

August 5, 2024

TO: Members of the Budget and Finance Committee

202401727

FROM: Sheryl M.M. Long, City Manager

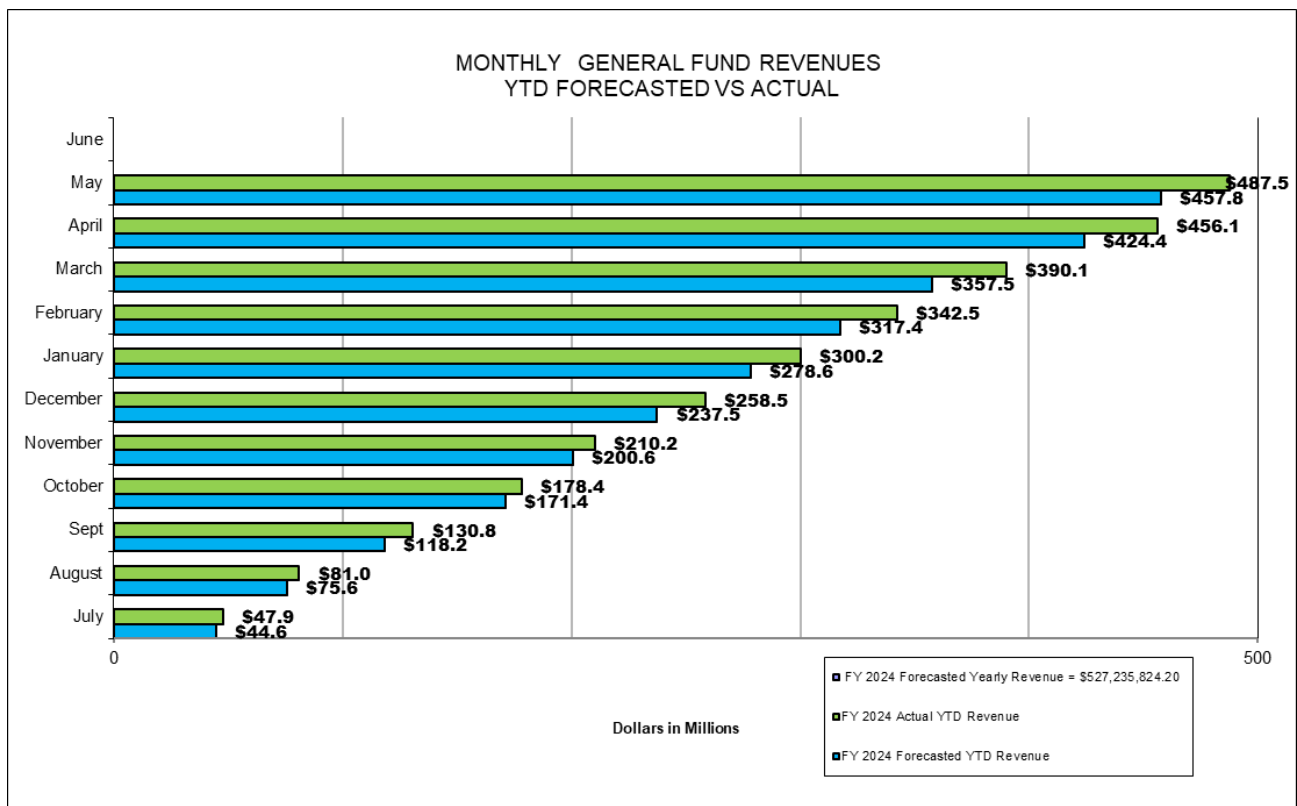
SUBJECT: Department of Finance Reports for the Month Ended May 31, 2024

**MAY 2024
MONTHLY FINANCIAL REPORTS**

The following report provides an update on the City of Cincinnati’s financial condition as of the month ending May 31, 2024. 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, 2024 and shows that actual revenue of \$487.5 million was above forecasted revenue of \$457.8 million by \$29.7 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	3,971,190	
City Income Tax	12,485,082	
Admissions Tax	2,277,968	
Short Term Rental Excise Tax	507,824	
Licenses & Permits		(\$1,865,662)
Fines, Forfeitures, & Penalties		(\$1,229,321)
Investment Income	8,553,890	
Local Government	51,173	
Casino		(\$90,635)
Police	2,594,664	
Buildings and Inspections		(\$436,818)
Fire		(\$1,201,848)
Parking Meter		(\$819,438)
Other	4,937,464	
	35,379,255	(\$5,643,722)
Difference	29,735,534	

General Fund (favorable variance) is \$29.7 million above the amount forecasted through May in the FY 2024 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.

General Property Tax (favorable variance) is \$4 million above estimate. Increased property values in the first half of CY 2024 led to this positive variance.

Income Tax (favorable variance) is \$12.5 million above the forecasted amount. Income Tax revenue was not projected to increase in FY 2024; however, withholding payments and net profits have exceeded estimates.

Admission Tax (favorable variance) is \$2.3 million above estimate. Revenue from summer concerts and larger attendance for baseball games contributed to the positive variance in this category.

Short Term Rental Excise Tax (favorable variance) is \$508k above the forecasted amount. The demand for and identification of short-term rentals continues to increase.

Licenses & Permits (unfavorable variance) is \$1.9 million below the forecasted amount. Energy aggregation is lagging the estimate due to the gas program getting started later in the 2nd quarter and solar field capacity market changes. A mid-year change in permitting for sidewalk closures is also adding to the negative variance. General Building and HVAC are trending lower than estimated as well.

Fines, Forfeitures and Penalties (unfavorable variance) is down \$1.2 million. Parking fine revenue is still below estimate. Upon closer monitoring, estimates will be reduced for the next fiscal year. The inability to maintain a full complement of enforcement officers and collections contributed to the negative variance.

Investment Income (favorable variance) is \$8.6 million above the forecasted amount. A stronger than expected economy and unpredicted Federal Reserve rate hikes in late 2023 have resulted in higher interest earnings than originally estimated.

Police (favorable variance) is up \$2.6 million. This is because of a backlog of impounded vehicles released for sale, an increase in details, and a large payment from prior year charges which was received this year. These events were not factored into the current year estimates so this category should finish the year ahead of the forecast.

Fire (unfavorable variance) is \$1.2 million below the forecasted amount. A partner of CFD, that collects their EMS revenue experienced a cyberattack that has delayed payments since February. This category will most likely finish below forecast as payments are not expected until late June at the earliest.

Parking Meters (unfavorable variance) is down \$819k. This is a planned unfavorable variance due to an administrative change to the recording of parking meter revenue.

Other (favorable variance) is \$4.9 million above forecast. A one-time accounting adjustment for Health Reimbursement Arrangements, a payment on an unplanned contract for Fire and a prior year FEMA reimbursement for Health are contributing to this positive variance.

Restricted Funds:

Municipal Golf (favorable variance) is up \$1.7 million. CRC Golf has outperformed local and national trends in the last few years. The Toptracer technology also continues to generate revenue in excess of expectations.

Hazard Abatement (unfavorable variance) is down \$494k. The variance is due to the timing of receiving a grant reimbursement. The reimbursement should be received before year end and this fund will finish on estimate.

Cincinnati Health District (favorable variance) is \$213k above the estimate. This is due to a prior year reimbursement that was received but not expected therefore, the reimbursement was not factored into the estimate for this fiscal year.

Submitted herewith are the following Department of Finance reports:

1. Comparative Statement of Revenue (Actual, Forecast and Prior Year) as of May 31, 2024.
2. Audit of the City Treasurer's Report for the month ended April 30, 2024.
3. Statement of Balances in the various funds as of May 31, 2024.

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