

Budget and Finance Committee

FY 2024 Carryover

October 7, 2024

FY 2024 Carryover to FY 2025

FY 2024 Carryover Amount:

- \$65.0 million (includes \$7.3 million net carryover from FY 2023)
 - Resulting from a combination of revenues exceeding estimates, expenditure savings, prior-year carryover, transfers, and prior-year cancelled encumbrances.
 - ARP revenue plus General Fund revenue combined was \$33.7 million or 6% over estimates and expenditure savings (excluding the transfer to ARP) were \$19.2 million or 4% under estimates.

Stabilization Funds Policy

Goal:

- Set aside at least 16.7% of general operating budget revenues as reserves.
- Minimum reserve amount is based on the Government Finance Officers Association (GFOA) recommendation of no less than two months of regular General Fund operating revenues or expenditures.
- Reserve balance is critical to the City's credit ratings.

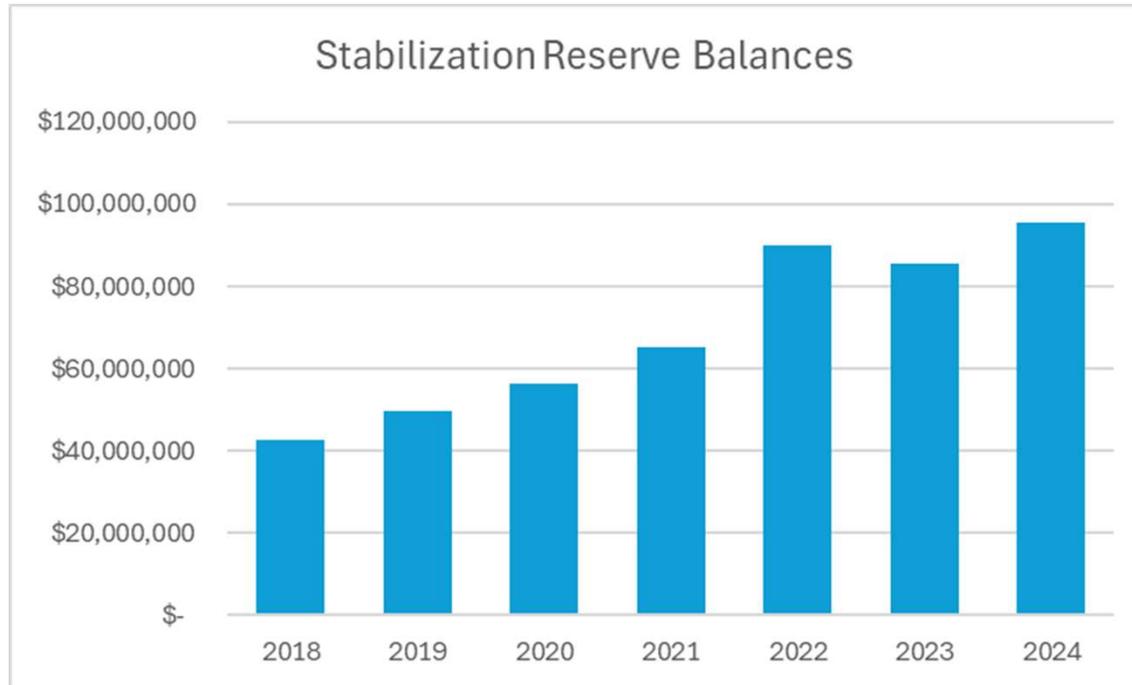
Reserve Account Balances

Balances June 30, 2024 After Proposed Transfers		
Annual FY 2024 Revenue	\$560,965,684	¹
Working Capital Reserve	\$45,999,186	8.20%
General Fund Contingency Account	\$12,902,211	² 2.30%
Economic Downturn Reserve	\$28,048,284	5.00%
General Fund Carryover Balance (After Uses)	\$8,414,485	1.50%
Total Stabilization Policy Reserves	\$95,364,166	17.00%

¹ This amount includes \$27,247,831 in ARP revenue. Without ARP revenue included the reserve percentage is 17.87%.

² This amount does not include the \$21,690,000 transferred to the reserve for one-time needs since this amount is planned to be utilized for FY 2025.

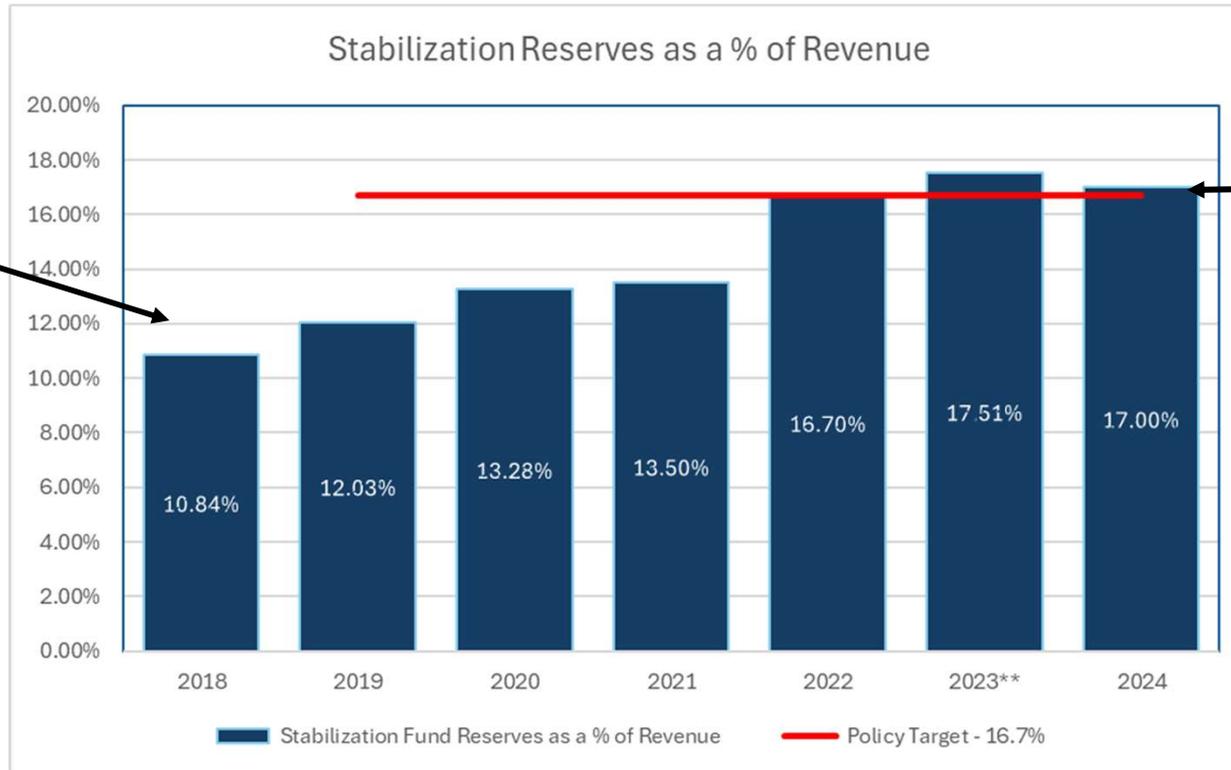
Reserves* History Since 2018



Stabilization reserve balances have increased approximately 2.2 times since 2018.

*Reserve amounts are after transfers, and the year refers to the year being closed out.

Reserves* History Since 2018

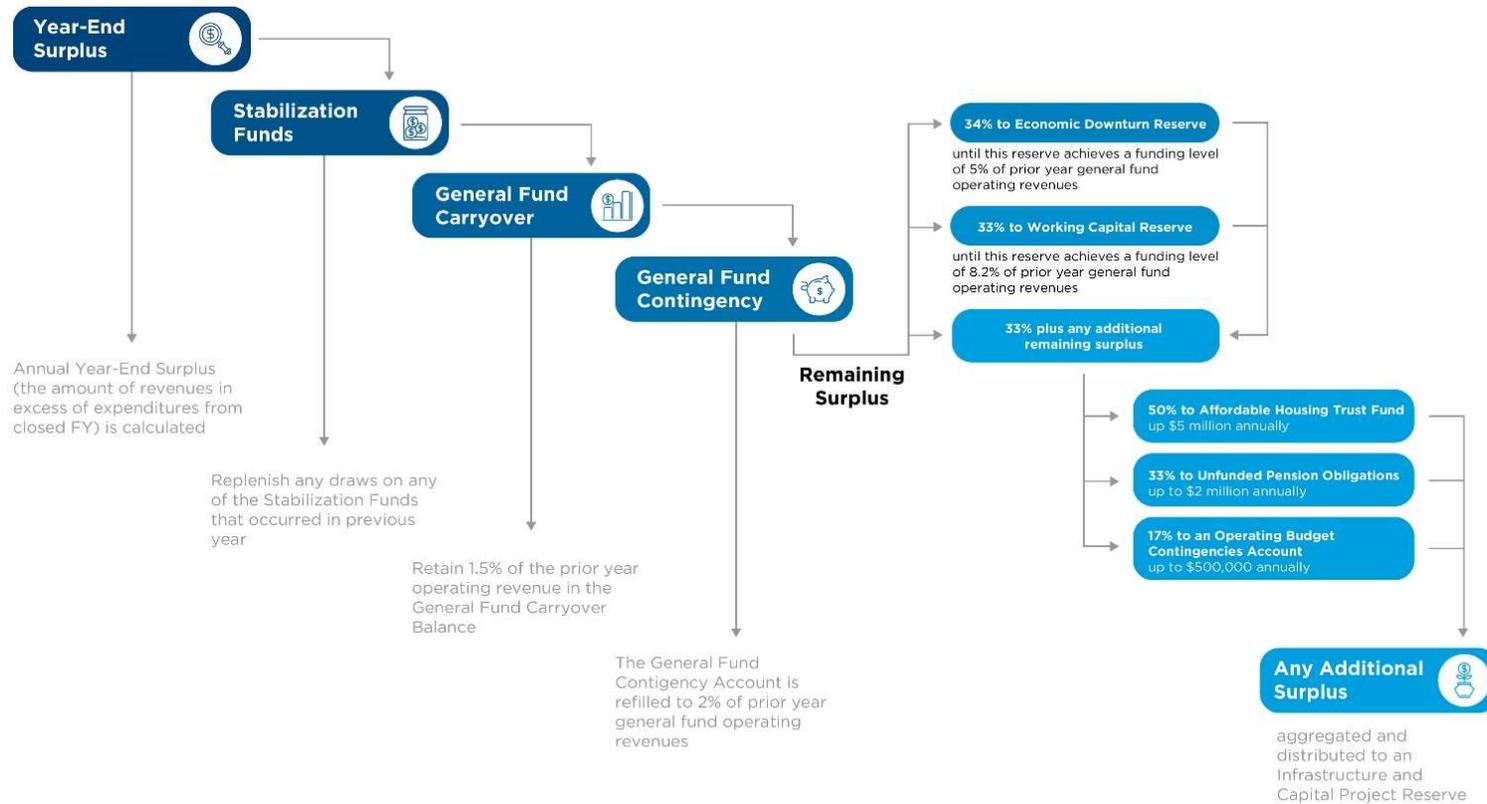


Prior Policy

Above Policy Level (17%)

*Reserve amounts are after transfers, and the year refers to the year being closed out.
**The reserve calculation for FY 2023 does not include the \$85.6M in ARP revenue utilized.

Stabilization Funds Policy: Waterfall Funding Mechanism



Application of the Carryover Balance

Cash Basis Carryover Balance FY 2024		\$ 64,974,804
Uses of Carryover Balance		
Application of Stabilization Funds Policy:		
Less General Fund Carryover Balance (1.5% of operating revenue)		\$ 8,414,485
Less Transfers to Reserve Accounts:		
General Fund Contingency Account (2.30% of operating revenue)	\$ 4,241,295	
General Fund Contingency Account for one-time needs	\$ 21,690,000	
Economic Downturn Reserve (5.00% of operating revenue)	\$ 1,128,610	
Working Capital Reserve (8.20% of operating revenue)	\$ 3,591,406	
Total Reserve Transfer from Stabilization Funds Policy		<u>\$ 30,651,311</u>
Carryover Balance Less Total Applied to Stabilization Funds Policy		<u>\$ 25,909,008</u>
Less Modified Waterfall Uses:		
CRS Pension Contribution		\$ 2,000,000
Affordable Housing Trust Fund		\$ 5,000,000
Operating Contingencies Account		\$ 500,000
	Balance Available	<u>\$ 18,409,008</u>
Less One-Time Uses:		
Infrastructure and Capital Project Reserve		<u>\$ 18,409,008</u>
	Balance Available	\$ -

Administration's Recommended One-Time Uses

General Fund Contingency Account: \$21.7 million

- Cincinnati Fire Department = **\$8.6 million**
 - Retroactive Pay and One-Time Lump Sum Payments = \$6.0 million
 - This will implement the retroactive pay and one-time lump sum payments included in the new bargaining agreement with the International Association of Fire Fighters (IAFF).
 - FY 2025 Wage Increases = \$1.6 million
 - This will cover the additional costs in FY 2025 for the new bargaining agreement with the International Association of Fire Fighters (IAFF).
 - Cardiac Monitors = \$990k
 - Funds will be used for the capital acquisition of new cardiac monitors to allow medics to monitor the vital signs of patients requesting emergency medical services.

Administration's Recommended One-Time Uses General Fund Contingency Account: \$21.7 million

- Cincinnati Police Department = **\$8.3 million**
 - Retroactive Pay = \$3.6 million
 - This will implement the retroactive pay included in the new bargaining agreement with the Fraternal Order of Police (FOP).
 - FY 2025 Wage Increases = \$4.2 million
 - This will cover the additional costs in FY 2025 for the new bargaining agreement with the Fraternal Order of Police (FOP).
 - Mobile Data Computers (MDCs) = \$500k
 - Funds will be used for the capital acquisition of information technology equipment to replace outdated MDCs in police vehicles.

Administration's Recommended One-Time Uses General Fund Contingency Account: \$21.7 million

- Cincinnati Retirement System (CRS) = **\$2.0 million**
 - Internal Revenue Service (IRS) Tax Rule Compliance = \$2.0 million
 - This will cover the cost of benefits received by retirees that exceeded the maximum amount allowable under Internal Revenue Code Section 415(b) from CRS, specifically the excess benefits paid since 2001 with reimbursement required from a source other than the CRS Retirement Fund.
- Department of Transportation and Engineering (DOTE) = **\$100k**
 - Lunken Airport Site Assessment = \$100k
 - Funds will be utilized to conduct a site assessment for a permanent customs facility at Lunken Airport.

Administration's Recommended One-Time Uses General Fund Contingency Account: \$21.7 million

- City Manager's Office = **\$2.7 million**
 - Downtown/Uptown Safety Funds = \$250k
 - Funds will be deployed by the City Manager to provide additional public safety measures in the downtown and uptown areas of the City.
 - Appropriations from FY 2024 that were not encumbered by June 30, 2024 = \$2.45 million
 - Several contracts for which funds were appropriated in FY 2024 could not be completed by June 30, 2024. Those funds are included in the FY 2024 Carryover Balance, and the contracts are now being completed for a variety of items including the Financial Freedom initiatives and leveraged support for childcare.

Infrastructure and Capital Project Reserve

- Remaining Amount = **\$18.4 million**
- Will Be Set Aside in the Reserve Account until City Council provides direction on the use of the funds.

Mayor's Recommended One-Time Uses

- Infrastructure and Capital Project Reserve = **\$3.55 million**
 - Cincinnati Parks Department: Sinton Facility Improvements = \$580k
 - Department of Transportation & Engineering: Colerain Avenue Speed Cushions = \$500k
 - Department of Public Services: City Hall Renovations = \$320k
 - Cincinnati Police Department: Ending Service Weapon Buyback Provisions = \$500k
 - City Manager's Office: Keep Cincinnati Beautiful Building Acquisition = \$250k
 - Department of Community & Economic Development: Talbert House Crisis Center Facility = \$1.4 million
 - Remaining Amount = **\$14,859,008**
- Reserve for Operating Budget Contingencies Account = **\$100k**
 - 3CDC North OTR Clean & Safe Ambassador Program = \$100k
 - Remaining Amount = **\$400k**

Questions?