

April 19, 2023

TO: Mayor and Members of City Council

202301183

FROM: Sheryl M.M. Long, City Manager

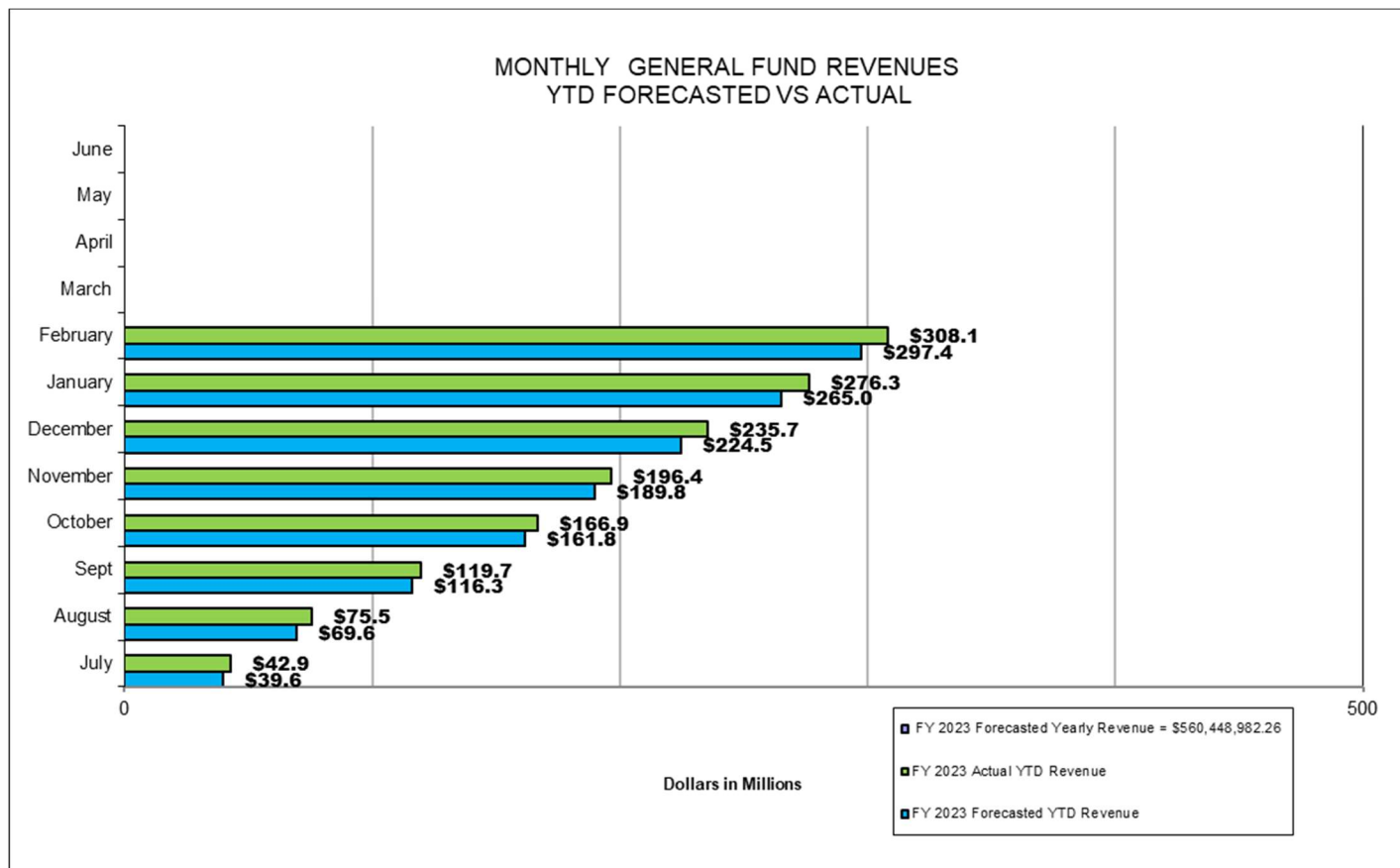
SUBJECT: Department of Finance Reports for the Month Ended February 28, 2023

**FEBRUARY 2023
MONTHLY FINANCIAL REPORTS**

The following report provides an update on the City of Cincinnati's financial condition as of the month ending February 28, 2023. 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 February 28, 2023 and shows that actual revenue of \$308.1 million was above forecasted revenue of \$297.4 million by \$10.7 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		(\$1,726,248)
City Income Tax	9,398,108	
Admissions Tax	1,769,514	
Short Term Rental Excise Tax	542,950	
Licenses & Permits		(\$20,744)
Fines, Forfeitures, & Penalties		(\$202,088)
Investment Income	1,261,634	
Local Government	657,246	
Casino	428,345	
Police	496,137	
Buildings and Inspections		(\$171,336)
Fire	606,226	
Parking Meter	400	
Other		(\$2,332,819)
	15,160,560	(\$4,453,235)
Difference	10,707,325	

General Fund (favorable variance) is \$10.7 million above the amount forecasted thru February in the FY 2023 Budget. This is the eighth month's report for the fiscal year. What follows is an explanation of significant variances of individual General Fund revenue components.

Property Tax (unfavorable variance) is \$1.7 million below estimate due to the decrease in the millage for this half. The millage for the second half is set at a higher rate which will offset this unfavorable variance. The Administration anticipates Property Tax revenue will be on target at year end. This is a semi-annual payment. The second payment will be received in late Spring.

Income Tax (favorable variance) is \$9.4 million above the forecasted amount. This amount can fluctuate throughout the year as quarterly net profits are due. The Finance Department will continue to watch the trends, including those related to remote work, very closely.

Admission Tax (favorable variance) is \$1.8 million above estimate. Many estimates were set at pre-pandemic levels; however, businesses have rebounded stronger than expected.

Short Term Rental Excise Tax (favorable variance) is \$543k above the forecasted amount. The variance is contributed to large one-time events, like Blink and a month-long running of Hamilton, as well as increased attendance at the Bengals games. These events have brought more people to our area to visit in turn needing a place to stay.

Investment Income (favorable variance) is \$1.3 million above estimate. This is a result of better interest rates and a new contract with an investment manager yielding results above our projections. The market is volatile right now with the banking crisis so Finance will keep an eye on the rates going forward this Fiscal Year.

Fire (favorable variance) is \$606k above the forecasted amount. There has been an increase in Basic Life Support runs contributing to the increased revenue.

Other (unfavorable variance) is \$2.3 million below forecast. This category is made up of many small sources of revenue that fluctuate from time to time. The Finance Department will continue to monitor these various revenue sources.

Restricted Funds:

Parking Meter (unfavorable variance) is \$924k below estimate. Even with a reduction in the current year estimate from last year, there is still less demand leading to a negative variance.

Sawyer Point (unfavorable variance) is down \$254k. This variance is partly due to a large concert cancellation at the beginning of the fiscal year and less demand for parking at the riverfront.

Streetcar Operations (favorable variance) is \$1.7 million above estimate. The OTP and Formula grant payments were delayed from FY 2022. As were the VTICA payments. These receipts were not estimated in FY 2023. This category will remain above estimate this fiscal year.

Submitted herewith are the following Department of Finance reports:

1. Comparative Statement of Revenue (Actual, Forecast and Prior Year) as of February 28, 2023.
2. Audit of the City Treasurer's Report for the month ended January 31, 2023.
3. Statement of Balances in the various funds as of February 28, 2023.

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