

2021-2022 First Quarter Gap Sheets Response

As required by the City Charter we have reviewed the 2021-2022 First 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 next three 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. Unexpected as well as non-recurring items were considered in these calculations and adjustments were made accordingly.

The Administration's Gap Report projects an \$8.01 million budgetary surplus for the current fiscal year ending June 30, 2022, based on actual financial results through September 30, 2021 and projections for the period October 1, 2021 through June 30, 2022.

This office's fiscal review of the year-end projection varies from that of the Administration. It is our estimation that the budgetary gap may approach an excess of \$24.4 million which consists of at least \$10.4 million shortfall in projected revenues and transfers in. Please note the Comptroller's office did not include budgeted revenue from Tribal Compact Agreement (\$11 million), reduced miscellaneous revenue by \$2.5 million and increased parking revenue by \$1.9 million. We further note that a \$26.7 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	\$ 156,774,654	\$ 156,786,032	\$ (11,378)
Non-Property Taxes	12,201,000	12,207,905	(6,905)
Licenses and Permits	4,957,058	4,670,249	286,809
Intergovernmental	308,187,786	320,010,304	(11,822,518)
Service charges	14,177,433	13,222,285	955,148
Fines	6,972,459	6,202,806	769,653
Interest	155,876	100,061	55,815
Miscellaneous	10,396,245	12,888,558	(2,492,313)
Operating Transfers In	11,064,084	9,164,084	1,900,000
Total Revenues & Other Resources	\$ 524,886,596	\$ 535,252,284	\$ (10,365,688)
Total Expenditures & Other Uses	500,518,285	527,236,909	(26,718,624)
(Deficit)/surplus	\$ 24,368,311	\$ 8,015,375	\$ 16,352,936

We remain optimistic that actual revenues come in at budget in Fiscal Year 2021-2022. Our estimation of revenues and transfers-in is \$10.4 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 how long the City of Buffalo has been budgeting for this revenue. We estimate that total expenditures and transfers may come in

\$26.7 million lower than the Administration's projection, which is primarily due to greater potential savings in various expenditures, particularly personnel services.

The projections in this First 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.

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 2022. 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
December 21, 2021