



*Interdepartmental
Correspondence Sheet*

April 20, 2022

TO: Mayor and Members of City Council

FROM: John P. Curp, Interim City Manager

202200963

SUBJECT: Department of Finance Report for the Month Ended February 28, 2022

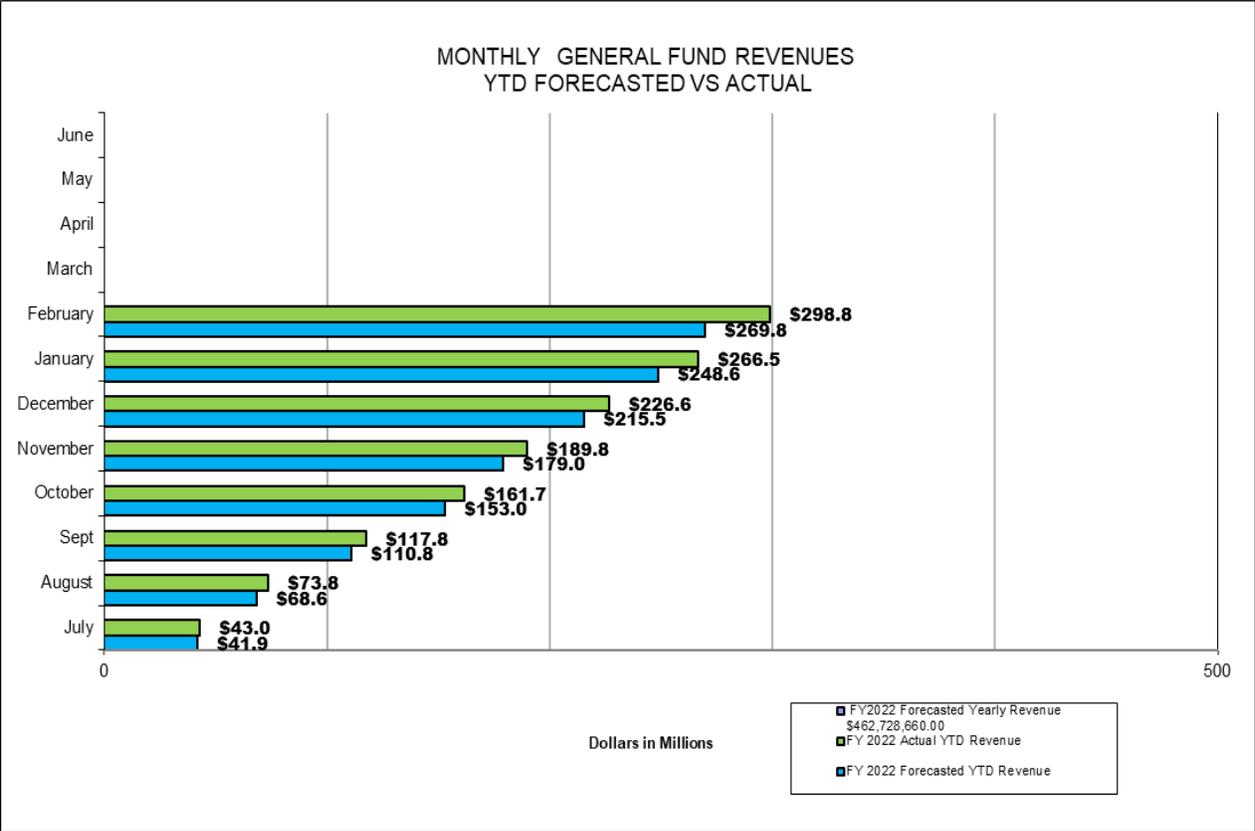
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| <p><i>FEBRUARY 2022</i> <i>MONTHLY FINANCIAL REPORTS</i></p> |
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The following report provides an update on the City of Cincinnati's financial condition as of the month ending February 28, 2022. The budget portion of the monthly monitoring report concluded with the January 2022 reporting period. Departments are currently evaluating savings and needs through the end of Fiscal Year 2022. Any issues will be addressed in the FY 2022 Final Adjustment Ordinance (FAO), which will be presented to the City Council in May 2022. The combined Finance and Budget monitoring reports will resume in FY 2023 starting with the September 2022 reporting period.

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 February 28, 2022 and shows that actual revenue of \$298.8 million was above forecasted revenue of \$269.8 million by \$29 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 | 1,760,861 | |
| City Income Tax | 20,905,366 | |
| Admissions Tax | 2,046,339 | |
| Short Term Rental Excise Tax | 384,899 | |
| Licenses & Permits | 1,252,300 | |
| Fines, Forfeitures, & Penalties | | (\$47,999) |
| Investment Income | 561,507 | |
| Local Government | 2,176,297 | |
| Casino | 1,477,752 | |
| Police | | (\$268,565) |
| Buildings and Inspections | 74,254 | |
| Fire | 553,262 | |
| Parking Meter | 400 | |
| Other | | (\$1,818,687) |
| | 31,193,237 | (\$2,135,250) |
| Difference | 29,057,987 | |

General Fund (favorable variance) is \$29 million above the amount forecasted thru February in the FY 2022 Budget. What follows is an explanation of significant variances of individual General Fund revenue components.

General Property Tax (favorable variance) is up \$1.8 million. Revenue is currently greater than projected as a result of higher assessed property values utilized by the County Auditor. However, since the millage rate is lower starting in CY 2022, property tax revenue is expected to be at or near the estimate at year end.

Income Tax (favorable variance) is \$21 million above the forecasted amount. The amount of withholding refunds due in the spring of CY 2022 are still unknown, which could affect the variance. Administration is still watching income tax trends very closely due to the shift to remote work.

Admission Tax (favorable variance) is up \$2 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.

License & Permits (favorable variance) is up \$1.3 million. Building permits are trending toward pre-pandemic levels along with Heating & Ventilating permits. The FY 2022 estimate was conservative due to the lingering effects of the pandemic. Administration will continue to monitor the activity.

Investment Income (favorable variance) is up \$562k. 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 \$2.2 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 \$1.5 million. The casino revenue is outperforming current estimates, which have been set at pre-pandemic levels.

Other (unfavorable variance) is \$1.8 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 \$2.2 million above forecasted 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 \$931k. 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.

Parking Meter (unfavorable variance) is \$625k below the estimate. Lower demand from the pandemic and permanent elimination of spaces (Court St, the Banks and OTR) is leading to the unfavorable variance.

Recreation Special (unfavorable variance) is down \$1 million. The Cincinnati Recreation Commission is still seeing a reduction in revenue due to lower attendance of recreation center programs 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 \$745K. 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 February 28, 2022.
2. Audit of the City Treasurer's Report for the month ended January 31, 2022.
3. Statement of Balances in the various funds as of February 28, 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