

BRING YOUR DREAMS.



MEMO

DATE: August 28, 2018

TO: Paul Briseno, City Manager
Mayor and City Council

FROM: Shawna Costello, Finance Director

RE: July 2018 Monthly Financial

The following report contains the financial summaries of the City Funds (excluding Brookings Municipal Utilities and Brookings Health System) for the month ended July 31, 2018.

Overview:

- This will be a monthly report provided to the Council
- Reports attached for reference include:
 - Cash Summary report – includes all monies for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, City Enterprise Funds Liquor, Airport, Golf Course, Solid Waste Collections, Solid Waste Disposal, Research & Technology Center), Agency Funds (City Employee Flex Accounts, Rural Fire), and Health Insurance Fund (combined City/BMU)
 - Investment Report (excludes BMU and BHS)
 - Sales Tax Reports
 - MTD Actual Comparison
 - YTD Balance Sheet
 - YTD Budget to Actual

Investments:

- Through 2018 we continue to see increases in the interest rates. For July, our 1-year US Treasury Yield increased from 1.22% in 2017 to 2.126% in 2018. The 1-year CD rates have also increased by 1.11%.
- The City, excluding BMU and the Hospital, has established pooled investment portfolio that is laddered. Each month \$500,000 matures and is reinvested in either CD's or US Treasuries. (\$200,000 – 6 month, \$200,000 1-year, \$100,000 2-year)
- In addition, we have certain investments specific to a certain funds. This includes investments for the General Fund, 75% Sales Tax Fund, and the Self Insured Health Fund.

Sales Tax:

- 2018 Volatile Sales Tax
 - The 1st and 2nd Penny (25% & 75%) have fluctuated from -2.38% to +6.61% compared to last year.
 - For July, 1st Penny, 25%, and 75% tax ended slightly over 2017 receipts at .63%.
 - Based on revenue year to date, the 2018 budget of 3% increase over 2017 budget should still be attained. This will be monitored closely in event things change and budget adjustments are needed.
 - 3rd B Tax - Tax on Lodging, Alcohol and Prepared Food, has also fluctuated from -20.8% to +6.53% compared to last year
 - The 2018 budget of \$950,000 should be attained, however staff will continue to watch it closely.
 - BID Tax (pillow tax) has consistently been performing below 2017 numbers. It started the year out -18.56% below last year, however as of July it's down -7.74% from 2017. This fund has recovered somewhat but it is unlikely it will make budget. Should this occur cash reserves will be needed. The expenditures from this fund are the CVB and a small administrative expense.
- July 2017 to July 2018 Comparison
 - General Fund revenues are \$357,698 more than July 2017
 - This can be attributed to the timing of the 2nd sales tax receipt in July 2017 which was not received until early August 2017 – please note however, for comparison purposes the Sales Tax report recorded the receipt in July.
 - Police services revenue was greater in 2017 with a grant received and the sale of assets.
 - The Hillcrest Aquatic Center revenue was \$54,207 less than 2017, however YTD date revenue is comparable. Based on the data more pool passes were sold early in the season (May/June) in 2018 than 2017.
 - General Fund Expenditures are \$101,377 less in 2018 than in July 2017
 - This difference is predominantly due to fluctuation in the timing and budgeted capital purchases from one year to the other – Police, Street, Parks, and Pool
 - 25%, 75% Sales tax - Revenue in 2018 is greater than 2017 again due to the timing of the 2nd sales tax receipt in July 2017 as mentioned previously.
 - 75% Sales tax expenditures are less in 2018 because of the difference in various project expenditures.
 - 3rd Penny Sales tax expenditures are greater in 2018 due to the Swiftel CRC Remodel project.
 - Liquor Store – revenues for 2018 are comparable to those of 2017, there was a decrease in expenses with the fluctuation in inventory purchases.
 - Edgebrook Golf Course – July 2018 revenues were up \$66,700 over that of 2017 and up a total of \$103,566 YTD. The weather and course conditions have a large impact on the golf revenue. 2018 has been a good golf season.
 - Solid Waste Collection and landfill – revenue is up for July in both funds, due to additional homes being added to the route, increased sale of yard waste bags because of the excellent growing conditions, and overall greater tipping activity.

Budget to Date:

- At this point, most departments are in line with their 2018 budget with the exception of the following:
 - Larson Ice Arena – ongoing issues will require an increase to the budget. The exact amount is yet unknown.
 - A mid-year amendment will be forthcoming to the Council with various adjustments