</u>

BURA is required to report the required annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended June 30, 2013 and the two preceding fiscal years. The following table shows these amounts:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	2,735,088	14.00%	7,126,937
6/30/2012	2,735,088	20.39%	9,480,310
6/30/2013	2,735,088	26.39%	11,818,266

Funded Status and Funding Progress: As of June 30, 2013, the actuarial accrued liability for benefits was \$28,717,970, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,290,246 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 1,253.9 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, shows multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 5 – Post-employment Health Care Benefits – Continued

Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each evaluation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Full evaluations of the Actuarial Accrued Liability (AAL) are completed every third year and the liability is adjusted at that time. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement Age for Active Employees – Based on the historical average retirement age for the covered group, active Plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.

Marital Status – The marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on the RP2000 Mortality Life Tables for Males and for Females.

Turnover – Non-group-specific-age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Health Care Cost Trend Rate – The expected rate of increase in health insurance premiums was based on projections of the Health and Human Services Office of the Actuary. A rate of 9.0 percent initially, reduced to an ultimate rate of 4.7 percent after six years, was used.

Health Insurance Premiums – June 30, 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation Rate – The expected long-term inflation assumption of 3.0 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (“CPI-W”) in the Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 5 – Post-employment Health Care Benefits – Continued

Payroll Growth Rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of BURA’s short-term investment portfolio, a discount rate of 4.9 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded AAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2013, was 25 years.

**Schedule of Funding Progress
For the Retiree Health Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	AAL (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2011	-	28,717,970	28,717,970	0%	2,820,508	1018.2%
6/30/2012	-	28,717,970	28,717,970	0%	2,960,142	970.2%
6/30/2013	-	28,717,970	28,717,970	0%	2,290,246	1253.9%

Note 6 – Restricted Cash

Cash reported in BURA’s special revenue fund represents grant funds held prior to disbursement of approved expenditures. Substantially all cash on hand is restricted in use in accordance with specific funding source requirements. BURA’s deposits are maintained in demand deposit or savings accounts. For certain of these accounts, BURA requires that the depository banks pledge collateral for cash held in excess of FDIC insurance coverage in the form of securities held by the bank in the name of BURA. The market value at June 30, 2013 of the collateral held by such banks is \$736,874. The carrying value as of June 30, 2013 of BURA’s restricted cash is \$1,184,265.

Deposits are generally classified into three categories of credit risk. Those categories and BURA’s deposit balances by risk category at June 30, 2013 are as follows:

**CITY OF BUFFALO URBAN RENEWAL AGENCY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2013**

Note 6 – Restricted Cash – Continued

<u>Risk Category</u>	<u>Description</u>	<u>Deposit Balance</u>
1	Uncollateralized	\$ 10,383
2	Collateralized by securities held by the pledging financial institution	\$ 1,173,982
3	Collateralized by securities held by the pledging financial institution's trust department or agent but not in BURA's name	\$ -

Note 7 – Receivables

Program Loans Receivable

Program loans receivable consist of several economic development loans made directly by BURA, or indirectly through BEREC. BEREC, has in turn, loaned the grant funds to qualifying developers.

Since the inception of the CDBG program in the mid-1970's, BURA has also expended a substantial amount of grant funds directly or indirectly, through BEREC, BNRC and their predecessors, and through various community-based not-for-profit organizations, on loans for business development and for the rehabilitation of commercial and residential properties. Under CDBG program reporting requirements, these loans are treated as program expenditures.

Notes Receivable – Special Revenue Fund

As of June 30, 2013, various notes from individuals, businesses and other organizations were outstanding, representing funds advanced by BURA for projects designed to stimulate economic development and housing improvements in the City. These notes are secured by mortgages with varying repayment terms.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 7 – Receivables – Continued

Advances to Subgrantees

In the course of conducting various projects funded through CDBG and other grant programs, BURA contracts with subgrantees such as BEREC and BNRC to perform program services at the community level. In connection with those subgrant contracts, BURA has advanced CDBG and other funds to provide working capital for the subgrantees. At June 30, 2013, advances to BEREC and BNRC amounted to \$887,972.

Note 8 – Due from Federal Government

The Due from Federal Government as of June 30, 2013 in the amount of \$2,742,818 represents primarily amounts not yet received by BURA from the Federal government for expenses incurred under Federal grant programs.

Note 9 – Long-Term Liabilities

Governmental Activities

Section 108 Loan Guarantee Program

BURA is indebted to the Federal Financing Bank (“FFB”) under promissory notes for advances received under the HUD Section 108 Loan Guarantee Program. There are two types of HUD Section 108 loan programs. Under the first type, promissory notes are payable in 20 annual installments of principal and interest beginning in August 1983. Under the second type, effective on October 30, 1986, interest on promissory notes is payable in 12 semi-annual installments, starting with the first February or August after loan issuance. The entire principal amount of the loan is due at the same time as the 12th semi-annual interest payment is due. Interest rates vary on each loan and are determined by HUD based on prevailing market rates at the time of loan issuance.

BURA has loaned the advances received from the FFB to BEREC, which, in turn, has loaned these funds to various businesses for economic development purposes. BURA’s future obligations for interest and principal payments to the FFB on such loans are to be provided by BEREC, though interest and principal repayments from the individual borrowers. In the event of default by the individual borrowers on such loans, BURA will be responsible for the payments of the amounts due to the FFB.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 9 – Long-Term Liabilities – Continued

As of June 30, 2013, loans in default totaled \$4,200,000. BURA has made the required debt service payments for these loans to the FFB.

At June 30, 2013, the responsibility for repayment of the HUD Section 108 loans is as follows:

Private Developers	\$ 3,965,000
BURA – HOZO	1,500,000
BURA – William Gaiter Incubator	425,000
BURA – Root Building/Market Arcade Apartments	1,165,000
BURA – Glenny Center	85,000
BURA – Market Arcade Cinema	<u>150,000</u>
	7,290,000
Less: current amount due to Federal Government	<u>(1,265,000)</u>
Total	<u>\$ 6,025,000</u>

As of June 30, 2013, future maturities of the HUD Section 108 loans are as follows:

Fiscal Year Ending June 30, 2014	\$ 1,265,000
Fiscal Year Ending June 30, 2015	2,155,000
Fiscal Year Ending June 30, 2016	1,085,000
Fiscal Year Ending June 30, 2017	1,035,000
Fiscal Year Ending June 30, 2018	1,035,000
Fiscal Year Ending June 30, 2019	<u>715,000</u>
	7,290,000
Less: current portion	<u>(1,265,000)</u>
Total Long-Term Liabilities	<u>\$ 6,025,000</u>

Changes in Long-Term Debt

The following is a summary of changes in HUD Section 108 long-term debt for the year ended June 30, 2013:

Balance July 1, 2012	\$ 8,555,000
Additions	-
Repayments	<u>(1,265,000)</u>
Balance June 30, 2013	<u>\$ 7,290,000</u>

**CITY OF BUFFALO URBAN RENEWAL AGENCY
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2013**

Note 9 – Long-Term Liabilities – Continued

Federal Mortgage Loan Association

During the fiscal years ended June 30, 2006, 2007 and 2008, BURA borrowed an aggregate amount of \$6 million from the Federal Mortgage Loan Association (“Fannie Mae”). These funds were used to construct a new 24 – unit housing development known as Sycamore Village. The \$6 million was fully repaid by BURA as of March 30, 2011 from a combination of proceeds from the sales of the homes and BURA general funds. As of June 30, 2013, twelve market rate homes were completed and sold. Construction costs in the amount of \$247,561 for the remaining unsold units are reported as Construction in Progress in the general fund and the Statement of Net Assets.

Note 10 – Prior Period Adjustments

BURA’s beginning net assets as reflected in the Statement of Net Assets and the Statement of Activities were reduced by prior period adjustments totaling \$2,769,178 as follows:

	Increase (Decrease) In Net Assets <u>as of July 1, 2012</u>
Capital assets	\$ (1,537,104)
Receivables, Net	(1,348,735)
Real Estate Inventory	<u>116,661</u>
	<u>\$ (2,769,178)</u>

Capital Assets

The decrease to capital assets relates to the recognition of real property sold or acquired in prior years. The William Street Incubator building and land were sold in July 2007. BURA also acquired the Youth Hostel building (aka the Glenny Center) in February 2002 when the previous owner defaulted on the related mortgage with BEREC. BURA purchased the property from the previous owner for \$1 and assumed the debt owed to BEREC. These corrections of accounting errors resulted in a net decrease in Net Assets of \$1,537,104 at July 1, 2012.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 10 – Prior Period Adjustments - Continued

Receivables, Net

The decrease to receivables relates to the recognition of \$1,044,976 owed to BERC from the Youth Hostel transaction described above as well as a \$303,759 miscalculation of program income by BERC during the year ended June 30, 2012. These transactions resulted in a net decrease in Net Assets of \$1,348,735 at July 1, 2012.

Real Estate Inventory

The increase in real estate inventory reflects a correction to the purchase price of land acquired during July 2005. This correction of error resulted in an increase of Net Assets of \$166,661 at July 1, 2012.

Component Unit-Wide Financial Statements

In the component unit-wide fund financial statements, the prior period adjustment to the beginning fund balance amounts to \$1,348,735, which relates to the receivable adjustment mentioned above.

Note 11 – Dissolution of BERC

The City is presently engaged in a complex transaction to dissolve BERC. Outside counsel and auditors analyzed BERC's finances and planned the legal steps required to dissolve BERC. On October 20, 2010, the membership of BERC approved a plan to dissolve BERC. Under the plan, the majority of BERC's assets and liabilities ultimately will be transferred to BURA. It is anticipated that the dissolution of BERC and the transfer of BERC's assets and liabilities to BURA will be completed by March 31, 2015.

Note 12 – Commitments and Contingent Liabilities

Litigation

BURA is subject to legal proceedings, claims and litigation arising in the ordinary course of business. BURA defends itself vigorously against any such claims. Although the outcome of these matters is currently not determinable, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the financial statements taken as a whole.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 12 – Commitments and Contingent Liabilities - Continued

Litigation - Continued

BURA is a defendant in litigation commenced by a proposed recipient of federal HOME funds. This matter is now in the pre-trial discovery stage. It involves a claim of contract breach and/or detrimental reliance as to BURA related to an alleged promise to provide funding for plaintiff's project. BURA has taken the position that it is not liable under any theory of liability and will vigorously defend the case and seek dismissal of the action.

BURA is a defendant in litigation commenced by a contractor of the City of Buffalo and BURA related to demolition of structures. It involves a claim of contract breach for claimed additional costs incurred by the contractor and not paid by BURA. BURA has taken the position that portions of the additional work were allowable to be paid by BURA as change orders and has offered \$120,000 in settlement of the matter. The plaintiff has agreed to accept the amount in full payment and settlement of all claims against BURA. As of June 30, 2013, BURA has accrued the \$120,000.

BURA is a defendant in a litigation commenced by a hold over tenant of BURA for breach of the original lease terms. This matter was recently commenced against BURA, some document discovery is complete but substantial pre-trial discovery remains. It involves a claim of contract breach and/or detrimental reliance as to BURA related to costs incurred by the tenant during rehabilitation and improvement of the leased premises. BURA has taken the position that it is not liable under any theory of liability and will vigorously defend the case and seek dismissal of the action.

BURA is a defendant in a personal injury matter in which the claimant/infant alleges injury from lead paint at a residence where BURA provided lead paint remediation funds to the owner. The outcome cannot be determined at this early stage of litigation.

Note 13 – Other Matters

The City and BURA are subject to audit by various Federal and New York State oversight and authoritative agencies. During the year ended June 30, 2011, the City was audited by the Office of the Inspector General ("OIG") regarding the use of CDBG funds. In a letter dated April 15, 2011 the OIG issued a list of findings to the City. Since that time, the City has worked with the local HUD office to address the findings issued in the letter.

Note 14 – Subsequent Event

On July 15, 2013 BURA purchased from BEREC for \$1 a property located in the City at 602 Fourth Street. BURA sold the property to an unrelated third party on July 15, 2013 for \$400,000, thus realizing a gain on sale of \$399,999.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To Mark J.F. Schroder
Comptroller of the City of Buffalo
Buffalo, New York

Our report on our audit of the basic financial statements of the City of Buffalo Urban Renewal Agency, a component unit of the City of Buffalo, as of and for the year ended June 30, 2013, appears on pages 1 – 2. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Combining Balance Sheet - Other Special Revenue Programs and Schedule of Governmental Capital Assets by Function and Activity as of June 30, 2013 and the Combining Statement of Revenue, Expenditures, and Changes in Fund Balances – Other Special Revenue Programs and the Schedule of Changes in Governmental Capital Assets by Function and Activity for the year ended June 30, 2013, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Buffalo Urban Renewal Agency. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Don : D'Arata CP

Buffalo, New York
October 2, 2013

**CITY OF BUFFALO URBAN RENEWAL AGENCY
FUND DESCRIPTIONS
JUNE 30, 2013**

General Fund

General Fund - To account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) legally restricted to expenditure for specified purposes.

Community Development Block Grant - To account for monies received from the Federal government under the Community Development Block Grant program for providing decent housing and a suitable living environment, and expanded economic opportunities principally for persons of low and moderate income and the allowable administrative costs associated with those projects.

Section 108 Loan Guarantee Program - To account for monies received from the Federal government under the HUD Section 108 program, BURA has loaned the advances received to the Buffalo Economic Renaissance Corporation ("BERC"), which, in turn, has loaned these funds to various businesses for economic development purposes. BURA is also the borrower of eight Section 108 loans.

Section 8 Housing Program - To account for monies received from the Federal government under the HUD Section 8 program. Such monies are passed through to the Rental Assistance Corporation of Buffalo ("RACB"). The program's primary goal is to provide a decent home in a suitable housing environment for families that cannot afford standard private housing.

Home Ownership Zone Program - To account for monies received from the Federal government under the HUD Economic Development Initiative ("EDI") program. The EDI funds are to provide for home ownership assistance. Such monies have been passed through to Buffalo Neighborhood Revitalization Corporation ("BNRC") who administers the funds.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE PROGRAMS
JUNE 30, 2013**

Assets	HOME Program	Emergency Shelter Grant Program	Shelter Plus Care Grant Program	HOPWA Program	Lead Abatement Program	Section 312 Loan Program	Lead Demo Grant	Rental Rehabilitation Program	HOPE III Program	Brownfields Project	Total Other Special Revenue Programs
Restricted Cash	\$ 123,601	\$ 934	\$ 210	\$ 8,611	\$ -	\$ 2,539	\$ 2,631	\$ 32,749	\$ 46,822	\$ -	\$ 218,097
Receivables											
Program Loans Receivable	42,859	-	-	-	10,629	36,377	675,850	527,576	-	-	1,282,662
Advances to Subrecipients	-	-	-	-	5,000	545	-	-	-	-	10,629
Other Receivables	-	3,018	-	-	-	-	-	-	-	-	8,563
Allowance for Uncollectible	-	-	-	-	-	-	(675,850)	(527,576)	-	-	(1,203,426)
Due from Other Funds	-	42	-	-	22,390	-	42,369	45,000	-	30,264	140,065
Due from Federal Government	-	-	-	-	-	-	10,000	-	-	-	10,000
Due from City of Buffalo	1,322,953	(627)	-	(1,787)	-	-	-	-	-	-	1,320,539
Due from Other Governmental Unit	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 1,489,413	\$ 3,366	\$ 210	\$ 6,824	\$ 38,019	\$ 39,462	\$ 55,000	\$ 77,749	\$ 46,822	\$ 30,264	\$ 1,787,128
Liabilities and Fund Balances											
Accounts Payable and Accrued Expense:	\$ 1,389,446	\$ 2,390	\$ 210	\$ 416	\$ -	\$ -	\$ -	\$ 20,080	\$ -	\$ -	\$ 1,412,512
Due to Federal Government	-	-	-	-	-	-	-	-	-	-	-
Due to Other Governmental Unit	3,594	-	-	-	34,836	-	55,000	-	-	-	123,693
Due to Other Funds	-	-	-	-	3,183	39,462	-	57,699	-	30,264	204,101
Deferred Grant Revenue	96,373	975	-	6,408	-	-	-	-	-	-	-
Total Liabilities	1,489,413	3,366	210	6,824	38,019	39,462	55,000	77,749	-	30,264	1,740,306
Fund Balances											
Unreserved	-	-	-	-	-	-	-	-	46,822	-	46,822
Total Fund Balances	-	-	-	-	-	-	-	-	46,822	-	46,822
Total Liabilities and Fund Balances	\$ 1,489,413	\$ 3,366	\$ 210	\$ 6,824	\$ 38,019	\$ 39,462	\$ 55,000	\$ 77,749	\$ 46,822	\$ 30,264	\$ 1,787,128

**CITY OF BUFFALO URBAN RENEWAL AGENCY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 OTHER SPECIAL REVENUE PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2013**

	HOME Program	Emergency Shelter Grant Program	Shelter Plus Care Grant Program	HOPWA Program	Lead Abatement Program	Section 312 Loan Program	Lead Demo Grant	Rental Rehabilitation Program	HOPE III Program	Brownfields Project	Total Other Special Revenue Programs
Revenues											
Federal Grants	\$ 3,672,886	\$ 552,509	\$ -	\$ 17,547	\$ -	\$ (366)	\$ -	\$ -	\$ -	\$ 262	\$ 4,242,837
Repayment of Program Loans	446,160	-	-	-	-	724	-	72,309	-	-	519,193
Interest Income	400	-	-	-	-	-	-	-	-	-	400
Other Income	8,553	-	-	1,744	-	-	-	-	-	-	10,296
Total Revenues	4,127,999	552,509	-	19,291	-	358	-	72,309	-	262	4,772,726
Expenditures											
Current											
Public Facilities and Site Improvement Programs	3,650,027	26,359	-	-	-	-	-	-	-	-	28,359
Planning, Management and Administration	477,972	519,895	-	15,168	-	-	-	72,309	-	262	4,257,399
		4,254	-	4,123	-	338	-	-	-	-	486,968
Total Expenditures	4,127,999	552,509	-	19,291	-	358	-	72,309	-	262	4,772,726
Excess/(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-	-
Transfers In / (out)	-	-	-	-	-	-	-	-	-	-	-
Excess / (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out	-	-	-	-	-	-	-	-	-	-	-
Fund Balances, June 30, 2012	-	-	-	-	-	-	-	-	46,822	-	46,822
Fund Balances, June 30, 2013	-	-	-	-	-	-	-	-	-	-	-

See Independent auditor's report on supplementary information

**CITY OF BUFFALO URBAN RENEWAL AGENCY
 SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY
 JUNE 30, 2013**

Function and Activity	Total	Buildings	Equipment	Vehicles
Economic Development Administration	\$ 7,928,237	\$ 7,223,998	\$ 598,681	\$ 105,558
General Administration	<u>24,866</u>	<u>-</u>	<u>24,866</u>	<u>-</u>
Governmental Capital Assets	<u>\$ 7,953,103</u>	<u>\$ 7,223,998</u>	<u>\$ 623,547</u>	<u>\$ 105,558</u>

See Independent auditors' report on supplementary information.

**CITY OF BUFFALO URBAN RENEWAL AGENCY
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND
ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2013**

Function and Activity	Governmental Capital Assets June 30, 2012	Impairment	Prior Period Adjustments	Governmental Capital Assets June 30, 2013
Economic Development Administration	\$ 15,979,873	\$ (5,266,449)	\$ (2,785,187)	\$ 7,928,237
General Administration	24,866	-	-	24,866
Governmental Capital Assets	\$ 16,004,739	\$ (5,266,449)	\$ (2,785,187)	\$ 7,953,103

See Independent auditors' report on supplementary information.