

August 2, 2023

TO: Mayor and Members of City Council

202301856

FROM: Sheryl M.M. Long, City Manager

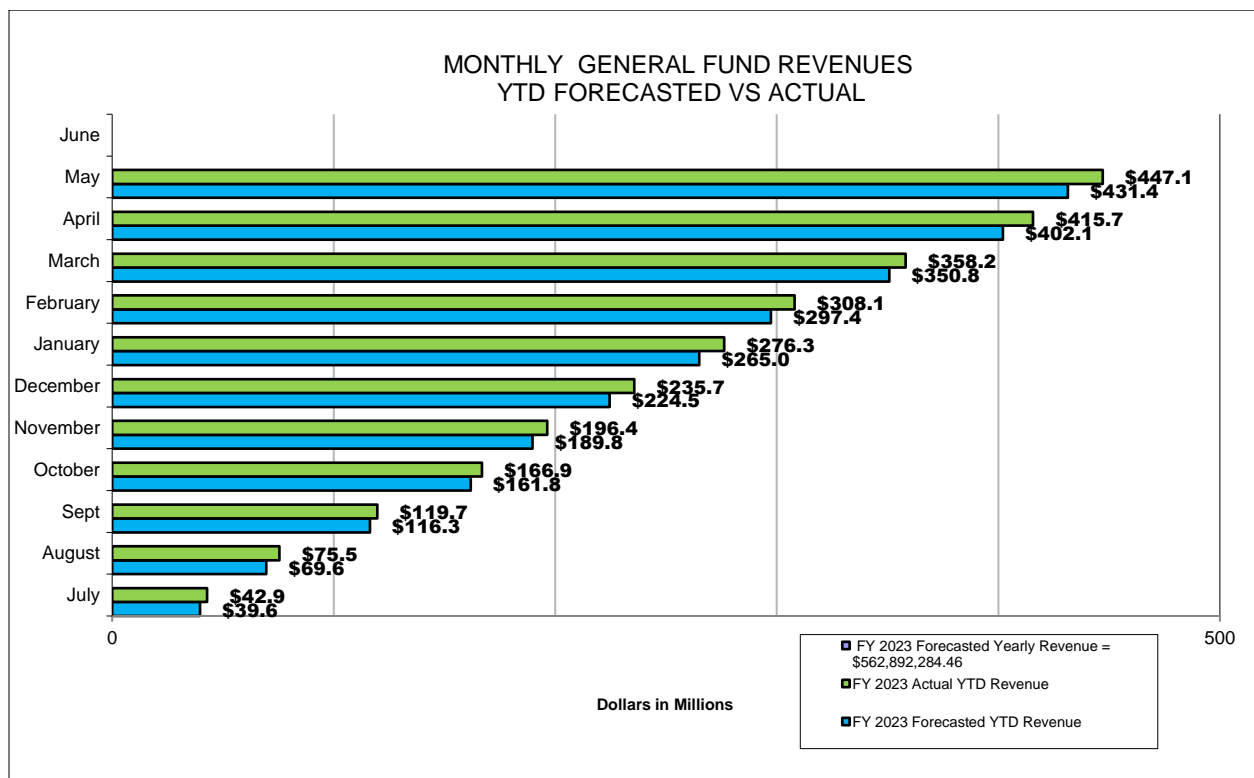
SUBJECT: Department of Finance Reports for the Month Ended May 31, 2023

**MAY 2023
MONTHLY FINANCIAL REPORTS**

The following report provides an update on the City of Cincinnati’s financial condition as of the month ending May 31, 2023. Variances are based on current year estimates and prior year activity in attached schedules.

A more detailed explanation of revenues is attached for review, including reports comparing current year actual revenue vs. forecasted revenue and prior year actual revenue vs. current year actual revenue. Both of those reports are presented on a monthly and year-to-date basis.

The chart below portrays the performance of actual revenue collected against the forecasted revenue collected through May 31, 2023 and shows that actual revenue of \$447.1 million was above forecasted revenue of \$431.4 million by \$15.7 million.



The major revenue components of the General Fund are listed in the table below. This table highlights the year-to-date variance (favorable and unfavorable) in General Fund revenue collections as compared to forecasted revenue collections. Each major category that differs significantly from forecasted collections will be discussed in further detail.

GENERAL FUND REVENUE SOURCES		
	FAVORABLE VARIANCE	(UNFAVORABLE) VARIANCE
General Property Tax		(\$25,040)
City Income Tax	9,298,112	
Admissions Tax	1,784,091	
Short Term Rental Excise Tax	488,565	
Licenses & Permits	893,826	
Fines, Forfeitures, & Penalties		(\$876,851)
Investment Income	3,072,725	
Local Government		(\$550,162)
Casino	768,817	
Police	1,274,572	
Buildings and Inspections		(\$25,002)
Fire	907,539	
Parking Meter	550	
Other		(\$1,249,490)
	18,488,798	(\$2,726,545)
Difference	15,762,253	

General Fund (favorable variance) is \$15.8 million above the amount forecasted through May in the FY 2023 Budget. This is the eleventh month's report for the fiscal year. What follows is an explanation of significant variances of individual General Fund revenue components.

Income Tax (favorable variance) is \$9.3 million above the forecasted amount. This amount can fluctuate throughout the year as quarterly net profits are due. The Finance Department will continue to watch the trends, including those related to remote work, very closely.

Admission Tax (favorable variance) is \$1.8 million above estimate. Many estimates were set at pre-pandemic levels; however, businesses have rebounded stronger than expected.

Licenses and Permits (favorable variance) is \$894k above estimate. The State of Ohio is clearing the backlog in Beer and Liquor License collections experienced during the pandemic which has contributed to the positive variance in this category. There has also been an increase in Commercial Solid Waste revenue as a result of the efforts of OES in expanding this program.

Fines, Forfeitures and Penalties (unfavorable variance) is \$877k below the forecasted amount. This is the result of a prior year adjustment from parking fine revenue to the Streetcar Fund causing the negative variance. The one-time adjustment will keep this category below its current year estimate but will not affect future years.

Investment Income (favorable variance) is \$3 million above estimate. This is a result of better interest rates and the utilization of an additional investment manager yielding results above our projections. The market is volatile right now so Finance will keep an eye on the rates going forward this fiscal year.

Local Government Fund (unfavorable variance) is \$550k below the forecasted amount. Mid-year the State decreased the amount originally forecasted as revenue to municipalities.

Casino (favorable variance) is \$769k above the forecasted amount. Estimates were increased above pre pandemic levels; however, gambling revenues statewide are stronger than expected.

Police (favorable variance) is \$1.3m above the forecasted amount. Impounded vehicles and auctions are trending above average this fiscal year. A portion of this variance is also due to timing of accounting transactions which will bring this revenue source closer to estimate by year end.

Fire (favorable variance) is \$908k above the forecasted amount. There has been an increase in Basic Life Support runs contributing to the increased revenue.

Other (unfavorable variance) is \$1.2 million below forecast. This category is made up of many small sources of revenue that fluctuate from time to time. The Finance Department will continue to monitor these various revenue sources.

Restricted Funds:

Parking Garages (favorable variance) is up \$1.1m. The estimate was very conservative this year as the decline from the pandemic is still lingering in this category. We are monitoring how many companies are bringing their employees back to the office and utilizing the lots and garages.

Municipal Golf (favorable variance) is \$5.2 million above estimate. Rates were increased midyear and new technology at one of the courses is adding to the variance. Finance will adjust the estimates in the next fiscal year to consider these additions. Favorable Spring weather is also contributing to higher revenue.

Parking Meter (unfavorable variance) is \$1.2 million below estimate. Even with a reduction in the current year's estimate from last year, there is still less demand leading to a negative variance.

Sawyer Point (unfavorable variance) is down \$231k. This variance is partly due to a large concert cancellation at the beginning of the fiscal year and less demand for parking at the riverfront.

Submitted herewith are the following Department of Finance reports:

1. Comparative Statement of Revenue (Actual, Forecast and Prior Year) as of May 31, 2023.
2. Audit of the City Treasurer's Report for the month ended April 30, 2023.
3. Statement of Balances in the various funds as of May 31, 2023.

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.

c: William "Billy" Weber, Assistant City Manager
Karen Alder, Finance Director