

BRING YOUR DREAMS.

CFO's Report

Full Year 2020

City of Brookings



Disclaimer

The City's financial audit is scheduled to be finalized at the end of the second quarter; thus, certain data set forth in this presentation contains unaudited information, including expenses and revenues and should be considered best estimates until the financial audit is concluded. Except for statements of historical fact, the information contained herein constitutes the City's best estimates based upon what management believes are reasonable assumptions.

Even though the City does not expect material variances in the information presented, there can be no assurance that final information will be the same as the one presented. The City's Finance Department will publish its Comprehensive Annual Financial Report (CAFR) once the audit is finalized and will present a summary of the City's financial position and audit findings at a City Council meeting early in the third quarter

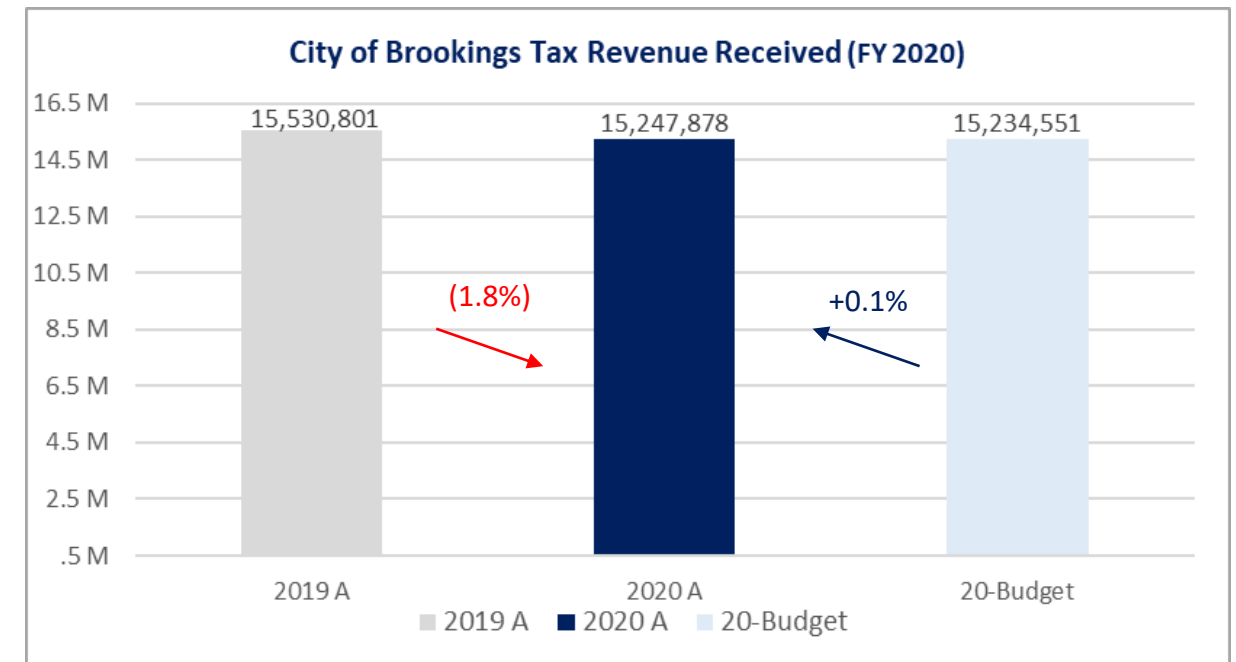
2020 Full Year Tax Revenue

2020 Tax Revenue & Other Income

REVENUES	FY2020 B	Prorated YTD 2020 B	2020 YTD A	Δ \$ F/(U)	Δ%
Sales Tax:					
1st Penny	\$7,038,785	\$7,038,785	\$7,098,546	\$59,761	0.8%
2nd Penny	\$7,015,766	\$7,015,766	\$7,075,332	\$59,566	0.8%
3rd Penny	\$935,000	\$935,000	\$860,848	(\$74,152)	(7.9%)
BID (Pillow Tax)	\$245,000	\$245,000	\$213,152	(\$31,848)	(13.0%)
Total	\$15,234,551	\$15,234,551	\$15,247,878	\$13,327	0.1%
Property Tax:	\$3,266,500	\$3,266,500	\$3,357,048	\$90,548	2.8%
Grand Total	\$18,501,051	\$18,501,051	\$18,604,926	\$103,875	0.6%

A Actuals
 Δ Variance
 B Budget

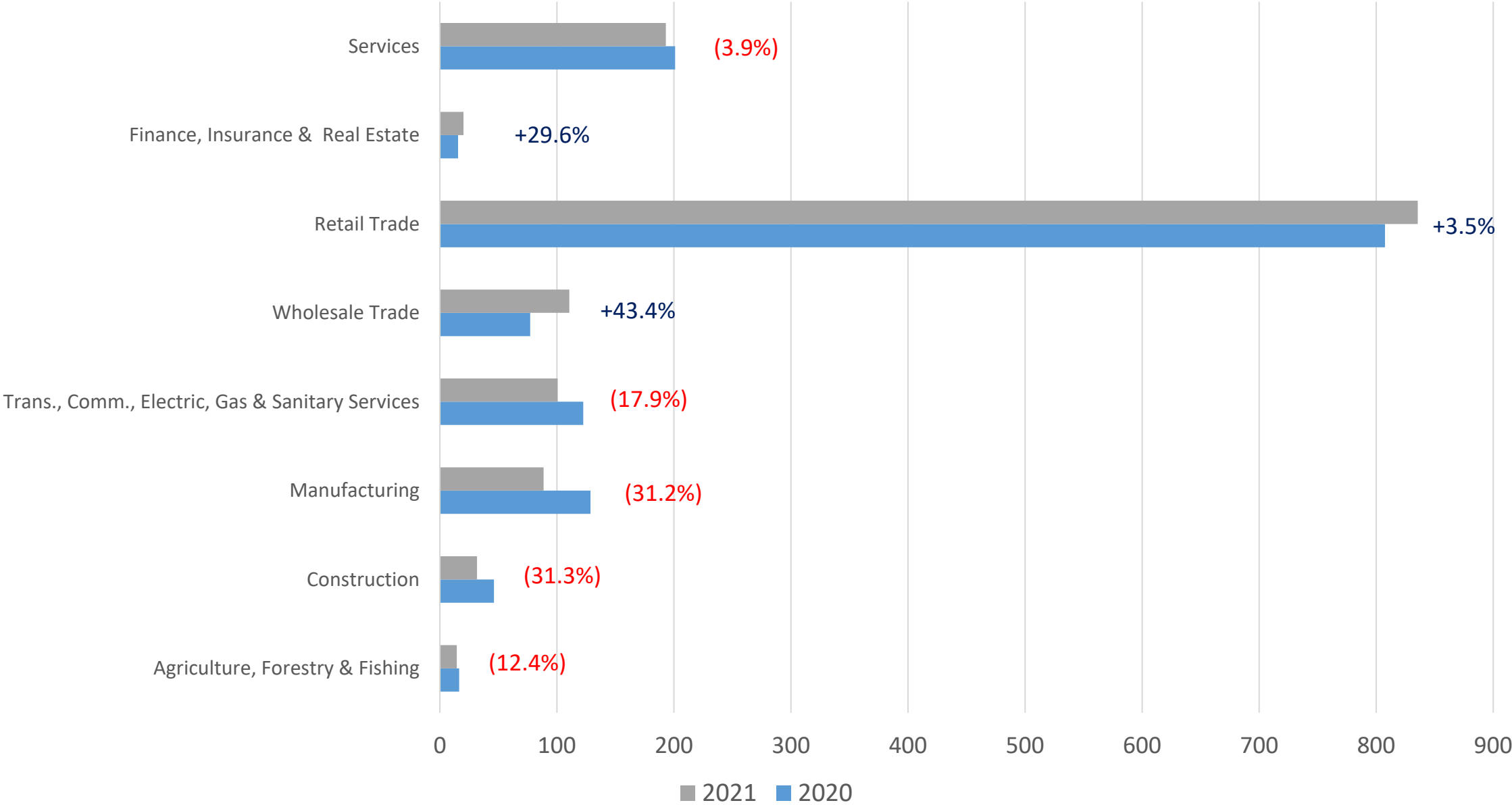
Revenue Tax Collected vs LY vs Budget



- Total tax collected was 0.6% above budget or \$103.9K. Sales tax Revenue was (1.8%) lower than last year but 0.1% above budget
 - Sales tax collected includes a \$144K settlement received for the 2014-17 period
 - When taking out this settlement to understand true economic activity, sales tax revenue was (2.8%) lower than last year and (0.9%) below budget

2020 Full Year Sales Tax Revenue by Industry (In Thousands)

Retail Trade and Whole Sale Trade sectors helped offset all other industry year over year declines



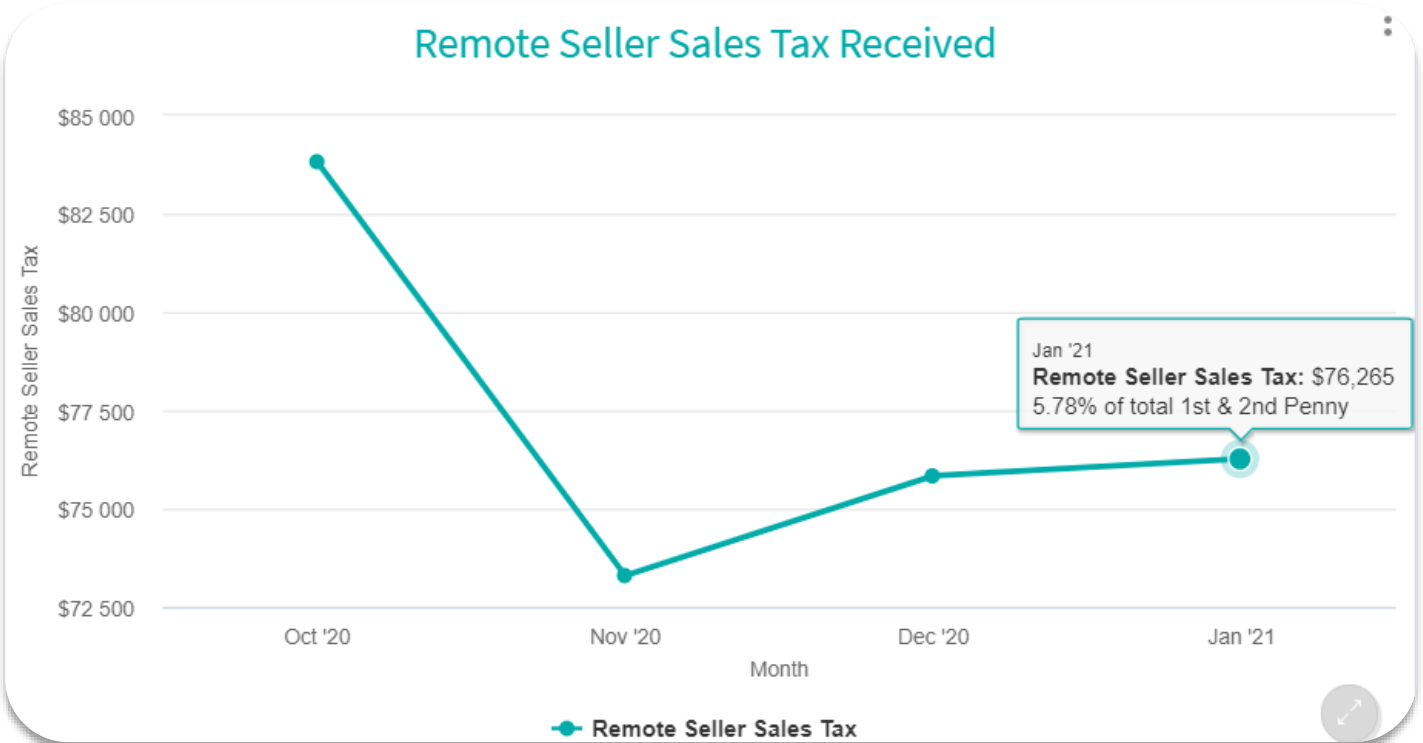
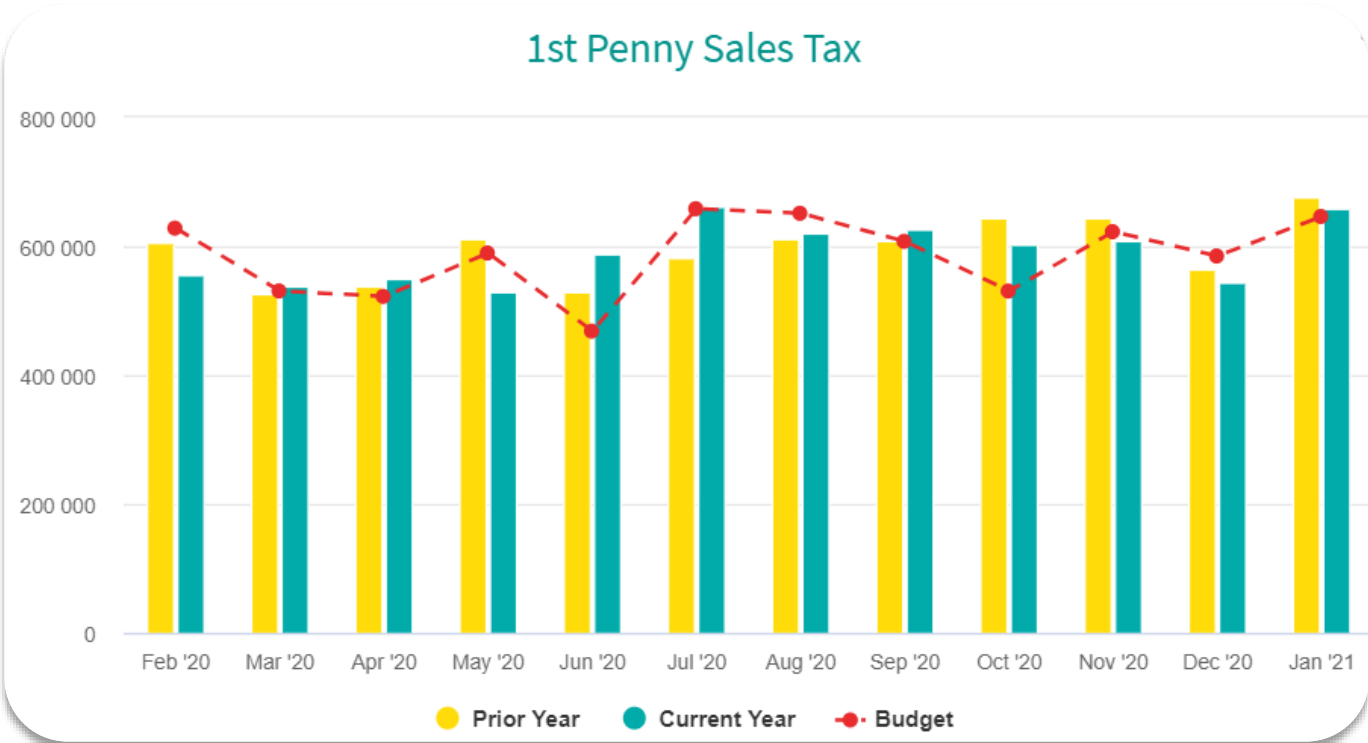
2020 Sales Tax Revenue Change vs Domestic GDP

	2018	2019	2020
City of Brookings Sales Tax Revenue	3.5%	4.8%	(1.8%)
US Real GDP	3.0%	2.2%	(3.5%)
US Price Index for GDP	2.4%	1.8%	1.2%

- Prior to 2020, the City's tax revenue growth outperformed domestic GDP and Consumer Price Index growth
- Even though our City experienced a (1.8%) decline in 2020 when compared to the previous year, it continued to perform better than the domestic Real GDP decline
 - Real GDP decreased (3.5%) in 2020, compared with an increase of 2.2% in 2019
- The US price Index, a good estimate of inflation, was the lowest of the last three years at 1.2% which is half of 2018's

Sales Tax Performance Metric

- The City of Brookings recently developed a Performance Metric online platform with the goal of providing public access to key performance indicators across the City
 - This City-wide initiative will be showcased later this quarter at a public meeting
- The Sales Tax Performance Metric contains year to date and year by year comparisons by tax type, industry as well as detail of the hospitality industry and the remote sellers (online) tax activity. This information can be accessed through the following link:
 - https://cityofbrookings.app.envisio.com/corporate/performance_analytics/published/I4nIRE



2020 Full Year Budget vs Actuals – General Fund

General Fund

EXPENDITURES:	FY2020 B	Prorated YTD 2020 B	2020YTD A	Δ \$ (F)/U	% Used	Δ Revenue \$ F/(U)
Mayor & Council	\$116,059	\$116,059	\$70,665	(\$45,394)	60.9%	\$0
City Clerk	\$162,237	\$162,237	\$145,066	(\$17,171)	89.4%	\$5,562
City Manager	\$605,658	\$605,658	\$537,595	(\$68,063)	88.8%	\$0
City Attorney	\$180,000	\$180,000	\$173,759	(\$6,241)	96.5%	\$8,104
Human Resources	\$395,642	\$395,642	\$348,677	(\$46,965)	88.1%	\$391
Finance	\$566,375	\$566,375	\$534,202	(\$32,173)	94.3%	\$10,650
IT	\$280,215	\$280,215	\$240,858	(\$39,357)	86.0%	\$0
Government Buildings	\$136,566	\$136,566	\$102,180	(\$34,386)	74.8%	\$0
Community Development	\$614,905	\$614,905	\$594,230	(\$20,675)	96.6%	\$8,830
Engineering	\$549,656	\$549,656	\$431,422	(\$118,234)	78.5%	(\$5,761)
County Reimbursement	\$384,026	\$384,026	\$303,594	(\$80,432)	79.1%	(\$38,927)
Police Department	\$3,941,160	\$3,941,160	\$3,746,452	(\$194,708)	95.1%	(\$64,095)
Fire Department	\$829,640	\$829,640	\$713,784	(\$115,856)	86.0%	\$15,030
Hydrant Rental	\$100,000	\$100,000	\$100,000	\$0	100.0%	\$0
Street Department	\$2,507,517	\$2,507,517	\$2,277,734	(\$229,783)	90.8%	\$113,181
Animal Control	\$173,467	\$173,467	\$152,538	(\$20,929)	87.9%	\$2,503
Dakota Nature Park	\$56,093	\$56,093	\$38,938	(\$17,155)	69.4%	(\$13,155)
Aquatic Center	\$338,035	\$338,035	\$32,726	(\$305,309)	9.7%	(\$176,439)
Recreation Department	\$434,299	\$434,299	\$318,237	(\$116,062)	73.3%	(\$77,504)
Parks Department	\$1,519,042	\$1,519,042	\$1,409,103	(\$109,939)	92.8%	\$33,019
Ice Arena	\$582,345	\$582,345	\$346,904	(\$235,441)	59.6%	\$13,063
Forestry	\$410,886	\$410,886	\$359,670	(\$51,216)	87.5%	(\$3,929)
Library	\$1,161,342	\$1,161,342	\$972,117	(\$189,225)	83.7%	(\$3,497)
Subsidies/Appropriation	\$1,261,462	\$1,261,462	\$1,112,400	(\$149,062)	88.2%	\$5,646
Non Departmental	\$2,849,586	\$2,849,586	\$2,699,596	(\$149,990)	94.7%	\$4,271,485
Total	\$20,156,213	\$20,156,213	\$17,762,445	(\$2,393,767)	88.1%	\$4,104,158

- Total General Fund expense was at 88% of total budget, which represents a \$2.3M surplus vs budget
- A large part of this surplus is attributed to city department's efforts to reduce their expenses to meet COVID initially expected revenue declines
 - Other drivers were vacancies (\$644K) and closing of recreational facilities during the summer (\$426K)
- Total revenues were \$4.1M higher mainly driven by \$3.8M in COVID reimbursed expense from the CARES act
 - This helped offset the ~\$400K decline in expected department generated revenues

A Actuals
Δ Variance
B Budget

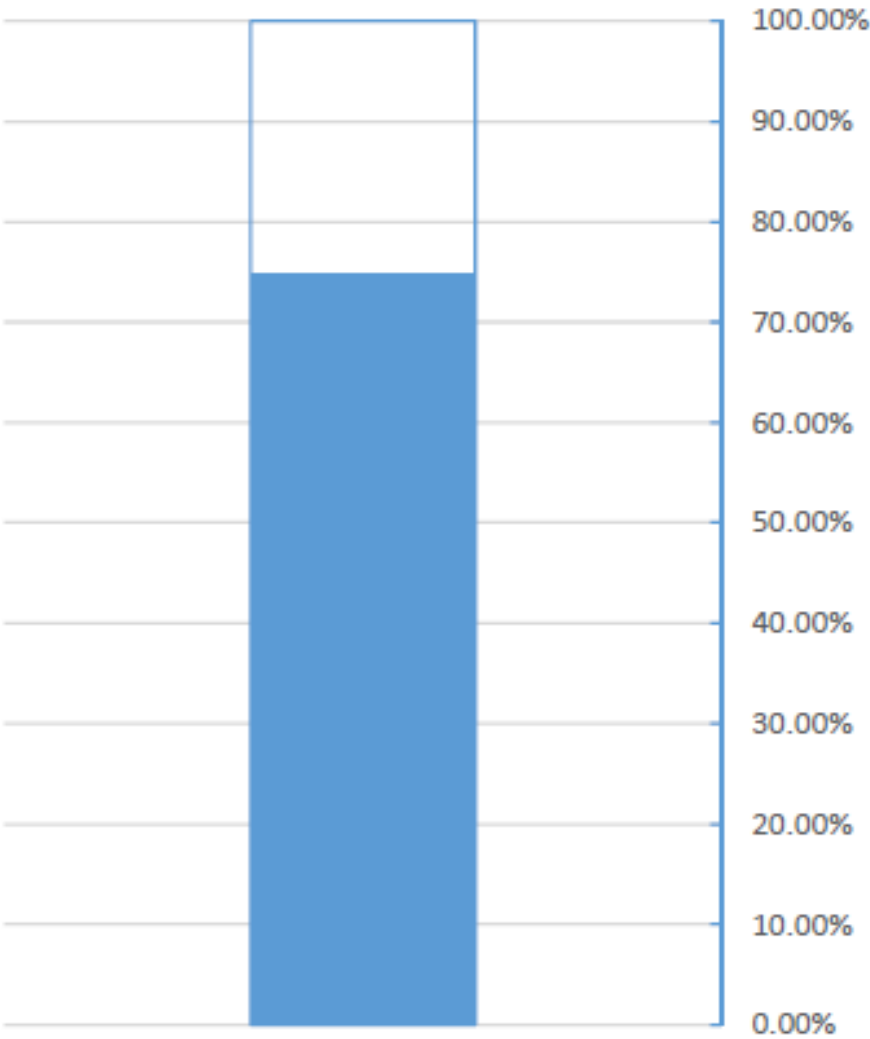
COVID Relief Fund Final Report

Total Allocation		\$ 5,519,641.00
Less:		
Authorized Submissions	4,131,740.52	
Pending Submissions	-	4,131,740.52
Est. Remaining Allocation		\$ 1,387,900.48
	Achieved %	74.86%
	Target %	100.00%

The \$4.1M reimbursed were distributed among the following entities:

- City \$3.8M
- BMU \$193K
- Health System \$120K
- BATA \$16K

COVID Recovery Fund Reimbursement Tracker



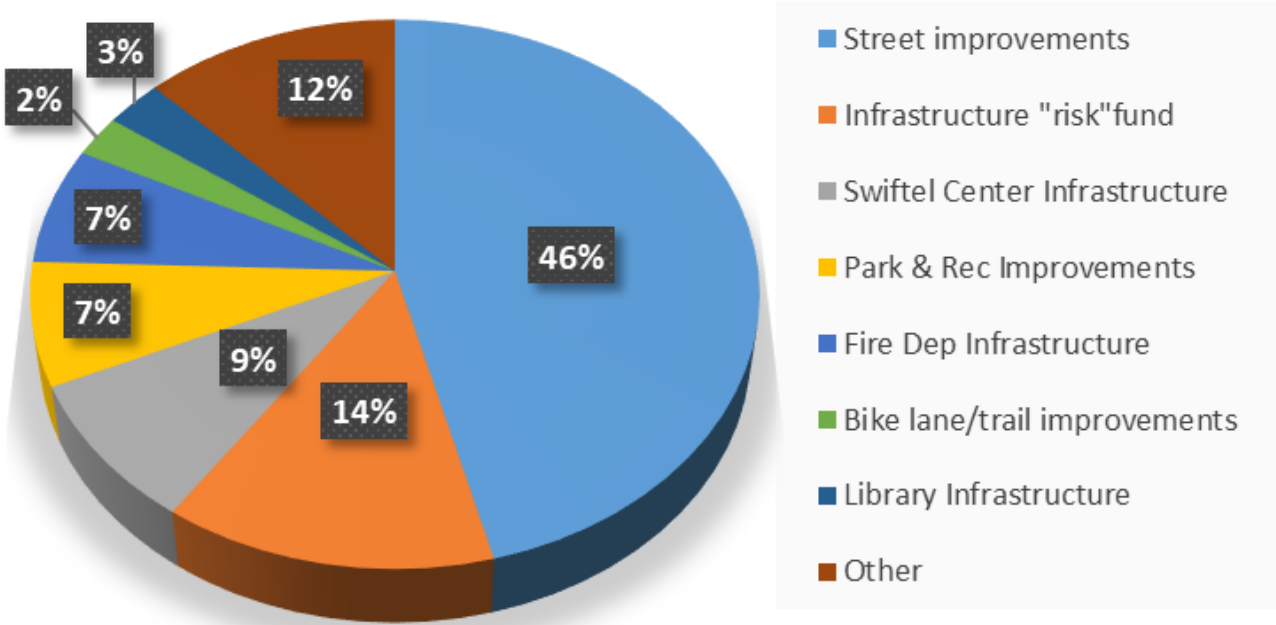
2020 Full Year Budget vs Actuals

Capital Improvement Projects & Other

EXPENDITURES:	FY2020 B	YTD 2020 B	2020 YTD A	Δ \$ (F)/U	% Used
CIP	\$9,919,563	\$9,919,563	\$6,506,036	(\$3,413,527)	65.6%
All Other*	\$28,543,117	\$28,543,117	\$26,564,805	(\$1,978,312)	93.1%
Grand Total	\$58,618,893	\$58,618,893	\$50,833,287	(\$7,785,606)	86.7%

* All Other – Other Government , Special, Capital Projects and Enterprise Funds managed by the City.

Capital Improvement Surplus by Project



- Overall capital project expense finished at 65.6% of budget or \$3.4M surplus.
- This surplus was driven mainly driven by:
 - \$1.3M COVID reductions of non critical projects, most of them were carried forward to 2021
 - Work wasn't finalized in 2020 and will be performed in 2021
- Overall City spending is estimated to end at 86.7% of budget

2020 Full Year Swiftel Center Profit and Loss Summary

Swiftel Center

	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Actual vs Budget F/(U)</u>	<u>Yr/Yr Actual F/(U)</u>	<u>Annual Budget</u>
Revenue					
Building Rent Income	179,148	228,813	(49,666)	(32,535)	228,813
Contractually Obligated Income	176,975	190,625	(13,650)	(13,584)	190,625
Reimbursed Event Expenses	368,531	531,227	(162,696)	(100,790)	531,227
SBA Loans	268,607	0	268,607	285,038	0
Food & Beverage Income - Concessions	312,642	757,872	(445,230)	(490,236)	757,872
Food & Beverage Income - Catering	405,064	519,349	(114,285)	181,437	519,349
Other Event Income	57,152	205,656	(148,504)	(157,108)	205,656
Other Income	14,442	870	13,572	2,228	870
Revenue Total:	1,782,560	2,434,412	(651,852)	(325,550)	2,434,412
Expense					
Cost of Goods Sold	(226,978)	(346,641)	119,663	48,125	(346,641)
Personnel Expense - Full-Time	(710,433)	(896,688)	186,255	91,873	(896,688)
Personnel Expense - Part-Time Support	(19,882)	(24,120)	4,238	(5,545)	(24,120)
Personnel Expense - Part-Time Event	(204,758)	(362,437)	157,679	122,567	(362,437)
Personnel Expense - Taxes, Benefits & Fees	(311,622)	(391,115)	79,493	33,189	(391,115)
General & Administrative Expense	(89,947)	(76,629)	(13,318)	(42,170)	(76,629)
Occupancy Expense	(261,739)	(335,611)	73,872	62,311	(335,611)
Services & Operations Expense	(122,238)	(158,602)	36,364	23,099	(158,602)
Event Expense	(205,463)	(306,121)	100,658	111,473	(306,121)
Food & Beverage Expense	(13,503)	(27,360)	13,857	14,015	(27,360)
Expense Total:	(2,166,564)	(2,925,324)	758,760	458,937	(2,925,324)
Net Income:	(384,004)	(490,912)	106,908	133,387	(490,912)

- Despite an extremely challenging year for its industry, the Swiftel Center finished the year at \$107K budget surplus
- Revenues were (27%) or (\$650K) lower than expected. However, the Center's leadership found solutions to offset the expected revenue loss by securing a PPP loan/grant, successfully recruiting two national cattle shows and providing disinfecting services to city facilities using existing equipment
- Expenses were proactively reduced by (\$759K) as a result of several cost reduction initiatives which included payroll and personnel adjustments
- Acknowledging that the Center is still not out of the woods, leadership is continuously re-evaluating the 2021 business plan and making adjustments where possible

2021 Key Funds Forecast

2021 City COVID-19 Financial Response Plan

- With the understanding that 2021 would still be financially impacted by COVID, the city built the following assumptions into its 2021 budget appropriated last September:
 - 1st and 2nd Penny = 5.3% growth from 2020's estimated contraction (8%) – General and CIP Funds
 - 66% percent recovery from the previously estimated contraction
 - 3B “Tourism” = 17.5% growth from 2020's estimated contraction (35%)
 - 50% percent recovery from the previously estimated contraction
 - BID “Hotel” = 25% growth from 2020's estimated contraction (50%)
 - 50% percent recovery from the previously estimated contraction
- 2021 tax revenue received in January (for December's economic activity) still reflects a year over year decline but all taxes aside from 3B are favorable when compared to budget

	YoY		Vs Budget	
	\$	%	\$	%
1st Penny	(15,824)	(2.3%)	13,188	2.0%
2nd Penny	(13,657)	(2.0%)	14,385	2.2%

	YoY		Vs Budget	
	\$	%	\$	%
3B	(16,531)	(20.9%)	(4,135)	(6.2%)
BID	(2,280)	(14.6%)	1,817	15.8%

City Council Priority Project List

General Fund Reserves	
2019 EOY Unassigned Liquid Assets Balance	\$ 9,799,639
2021 15% General Fund Reserve Balance (-)	\$ 2,685,261
2021 5% GF Budget Stabilization (-)	\$ 895,087
2020 Adjusted* Estimated Budget Surplus (+)	\$ 3,244,401
20% Variance for estimated Surplus	\$ (648,880)
City Council Priority Funding Available Balance	\$ 8,814,811

*Adjusted for ED reserves used and short term investments and liabilities

City Council Approved Projects*	Cost
2021 Facility Improvements (Budget appropriation)	\$ 1,400,000
Total CC Approved Projects	\$ 1,400,000

*Formaly Approved

Priority Funding Available Balance After Approved	\$ 7,414,811
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Primary Projects (IN priority order)	Cost
2022 Facility Improvements	\$ 1,100,000
FD Training Tower	\$ 440,000
Public Safety Center	\$ 7,000,000
Housing Study	\$ 25,000
Food Bank	\$ 300,000
Downtown Master Plan	\$ 35,000
Indoor Rec	\$ 850,000
Total Unapproved Primary Projects	\$ 9,750,000

Priority Funding after Unapproved Primary Projects	\$ (2,335,189)
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Secondary Projects (IN priority order)	Cost
2023 Facility Improvements	\$ 1,442,050
2024 Facility Improvements	\$ 1,756,957
2025 Facility Improvements	\$ 2,318,312
Parks - Bike Trails	\$ 3,460,000
Pay Down Debt	\$ -
Total Unapproved Secondary Projects	\$ 8,977,319

Desired Projects (NOT in priority order)	Cost
PD Training Simulator	\$ 300,000
PD K9 Vehicle	\$ 65,000
Streets - 3rd Street Sweeper	\$ 215,000
Parks - Pickle ball Court	\$ 200,000
Parks - Bridge to East Pond (DNP)	\$ 30,000
Parks - Blue Rink Dehumidification (LIA)	\$ 160,000
Parks - Floor Replacement (LIA)	\$ 96,000
Parks - Parks Maintenance Addition	\$ 600,000
Swiftel - Outdoor Marquee (22nd Ave)	\$ 41,500
Re-Build East Lot - Larson Ice Arena	\$ 270,000
East Lot - Swiftel Center	\$ 320,000
Larson Park Pavilion	\$ 200,000
Larson Park Fountain	\$ 100,000
Total Unapproved Desired Projects	\$ 2,597,500

Questions or Comments?

Please contact the City of Brookings's Chief Financial Officer :

Erick Rangel

CFO

605-697-8640

erangel@cityofbrookings.org

<https://cityofbrookings.org/200/Finance-Department>

Appendix

CRF Reimbursement Report Detail

Description	Total Amount Reimbursed	BMU	BHS	BATA	City
Personal Protective Equipment	\$ 57,834.64	9,719.39			48,115.25
Cleaning supplies used for disinfecting facilities or equipment	\$ 17,680.31	7,024.46			10,655.85
Equipment used to maintain cleanliness or to sanitize items (e.g., air purifiers, sterilizers, or disinfectant devices)					-
Payroll Costs (i.e., salary and benefits) for public health and safety employees	\$ 3,213,407.30				3,213,407.30
Cost incurred on behalf of an individual testing positive for COVID-19 in order to ensure his or her isolation (e.g., hotel rooms, meals, security)					-
Costs incurred at public hospitals, clinics, or similar facilities, including expenses for establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including construction costs					-
Costs incurred for COVID-19 testing, including serological testing	\$ 107,278.71		105,514.14		1,764.57
Costs incurred for emergency medical response, including emergency medical transportation, related to COVID-19					-
Equipment to establish and operate public telemedicine capabilities for COVID-19-related treatment	\$ 1,117.62				1,117.62
Equipment to support remote work by employees	\$ 66,861.50	42,999.10			23,862.40
Costs incurred to prepare facilities for employees return to work or allow the public to access such facilities while complying with recommended social distancing and other COVID-19 response protocols	\$ 108,017.67	2,012.48			106,005.19
Purchases, such as PPE, equipment, or supplies to create a reserve for response to COVID-19 cases, even if there have not yet been COVID-19 cases in the jurisdiction	\$ 22,838.31		14,963.31		7,875.00
Other personnel expenses directly related to COVID-19	\$ 335,927.33	130,607.37			205,319.96
Other operating expenses directly related to COVID-19	\$ 200,777.13	179.06		15,957.00	184,641.07
	\$ 4,131,740.52	192,541.86	120,477.45	15,957.00	3,802,764.21

City Council Priority Project List – Facility Improvements Detail

2021 Facility Improvements - \$1.4M

- Library Repairs (HVAC, Cabinet Heater, Doors, Juice Bar Cabinet Removal and Wall Repair) - \$765k
- Police Emergency Repairs (HVAC) - \$200k
- Larson Park Parking Lot - \$175k
- Larson Ice Arena (HVAC, Flooring) - \$100k
- Southbrook Restrooms - \$100k
- Activity Center (Windows, Fire System – ADA Compliance) - \$50k
- HAC Pool Heater - \$38k

2022 Facility Improvements - \$1.1M

- Library (Air Chiller, Windows, Ceiling Tiles) - \$525k
- PD (Carpeting, Electrical Upgrade, Lighting (may be reduced)) - \$210k
- Activity Center (Electrical Upgrades) - \$145k
- Fire (East Station Remodel, Lighting (may go away with LED conversion energy savings project)) - \$110k
- Swiftel (Doors, Restroom Upgrades), Nature Park (Resealing Building), Airport (Shed Doors/Frames) - \$110k