

BRING YOUR DREAMS.

CFO's Report

Q1 2021

City of Brookings



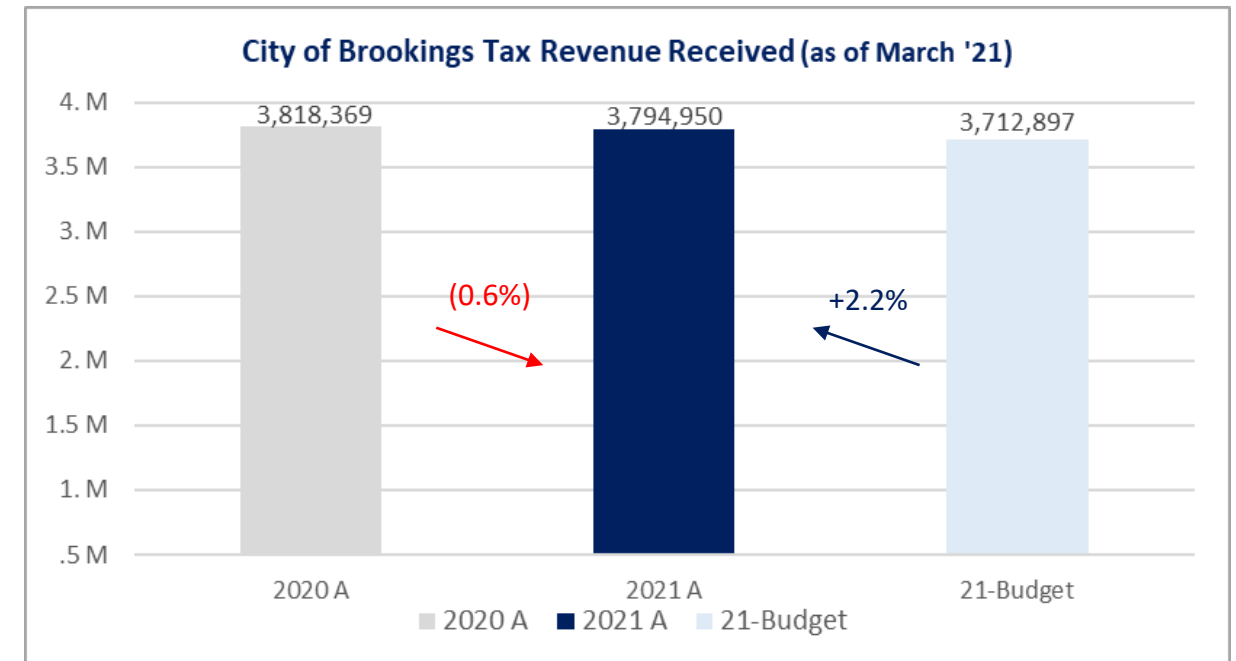
2021 First Quarter Tax Revenue

2021 1Q Tax Revenue & Other Income

REVENUES	FY2021 B	Prorated YTD 2021 B	2021 YTD A	Δ \$ F/(U)	Δ %
Sales Tax:					
1st Penny	\$6,904,449	\$1,733,130	\$1,769,097	\$35,967	2.1%
2nd Penny	\$6,904,449	\$1,732,283	\$1,769,097	\$36,814	2.1%
3rd Penny	\$825,000	\$211,339	\$215,106	\$3,767	1.8%
BID (Pillow Tax)	\$170,000	\$36,144	\$41,650	\$5,506	15.2%
Total	\$14,803,898	\$3,712,897	\$3,794,950	\$82,054	2.2%
Property Tax:	\$3,513,073	\$117,884	\$225,636	\$107,752	91.4%
Grand Total	\$18,316,971	\$3,830,780	\$4,020,586	\$189,806	5.0%

A Actuals
 Δ Variance
 B Budget

Revenue Tax Collected vs LY vs Budget



- Total tax collected was 5% above budget or \$190K
- Sales tax Revenue was (0.6%) lower than last year but 2.2% above budget or \$82K
- Last year's figures do not include COVID-19 related impact as the pandemic started to affect our economy around the last week of March

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'20 – February-21 economic activity

2021 First Quarter Sales Tax Revenue by Industry

- Year over Year declines in the Construction, Manufacturing and Transportation industries have been mostly offset by gains in the Wholesale Trade, Retail Trade, Services and Finance, Insurance and Real Estate sectors
- According to local experts, the economic growth forecasted for the U.S. economy of 6.5% in real terms is likely to be as strong if not stronger in our region driven by the following:
 - Stronger inflation readings
 - Additional fiscal stimulus
 - Higher agricultural commodity prices
- Additional sales tax information can be found in the City’s Performance Management Dashboard through the following link
 - <https://performance.envisio.com/dashboard/cityofbrookings/Goal-8765>

Category	YTD	YoY
Division		
A Agriculture, Forestry and Fishing	39,789	10.4%
C Construction	67,848	-41.0%
D Manufacturing	171,247	-24.9%
E Transportation, Communications, Electric, Gas, and Sanitary Services	297,880	-19.0%
F Wholesale Trade	307,914	5.8%
G Retail Trade	2,249,824	6.8%
H Finance, Insurance & Real Estate	51,256	21.8%
I Services	601,306	0.9%
O Other	339	-81.7%
T Total	3,787,402	0.1%

2021 First Quarter Budget vs Actuals – General Fund

General Fund

EXPENDITURES:	FY2021 B	Prorated YTD 2021 B	2020YTD A	Δ \$ F/(U)	% Used	Δ Revenue \$ F/(U)
Animal Control	\$168,660	\$ 27,273	\$26,578	\$695	15.8%	\$913
Aquatic Center	\$402,731	\$ 20,235	\$14,890	\$5,344	3.7%	(\$123)
City Attorney	\$111,000	\$ 23,223	\$29,776	(\$6,553)	26.8%	\$0
City Clerk	\$256,523	\$ 67,515	\$53,482	\$14,033	20.8%	(\$573)
City Manager	\$643,745	\$ 139,313	\$151,036	(\$11,723)	23.5%	\$8
Community Development	\$858,237	\$ 210,557	\$191,353	\$19,204	22.3%	\$2,581
County Reimbursement	\$387,400	\$ 103,064	\$34,745	\$68,318	9.0%	(\$21,620)
Finance	\$619,960	\$ 152,917	\$146,283	\$6,634	23.6%	(\$1,963)
Fire Department	\$797,643	\$ 231,436	\$268,939	(\$37,503)	33.7%	\$15,678
Forestry	\$396,943	\$ 98,960	\$65,444	\$33,516	16.5%	(\$525)
Government Buildings	\$180,521	\$ 45,130	\$87,219	(\$42,088)	48.3%	\$0
Human Resources	\$468,931	\$ 93,044	\$84,610	\$8,434	18.0%	\$2,278
Hydrant Rental	\$102,000	\$ 17,000	\$16,627	\$373	16.3%	\$0
Ice Arena	\$504,727	\$ 120,257	\$133,187	(\$12,930)	26.4%	(\$8,333)
IT	\$381,010	\$ 75,089	\$95,091	(\$20,001)	25.0%	\$0
Library	\$1,166,490	\$ 226,364	\$216,500	\$9,864	18.6%	\$3,215
Mayor & Council	\$113,447	\$ 18,409	\$31,149	(\$12,740)	27.5%	\$0
Parks Department	\$1,524,603	\$ 254,362	\$310,187	(\$55,825)	20.3%	(\$7,912)
Police Department	\$4,015,465	\$ 835,912	\$868,155	(\$32,244)	21.6%	(\$13,094)
Public Works	\$503,163	\$ 124,108	\$78,281	\$45,828	15.6%	\$0
Recreation Department	\$476,509	\$ 124,094	\$85,223	\$38,871	17.9%	(\$3,227)
Street Department	\$2,411,572	\$ 556,222	\$485,426	\$70,797	20.1%	(\$656)
Subsidies/Appropriation	\$964,880	\$ 325,808	\$323,322	\$2,486	33.5%	\$0
Non Departmental	\$423,272	\$ 63,481	\$57,818	\$5,663	13.7%	\$89,819
Total	\$17,879,435	\$3,953,774	\$3,855,321	\$98,453	21.6%	\$56,465

- Total General Fund expense is at 21.6% of total budget, which represents a \$98.5K surplus vs budget
- A large part of this surplus is attributed to vacancies in the Street and Police departments
- Total revenues are \$56K higher mainly driven by higher other revenue such as bank franchise and override taxes

A Actuals
 Δ Variance
 B Budget

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

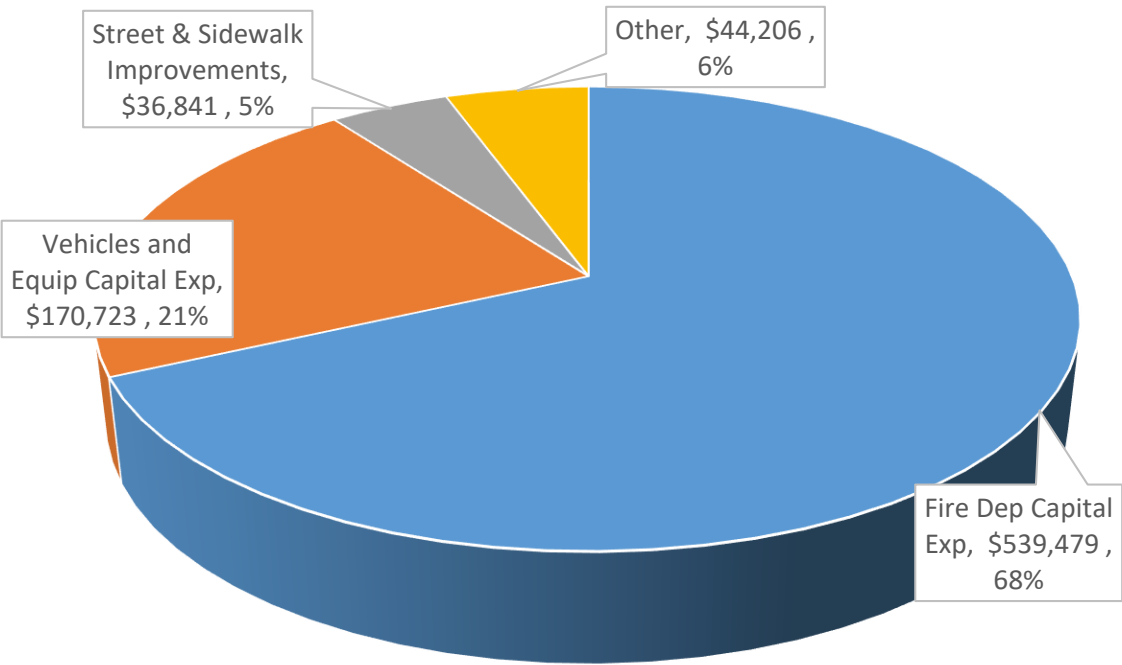
2021 First Quarter Budget vs Actuals

Capital Improvement Projects & Other

EXPENDITURES:	FY2021 B	Prorated YTD 2021 B	2020YTD A	Δ \$ F/(U)	% Used
CIP	\$11,172,369	\$462,261	\$791,248	(\$328,987)	7.1%
All Other*	\$26,343,518	\$3,050,507	\$2,967,486	\$83,021	11.3%
Grand Total	\$55,395,322	\$7,466,542	\$7,614,055	(\$147,513)	13.7%

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

Capital Improvement Spend by Project



- Overall capital project expense is at 7.1% of budget with a total spend of \$791K. This number looks higher than in previous years due to the early purchase of the Fire Department truck
- Overall City spending is at 13.7% of budget, slightly higher than in previous years at this point of time

2021 First Quarter 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	17,050	70,265	(53,215)	45,425	196,590
Contractually Obligated Income	39,750	46,375	(6,625)	45,775	196,850
Reimbursed Event Expenses	80,655	190,975	(110,320)	78,666	501,369
Food & Beverage Income - Concessions	111,590	335,558	(223,968)	223,873	625,766
Food & Beverage Income - Catering	29,820	215,828	(186,009)	143,838	523,417
Other Event Income	17,955	119,919	(101,964)	54,184	231,554
Other Income	108	270	(162)	317	1,080
Revenue Total:	296,928	979,190	(682,262)	592,077	2,276,626
Expense					
Cost of Goods Sold	(49,001)	(149,516)	100,515	(119,033)	(311,786)
Personnel Expense - Full-Time	(158,410)	(194,293)	35,883	(188,986)	(777,174)
Personnel Expense - Part-Time Support	(1,003)	(5,100)	4,097	(2,317)	(21,080)
Personnel Expense - Part-Time Event	(22,997)	(163,085)	140,088	(68,704)	(357,411)
Personnel Expense - Taxes, Benefits & Fees	(73,203)	(111,664)	38,461	(89,727)	(356,014)
General & Administrative Expense	(8,864)	(15,114)	6,250	(10,437)	(69,691)
Occupancy Expense	(80,019)	(94,698)	14,679	(70,152)	(339,118)
Services & Operations Expense	(28,382)	(40,928)	12,546	(39,176)	(149,648)
Event Expense	(10,104)	(108,092)	97,988	(82,032)	(286,490)
Food & Beverage Expense	(1,924)	(3,376)	1,452	(8,856)	(13,504)
Expense Total:	(433,906)	(885,866)	451,960	(679,418)	(2,681,916)
Net Income:	(136,978)	93,324	(230,302)	(87,341)	(405,290)

- COVID-19 materially impacted the Swiftel Center's budgeted revenue reducing it by 70% or \$682K during the first quarter
- The Center proactively reduced its expenses by 50% or \$451K which included payroll and personnel adjustments
- Despite these efforts, the operation is running at a \$230K deficit vs budget at the end of 1Q
- However, April started to rebound and the remainder of the year is expected to improve which should help offset the current deficit
- The Center's leadership is continuously re-evaluating the 2021 business plan and making adjustments where possible in order to meet budget

2021 Key Funds Forecast

2021 City COVID-19 Financial Response Plan

- As a reminder, 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 April (for March economic activity) was 16% higher than in the previous year offsetting previous year over year declines and increasing the year to date surplus vs budget

	YoY		Vs Budget	
	\$	%	\$	%
1st Penny	78,992	3.4%	134,258	5.9%
2nd Penny	86,580	3.7%	134,959	6.0%

	YoY		Vs Budget	
	\$	%	\$	%
3B	1,331	0.4%	22,029	7.9%
BID	(3,500)	(5.8%)	8,921	18.4%

City Council Priority Project List

General Fund Reserves	
2020 EOY Unassigned Liquid Assets Balance (unaudited)*	\$ 11,779,288
10% Variance	\$ (1,177,929)
City Council Priority Funding Available Balance	\$ 10,601,359

* Includes Financial Stabilization Reserves per G&E

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

*Formally Adopted

Priority Funding Available Balance After Approved	\$ 9,201,359
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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	\$ (548,641)
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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

Priority Funding after Unapproved Secondary Project	\$ (9,525,960)
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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

2019 Financial Report Excellence Award



- The City’s 2019 Financial Report was awarded the *Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting*
- This award is for state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure
- It is the highest form of recognition in governmental accounting and financial reporting
- **This award was achieved thanks to the hard work and attention to detail that City’s Finance Department staff put into every activity that impacts the City's financials**



Government Finance Officers Association

Certificate of
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Presented to

**City of Brookings
South Dakota**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

Questions or Comments?

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

Erick Rangel

CFO

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erangel@cityofbrookings-sd.gov

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

Appendix

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