



CITY OF BUFFALO
COMPTROLLER'S OFFICE
DEPARTMENT OF
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Miller-Williams releases response to Buffalo's current fiscal stability

In response to the recent Investigative Post news article, our office is seeing two issues that could be interpreted as misleading to the public. First is the use of the term "Borrowing" money relating to the City of Buffalo from the Buffalo Public School District and the second is the assumption that a cash flow deficit translates into a budget deficit.

For clarification purposes, the City is not technically "borrowing" money from the Buffalo Public Schools. There are no signed documents, term agreements, interest rates or loan repayment provisions in existence between the two parties.

The City and the Buffalo Public School District operate on a combined cash flow basis. Historically, the City and the School District have mutually benefited from this arrangement. Currently the City is benefiting as well as saving on the issuance of Revenue Anticipated Notes (RANS) by not entering the note markets and therefore will save on interest costs. This is simply about the timing of when both the City and the School District are in receipt of their budgeted revenues, mainly from the state. Throughout the fiscal year, the fluctuation and timing of receipts is what triggers a cash flow deficit. The city received a State Aid payment in June 2019 of \$98,361,870. This amount in fact reflects that the City has roughly \$37 million in cash and investments for fiscal year ending June 30, 2019. As an illustration, had the aforementioned State Aid been received in December 2018, the City would not have experienced any cash flow deficit.

That being said, a cash flow deficit should not be confused with a budget deficit. The cash flow deficit of \$44,595,000 referred to in the article as of May 31st 2019, is merely a snapshot of a moment in time and not an indication of where the City financially ended as of June 30th 2019.

In the past, the City had a healthy fund balance reserve and may not have had such a significant negative monthly cash flow balance. However, due to the timing of the Board of Education's cash receipts from New York State, the City did benefit from the funds in the combined City/School District General Fund bank account.

As always, our office will continue to emphasize transparency and will provide the Common Council Representatives and the Administration with our findings once the Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2019 are final. Upon receipt of the financial figures we will be able to determine the City's closeout financial status.

Rachel

Mission Statement: "The Department of Audit & Control will protect, report and strengthen the City's finances to help ensure an efficient, effective and transparent government that will better serve the citizens and taxpayers of Buffalo."