

January 28, 2026

TO: Mayor and Members of City Council
FROM: Sheryl M.M. Long, City Manager
SUBJECT: Department of Finance Report for the Fiscal Year Ended June 30, 2025 (unaudited)

202600201

The following report provides an overview of the City of Cincinnati's financial condition for the fiscal year (FY) ending June 30, 2025. Final revenue and expenditure are compared against the estimates for the fiscal year. Revenues and expenditure trends are reviewed, followed by an explanation of the General Fund's year-end carryover balance.

General Fund 2025 Fiscal Year-End Balance

As shown in the summary table below, the City's General Fund ended FY 2025 with an actual carryover amount of \$42.2 million including \$8.4 million net FY 2024 carryover. This represents an increase in the FY 2025 carryover balance of \$33.8 million. Revenue estimates included \$25.5 million in ARPA revenue; however, based on guidance from the U.S. Treasury the ARPA revenue was receipted to Fund 469 and \$25.5 million dollars of General Fund expenditures were paid directly from that fund thus decreasing expenditures in the General Fund. Therefore, General Fund revenues exceeded the estimate by \$17.5 million, \$2.5 million in prior year encumbrances were cancelled, and expenditure savings totaled \$13.8 million.

General Fund Resources, Expenditures and Carryover (in thousands)

	FY 2025 Final Budget	FY 2025 Unaudited	
	per CFS and After	After FY2024	
	<u>FY2024 Close-out Adj.</u>	<u>Close-out Adj.</u>	<u>\$ Change</u>
Resources:			
Revenues	\$593,025	\$584,994	(\$8,031)
Transfers In	10,308	10,308	\$0
Transfers In from Reserves	14,690	14,690	\$0
<i>Total Resources</i>	<i>618,023</i>	<i>609,992</i>	<i>(8,031)</i>
Expenditures:			
Operating Expenditures	570,383	531,013	(39,370)
Operating Expenditures related to 2024 close-out	0	0	0
Operating Expenditures net of 2024 close-out adjustments	570,383	531,013	(39,370)
Transfers Out net of 2024 close-out adjustments	47,706	47,706	0
<i>Net Expenditures and Transfers Out</i>	<i>618,089</i>	<i>578,719</i>	<i>(39,370)</i>
Operating Surplus/Deficit	(66)	31,273	31,339
Cancelled Prior Year Encumbrances	0	2,487	2,487
Net Surplus	(66)	33,760	33,826
Prior Year Carryover after FY2024 close-out adjustments	8,414	8,414	0
<i>Cash Basis Carryover Balance FY2025</i>	<i>8,348</i>	<i>42,174</i>	<i>33,826</i>

What follows is a brief explanation of resources received and expenditures that occurred throughout the year to achieve the ending FY 2025 carryover balance.

Total Resources

General Fund Revenues – Actual FY 2025 revenues of \$585 million were above revenue estimates of \$567.5 million by \$17.5 million, or 3.1%. These amounts did not include the \$25.5 million in ARPA revenue which was receipted to Fund 469. Overall revenues ended above the estimates due to positive collections in several areas throughout the year. Below are factors that affected revenues:

Favorable Variances:

- Income Tax revenues exceeded estimates by \$6.8 million. Income Tax revenue was not projected to increase much in FY 2025; however, withholding payments and net profits have exceeded estimates.
- Investment Income revenue outperformed estimates by \$5.8 million. A stronger than expected economy has resulted in higher interest earnings than originally estimated.

Unfavorable Variances:

- Other revenue ended the year \$28.4 million below the estimate due to a change in how \$25.5 million of ARPA revenue was receipted. Based on guidance received from the U.S. Treasury, ARPA revenue was required to be receipted to their own fund, Fund 469, rather than the General Fund thus resulting in a large negative revenue variance in the General Fund.

Total Expenditures

Actual FY 2025 operating expenditures of \$531 million, which are a combination of actual expenditures and encumbrances, were less than the Approved FY 2025 Budget by \$39.4 million. The majority of these savings resulted from the receipt of \$25.5 million of ARPA revenue to Fund 469 versus the General Fund as required by the U.S. Treasury.

Cancelled Encumbrances

Cancelled encumbrances are prior year planned or anticipated expenditures that did not materialize into actual expenditures in the current fiscal year. Cancelled encumbrances effectively return resources back to the fund balance of the General Fund and thereby contribute to the carryover balance. The Finance Department reviewed prior year encumbrances with departments and cancelled some prior year encumbrances to achieve additional savings for FY 2025. In FY 2025, actual cancelled prior year encumbrances were \$2.5 million.

FY 2025 Final Reserve Balances

Reserve balances at June 30, 2025, are as follows:

Reserve Accounts as of June 30, 2025		
Actual Balances FY 2025		
As of June 30, 2025		
Annual Revenue	\$610,540,779	
Working Capital Reserve	\$47,303,137	7.75%
General Fund Contingency Account	\$12,902,211	2.11%
Economic Downturn Reserve	\$28,048,284	4.59%
General Fund Carryover Balance (includes \$8.4 million from FY 2024)	<u>\$42,174,903</u>	6.91%
Combined Reserves	\$130,428,535	21.36%

Details related to the application of the City's stabilization funds policy and other potential one-time uses of carryover balance are contained in the FY 2025 Carryover to FY 2026 Report.

Finance Reports

In conjunction with this year-end report, submitted herewith are the following Department of Finance reports:

1. Comparative Statement of Revenue for the month ended June 30, 2025
2. City Treasurer's Monthly Cash Reconciliation Reports for May and June 2025 and May and June monthly audit report of the accounts of the City Treasurer
3. Statement of Balances for all Funds as of June 30, 2025

By approval of this report, City Council appropriates the revenues received in the various restricted funds on the attached Statement of Balances and as stated in greater detail on the records maintained by the Department of Finance, Division of Accounts & Audits. Such revenues are to be expended in accordance with the purposes for which the funds were established.

Attachments

cc: William "Billy" Weber, Assistant City Manager
Steve Webb, Director of Finance