

October 7, 2020

TO: Mayor and Members of City Council

202001813

FROM: Paula Boggs Muething, Interim City Manager

SUBJECT: Department of Finance Reports for the Month Ended August 31, 2020

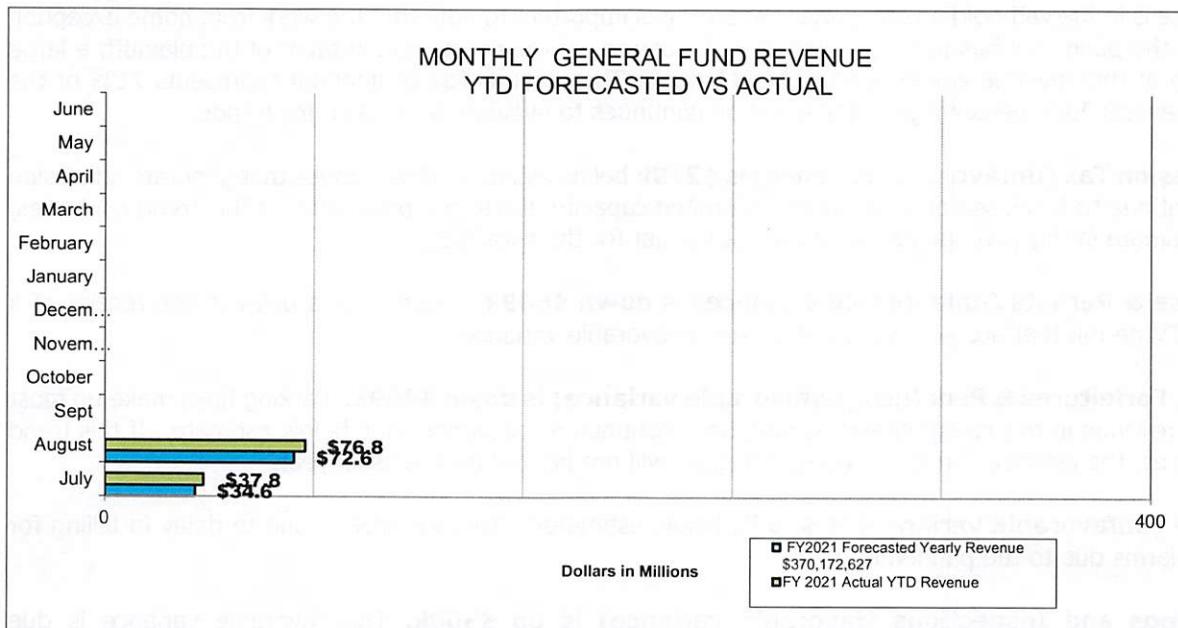
**AUGUST 2020
MONTHLY FINANCIAL REPORTS**

The following report provides an update on the City of Cincinnati's financial condition as of the month ending August 31, 2020. 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.

Beginning with the September report there will be a new format which will be a joint report between the Finance department and the Budget office. This new format is intended to give a more complete reporting of the revenues and expenditures as monitored by the Budget office.

The chart below portrays the performance of actual revenue collected against the forecasted revenue collected through August 31, 2020 and shows that actual revenue of \$76.8 million was above forecasted revenue of \$72.6 million by \$4.2 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		(\$9,848)
City Income Tax	\$5,528,768	
Admission Tax		(\$278,717)
Short Term Rental Excise Tax	\$14,979	
Licenses & Permits		(\$648,517)
Fines, Forfeitures, & Penalties		(\$499,255)
Investment Income		
Local Government	\$128,422	
Casino	\$20,326	
Police		(\$332,756)
Buildings and Inspections	\$359,903	
Fire	\$69,045	
Parking Meter		(\$281,773)
Other	\$126,010	
	<u>\$6,247,453</u>	<u>(\$2,050,866)</u>
Difference	\$4,196,587	

General Fund (favorable variance) is \$4.2 million above the amount forecasted thru August in the FY 2021 Budget. This is the second month's report for the new fiscal year. What follows is an explanation of significant variances of individual General Fund revenue components.

Income Tax (favorable variance) is \$5.5 million above the forecasted amount. The majority of the increase is in the withholding category. However, it is important to note that the work from home exception due to the pandemic has been challenged in the courts. If the courts rule in favor of the plaintiff, a large portion of this revenue would need to be refunded. The Income Tax component represents 71% of the total General Fund percentage, Administration continues to evaluate and watch for trends.

Admission Tax (unfavorable variance) is \$279k below estimate. Most venues that generate admission tax continue to be closed or open with very limited capacity due to the pandemic. If this trend continues, the estimate in this revenue category will not be met for the fiscal year.

License & Permits (unfavorable variance) is down \$649k. There was a delay in the receipt of a cable TV permit that accounts for most of this unfavorable variance.

Fines, Forfeitures & Penalties (unfavorable variance) is down \$499k. Parking fines make up most of the revenue in this category and parking fines continue to be significantly below estimate. If this trend continues, the estimates in this revenue category will not be met for the fiscal year.

Police (unfavorable variance) is \$333k below estimates. This variance is due to delay in billing for false alarms due to the pandemic.

Buildings and Inspections (favorable variance) is up \$360k. This favorable variance is due collections related to elevator inspections which are billed one time a year.

Parking Meter (unfavorable variance) is \$282k below estimate. The unfavorable variance is due reduced economic activity as a result of the COVID-19 pandemic.

Restricted Funds:

Convention Center (unfavorable) is down \$200k. The unfavorable variance is a result of cancelled events due to the COVID-19 pandemic.

Municipal Golf (favorable variance) is up \$544k. The Cincinnati Recreation Commission has experienced an increase in the utilization of the golf courses as people are looking for outside activities during the pandemic resulting in increased revenue.

Sawyer Point (unfavorable variance) is down \$98k. The unfavorable variance is a result of less economic activity at the park as a result of the pandemic restrictions.

Recreation Special (unfavorable variance) is down \$400k. The Cincinnati Recreation Commission has experienced a reduction in revenue due to the cancellation of recreation center programs as a result of the pandemic.

Submitted herewith are the following Department of Finance reports:

1. Comparative Statement of Revenue (Actual, Forecast and Prior Year) as of August 31, 2020.
2. Audit of the City Treasurer's Report for the month ended July 31, 2020
3. Statement of Balances in the various funds as of August 31, 2020.

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: Christopher A. Bigham, Assistant City Manager
Karen Alder, Finance Director