

April 28, 2021

TO: Mayor and Members of City Council

202101521

FROM: Paula Boggs Muething, City Manager

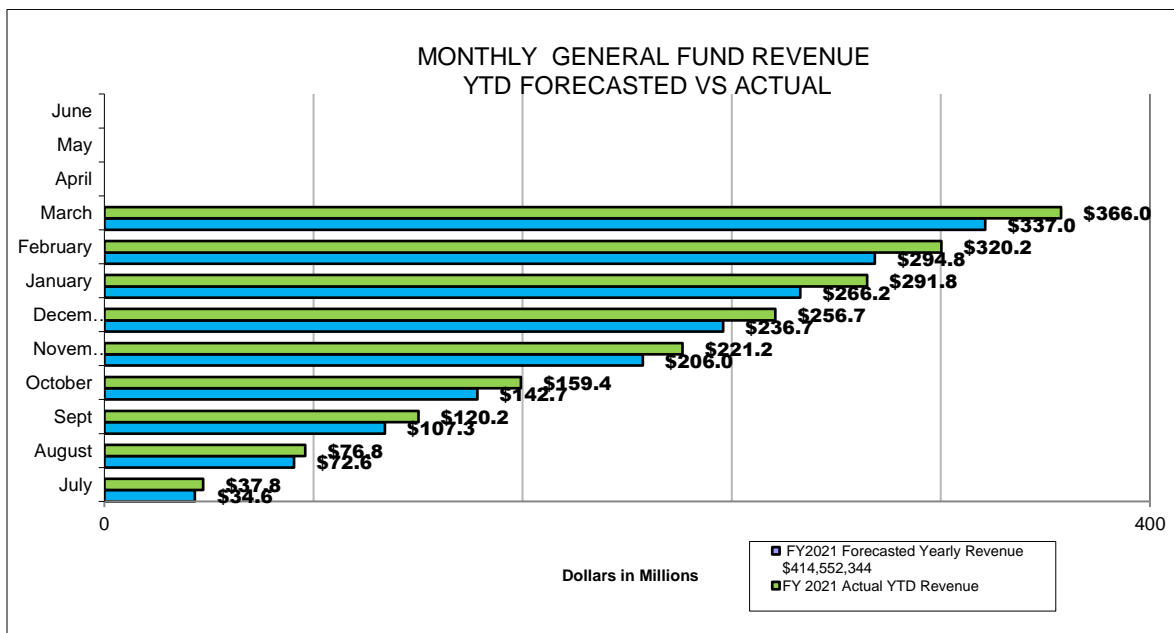
SUBJECT: Department of Finance Report for the Month Ended March 31, 2021

**MARCH 2021
MONTHLY FINANCIAL REPORTS**

The following report provides an update on the City of Cincinnati’s financial condition as of the month ending March 31, 2021. 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 March 31, 2021 and shows that actual revenue of \$366 million was above forecasted revenue of \$337 million by \$29 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	\$754,045	
City Income Tax	\$33,128,174	
Admission Tax		(\$1,359,335)
Short Term Rental		
Excise Tax	\$175,155	
Licenses & Permits		(\$494,028)
Fines, Forfeitures, & Penalties		(\$1,976,610)
Investment Income	\$281,227	
Local Government	\$645,001	
Casino	\$930,483	
Police		(\$149,011)
Buildings and Inspections	\$550,066	
Fire	\$578,013	
Parking Meter		(\$1,729,939)
Other		(\$2,696,641)
	\$37,042,164	(\$8,405,564)
Difference	\$28,636,600	

General Fund (favorable variance) is \$28.6 million above the amount forecasted thru March in the FY 2021 Budget. What follows is an explanation of significant variances of individual General Fund revenue components.

Income Tax (favorable variance) is \$33 million above the forecasted amount. 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 these revenues would need to be refunded. The Income Tax component represents 71% of the total General Fund percentage. The Administration continues to evaluate the continued trend of employees working from home and the effect it will have on income tax revenue into the future.

Admission Tax (unfavorable variance) is \$1.4 million below estimate. Most venues that generate admission tax have been closed or open with very limited capacity most of the fiscal year due to the pandemic. While additional venues are starting to open with limited capacity, the estimate in this revenue category will still not be met for the fiscal year.

License & Permits (unfavorable variance) is down \$494k. The Beer and Liquor Tax permit application and payment deadline was extended by the State due to the pandemic. The delayed first quarter payment should be received in FY 2022; therefore, this category will stay below the estimate this year.

Fines, Forfeitures & Penalties (unfavorable variance) is down \$2 million. Parking fines make up most of the revenue in this category, and parking fines continue to be significantly below estimate. As the pandemic continues, the demand for parking remains

below normal around the City and will result in this estimate not being met for the fiscal year.

Local Government (favorable variance) is \$645k above the forecasted amount. The favorable variance is the result of increased revenue collection from the State of Ohio General Revenue tax sources.

Casino (favorable variance) is up \$930k. Despite the pandemic and limited capacities, the casino revenues continue to exceed estimates.

Buildings and Inspections (favorable variance) is up \$550k. This favorable variance is due to collections related to elevator inspections which are billed one time a year.

Fire (favorable variance) is \$578k above the forecasted amount. The Fire Department enlisted an outside vendor to improve their billing and collection processes. The positive results of that show with this favorable variance. The estimates are based on historical collections and will take some time to level out with the new processes.

Parking Meter (unfavorable variance) is \$1.7 million below estimate. The unfavorable variance is due to reduced economic activity as a result of the COVID-19 pandemic.

Other (unfavorable variance) is \$2.7 million below forecast. This category is made up of many small sources of revenue that fluctuate from time to time. Finance will continue to monitor these various revenue sources.

Restricted Funds:

Convention Center (unfavorable) is down \$4.3 million. Many conventions cancelled this fiscal year due to the COVID-19 pandemic. The convention center has hosted some smaller events; however, the estimate in this revenue category will still not be met for the fiscal year.

Municipal Golf (favorable variance) is up \$1.9 million. 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.

Parking Meter (unfavorable variance) is down \$502k. Parking Meter revenue is not meeting estimates due to reduced economic activity as a result of the COVID-19 pandemic.

Sawyer Point (unfavorable variance) is down \$323k. The unfavorable variance is due to less economic activity at the park as a result of the pandemic restrictions.

Recreation Special (unfavorable variance) is down \$2.8 million. The Cincinnati Recreation Commission has experienced a reduction in revenue due to the cancellation of recreation center programs as a result of the pandemic.

Hazard Abatement (unfavorable variance) is down \$606K. The Vacant Buildings Maintenance License revenue is down due to the number of license waivers requested due to the pandemic. In addition, Vacant Foreclosure License revenue is below estimate as a result of the reduced number of foreclosures being processed during the pandemic.

Submitted herewith are the following Department of Finance reports:

1. Comparative Statement of Revenue (Actual, Forecast and Prior Year) as of March 31, 2021.

2. Audit of the City Treasurer's Report for the month ended February 28, 2021.
3. Statement of Balances in the various funds as of March 31, 2021.

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

Attachments