

CFO's Report

Q2 2022

City of Brookings

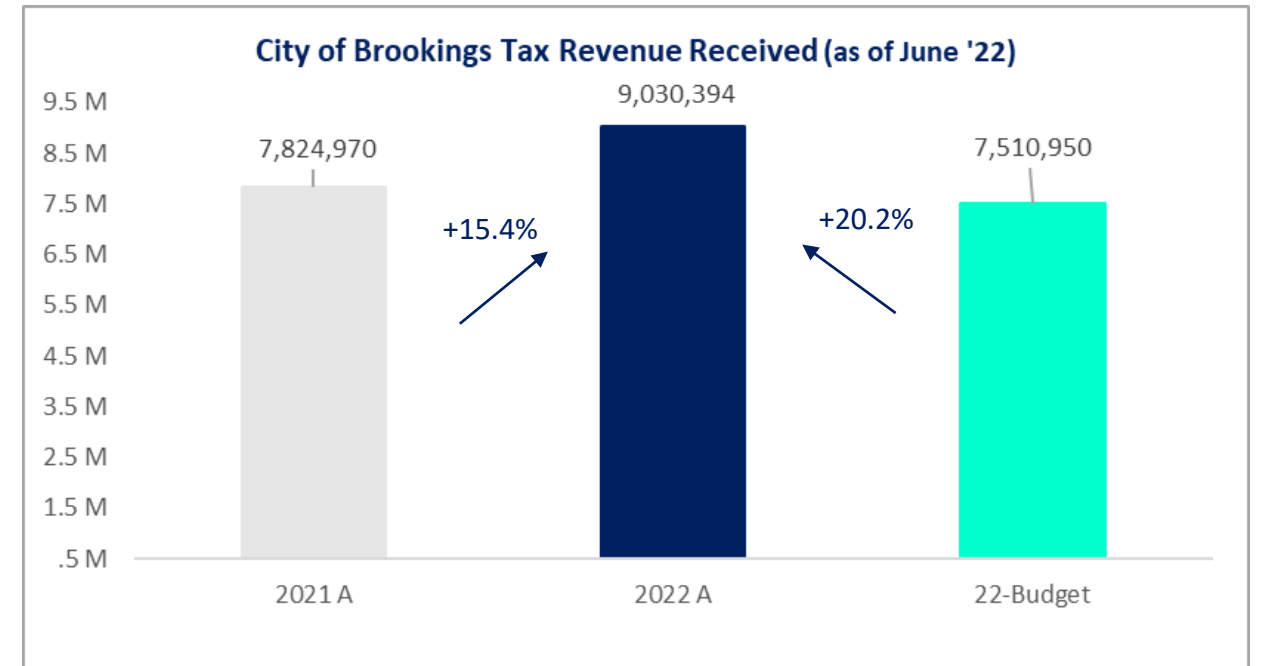
2022 Jan – June Tax Revenue

2022 2Q Tax Revenue & Other Income

REVENUES	FY2022 B	Prorated YTD 2022 B	2022 YTD A	Δ \$ F/(U)	Δ%
Sales Tax:					
1st Penny	\$7,305,390	\$3,495,380	\$4,179,935	\$684,555	19.6%
2nd Penny	\$7,305,390	\$3,495,316	\$4,179,935	\$684,619	19.6%
3rd Penny	\$922,162	\$425,986	\$560,101	\$134,115	31.5%
BID (Pillow Tax)	\$242,000	\$94,268	\$110,424	\$16,156	17.1%
Total	\$15,774,942	\$7,510,950	\$9,030,394	\$1,519,444	20.2%
Property Tax:	\$3,666,001	\$1,880,401	\$1,968,282	\$87,881	4.7%
Grand Total	\$19,440,943	\$9,391,351	\$10,998,676	\$1,607,326	17.1%

A Actuals
 Δ Variance
 B Budget

Revenue Tax Collected vs LY vs Budget



- Total tax collected is 17.1% above budget or \$1.6M
- Sales driven tax revenue is 15.4% higher than last year and 20.2% above budget or \$1.5M
 - Growth in Q2 2021 was +18% vs last year
- Hospitality Industry driven taxes
 - 3rd Penny or “Tourism” + 18.4% growth
 - BID or “Hotel” + 18% growth

Notes - Proration of tax revenue is based on average monthly historical timing of collections

- The sales tax reported period is for the previous month's actual activity; thus, the reported numbers represent December'21 to May'22 economic activity

2022 Jan – June Sales Tax Revenue by Industry

Year over Year (YoY) increases are across the board with material gains in the Manufacturing, Retail Trade and Services sectors.

Category	YTD	22 YoY	21 YoY	20 YoY
A Agriculture, Forestry and Fishing	94,399	15.4%	13.3%	2.0%
C Construction	140,952	13.6%	-31.2%	-15.1%
D Manufacturing	642,429	97.5%	-16.6%	-41.7%
E Transportation, Communications, Electric, Gas, and Sanitary Services	641,538	9.6%	-14.3%	-8.4%
F Wholesale Trade	810,020	7.2%	12.3%	54.1%
G Retail Trade	5,220,544	10.4%	13.3%	1.0%
H Finance, Insurance & Real Estate	121,074	9.9%	11.4%	3.7%
I Services	1,330,416	21.7%	2.6%	-7.6%
O Other	2,535	82.2%	-65.5%	-37.8%
T Total	9,003,907	15.4%	6.4%	-2.9%



Additional sales tax information can be found in the City’s Performance Management Dashboard through the following link

- [City of Brookings, SD - Performance Analytics - Envisio](#)

2022 Jan – June Budget vs Actuals – General Fund

General Fund

EXPENDITURES:	FY2022 B	Prorated YTD 2022 B	2022YTD A	Δ \$ F/(U)	% Used	Δ Revenue \$ F/(U)	Net Surplus/ (Deficit)
Animal Control	\$159,181	\$ 63,729	\$33,890	\$29,839	21.3%	\$1,987	\$31,826
Aquatic Center	\$452,619	\$ 132,798	\$113,985	\$18,813	25.2%	\$43,888	\$62,701
City Attorney	\$136,000	\$ 68,000	\$51,734	\$16,266	38.0%	\$0	\$16,266
City Clerk	\$271,250	\$ 147,085	\$143,306	\$3,779	52.8%	\$8,681	\$12,460
City Manager	\$602,280	\$ 297,209	\$285,138	\$12,071	47.3%	\$30	\$12,101
Community Development	\$931,577	\$ 474,434	\$392,588	\$81,846	42.1%	\$31,921	\$113,767
County Reimbursement	\$405,400	\$ 202,700	\$107,742	\$94,958	26.6%	(\$23,220)	\$71,738
Finance	\$640,146	\$ 326,339	\$327,072	(\$733)	51.1%	(\$5,514)	(\$6,247)
Fire Department	\$798,931	\$ 399,561	\$388,575	\$10,986	48.6%	(\$2,484)	\$8,502
Forestry	\$402,786	\$ 225,287	\$163,562	\$61,725	40.6%	(\$2,457)	\$59,268
Government Buildings	\$200,449	\$ 100,225	\$132,394	(\$32,170)	66.0%	\$3,375	(\$28,795)
Human Resources	\$579,722	\$ 263,340	\$190,192	\$73,148	32.8%	\$479	\$73,627
Hydrant Rental	\$102,000	\$ 42,500	\$34,615	\$7,885	33.9%	\$0	\$7,885
Ice Arena	\$477,678	\$ 213,307	\$191,380	\$21,927	40.1%	\$8,995	\$30,923
IT	\$340,771	\$ 143,516	\$165,007	(\$21,491)	48.4%	\$285	(\$21,206)
Library	\$1,262,683	\$ 563,184	\$545,118	\$18,066	43.2%	\$9,203	\$27,269
Mayor & Council	\$115,932	\$ 39,912	\$48,264	(\$8,352)	41.6%	\$0	(\$8,352)
Parks Department	\$1,608,937	\$ 742,305	\$697,110	\$45,195	43.3%	\$60,016	\$105,212
Police Department	\$4,137,979	\$ 1,909,868	\$1,942,233	(\$32,365)	46.9%	\$20,412	(\$11,953)
Public Works	\$372,449	\$ 189,870	\$132,564	\$57,306	35.6%	\$0	\$57,306
Recreation Department	\$502,850	\$ 238,905	\$209,281	\$29,624	41.6%	(\$42,460)	(\$12,837)
Street Department	\$2,536,145	\$ 1,307,397	\$1,035,965	\$271,433	40.8%	\$18,699	\$290,131
Subsidies/Appropriation	\$1,200,558	\$ 821,177	\$615,741	\$205,436	51.3%	\$12	\$205,448
Non Departmental	\$595,180	\$ 275,698	\$138,150	\$137,547	23.2%	\$836,751	\$974,299
Reserves Used	\$3,332,826	\$ 3,332,826	\$2,642,826	\$690,000	79.3%	\$0	\$690,000
Total	\$22,166,329	\$12,521,172	\$10,728,432	\$1,792,740	48.4%	\$968,598	\$2,761,338

- Total General Fund expense is at 48.4% of total budget, which represents a \$1.8M surplus vs the prorated budget
 - Excluding reserves used, expense is at 43% of budget with a \$1.1M surplus
- A large part of this surplus is attributed to staff vacancies and timing of expenses
- Departments that show a deficit is mostly due to timing of expenses
 - However, fuel and utilities expenses increased ~20% over last year, staff will continue monitoring
- Total non tax revenues are \$960 K higher mainly driven by a \$350K insurance payment for the May 12th storm

A Actuals
 Δ Variance
 B Budget

Notes - Proration of expenses and revenue are based on a 2yr monthly historical timing average

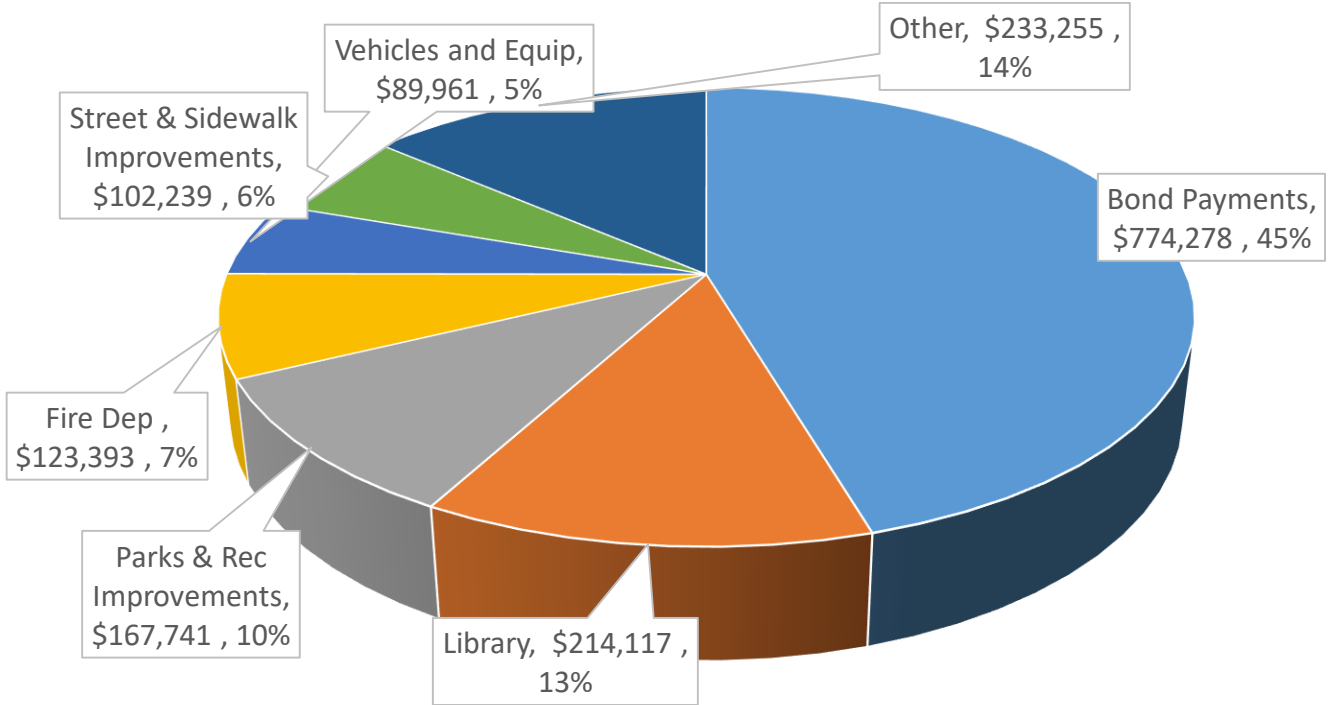
2022 Jan – June CIP and Other Funds Budget vs Actuals

Capital Improvement Projects & Other

EXPENDITURES:	FY2022 B	Prorated YTD 2022 B	2022YTD A	Δ \$ F/(U)	% Used
CIP	\$12,780,625	\$2,432,955	\$1,893,585	\$539,369	14.8%
All Other*	\$29,794,709	\$11,741,182	\$9,056,617	\$2,684,565	30.4%
Grand Total	\$64,741,663	\$26,695,309	\$21,678,635	\$5,016,674	33.5%

*All Other – Other Government , Special, Capital Projects and Enterprise Funds managed by the City.
Excludes Swiftel Center 2Q Operational Expenses

Capital Improvement Spend by Project



- Excluding all non capital project expenses¹, CIP fund is at 12% of budget with a total spend of \$1.1M.
 - Main initiatives funded to date are upgrades to the Library and Park and Rec facilities and the first payment for the Fire Department’s training tower
- Overall City spending is at 33.5% of budget

A Actuals Δ Variance B Budget

¹ Non Capital project expenses include transfers, debt payments and sinking fund

City Council Priority Project List (CCPPF)

General Fund Reserves	
Total City Council Priority Funding Available Balance	\$ 12,540,000

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
Total CC Approved Projects	\$ 3,190,000

**Formally Adopted*

Priority Funding Available Balance After Approved	\$ 9,350,000
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Primary Projects (IN priority order)	Cost
Public Safety Center - \$8.5M	\$ 7,977,800
Indoor Rec Facility	\$ 850,000
Total Unapproved Primary Projects	\$ 8,827,800

Priority Funding after Unapproved Primary Projects	\$ 522,200
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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	\$ -
Total Unapproved Secondary Projects	\$ 2,700,000

Priority Funding after Unapproved Secondary Project	\$ (2,177,800)
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**Please refer to Appendix for additional [desired projects detail](#)*

2022 Economic Update

- The Conference Board forecasts that US economic growth will slow over the course of this year and that a shallow recession will occur in late 2022 and early 2023.
 - This outlook is associated with persistent inflation and rising interest rates by the Federal Reserve
 - They forecast that 2022 Real GDP growth will come in at 1.7 % percent year-over-year and that 2023 growth will slow to 0.5% percent year-over-year

THE CONFERENCE BOARD US ECONOMIC OUTLOOK				
Percentage Change Annual Rates				
	2020	2021	2022	2023
Real GDP	-3.4	5.7	1.7	0.5
Unemployment Rate (%)	8.1	5.4	3.6	3.7
PCE Inflation (%Y/Y)	1.2	3.9	5.9	3.0

- Locally, the Midwest inflation Increased 1.6% in June with an annual increase of 9.5%
 - Even though the City’s tax and overall revenues have been strong so far, we remain cautious of our region’s economic outlook growth due to three main factors: tight labor market, supply chain constrains and a potential COVID wave

Sources: <https://www.conference-board.org/research/us-forecast> PCE (Personal Consumption Expenses, includes food and Energy)
<https://dlr.sd.gov/lmic/lbtables/citylf.aspx>

Questions or Comments?

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

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

Appendix

City Council Priority Project List (CCPPF) – Desired Projects

Desired Projects (NOT in priority order)	Cost	Year
Parks - Bridge to East Pond - Dakota Nature Park	\$ 30,000	2022
Parks - Dog Park - Sexauer	\$ 100,000	2030
Parks - Floor Replacement - Larson Ice Arena	\$ 96,000	2022
Parks - Larson Park Fountain	\$ 100,000	2028
Parks - Larson Park Shelter	\$ 200,000	2030
Parks - Outdoor Offices	\$ 30,000	2030
Parks - Parks Shop Addition	\$ 600,000	2029
Parks - Pickleball Courts	\$ 250,000	2030
Parks - Splashpark	\$ 250,000	2030
Parks - Trails	\$ 3,460,000	2023-2027
Police - Marked Vehicle	\$ 62,000	2022
Police - Training Simulator	\$ 300,000	2023
Streets - 3rd Street Sweeper	\$ 215,000	2028
Streets - Motorgrade	\$ 330,000	2022
Sustainability - Sustainability Council - Climate Action Plan	\$ 130,000	2023
Swiftel Center - East Lot	\$ 320,000	2023
Total Unapproved Desired Projects	\$ 6,473,000	

City Council Priority Project List – Facility Improvements Detail

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