



*Interdepartmental
Correspondence Sheet*

April 7, 2021

TO: Mayor and Members of City Council

202101234

FROM: Paula Boggs Muething, City Manager

SUBJECT: Department of Finance Report for the Month Ended February 28, 2021

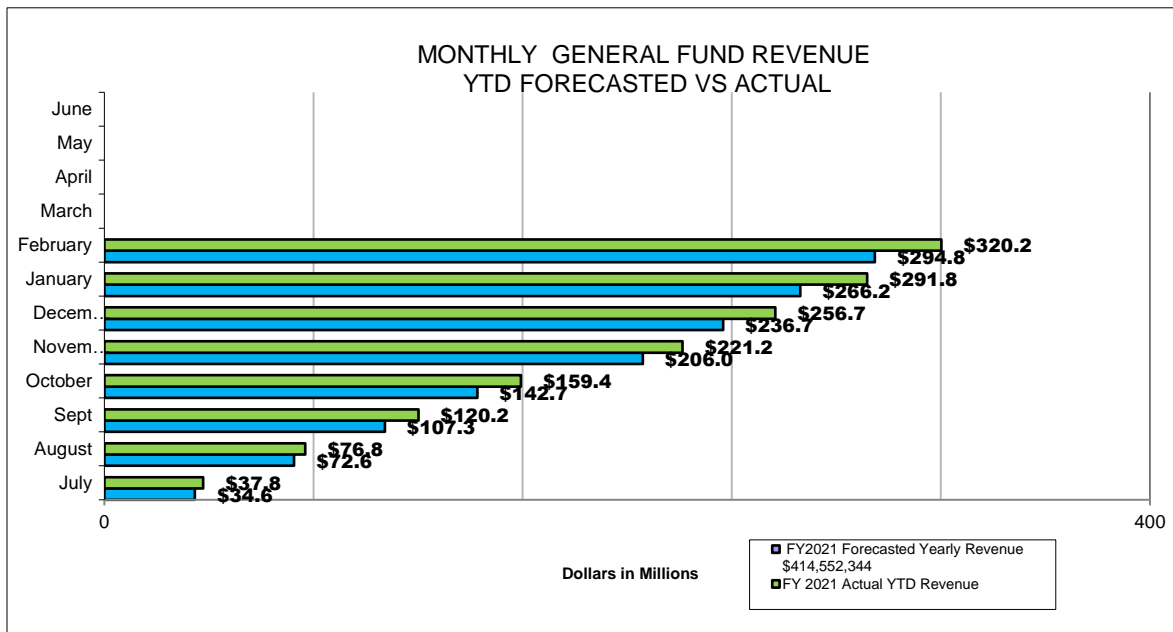
***FEBRUARY 2021
MONTHLY FINANCIAL REPORTS***

The following report provides an update on the City of Cincinnati's financial condition as of the month ending February 28, 2021. 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 budget portion of the monthly monitoring report concluded with the January 2021 reporting period. Departments are currently evaluating savings and needs through the end of Fiscal Year 2021. Any issues will be addressed in the FY 2021 Final Adjustment Ordinance (FAO), which will be presented to the City Council in May 2021. The combined Finance and Budget monitoring reports will resume in FY 2022 starting with the September 2021 reporting period.

The chart below portrays the performance of actual revenue collected against the forecasted revenue collected through February 28, 2021 and shows that actual revenue of \$320.2 million was above forecasted revenue of \$294.8 million by \$25.4 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	\$666,102	
City Income Tax	\$28,561,420	
Admission Tax		(\$1,262,442)
Short Term Rental		
Excise Tax	\$174,415	
Licenses & Permits		(\$623,014)
Fines, Forfeitures, & Penalties		(\$1,772,594)
Investment Income	\$182,768	
Local Government	\$476,388	
Casino	\$930,482	
Police		(\$249,579)
Buildings and Inspections	\$516,287	
Fire	\$512,746	
Parking Meter		(\$1,532,047)
Other		(\$1,128,061)
	\$32,020,608	(\$6,567,737)
Difference	\$25,452,871	

General Fund (favorable variance) is \$25.4 million above the amount forecasted thru February in the FY 2021 Budget. What follows is an explanation of significant variances of individual General Fund revenue components.

Income Tax (favorable variance) is \$28.6 million above the forecasted amount. The work from home exception due to the pandemic has been challenged in the courts. If the courts rule in favor of the plaintiff, a large portion of these revenues would need to be refunded. The Income Tax component represents 71% of the total General Fund percentage. Administration continues to evaluate and watch for trends.

Admission Tax (unfavorable variance) is \$1.3 million below estimate. Most venues that generate admission tax continue to be closed or open with very limited capacity due to the pandemic. This trend will continue for the foreseeable future; therefore, the estimate in this revenue category will not be met for the fiscal year.

License & Permits (unfavorable variance) is down \$623k. The Beer and Liquor Tax payment from the State was significantly lower for the first quarter of this year than in years past. Finance is working on contacting the State to follow up on future payment estimates.

Fines, Forfeitures & Penalties (unfavorable variance) is down \$1.8 million. Parking fines make up most of the revenue in this category, and parking fines continue to be significantly below estimate. As the pandemic continues, the demand for parking remains below normal around the City and will result in this estimate not being met for the fiscal year.

Local Government (favorable variance) is \$476k 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 \$930k. Despite the pandemic and limited capacities, the casino revenues continue to exceed estimates.

Buildings and Inspections (favorable variance) is up \$516k. This favorable variance is due to collections related to elevator inspections which are billed one time a year.

Fire (favorable variance) is \$513k above the forecasted amount. The Fire Department enlisted an outside vendor to improve their billing and collection processes. The positive results of that show with this favorable variance. The estimates are based on historical collections and will take some time to level out with the new processes.

Parking Meter (unfavorable variance) is \$1.5 million below estimate. The unfavorable variance is due to reduced economic activity as a result of the COVID-19 pandemic.

Other (unfavorable variance) is \$1.1 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:

Convention Center (unfavorable) is down \$3.6 million. Convention cancellations due to the COVID-19 pandemic have caused a decrease in revenue. This trend will continue for the foreseeable future; therefore, the estimate in this revenue category will not be met for the fiscal year.

Municipal Golf (favorable variance) is up \$1.6 million. The Cincinnati Recreation

Commission has experienced an increase in the utilization of the golf courses as people are looking for outside activities during the pandemic, resulting in increased revenue.

Sawyer Point (unfavorable variance) is down \$300k. The unfavorable variance is due to less economic activity at the park as a result of the pandemic restrictions.

Recreation Special (unfavorable variance) is down \$2.2 million. The Cincinnati Recreation Commission has experienced a reduction in revenue due to the cancellation of recreation center programs as a result of the pandemic.

Hazard Abatement (unfavorable variance) is down \$540K. The Vacant Buildings Maintenance License revenue is down due to the number of license waivers requested due to the pandemic. In addition, Vacant Foreclosure License revenue is below estimate as a result of the reduced number of foreclosures being processed during the pandemic.

Submitted herewith are the following Department of Finance reports:

1. Comparative Statement of Revenue (Actual, Forecast and Prior Year) as of February 28, 2021.
2. Audit of the City Treasurer's Report for the month ended January 31, 2021.
3. Statement of Balances in the various funds as of February 28, 2021.

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: Christopher A. Bigham, Assistant City Manager
Karen Alder, Finance Director

Attachments