

December 4, 2024

To: Mayor and Members of City Council

202402467

From: Sheryl M. M. Long, City Manager

Subject: Finance and Budget Monitoring Report for the Period Ending September 30, 2024

The purpose of this report is to provide the City Council with the status of the City's Fiscal Year (FY) 2025 financial and operating budget conditions as of September 30, 2024, to note any significant variances, identify potential budget issues, and provide recommendations. The report is divided into two sections: revenues and expenditures. Various supplemental reports are attached to reflect forecasted revenue, actual revenue, expenditures, and commitments through September 30, 2024.

The following Citywide issues may impact the General Fund 050, Special Revenue Funds, and Enterprise Funds.

1. General Fund revenues are greater than projected by \$7.8 million through the end of September. However, this report highlights increased potential expenditure needs in the amount of \$11.6 million.
2. Overtime in the Cincinnati Fire Department (CFD) and the Cincinnati Police Department (CPD) is currently outpacing the budget. In CFD, the increased overtime is primarily driven by increased leave and the assignment of sworn positions to administrative tasks. Additionally, CFD operates one engine and two medical units due to increased demand. The graduation of Recruit Class #122 in September 2024 is expected to reduce overtime usage. If trends do not curtail, CFD projects an overtime need of \$6.8 million. In CPD, the increased overtime is primarily due to Police Visibility Overtime (PVO) related to Downtown Event Deployment to curb violence and for large public events such as BLINK, FC Cincinnati soccer games, and Cincinnati Bengals home football games. If overtime trends do not curtail, CPD projects a need of up to \$4.1 million by fiscal year end.
3. The Approved FY 2024 Budget included a 2.0% wage increase for sworn International Association of Fire Fighters (IAFF) employees and sworn Fraternal Order of Police (FOP) employees. Labor agreements were not approved until September 2024 and included a 5.0% across-the-board increase retroactive to FY 2024 for both labor units. The unused FY 2024

resources for wage adjustments were included as General Fund savings in the Year-End Report [#202402132](#). As a result, FY 2024 Closeout Ordinance No. 0320-2024 appropriated \$6.0 million to the Fire Department for the retroactive payments for IAFF and \$3.6 million to the Police Department for FOP. While the retroactive payments will not occur until November 2024, no budget needs are anticipated given supplemental appropriations were already approved in the Closeout Ordinance.

4. The Approved FY 2025 Budget Update includes a 2.0% wage increase for sworn International Association of Fire Fighters (IAFF) employees and sworn Fraternal Order of Police (FOP) employees. As noted above, labor agreements were not approved until September 2024 and included a 4.0% across-the-board wage increase for both labor units. FY 2024 Closeout Ordinance No. 0320-2024 transferred \$5.8 million to the Reserve for Weather Events, Other Emergency and One-Time Needs General Fund balance sheet reserve account to cover the additional costs related to the newly agreed to bargaining agreement. These resources will be transferred as part of the Final Adjustment Ordinance (FAO) as necessary.
5. The Approved FY 2025 Budget Update assumes a 2.0% wage increase for the Cincinnati Organized and Dedicated Employee (CODE) employees. The collective bargaining agreement with CODE expires in March 2025 and negotiations are expected to begin closer to the contract's expiration. Any agreements that exceed budgeted wage increase amounts, or any agreements that provide additional wage item increases, may result in a budget need. If necessary, supplemental appropriations may be required.

REVENUE

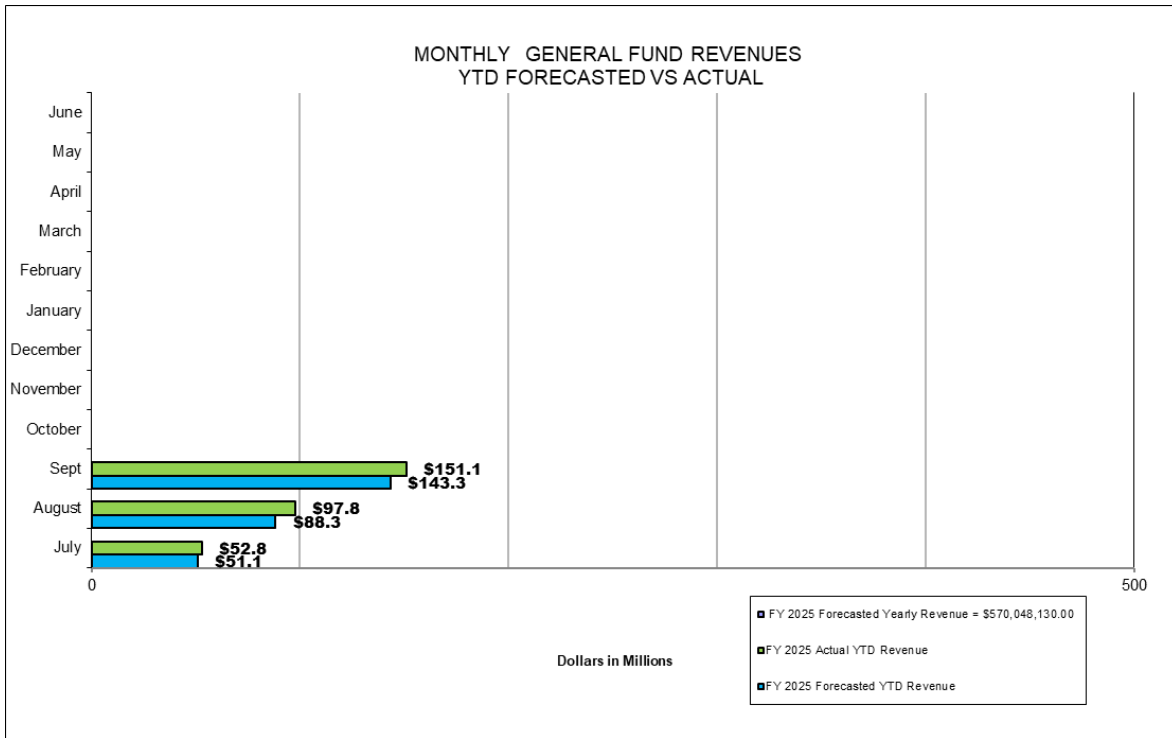
The following report provides an update on the City of Cincinnati's financial condition as of the month ending September 30, 2024. This represents the third month's revenue report for the new fiscal year, ending June 30, 2025. Variances are based on current year estimates and prior year activity in attached schedules.

A more detailed explanation of revenues and expenditures is attached for review, including reports comparing the current year's actual revenue versus forecasted revenue and prior year's actual revenue versus current year actual revenue. Both of those reports are presented on a monthly and year-to-date basis.

I. GENERAL FUND 050

The chart below portrays the performance of actual revenue collected against the forecasted revenue collected through September 30, 2024 and shows that actual

revenue of \$151.1 million was above forecasted revenue of \$143.3 million by \$7.8 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 is discussed in further detail.

GENERAL FUND REVENUE SOURCES

	FAVORABLE VARIANCE	(UNFAVORABLE) VARIANCE	PERCENTAGE VARIANCE
General Property Tax		(\$627,601)	-2.63%
City Income Tax	9,129,634		10.58%
Admissions Tax	17,910		0.53%
Short Term Rental Excise Tax	100,643		19.97%
Licenses & Permits	1,371,031		18.18%
Fines, Forfeitures, & Penalties		(\$391,159)	-24.63%
Investment Income	713,573		18.09%
Local Government	28,483		0.71%
Casino		(\$64,388)	-2.51%
Police	314,924		11.85%
Buildings and Inspections	198,156		9.63%
Fire		(\$2,224,247)	-75.95%
Parking Meter	5		0.04%
Other		(\$723,753)	-36.52%
	11,874,358	(\$4,031,147)	
Difference	7,843,211		

General Fund (favorable variance) is \$7.8 million above the amount forecasted through September in the FY 2025 Budget. This is the third month’s revenue report for the new fiscal year. What follows is an explanation of significant variances of individual General Fund revenue components.

Property Tax (unfavorable variance) is down \$628k below the forecasted amount. The County Auditor is reporting 110 parcels challenging their property value with the Board of Review. This is contributing to the variance.

Income Taxes (favorable variance) is \$9.1 million above the forecasted amount. There was a claw back of \$7 million received in a prior month creating the variance.

License & Permits (favorable variance) is \$1.4 million up from the forecasted amount. General Building permits are strongly exceeding first quarter estimates.

Investment Income (favorable variance) is up \$714k above the forecasted amount. Finance is actively managing more cash than originally planned to take advantage of the current market conditions.

Fire (unfavorable variance) is \$2.2 million below the forecasted amount. The Cincinnati Fire Department’s EMS collector is still experiencing setbacks as a result of their cyberattack earlier this calendar year. Payments are expected to start coming in during the second quarter of this fiscal year.

Other (unfavorable variance) is down \$724k from the forecasted amount. Due to the large number of revenue sources in this category and their fluctuations the Finance Department will monitor these closely.

II. RESTRICTED FUNDS

A. Parking System Facilities (favorable variance) is up \$721k from the forecasted amount. Special events have created higher demand than estimated. There was also a receipt that was made this year from a prior year billing that increased the variance. Finance is also seeing more activity as businesses are establishing hybrid work schedules.

B. Convention Center (favorable variance) is \$1 million above the forecasted amount. The facility's final receipts for FY 2024 were received this fiscal year. New revenue is not estimated for FY 2025 as no events will be taking place during the renovation. In addition, transient occupancy tax (TOT) revenue exceeds estimates.

C. Sawyer Point (favorable variance) is \$139k up from the forecasted amount. Parking revenue at the park increased from last year's reports, which is leading to the positive variance.

D. Recreation Special Activities (favorable variance) is \$467k above the forecasted amount. The variance is a result of timing in recording the receipts. This revenue should level out during the fiscal year and this category should finish closer to the estimate.

EXPENDITURES

The following provides an update on the City of Cincinnati's operating budget position as of the month ending September 30, 2024. The attached Fund Summary Report provides the current budget, expenditures, and commitments of each appropriated fund. This report is presented on a year-to-date basis.

I. GENERAL FUND 050

As shown on the attached report, total expenditures are 21.5% of budget, and commitments are 27.8% of budget in the General Fund 050 as compared to the estimated period ending September 30, 2024, or 25.0% of the fiscal year. "Non-personnel expenses" are trending higher at 44.8% committed year to date due to

encumbering twelve months of expenditures for certain commodities such as gas and electric costs, contractual services, and materials and supplies. This is not unusual for this reporting period.

The majority of departments have indicated their FY 2025 General Fund 050 appropriation will meet their budgetary needs through the end of the fiscal year. However, budget transfers may be necessary to move funds from divisions and programs with savings to others within the respective departments that have budget needs. These transfers will be included in the Final Adjustment Ordinance (FAO), which will be presented to the City Council in May 2025.

A. Budget Savings Identified

As of September 30, 2024, no General Fund 050 departments are projecting savings at the end of FY 2025. Any savings identified will be available to support budget needs in other departments and programs as necessary. Interdepartmental transfers of funds from one department to another will be included in the FAO as appropriate.

B. Budget Needs Identified

Based on current expenditure projections, the following General Fund 050 departments are forecasting a budget need in FY 2025. The departments have been advised to manage their appropriated resources so that supplemental appropriations will not be required. However, the Administration will continue to closely monitor departments in the coming months and work with them to mitigate the need for supplemental appropriations. As appropriate, any remaining budget needs will be addressed within the FAO.

1. Department of City Planning and Engagement (\$100,000)

The Department of City Planning and Engagement projects a salary and benefits need of \$100,000 related to a new administrative staffing plan, which will be monitored closely. A possible non-personnel need related to presenting Connected Communities at the International City/County Management Association (ICMA) conference will be monitored.

2. Cincinnati Police Department (\$4.1 million)

The Cincinnati Police Department (CPD) projects a total personnel need of \$4.1 million primarily due to overtime. This need does not include any needs related to the newly executed labor contract. This personnel overage is attributed to increased Police Visibility Overtime (PVO) related to Downtown Event Deployment to curb violence and for large public events such as BLINK, and FC Cincinnati and Cincinnati Bengals home games. The graduation of Recruit Class 115 in late August is expected to help curtail the overtime spending. Overtime

spending and lump sum payments will be closely monitored as the fiscal year progresses.

3. Cincinnati Fire Department (\$7.1 million)

The Cincinnati Fire Department (CFD) projects a total need of up to \$7.1 million primarily due to overtime. This need does not include any needs related to the newly executed labor contract. The department added a new engine company to Westwood Station 35 in November 2022, as well as two new peak demand medical units at Avondale Station 32 and Winton Place Station 38 in July 2024, resulting in additional staffing requirements and associated overtime. The department plans to run the additional engine and medic units until the number of runs performed daily reverts to the mean. The graduation of Recruit Class #122 in September 2024 is expected to reduce overtime usage. Additionally, another recruit class is scheduled to start in January 2025. If overtime trends do not curtail, the CFD projects a net need of up to \$6.8 million by fiscal year end due to increased overtime. Finally, the department projects a non-personnel need of \$300,000 related to an increased collections fees from the department's EMS billing provider. Both the department and the Office of Budget and Evaluation will continue to closely monitor staffing trends and overtime needs.

4. Non-Departmental Accounts (\$281,641)

A prior year encumbrance related to the False Alarm Settlement was mistakenly closed in the Judgments Against the City non-departmental account. These resources will need to be restored in a future budget adjustment ordinance.

C. Within Budget, Intradepartmental Budget Transfers May Be Needed

Numerous General Fund 050 departments have indicated the ability to manage their resources within their appropriation. However, budget adjustments within their departments may be required. These transfers are referred to as Intradepartmental Budget Transfers. Unless noted otherwise, these Intradepartmental Budget Transfers will be included in the FAO, which will be presented to the City Council for approval in May 2025.

1. Clerk of Council

The Clerk of Council's Office projects no budget savings or need at this time.

2. Enterprise Technology Solutions

The Department of Enterprise Technology Solutions projects no budget savings or need at this time, pending reimbursement processing.

3. City Manager's Office

The City Manager's Office projects no budget savings or need at this time.

- 4. City Manager's Office: Office of Budget and Evaluation**
The Office of Budget and Evaluation projects no budget savings or need at this time, pending reimbursement processing.
- 5. City Manager's Office: Office of Environment and Sustainability**
The Office of Environment and Sustainability projects no budget savings or need at this time.
- 6. City Manager's Office: Emergency Communications Center**
The Emergency Communications Center projects no savings or need at this time.
- 7. City Manager's Office: Office of Procurement**
The Office of Procurement projects no budget savings or need at this time, pending reimbursement processing.
- 8. City Manager's Office: Office of Performance and Data Analytics**
The Office of Performance and Data Analytics (OPDA) projects potential personnel savings, which will be monitored. No savings or needs are anticipated in the non-personnel budget.
- 9. City Manager's Office: Internal Audit**
Internal Audit projects a possible personnel savings, which will be monitored.
- 10. Department of Law**
The Department of Law projects no budget savings or need.
- 11. Department of Human Resources**
The Department of Human Resources projects no budget savings or needs, pending reimbursement processing.
- 12. Department of Finance**
The Department of Finance projects no budget savings or need at this time.
- 13. Department of Community and Economic Development**
The Department of Community and Economic Development (DCED) projects no budget savings or need.
- 14. Citizen Complaint Authority**
The Citizen Complaint Authority (CCA) projects personnel savings due to position vacancies. The department projects a small non-personnel need due to temporary staffing services, which can be offset by personnel savings.
- 15. Cincinnati Recreation Commission**

The Cincinnati Recreation Commission projects no budget savings or need at this time.

16. Cincinnati Parks Department

The Parks Department projects no budget savings or need at this time, pending reimbursement processing.

17. Department of Buildings and Inspections

The Department of Buildings and Inspections projects no budget savings or need at this time. Budgeted reimbursements into the General Fund will continue to be prioritized and aligned with various department programs.

18. Department of Transportation and Engineering

The Department of Transportation and Engineering projects a potential personnel need of up to \$200,000 due to lower than expected capital project reimbursements. This need may be partially offset with position vacancy savings as well as increased reimbursements from other sources. Additionally, DOTE projects a non-personnel need of \$100,000 due to increased utility expenses for street lighting. This need may be offset by reimbursements from other sources.

19. Department of Public Services

The Department of Public Services (DPS) projects a possible non-personnel need due to increased stormwater expenses and City Hall maintenance.

20. Department of Economic Inclusion

The Department of Economic Inclusion projects a potential non-personnel need related to the hiring of a diversity consultant. This potential need will be offset by salary and benefits savings generated through position vacancies.

II. ENTERPRISE FUNDS

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. If an activity's principal revenue source meets any one of the following criteria, it is required to be reported as an enterprise fund: (1) an activity financed with debt that is secured solely by pledge of the net revenues from fees and charges for the activity; (2) laws or regulations which require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues; or (3) pricing policies which establish fees and charges designed to recover the activity's costs.

A. Water Works Fund 101

Water Works Fund 101 is 16.6% expended year to date. The Greater Cincinnati Water Works (GCWW) projects personnel savings due to position vacancies and

increased reimbursements. The Division of Business Services projects a non-personnel need in contractual services related to the Hydrant Flow Test Project and the Division of Water Distribution projects a non-personnel need in materials and supplies due to increased valve and fire hydrant component replacements. These needs can be offset with personnel savings.

B. Parking System Facilities Fund 102

Parking System Facilities Fund 102 includes the budget for off-street parking enterprises, including garages. Fund 102 is currently 7.8% expended year to date. The Division of Parking Facilities within the Department of Community and Economic Development projects no budget savings or needs at this time.

C. Duke Energy Convention Center Fund 103

Duke Energy Convention Center Fund 103 is 15.8% expended year to date. The Convention Center reported a non-personnel need of up to \$200,000 related to management during the ongoing renovation. This need was subsequently addressed with a supplemental appropriation by Ordinance No. 0355-2024, which was passed by Council on October 30, 2024.

D. General Aviation Fund 104

General Aviation Fund 104 is 15.0% expended year to date. The Department of Transportation and Engineering projects no significant budget savings or need.

E. Municipal Golf Fund 105

Municipal Golf Fund 105 is 31.4% expended year to date. Water utility expenses are greater than expected due to the dry summer season. Additionally, petroleum and contractual services expenses exceed estimates due to an increased number of golf rounds played. The Cincinnati Recreation Commission projects no budget savings or need at this time, but non-personnel expenses will be monitored.

F. Stormwater Management Fund 107

Stormwater Management Fund 107 provides resources to various City departments. The major recipient of resources from this fund is the Stormwater Management Utility (SMU). The Department of Public Services, the Parks Department, the Office of Environment and Sustainability, the Cincinnati Recreation Commission, and the Department of Buildings and Inspections also receive appropriations from this fund. The Stormwater Management Fund is 13.0% expended year to date. SMU, the Office of Environment and Sustainability, the Cincinnati Recreation Commission, the Parks Department, and the Department of Public Services all project no budget savings or need at this time. The Department of Buildings and Inspections projects a potential non-personnel need that could be offset by salary and benefits savings within Fund 107. A transfer within appropriations may be necessary in the Final Adjustment Ordinance.

III. DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources for, and the payment of, principal and interest on the City's bonds issued in support of governmental activities.

A. Bond Retirement Fund 151

Bond Retirement Fund 151 is 0.3% expended year to date. The Finance Department projects no budget savings or need at this time.

IV. APPROPRIATED SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are legally restricted to expenditures for specific purposes.

The Office of Budget and Evaluation, in cooperation with various City departments, reviewed appropriated special revenue funds to ensure the Approved FY 2025 Budget Update remains in balance. Based on expenditures and revenues through September 30, 2024, most special revenue funds are on target with regards to their budget and require no additional appropriations at this time. Any identified issues are highlighted in the narrative summaries provided below. If warranted, budget adjustments will be addressed in the FAO later in the fiscal year.

A. Street Construction, Maintenance & Repair Fund 301

Street Construction, Maintenance & Repair Fund 301 is 18.6% expended year to date. The Department of Public Services anticipates no savings or needs at this time. This will be monitored as forthcoming winter weather events may occur. The Department of Transportation and Engineering projects no budget savings or needs.

B. Income Tax-Infrastructure Fund 302

Income Tax-Infrastructure Fund 302 provides resources to several City departments. The Department of Transportation and Engineering (DOTe) is the largest recipient of resources from this fund. The Department of Public Services (DPS) also receives Income Tax-Infrastructure Fund resources. Fund 302 is 18.9% expended year to date. DOTe currently projects a net personnel need of up to \$100,000 due to reduced capital improvement program project reimbursements. Additionally, DPS projects a non-personnel need of \$200,000 related to unexpected city facility maintenance. A supplemental appropriation may be required to address the needs in DPS and DOTe. The Law Department, the Human

Resources Department, the Department of Building and Inspections, and the Department of Economic Inclusion project no budget savings or need.

C. Parking Meter Fund 303

Parking Meter Fund 303 includes the budget for on-street parking enterprises, including parking meters. Fund 303 is currently 24.4% expended year to date. The Division of Parking Facilities within the Department of Community and Economic Development projects neither a savings nor a need in the fund.

D. Municipal Motor Vehicle License Tax Fund 306

Municipal Motor Vehicle License Tax Fund 306 is 13.8% expended year to date. The Department of Public Services anticipates neither a savings nor a need in this fund. The Department of Transportation and Engineering projects no budget savings or needs, pending reimbursement processing.

E. Sawyer Point Fund 318

Sawyer Point Fund 318 is 13.3% expended year to date. The Parks Department projects a non-personnel need due to increased credit card fees. This need is offset by increased revenue.

F. Recreation Special Activities Fund 323

Recreation Special Activities Fund 323 is currently 23.7% expended year to date. The Cincinnati Recreation Commission (CRC) reports a \$1,251,000 need in Fund 323 due to prior year energy expenses, minibuses, and fitness equipment. While it did not occur during the monitoring period, Ordinance No. 0355-2024 was subsequently passed by Council on October 30, 2024 to address this need.

G. Cincinnati Riverfront Park Fund 329

Cincinnati Riverfront Park Fund 329 is the appropriated fund for Smale Park. Fund 329 is currently 4.8% expended year to date. The Parks Department projects no budget savings or need in Fund 329.

H. Hazard Abatement Fund 347

Hazard Abatement Fund 347 is 0.5% expended year to date. The Department of Buildings and Inspections projects no budgeted savings or need within Fund 347 at this time.

I. 9-1-1 Cell Phone Fees Fund 364

9-1-1 Cell Phone Fees Fund 364 is the appropriated fund that governs the City portion of state collected revenue from mobile device fees. Fund 364 is currently 3.1% expended year to date. The Emergency Communications Center projects no budget savings or needs in Fund 364.

J. Safe and Clean Fund 377

Safe and Clean Fund 377 is the appropriated fund that collects revenue associated with billboard leases. These resources are allocated to Keep Cincinnati Beautiful (KCB) expenditures. The fund is currently 0.0% expended year to date. The Department of Public Services anticipates neither a savings nor a need in this fund.

K. Community Health Center Activities Fund 395

Community Health Center Activities Fund 395 is 17.7% expended year to date. The Cincinnati Health Department (CHD) projects potential personnel savings resulting from position vacancies. This will offset a projected need in non-personnel for temporary staffing services, nursing uniform allowances, and the unbudgeted repair and replacement of equipment.

L. Cincinnati Health District Fund 416

General operational support to the Cincinnati Health Department is provided by Cincinnati Health District Fund 416. This fund is 19.7% expended year to date. The Cincinnati Health Department (CHD) projects potential personnel savings resulting from position vacancies. This will offset a projected need in non-personnel for temporary staffing services, nursing uniform allowances, and unbudgeted repair expenses to clinic sites and other Health Department facilities.

M. Cincinnati Area Geographic Information System (CAGIS) Fund 449

Cincinnati Area Geographic Information System Fund 449 is 18.3% expended year to date. The Office of Performance and Data Analytics projects no budget savings or need at this time.

N. Streetcar Operations Fund 455

Streetcar Operations Fund 455 is 3.6% expended year to date. The Department of Transportation and Engineering projects no budget savings or need at this time.

O. County Law Enforcement Applied Regionally (CLEAR) Fund 457

The CLEAR Fund is 10.2% expended year to date. Enterprise Technology Solutions projects no budget savings or need for FY 2025.

Summary

Through September 30, 2024, major budget issues include overtime needs for both the Fire Department and Police Department as well as the pending labor contract for CODE. Departments have identified possible savings and shortfalls, which will continue to be monitored and updated monthly.

Submitted herewith are the following Office of Budget & Evaluation reports:

1. Fund Summary Report for the month ended September 30, 2024.

Submitted herewith are the following Department of Finance reports:

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

cc: William "Billy" Weber, Assistant City Manager
Karen Alder, Finance Director
Andrew M. Dudas, Budget Director