



# **Finance Report**

*Full Year 2022*

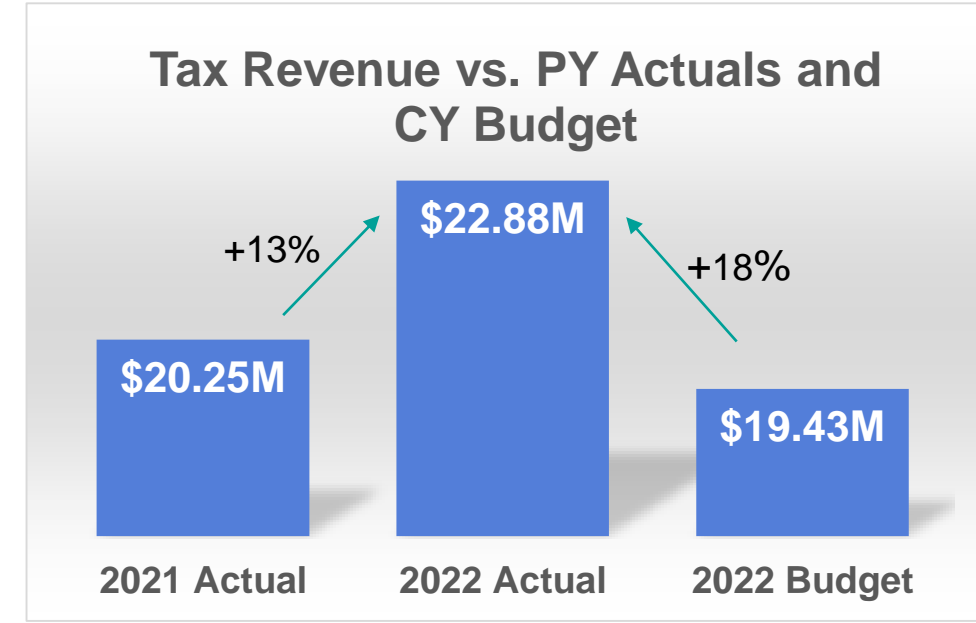
# Finance Report Overview

- 2022 Tax Revenue
- 2022 Economic Factors & 2023 Outlook
- 2022 Budget to Actual
- City Council Priority Projects Summary



# 2022 Full Year Tax Revenue

	2021 Actual	2022 Actual	2022 Budget	Difference	% of Budget F/(U)
<b>Sales Tax:</b>					
1st Penny	\$ 7,697,851	\$ 8,915,099	\$ 7,305,390	\$ 1,609,709	22.03%
2nd Penny	7,699,876	8,915,099	7,305,390	1,609,709	22.03%
3rd Penny	1,065,450	1,129,330	922,162	\$ 207,168	22.47%
BID(Pillow Tax)	235,942	252,258	242,000	10,258	4.24%
<b>Total</b>	<b>16,699,119</b>	<b>19,211,787</b>	<b>15,774,942</b>	<b>3,436,845</b>	<b>21.79%</b>
Property Tax	3,549,398	3,666,879	3,659,001	7,878	0.22%
<b>Grand Total</b>	<b>20,248,517</b>	<b>22,878,666</b>	<b>19,433,943</b>	<b>3,444,723</b>	<b>17.73%</b>



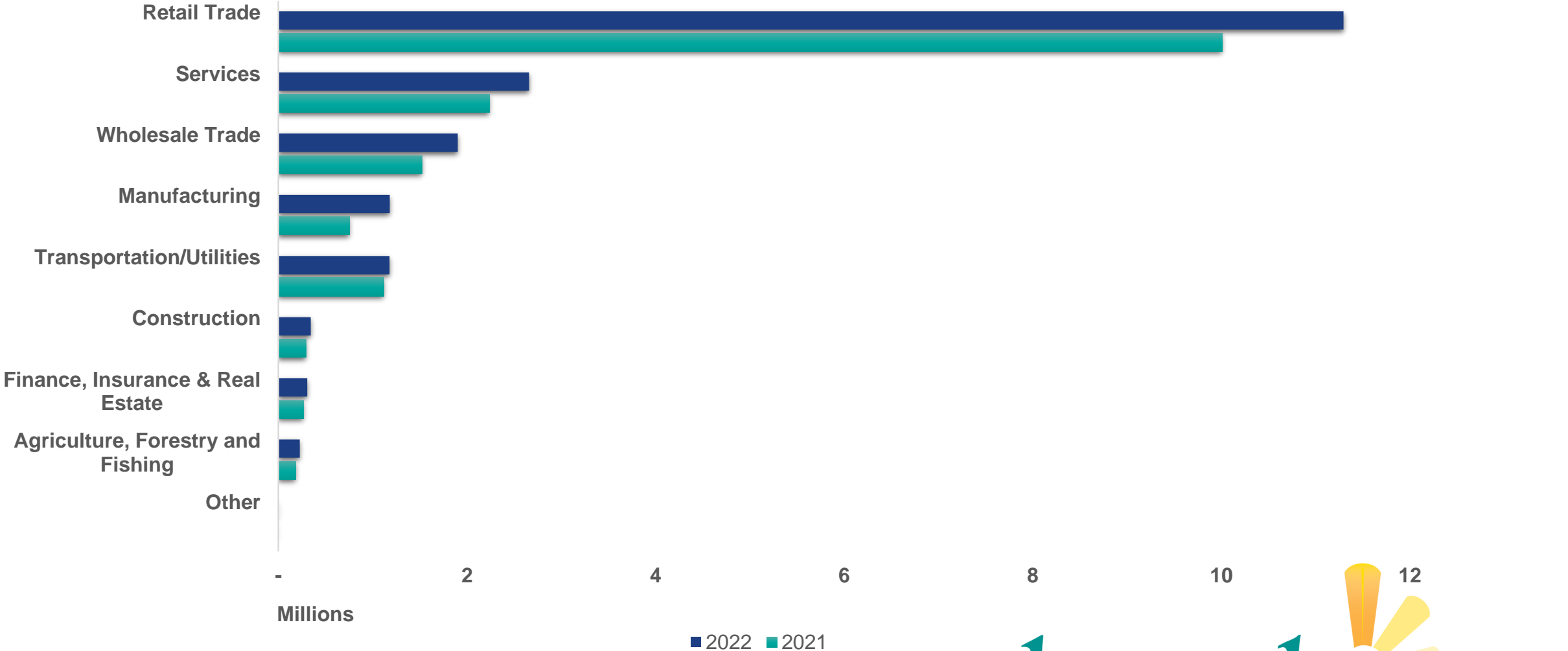
## **Economic Factors:**

*2022 Average Midwest Consumer Price Index (CPI): 6.8%*

*2021 Federal Funding/Stimulus*



# 2022 Tax Revenue By Category



*Sales tax revenues were favorable over last year in all categories.*



# Sales Tax Revenue vs. Gross Domestic Product (GDP)

- ❑ City's tax revenue growth has historically outperformed GDP and CPI growth with the exception of 2020.
- ❑ As of 4Q2022, prices are showing signs of leveling off after a year of high inflation.
  - Q1: 8.3%
  - Q2: 9.0%
  - Q3: 4.4%
- ❑ In 2022, Increases in consumer spending, exports, and private industry investment, and nonresidential fixed investments were partly offset by decreases in residential fixed investment and government spending.

Period	GDP	Price Index	Sales Tax Growth
Q4 2020	+3.90%	+2.50%	-1.8%
Q4 2021	+7.00%	+6.80%	+11%
Q4 2022	+2.90%	+3.50%	+22%



# 2023 Economic Outlook

- ❑ Mild but short recession likely in 2023
  - Decreased consumer and business spending
    - ✓ Exhausting Savings built up during COVID-19 Pandemic
    - ✓ Rising interest rates
- ❑ Challenges
  - Businesses will find it difficult to pass along higher prices to customers
  - No assistance expected from Federal Government
- ❑ Other Considerations
  - Workforce shortages still exist
  - Consumer spending is currently still strong
  - Flexible work has changed economy
  - Energy prices have fallen recently but are expected to increase again
- ❑ Good News: 2022 ended strong, and economy is expected to recover from recession relatively quickly



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# 2022 Full Year Budget vs. Actuals – General Fund

Department	Description	Budget	YTD Exp	YTD Budget Rev/Exp Bal	% Spend/Collect	Revenue vs. Budget
401	Mayor & Council	115,931.85	105,278.43	10,653.42	90.81%	3.00
403	City Clerk	285,504.42	281,298.79	4,205.63	98.53%	7,216.34
405	Non-Departmental	1,845,579.62	810,128.18	1,035,451.44	43.90%	4,586,142.09
406	City Manager	610,279.60	590,548.42	19,731.18	96.77%	1,223.20
412	City Attorney	136,000.00	105,844.25	30,155.75	77.83%	-
414	Human Resources	601,222.34	465,253.80	135,968.54	77.38%	5,953.50
415	Finance	646,145.86	575,171.74	70,974.12	89.02%	20,044.88
416	Information Technology	367,225.19	333,356.34	33,868.85	90.78%	284.90
417	Government Buildings	200,449.42	177,098.13	23,351.29	88.35%	7,553.78
418	Community Development	933,877.20	853,813.03	80,064.17	91.43%	98,259.21
420	City/County Administrative Bld	405,400.00	347,180.18	58,219.82	85.64%	(17,626.17)
421	Police Services	4,234,569.94	4,214,665.86	19,904.08	99.53%	58,821.09
422	Fire Protection Services	852,433.46	812,275.69	40,157.77	95.29%	49,012.18
424	Hydrant Rental	102,000.00	95,191.25	6,808.75	93.32%	-
430	Public Works	372,449.39	354,666.80	17,782.59	95.23%	8,416.85
431	Street	2,536,144.68	2,352,171.85	183,972.83	92.75%	27,358.76
442	Animal Control	159,180.68	89,170.98	70,009.70	56.02%	1,207.00
449	Hillcrest Aquatic Center	452,619.00	345,723.22	106,895.78	76.38%	17,140.98
451	Recreation	506,849.91	423,512.40	83,337.51	83.56%	(50,322.95)
452	Parks	1,628,936.83	1,582,708.31	46,228.52	97.16%	24,863.79
453	Larson Ice Center	482,678.03	427,566.25	55,111.78	88.58%	1,547.15
454	Forestry	402,785.94	390,013.78	12,772.16	96.83%	(3,788.21)
455	Library	1,262,682.53	1,222,197.88	40,484.65	96.79%	7,058.82
495	Subsidies	848,630.00	843,907.84	4,722.16	99.44%	61,862.00
<b>General Fund Total</b>		<b>19,989,575.89</b>	<b>17,798,743.40</b>	<b>2,190,832.49</b>	<b>89.04%</b>	<b>4,912,232.19</b>

- ❑ Total General Fund expense was at 89% of total budget, which represents a \$2.1M surplus vs. budget.
- ❑ A large part of this surplus is attributed to efforts by City Departments to stay within their budgets during a period of high inflation.
- ❑ The overall increase in revenues was primarily driven by receiving the second half of ARPA funding and derecho-related insurance claims

\$1.2M of remaining General Fund Expenditure Budget carried forward to 2023.



# 2022 Full Year Budget to Actuals – Other Funds

Department	Description	Budget	YTD Exp	YTD Budget Rev/Exp Bal	% Expend/Collect
213	Capital Improvement Fund	11,920,031.00	7,400,157.92	4,519,873.08	62.08%
	All Other Funds*	37,822,760.98	29,624,954.89	8,197,806.09	78.33%
	<b>Grand Total All Funds</b>	<b>69,732,367.87</b>	<b>54,823,856.21</b>	<b>14,908,511.66</b>	<b>78.62%</b>

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

- ❑ Overall CIP Fund Expenditures were at 62% of budget or a \$4.5M surplus, primarily driven by \$4.23M in projects and equipment that are being carried forward to 2023 due to supply
- ❑ Combined other funds ended the year at 78.33% of budget. Approximately \$6M of this surplus is related to multi-year capital projects with remaining budgets being carried forward to 2023.
- ❑ The City as a whole spent 78.62% of the total expenditure budget.





# City Council Priority Projects

General Fund Reserves	
Total City Council Priority Funding Available Balance	<b>\$ 14,085,000</b>

City Council Approved Projects*	Cost
2022 Facility Improvements (Budget appropriation)	\$ 1,100,000
HVAC Swiftel Center Ord 22-013	\$ 1,500,000
FD Training Tower Ord 22-017	\$ 590,000
<b>Total CC Approved Projects</b>	<b>\$ 3,190,000</b>

\*Formally Adopted

Priority Funding Available Balance After Approved	<b>\$ 10,895,000</b>
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Primary Projects (IN priority order)	Cost
Public Safety Center - \$9,522,800 Committed	\$ 21,000,000
Indoor Rec Facility	\$ 850,000
<b>Total Unapproved Primary Projects</b>	<b>\$ 21,850,000</b>

Priority Funding after Unapproved Primary Projects	<b>\$ (10,955,000)</b>
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Secondary Projects (IN priority order)	Cost
Golf - Upgrade Irrigation System	\$ 1,200,000
Library - Overall Upgrade	\$ 1,500,000
Pay Down Debt	\$ -
<b>Total Unapproved Secondary Projects</b>	<b>\$ 2,700,000</b>
Priority Funding after Unapproved Secondary Projects	<b>\$ (13,655,000)</b>

Note: Available balance will be updated when 2022 financial statements are finalized.



# City Council Priority Projects – Desired Projects

Project	Department	Cost	Year	Comments
Public Safety Center	Police	\$ 21,000,000	2023-2026	\$8.5M allocated in CCPPF Primary
Indoor Rec Facility	Parks	850,000	2023	CCPPF Primary
Golf Irrigation System Upgrades	Golf	1,200,000	2023	CCPPF Secondary
Library Facility Upgrade	Library	1,500,000	2023-2024	CCPPF Secondary
Training Simulator	Police	300,000	2023	
Marked Vehicle	Police	62,000	2023	
Splash Park	Parks	250,000	2030	
Outdoor Offices	Parks	30,000	2030	
Larson Park Shelter	Parks	200,000	2030	
Larson Park Fountain	Parks	100,000	2028	
Dakota Nature Park Bridge	Parks	30,000	2022	
Larson Ice Center Floor Replacement	Parks	96,000	2022	
Climate Action Plan - Sustainability	Sustainability	130,000	2023	
Parks Shop Addition	Parks	600,000	2029	
Trails	Parks	3,460,000	2023-2027	
3rd Street Sweeper	Streets	215,000	2028	
East Lot	Swiftel Center	320,000	2023	
Motor Grader	Streets	330,000	2022	
	<b>Total</b>	<b>\$ 30,673,000</b>		



# Questions or Comments?

Please contact the City of Brookings Finance Department:

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Finance Department Web Page:

<https://www.cityofbrookings-sd.gov/200/Finance-Department>

CFO's Tax Report:

<https://performance.envisio.com/dashboard/cityofbrookings/Goal-8765>

