



*Interdepartmental
Correspondence Sheet*

August 3, 2022

TO: Mayor and Members of City Council

FROM: John P. Curp, Interim City Manager

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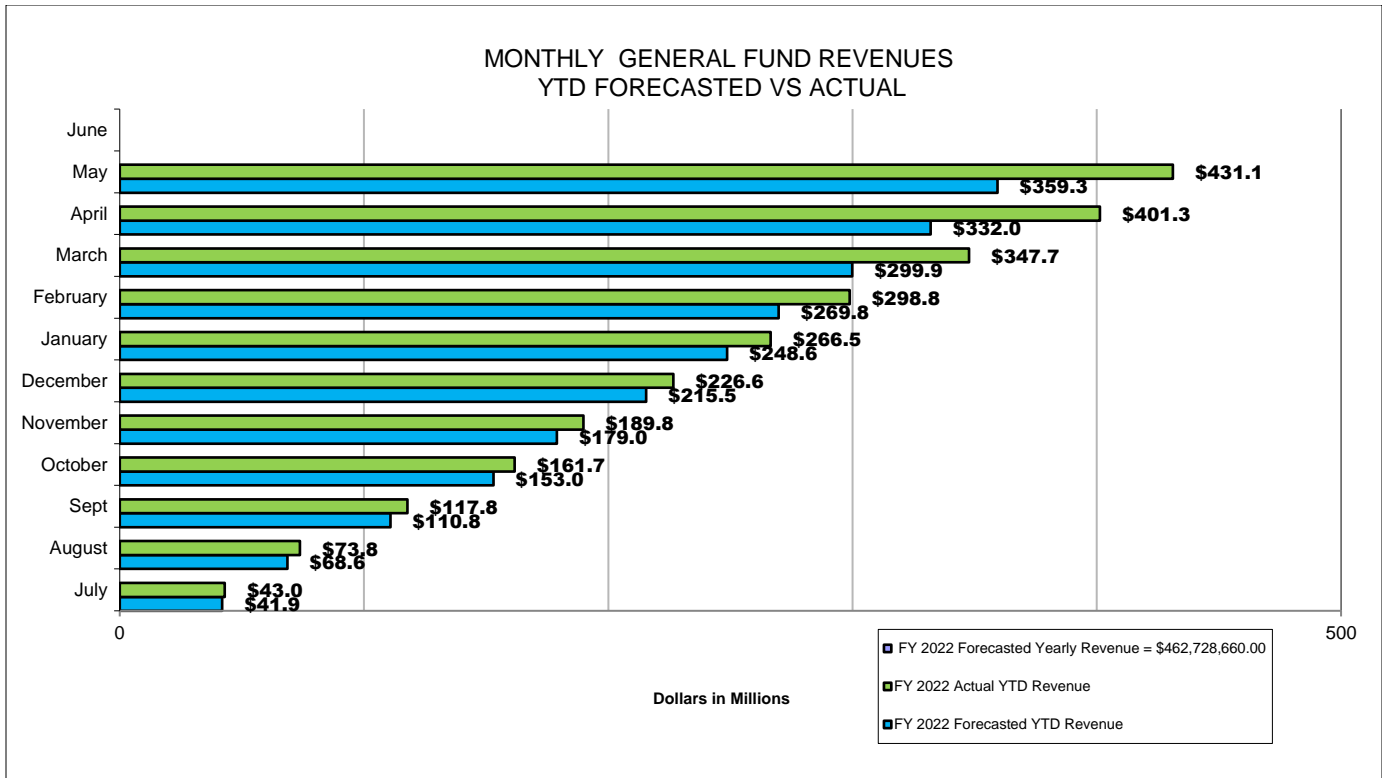
SUBJECT: Department of Finance Report for the Month Ended May 31, 2022

<p><i>MAY 2022</i></p> <p><i>MONTHLY FINANCIAL REPORTS</i></p>
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The following report provides an update on the City of Cincinnati's financial condition as of the month ending May 31, 2022. The revenue variances in this report 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, 2022 and shows that actual revenue of \$431.1 million was above forecasted revenue of \$359.3 million by \$71.8 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	385,688	
City Income Tax	59,809,042	
Admissions Tax	2,996,029	
Short Term Rental Excise Tax	942,843	
Licenses & Permits	1,867,052	
Fines, Forfeitures, & Penalties	387,115	
Investment Income	904,774	
Local Government	3,521,469	
Casino	2,010,883	
Police		(\$303,151)
Buildings and Inspections	156,192	
Fire	649,790	
Parking Meter		(\$124,450)
Other		(\$1,433,049)
	73,630,877	(\$1,860,650)
Difference	71,770,227	

General Fund (favorable variance) is \$71.8 million above the amount forecasted thru May in the FY 2022 Budget. What follows is an explanation of significant variances of individual General Fund revenue components.

Income Tax (favorable variance) is \$59.8 million above the forecasted amount. Refunds and withholding changes due to the shift to remote work have been significantly lower than estimated; however, the refund liability will remain for three years from the date the income tax was due. The Administration expects to end the year significantly above the original estimate and will continue to watch income tax withholding trends very closely moving forward.

Admission Tax (favorable variance) is up \$3 million. The FY 2022 estimates are conservative due to the unknown level of response to the ongoing pandemic. The return of events since the pandemic and new entertainment venues have both contributed to the favorable variance which is expected to continue through the end of the fiscal year.

Short Term Rental Excise Tax (favorable variance) is \$943k above the forecasted amount. The contract with a third party contractor to help identify short

term rentals and ensure compliance has resulted in a significant increase in the number of registrations leading to the variance.

License & Permits (favorable variance) is up \$1.9 million. Building permits are trending toward pre-pandemic levels along with Heating & Ventilating permits resulting in more permit revenue than anticipated. The FY 2022 estimate was conservative due to the lingering effects of the pandemic. The Administration will continue to monitor the activity.

Investment Income (favorable variance) is up \$905k. The favorable variance is due to many investments maturing in December. It is anticipated that investment income will exceed the revenue projections for the fiscal year. Investment income is recognized quarterly in September, December, March, and June of each fiscal year.

Local Government (favorable variance) is \$3.5 million 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 \$2 million. The casino revenue is outperforming current estimates, which have been set at pre-pandemic levels.

Fire (favorable variance) is up \$650k above the forecasted amount. A current year change in the permit payment process is resulting in a positive variance as our estimates are based on a historical 3-year average. Finance will monitor this and adjust the estimate next year. Collection of EMS revenues has seen an increase from the utilization of collection agencies.

Other (unfavorable variance) is \$1.4 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:

Parking System (favorable variance) is \$2.7 million above forecasted the amount. There was a one-time payment received on the sale of a parking lot easement that contributes to \$1.4 million of this variance. The other variance is a result of the estimate being conservative as we are still trying to find the new normal from the pandemic and hybrid work schedules of downtown companies.

Municipal Golf (favorable variance) is up \$1.6 million. The Cincinnati Recreation Commission experienced an increase in the utilization of the golf courses as people looked for outside activities during the pandemic and this trend has continued, resulting in increased revenue.

Parking Meter (unfavorable variance) is \$932k below the estimate. There was a permanent elimination of high-yielding spaces (Court St, the Banks and OTR) as well as lower demand from the pandemic that is leading to the unfavorable variance.

Recreation Special (unfavorable variance) is down \$2.3 million. The Cincinnati Recreation Commission has experienced a reduction in revenue due to lower attendance in recreation center programs over the fiscal year as a result of the lingering pandemic. Cancellations of some team sports have also occurred due to a shortage of game officials.

Hazard Abatement (unfavorable variance) is down \$1.1 million. Even though the foreclosure ban has been lifted there has not been an increase in foreclosures. Therefore, the number of Vacant Foreclosure Licenses is still down. The Vacant Buildings Maintenance License revenue has not started to rebound either. A driver could be that homes are staying occupied and development plans are being instituted. This will lead to lower revenue in this fund but there may be more revenue in the General Fund as permits for improvements increase.

Submitted herewith are the following Department of Finance reports:

1. Comparative Statement of Revenue (Actual, Forecast and Prior Year) as of May 31, 2022.
2. Audit of the City Treasurer's Report for the month ended April 30, 2022.
3. Statement of Balances in the various funds as of May 31, 2022.

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

Attachments