

2020-2021 Second Quarter Gap Sheets Response

As required by the City Charter, we have reviewed the 2020-2021 Second 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 two quarters 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. Infrequent and non-recurring transactions were considered in this analysis and adjustments were made accordingly.

The administration's Gap Report projects a \$2.59 million budgetary surplus for the current fiscal year ending June 30, 2021, based on actual results through December 31, 2020, and projections for the period October 1, 2020 through June 30, 2021.

This office's financial review of the year-end projection varies from that of the administration, mainly as it relates to projected revenues. Based off our current analysis we believe actual operating revenues will come in less than the amounts budgeted in the specific line items reported below. *However, if the City of Buffalo manage to receive budgeted Federal Disaster Relief, Tribal Pact Casino Revenue, Deferred/Unbudgeted State Aid by June, 2021 revenues will come in higher than we presently anticipate.*

Projected Revenues					
Revenue by Source	2020-2021 Adopted Budget	Actual Revenue Received as of 12/31/2020	MUNIS Balance as of 2/11/2021	Projected Revenue at 6/30/2021	Projected Under Budget
Federal Disaster Relief	\$65,082,569	\$0	\$0	\$65,082,569	\$0
Tribal Pact Casino Revenue	\$11,000,000	\$0	\$0	\$11,000,000	\$0
On Street Parking Meter Fee	\$3,501,760	\$610,066	\$965,866	\$1,220,132	\$2,281,628
Traffic Violation Fines	\$4,500,000	\$765,869	\$1,076,342	\$1,531,738	\$2,968,262
Park Tag Fines & Penalty	\$7,900,000	\$1,423,692	\$1,788,493	\$2,847,385	\$5,052,615
Transfer from Enter Fund Parking	\$6,000,000	\$0	\$0	\$6,000,000	\$0
Total	\$ 97,984,329	\$2,799,627	\$3,830,702	\$87,681,824	\$10,302,505

Most of the items noted above were all mentioned in the 2020-2021 Comptroller's Budget Response as highly questionable revenue projections, and with the completion of the second quarter of the current fiscal year, our concerns relative to these items remain largely unchanged. We're aware of numerous communications discussing the passing of a third federal stimulus package that will directly help the financial needs of states, municipalities, towns and villages this fiscal year. Also, we've received communications in regards to the State returning 95% of the deferred A.I.M. (Aid and Incentive to Municipalities) payments (June, 2020 & December, 2020) from the City of Buffalo by March 31, 2021. However, until we receive concrete documentation that the much-needed funds will be received we'll continue to remain optimistic and report what we know as more information become available. The city actual sales tax receipts for FY 2020 - 2021 are trending much higher than budgeted and property taxes receipts are slightly higher than budget.

The City has been able to control some of its expenses, most notably salaries, overtime, supplies, services and capital outlay.

It should also be noted that the City has estimated \$8.8 million of future Judgments and Claims as of June 30, 2020, but there was only available fund balance of \$3.3 million in assigned fund balance to cover these claims.

Aside from the lack of assigned fund balance to cover potential Judgments and Claims, there is currently \$0 of unassigned fund balance, which had been a resource in previous years when the City's revenues did not cover expenses. The City used \$23 million and \$3.4 million of available fund balance to balance the budgets in fiscal years 2018 and 2020, respectively and closed fiscal year 2019 with a positive \$1 million. There is no more available unassigned fund balance to cover any possible shortages in fiscal year 2021.

We understand 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 changes to staffing and operations during the remainder of the fiscal year.