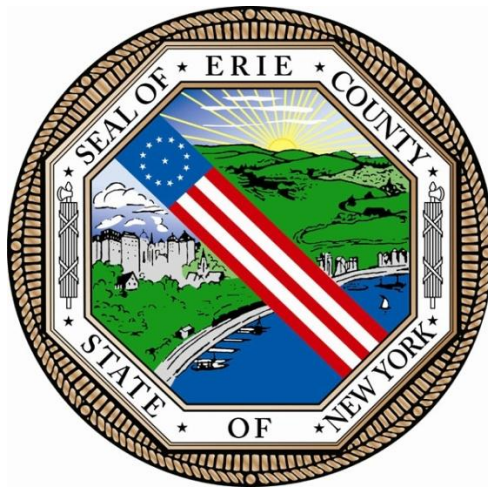


September 2026

**Analysis of Erie County's Financial Administration and Oversight of the
KeyBank Center Security Service Agreement
January 2025 – December 2025**



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Dear Honorable Members:

The Erie County Comptroller's Office is committed to promoting accountability, transparency, and sound stewardship of public resources through independent analysis. This report presents the results of an analysis of selected aspects of Erie County's financial administration of the KeyBank Center Security Service Agreement (SSA).

The analysis evaluated the agreement between the Erie County Sheriff's Office (ECSO) and Western New York Arena, LLC (WNYA), with emphasis on contract administration, staffing and compensation documentation, reimbursement practices, and related financial oversight controls.

The work did not evaluate the operational deployment of ECSO personnel or the bona fide public safety decisions of the Sheriff. The engagement was conducted as an analysis rather than a performance audit, financial audit, or attestation engagement. Relevant principles and methodologies derived from Government Auditing Standards were applied where appropriate; however, no audit opinion or assurance conclusion is expressed. Procedures were limited to the records reviewed, interviews conducted, and analyses described in this report.

Overall, the analysis identified opportunities to strengthen documented financial analysis, staffing and compensation records, monitoring of the agreement's financial results, and governance. The County should also evaluate and document the rationale for differences between the arena and stadium security agreements in reimbursement terms, allocation of financial responsibility, and oversight practices. This evaluation would help determine whether changes to the arena agreement could improve cost recovery and financial accountability. The recommendations recognize ECSO's authority over operational public safety decisions.

Respectfully submitted,

Kevin R. Hardwick, Ph.D.
Erie County Comptroller

Executive Summary

Objective

The Erie County Comptroller's Office conducted this analysis to assess selected aspects of Erie County's financial administration of the KeyBank Center SSA. The analysis examined governance and administrative oversight, documentation supporting staffing and compensation decisions, reimbursement practices, and financial monitoring associated with the agreement during the period January 2025 through December 2025.

Erie County entered into an SSA with WNYA for the provision of police services at KeyBank Center arena events. Under the agreement, the County incurs payroll and employment related costs associated with providing those services, while WNYA pays a fixed Police Services Fee in four equal installments during each contract year.

Because the agreement requires the County to expend public resources to provide services to a private corporation, its financial terms should be supported by documented and objective information, including actual or reasonably anticipated payroll and other applicable County costs. Article VIII, § 1 of the New York State Constitution prohibits counties from making gifts or loans of public money or property to private corporations or undertakings. If the arrangement itself is permissible then the County must be fully reimbursed.

While this prohibition does not preclude a municipality from contracting with a private entity for a proper public purpose, such arrangements should provide the municipality with fair and adequate consideration. Accordingly, the financial terms of the agreement should be supported by a documented analysis demonstrating the relationship between the compensation received and the County resources required to provide the contracted services. Such analysis would provide greater assurance that the County is appropriately safeguarding public resources and that the agreement does not result in an unsupported financial benefit to the private contracting party.

This analysis covered January 2025 through December 2025. Procedures included review of the executed agreement and related contract documentation, selected SAP and OnBase financial records, payroll and compensation data, reimbursement records, and available documentation related to contract administration and oversight.

The review included:

- governance and administrative oversight;
- documentation supporting staffing decisions;
- compensation paid under the arena SSA;
- employer-paid payroll costs associated with the arena agreement;
- reimbursement calculations and supporting documentation;
- County financial records maintained within SAP and OnBase;
- the executed KeyBank Center SSA and related contract documentation; and
- internal controls governing the expenditure and recovery of public resources associated with the arena agreement.

This engagement was conducted as an analysis rather than a performance audit. Relevant principles and methodologies derived from Government Auditing Standards were applied where appropriate in evaluating the evidence and developing the observations and recommendations.

Overall Assessment

Based on the documentation reviewed, Erie County has established procedures governing certain aspects of the KeyBank Center SSA. The analysis identified opportunities to strengthen documented financial analysis, staffing and compensation documentation, monitoring of the agreement's financial results, and coordination among the County functions involved in administering the agreement.

FINDING 1 - Financial Analysis and Controls Over Arena Staffing and Compensation Should Be Strengthened

Sound financial management and internal control practices call for significant staffing and compensation decisions affecting public resources to be supported by documented analysis, review, and approval. Such analysis should consider expected wage costs, applicable employer-paid employment costs, reimbursement terms, budgetary impact, and available alternatives, while recognizing the Sheriff’s responsibility for operational staffing decisions.

The arena agreement and related County policies also establish requirements relevant to staffing, employee eligibility, compensation, and financial responsibility.

The review identified that recorded wage expense exceeded fixed contract payments during the period analyzed, while formal financial analyses, event level staffing documentation, and certain controls over staffing and compensation were not consistently available in the records reviewed. The following matters were identified.

A. Recorded Arena Wages Exceeded Fixed Contract Payments

To evaluate the financial effect of the arena agreement, the Auditor compared payments received from WNYA with wage expenses recorded for employees working arena details. The agreement establishes a fixed Police Services Fee rather than reimbursement based on actual staffing costs. Schedule A specifies minimum staffing by function for arena events – a total of 33 positions - but does not establish an overall maximum staffing level per event. It should be noted that the agreement was particularly detailed as to what those positions were and who was eligible to fill them.

The comparison below shows cumulative fixed contract payments and recorded arena wage expenses reviewed from January 2025 through December 2025. This is a wage comparison, not a full cost analysis.

Arena Financial Comparison	Amount
Fixed Contract Payments (County fiscal year)	\$436,250.00
Recorded Arena Wage Expense including payroll taxes	\$939,812.06
Difference - Recorded Wages Over Fixed Contract Payments	-\$503,562.06

Recorded arena wage expense exceeded the fixed contract payments by \$503,562.06. This amount represents the difference between recorded wages, including payroll taxes, and fixed contract payments; **it is not the County's total cost of providing Police Services under the agreement.** The comparison does not include other County costs that may be associated with providing the services, such as fringe benefits, retirement contributions, insurance, training, supervision, administrative support, equipment, or other overhead.

B. Event-Level Analysis Further Illustrates the Financial Effect

The potential financial effect is also relevant to the proposed successor agreement beginning in 2026. According to a Buffalo News report describing the proposed agreement, the annual Police Services Fee would cover 88 standard events, with additional events subject to an additional payment of \$6,647.72 per event. Because this amount is a fixed contractual payment rather than reimbursement of actual County costs, the Auditor compared the proposed additional event payment with payroll costs associated with a selected arena event.

The Auditor selected the May 18, 2026 arena event and reviewed payroll records for the applicable pay period. Based on entries that could be directly associated with the May 18 event, recorded wages totaled approximately \$16,144.00. Including applicable employer payroll taxes, the identifiable payroll cost was approximately \$17,233.72.

May 18, 2026 Event Comparison		Amount
Proposed Payment for an Additional Event		\$6,647.72
Identifiable Wages Including Payroll Taxes		\$17,233.72
Difference – Payroll Cost Over Proposed Additional-Event Payment		-\$10,586.00

Accordingly, the identifiable payroll cost for this selected event, including payroll taxes, was approximately 2.6 times the proposed \$6,647.72 additional event payment. This comparison includes only identifiable wages and payroll taxes and does not include other County costs that may be associated with providing Police Services. The analysis of one selected event should not be interpreted as representative of the cost of every arena event; however, it demonstrates the importance of establishing contractual payments based on documented staffing assumptions and reasonably anticipated County costs.

The payroll review also identified 153.25 hours recorded on May 16, 2026 when a watch party was held in connection with an away game, and 34 hours recorded on May 17, 2026 when the Auditor identified no corresponding arena event. Four of the seven May 17 entries were for three hours, while the remaining entries were for seven or eight hours. Because employees enter their own time and the supporting records reviewed did not establish which event, if any, the May 17 hours related to, the Auditor could not determine whether those hours were properly attributable to the May 18 event or another authorized arena activity.

If the May 17 entries representing seven- or eight-hour shifts were attributable to the May 18 event, wages associated with that event could have been as high as approximately \$17,458.22, or \$18,636.65 including payroll taxes. The absence of documentation sufficient to associate these payroll entries with a specific arena event prevented the Auditor from determining the precise event level cost and demonstrates the need for stronger event level timekeeping, supervisory approval, and reconciliation controls.

The agreement does not clearly define which County costs the fixed Police Services Fee is intended to cover or offset. Accordingly, the Auditor could not determine from the agreement whether these additional costs were contemplated in establishing the fixed fee. Because event-level staffing and assignment records were not maintained with the financial documentation reviewed, the analysis also could not independently reconcile the employees and hours represented by the payroll records to individual arena events.

The wage comparison is also relevant because the Erie County Legislature's February 2, 2023 resolution authorizing the agreement stated that the agreement would not have a fiscal impact on the County Budget. The executed agreement provides that ECSO assumes responsibility for any shortfall when the cost of Police Services exceeds the fixed Police Services Fee. The records reviewed did not demonstrate that the County periodically compared the fixed fee with recorded wages and other applicable County costs or reconciled the agreement's financial results to the fiscal premise presented to the Legislature.

The agreement also leaves several financial and staffing provisions insufficiently defined for purposes of ongoing contract administration. Although it identifies certain minimum staffing positions and employee qualifications, it does not clearly establish an overall staffing limit, the circumstances and approval process for staffing above the stated minimums, or a comprehensive description of the payroll, fringe benefit, retirement, insurance, training, administrative, and other costs intended to be covered by the fixed Police Services Fee. Greater contractual specificity would improve the County's ability to evaluate staffing, calculate the full cost of services, and determine the financial effect of the agreement.

The Auditor did not identify documentation within the County records reviewed demonstrating that the County performed or retained formal financial analyses or other assessments evaluating:

- The projected increase in payroll expenditures;
- Employer-paid payroll taxes and benefit costs;
- Retirement contribution impacts;

- Effects on the fixed Police Services Fee and the extent to which it offsets County costs;
- Long-term budget implications; or
- Alternative staffing or reimbursement models considered during contract negotiations.

Arena staffing decisions affect wages and other employment related costs. The Auditor recognizes that operational staffing decisions are within ECSO's authority and may appropriately reflect public safety considerations; therefore, this analysis did not evaluate the operational necessity of individual assignments.

Periodic comparison of contractual revenue with recorded wages and other applicable County costs would allow County fiscal and contract administration personnel to identify financial variances and evaluate the agreement's fiscal effect.

C. Arena Compensation Varied Among Employee Classifications

To further evaluate the financial effect of arena staffing decisions, the Auditor analyzed compensation recorded under the arena cost code by employee classification using County payroll records. The analysis was intended to identify how arena compensation was distributed and whether compensation trends warranted additional review of staffing, eligibility, or assignment practices.

The analysis demonstrated that compensation associated with the agreement was distributed differently among employee classifications. While Police Benevolent Association (PBA) employees represented the largest number of individuals assigned to the arena activities and received the largest share of total SSA compensation, Management Confidential (MC) employees received substantially higher average compensation per participating employee. The following summarizes arena wage expense and hours analyzed from January 2025 through December 2025:

2025 Arena Wage (including payroll taxes) & Total Accumulated Hours			
Employee Class	Arena Wage Expense	Hours	Average Hourly Rate
PBA	\$678,451.96	10,126.25	\$67.00
MC	\$261,360.10	2,218.50	\$117.81
Total	\$939,812.06	12,344.75	

During 2025, arena compensation was paid to 14 MC employees: 13 within ECSO and one within the Department of Public Works. MC employees accounted for \$261,360.10, or approximately 27.8%, of total 2025 arena wage expense including payroll taxes, and 2,218.50, or approximately 18.0% of total arena hours. Their average hourly cost, including payroll taxes, was \$117.81 compared with \$67.00 for PBA employees.

Differences in compensation do not, by themselves, demonstrate that assignments were inappropriate, as employees may work different events, hours, functions, and applicable compensation rates. However, because MC employees were compensated at a higher average hourly rate, their assignments resulted in greater wage expense per hour than PBA assignments. This supports the need for clear documentation of employee eligibility, assignment decisions, approvals, and the financial effect of staffing practices.

During 2025, five MC employees assigned to the Jail Management cost center received arena compensation totaling \$85,399.84 in wages, or approximately \$91,932.93 including payroll taxes. No arena compensation was identified for other qualifying employees assigned to that cost center in the payroll data reviewed. The records reviewed did not contain sufficient documentation to determine the basis for this concentration of assignments or how the assignments were evaluated against the staffing provisions of the arena agreement.

According to information provided by the County's Payroll Department, the wage codes used for arena and stadium compensation are included in compensation used to calculate retirement reporting amounts. NYSLRS guidance provides that public safety overtime associated with special-duty assignments involving a private entity may be pensionable when specified criteria are satisfied.

Among those criteria, the overtime must be mandated by the local government or department and consistent with the employer's overtime assignment practices; NYSLRS specifically provides that voluntary service cannot be considered pensionable. The records reviewed did not provide sufficient information to determine whether arena assignments were mandated or voluntarily accepted by participating employees, or whether all other NYSLRS criteria for pensionable public safety overtime were satisfied.

Accordingly, the County should obtain clarification from NYSLRS regarding the appropriate treatment of arena along with stadium compensation and establish written procedures to ensure that compensation is reported for retirement purposes only when applicable NYSLRS requirements are met.

D. County Policy Permitting Additional Compensation to FLSA Exempt Employees Warrants Periodic Review

The 2025 payroll data showed that arena compensation was paid to PBA and MC employees; no Teamsters or CSEA employees received arena pay. The SSA requires individuals performing Police Services to be sworn, uniformed police officers who are permanent full-time deputies of the Erie County Sheriff's Office. Accordingly, the County should maintain documentation demonstrating that employees assigned to arena details satisfy the applicable eligibility and qualification requirements of the agreement.

Schedule A identifies 33 minimum staffing positions by function. Three of those positions, one Shift Commander and two Lieutenants, are specifically identified as positions that may be filled by a sworn deputy or qualified peace officer. The agreement does not establish an overall maximum staffing level.

The County's Personnel Policies for FLSA Exempt Managerial and Confidential Employees generally provide that exempt employees receive a flat salary intended to compensate them for all hours worked and are not eligible for overtime compensation. However, the County established a specific exception for work performed under the stadium and arena agreements. Under this exception, FLSA exempt employees may receive additional hourly compensation at the Premium Pay Rate when such work is performed in addition to their regular duties and does not detract from their primary responsibilities.

This exception differs from the County's general compensation policy for FLSA exempt employees. While the policy authorizes additional compensation, it does not condition payment on recovery of the associated costs from the private entity receiving the services, nor does it establish limitations on the frequency or amount of additional compensation an exempt employee may receive under these agreements.

The financial effect of this exception is particularly relevant to the arena agreement because the County receives a fixed Police Services Fee rather than reimbursement based on actual County costs. As discussed above, recorded 2025 arena wage expenses exceeded the fixed contractual payments. Consequently, the County may incur additional costs when FLSA exempt employees receive premium compensation for arena assignments without a corresponding increase in contractual revenue. In 2025, 14 MC employees received arena compensation, with individual wage amounts varying based on the number of hours and assignments worked.

The Auditor also identified that the stadium and arena exception is not limited in its application to MC employees within the Sheriff's Office. The broader use of this exception increases the importance of evaluating whether the policy continues to serve its intended purpose and whether appropriate limitations and financial controls have been established.

Periodic review of the arena exception would allow the County to determine whether the provision continues to serve its intended purpose and whether its eligibility, approval, documentation, compensation limitations, and financial controls remain appropriate.

The County had not established a consolidated process requiring periodic financial analysis and documented review of staffing and compensation practices affecting the arena agreement. Responsibilities for retaining event level staffing support, evaluating the agreement's financial results, and documenting the basis for certain assignment and compensation practices were not fully defined.

Without documented financial analysis and supporting staffing and compensation records, the County has reduced ability to demonstrate how significant decisions were evaluated for cost recovery, budgetary impact, employee eligibility, and consistency with contractual requirements. This increases the risk that financial variances or unsupported practices may not be identified and addressed timely.

Recommendations

The Auditor recommends that Erie County strengthen its administration and financial oversight of the KeyBank Center SSA by:

1. Perform and document periodic financial analyses of the arena agreement, comparing contractual revenue with recorded wages, applicable employer-paid employment costs, and other allocable County costs that can be reasonably identified, and provide the results to appropriate County leadership.
2. Periodically review the County's FLSA Exempt Managerial and Confidential Employee Policy provision permitting additional compensation for stadium and arena assignments, including its purpose, employee and departmental eligibility, approval and documentation requirements, compensation limitations, and financial effect.
3. Establish written procedures for arena staffing and compensation that document employee eligibility, event assignments, staffing levels, approvals for staffing above contractual minimums, compensation, and compliance with applicable contractual requirements.
4. Obtain clarification from NYSLRS regarding the appropriate retirement reporting treatment of arena compensation and establish written procedures consistent with that guidance.
5. For future arena agreements and amendments, clearly define staffing and compensation requirements, including eligible classifications and qualifications, minimum and, where appropriate, maximum staffing levels, authorization for additional staffing, and applicable compensation rates or methodologies.
6. For future agreements and amendments, clearly define the financial terms, including the County costs intended to be covered by contractual payments, responsibility for costs exceeding contractual revenue, and documentation and reconciliation requirements necessary to evaluate fiscal effect.

FINDING 2 - A Comprehensive Governance Framework for Administration of the KeyBank Center Security Service Agreement Should Be Established

Effective contract administration calls for a documented governance framework that assigns responsibility for monitoring agreement performance, financial results, documentation requirements, and periodic reporting. Significant future agreements and amendments should also receive coordinated operational, financial, administrative, and legal review before execution.

The review did not identify a comprehensive written framework assigning responsibility for overall administration and monitoring of the agreement. Individual County functions performed activities related to staffing, payroll, accounting, contract administration, and legal review, but overall monitoring responsibilities and reporting expectations were not consolidated into a formal governance process.

Although the Sheriff is an independently elected official, the Erie County Sheriff's Office is still an administrative unit of County government. The Sheriff and the County are considered "joint employers" for purposes of Civil Service Law, liability incurred by

the Sheriff is ultimately incurred by the County, and the Sheriff's budget is set by the Legislature in the same manner as every other administrative unit. The primary difference between the Sheriff and most department heads is operational control. Within the parameters set by law, the Sheriff has wide latitude to make operational policies, establish internal procedures, and make strategic determinations relating to law enforcement functions. Where financial, recordkeeping, and contractual matters are concerned, ECSO must follow the same policies and procedures applicable to the rest of the County.

Accordingly, other County officials have responsibilities requiring active involvement which relate to the authorization, processing, accounting, certification, reimbursement, and oversight of County expenditures. Effective financial administration of the SSAs requires a governance structure that recognizes the Sheriff's operational authority while ensuring that responsible County officials have access to the financial records and supporting documentation necessary to perform their respective statutory and administrative responsibilities.

A. Written Governance Responsibilities Were Not Established

The Auditor did not identify comprehensive written governance procedures defining responsibility for overall agreement administration, required records, monitoring responsibilities, issue escalation, or periodic reporting. Clear assignment of these responsibilities would strengthen accountability and coordination among the County functions involved.

A governance framework need not replace department level procedures; rather, it should identify who is responsible for coordinating the agreement, what information must be retained and reviewed, how significant issues are escalated, and how results are communicated to appropriate County officials.

B. Periodic Contract Monitoring and Reporting Were Not Formalized

The Auditor did not identify a formal process requiring periodic reporting on the agreement's financial results, significant staffing or compensation trends, or material contractual issues. Financial analysis of contractual revenue and County costs is addressed in Finding 1; the governance issue here is the absence of an assigned process for ensuring that such information is reviewed, reconciled, and communicated to appropriate County officials.

Formalized reporting would provide a mechanism for significant financial trends, documentation gaps, and contractual matters to be identified and addressed during the term of the agreement.

C. Future Agreements Should Receive Coordinated Review

Future arena security agreements and material amendments should receive coordinated operational, financial, administrative, and legal review before execution. Such review should confirm that responsibilities, staffing and compensation provisions, financial terms, documentation and reconciliation requirements, liability, indemnification, and other material provisions are clearly defined.

The review should also ensure that representations concerning anticipated fiscal effects are supported by documented financial analysis and that responsibility is assigned for comparing subsequent financial results with those expectations.

Contract administration responsibilities were distributed among multiple County functions but were not consolidated into a formal governance framework with defined ownership and reporting expectations.

Without a comprehensive governance framework, agreement administration may occur in separate functional areas without consistent coordination or reporting. This increases the risk of incomplete monitoring, delayed identification of financial or contractual issues, inconsistent documentation, and reduced accountability for overall agreement administration.

Recommendations

The Auditor recommends Erie County:

1. Designate responsibility for overall administration and monitoring of the KeyBank Center SSA, including coordination among the County functions responsible for staffing, payroll, accounting, contractual compliance, and legal matters.
2. Establish a written governance framework identifying responsible officials, required records, monitoring and reporting frequency, escalation procedures, and responsibilities for communicating significant financial and contractual matters to appropriate County officials.
3. Establish a formal periodic reporting process to ensure that the financial analyses and staffing or compensation information developed under Finding 1, together with significant contractual matters, are reviewed and communicated to appropriate County officials.
4. Require coordinated operational, financial, administrative, and legal review of future arena agreements and material amendments before execution, with documented consideration of material terms and anticipated fiscal effect.

CONCLUSION

The analysis identified opportunities to strengthen the County's financial administration and oversight of the KeyBank Center Security Service Agreement. While the County has established procedures for certain aspects of the agreement, improved financial analysis, documentation of staffing and compensation practices, and a more formal governance framework would provide greater accountability for the use of public resources and the agreement's financial results. These improvements can be implemented while recognizing the Sheriff's authority over operational public safety and staffing decisions.