

2020-2021 Third Quarter Gap Sheets Response

As required by the City Charter we have reviewed the 2020-2021 Third Quarter Gap Sheets Report (GAP Report) which was prepared and submitted by the Administration, and are submitting this analysis.

The anticipated timing of certain receipts and expenditures for the last quarter of this fiscal year is unknown to our fiscal office. Therefore, past transactions were utilized to review the reasonableness of the projections as established by the Administration. Unexpected and non-recurring items were considered in this calculation and adjustments were made accordingly.

The Administration's Gap Report projects an \$11.2 million budgetary shortfall for the current fiscal year ending June 30, 2021, based on actual results through March 31, 2021 and Fourth Quarter (April 1, 2021 through June 30, 2021) projected revenues and appropriations/expenses.

This office's financial review of the year-end projection varies from that of the Administration, although not as greatly as it has sometimes previously. It is our estimation that the budgetary gap may approach \$17.6 million which consists of at least \$44.0 million shortfall in projected revenues and transfers in. Please note the Comptroller's office didn't include budgeted revenues from Federal Disaster Relief or Tribal Pact Casino in its projected revenue calculations. We further note that a \$26.4 million budgetary savings in expenditures and transfers out is anticipated.

The table below summarizes the differences between the Comptroller's projection and the Administration's projection:

	Per Comptroller	Per Administration	Difference
Revenues:			
Taxes	\$ 157,190,897	\$ 156,270,183	\$ 920,714
Non-property taxes	12,168,205	11,630,472	537,733
Licenses and permits	4,957,058	5,017,046	(59,988)
Intergovernmental	262,094,034	273,422,254	(11,328,220)
Service charges	11,852,720	12,363,039	(510,319)
Fines	8,478,324	10,335,859	(1,857,535)
Interest	100,000	50,294	49,706
Miscellaneous	10,387,240	10,778,944	(391,704)
Total Revenues & Other Resources	\$ 475,512,039	\$ 488,151,651	\$ (12,639,612)
Total Expenditures & Other Uses	493,122,514	499,375,147	(6,252,633)
(Deficit) / Surplus	\$ (17,610,475)	\$ (11,223,496)	\$ (6,386,979)

We remain concerned that actual revenues will come in below the amounts budgeted in fiscal year 2020 - 2021. Our estimation of revenues and transfers-in is \$12.7 million lower than that of the Administration, primarily due to the Administration including \$11.0 million of Tribal Compact Revenue in its revenue projections for this fiscal year; we have excluded it based on the uncertainty surrounding this source of revenue, particularly the timing of any potential receipt. Our estimation of projected traffic fines is \$1.9 million lower than that of the Administration's. We estimate that total expenditures and transfers may come in \$6.3 million lower than the Administration's projection, which is primarily due to greater potential savings in various expenditures, particularly personnel services.

Projected Revenues					
Revenue by Source	2020-2021 Adopted Budget	Actual Revenue Received as of 3/31/2021	MUNIS Balance as of 5/19/2021	Forecast Revenue at 6/30/2021	Projected Under Budget
Federal Disaster Relief	\$65,082,569	\$0	\$0	\$0	\$65,082,569
Tribal Pact Casino Revenue	\$11,000,000	\$0	\$0	\$0	\$11,000,000
On Street Parking Meter Fee	\$3,475,000	\$1,467,948	\$1,516,951	\$1,761,537	\$1,713,463
Traffic Violation Fines	\$4,500,000	\$1,586,458	\$1,865,624	\$1,903,750	\$2,596,250
Park Tag Fines & Penalty	\$7,900,000	\$2,687,334	\$2,928,873	\$3,424,801	\$4,475,199
Transfer from Enter Fund Parking	\$6,000,000	\$0	\$0	\$0	\$6,000,000
Total	\$97,957,569	\$5,741,740	\$6,311,448	\$7,090,088	\$90,867,481

The projections in this Third Quarter GAP Response are subject to various risks and uncertainties based on current trends and economic activities as reviewed by the Department of Audit & Control.

Currently there is \$0 of unassigned fund balance, which had been a resource in previous years when the City's revenues did not cover expenses. The aforementioned funds are not available to cover any shortages at this time.

It is understood that historical trends, though useful in performing a reasonableness test, may not necessarily be a fair prediction of what may occur in the next three months. Furthermore, as our office is not a part of City-wide management decisions, we may not be aware of all anticipated budgetary adjustments to operations, funding allocations and staff changes during the remainder of Fiscal Year 2021. As City Comptroller I will continue to provide oversight in an independent and impartial manner to promote fiscal transparency to all citizens & taxpayers.

Barbara Miller-Williams
City of Buffalo Comptroller
May 20, 2021