

# **FY22 YEAR END PREVIEW & ECONOMIC UPDATE**



**Budget Workshop  
FY 2023-2024  
November 1, 2022**

# Preliminary Results for the Year Ended June 30, 2022

## General Fund Revenue & Transfers In

### Revenues

Business License	\$5,800,000
Building Permits	1,736,000
Campground Revenue	1,231,000
Property Tax	955,000
Federal Revenue	435,000
State Revenue	297,000
Other Local & County Grants	234,000
Other Charges	222,000
Cemetery Revenue	215,000
Misc Revenues	180,000
Fines & Forfeitures	132,000
Franchise Fees	34,000
County Road Fee	(1,100,000)
	<u>10,371,000</u>

### Transfers In

Accommodations Tax	3,674,000
Tourism Dev. Fee	1,140,000
Water & Sewer	943,000
MBAFB TIF Surplus	391,000
Hospitality Tax	(5,625,000)
Hospitality Fee	(1,750,000)
	<u>\$ (1,227,000)</u>

## General Fund Expenditures & Transfers Out

### Expenditures

Personnel Services	\$ (5,800,000)
Utilities	(402,000)
Uniforms & Clothing	(141,000)
Small Tools & Equipment	(53,000)
Equipment Maintenance	(39,000)
Misc Office Supplies	(28,000)
Remittance to Campground	924,000
Fuel	301,000
	<u>(5,238,000)</u>

### Transfers Out

Victims Advocate	(58,000)
Workforce Housing	1,090,000
Capital Projects	1,250,000
	<u>\$ 2,282,000</u>

**Net Fund Balance Gain** **\$ 12,100,000**

# Preliminary Results for the Year Ended June 30, 2022

**CITY OF MYRTLE BEACH**  
**Business License Collections\***  
 YTD Fiscal Year 2023 with Prior Years Comparison

Collection	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY 2008	892,959	319,240	222,435	327,971	162,403	122,206	140,382	122,967	195,509	1,435,053	4,668,631	11,416,587	20,026,343
FY 2009	790,926	385,958	130,530	111,074	160,435	92,611	89,541	94,527	532,033	910,474	4,463,947	10,254,767	18,016,823
FY 2010	987,938	201,054	132,606	129,222	159,782	158,009	161,046	198,413	343,188	1,068,279	3,814,139	9,799,532	17,153,208
FY 2011	770,655	232,301	91,661	120,325	313,919	98,722	101,596	141,425	417,394	1,744,960	3,835,452	9,652,346	17,520,756
FY 2012	682,810	333,685	130,652	276,948	83,902	78,899	118,400	93,619	331,668	1,717,699	4,500,058	9,482,132	17,830,472
FY 2013	468,232	272,944	265,398	92,690	64,235	180,245	113,731	82,740	307,145	2,354,743	3,373,360	10,760,136	18,335,599
FY 2014	878,643	380,411	143,627	93,300	96,730	254,406	137,239	129,204	503,471	2,141,669	5,589,865	8,681,938	19,030,503
FY 2015	714,671	355,460	186,130	254,169	83,497	95,919	113,655	115,155	273,476	2,930,009	5,051,830	10,833,291	21,007,262
FY 2016	711,244	263,176	295,766	133,953	188,718	353,065	185,167	137,376	2,198,688	1,918,404	4,581,299	11,156,406	22,123,262
FY 2017	830,404	476,587	191,099	259,368	436,350	198,266	255,365	281,304	2,212,521	2,921,008	5,991,690	11,067,738	25,121,700
FY 2018	642,663	576,916	265,409	390,408	250,055	227,255	139,361	175,148	2,065,846	2,589,407	5,064,493	13,245,433	25,632,394
FY 2019	1,021,303	542,158	132,971	388,557	335,211	152,761	191,221	171,263	679,249	4,154,769	5,581,475	12,940,074	26,291,012
FY 2020	762,308	398,899	547,638	423,843	240,811	107,840	202,902	260,891	1,788,441	3,142,816	4,877,285	10,902,160	23,655,834
FY 2021	663,371	1,520,507	849,136	434,077	173,441	56,368	304,488	918,329	2,142,020	6,601,295	4,514,238	7,134,493	25,311,763
<b>FY 2022</b>	<b>536,583</b>	<b>519,836</b>	<b>582,396</b>	<b>579,648</b>	<b>357,654</b>	<b>294,061</b>	<b>210,583</b>	<b>1,256,088</b>	<b>2,593,640</b>	<b>10,382,362</b>	<b>6,932,108</b>	<b>7,600,275</b>	<b>31,845,233</b>
<b>FY 2023</b>	<b>608,542</b>	<b>498,099</b>	<b>584,353</b>	-	-	-	-	-	-	-	-	-	<b>1,690,994</b>

Business License Revenue 25.8% above FY21 and 21.1% higher than previous FY19 collection high. Revenue was 18.0% above FY22 Budget (\$5.8m).

# Preliminary Results for the Year Ended June 30, 2022

## CITY OF MYRTLE BEACH

### Building Permit Collections

YTD Fiscal Year 2023 with Prior Years Comparison

Collection	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY 2007	139,083	133,803	221,378	122,058	206,384	434,868	215,290	404,077	100,471	177,581	143,092	122,857	2,420,942
FY 2008	106,845	47,715	66,174	211,520	293,090	238,531	260,466	154,572	181,223	(177,359)	53,761	149,715	1,586,253
FY 2009	208,272	184,762	67,094	57,340	28,098	24,017	38,016	42,463	34,052	41,873	24,803	35,342	786,132
FY 2010	37,434	20,361	43,233	34,722	52,654	26,549	41,078	39,365	100,287	70,661	43,524	32,640	542,508
FY 2012	88,990	56,343	70,981	47,818	83,626	58,740	72,088	83,345	104,341	80,147	82,084	82,200	910,703
FY 2013	111,609	113,504	80,725	83,833	37,907	74,083	105,505	80,625	103,622	89,249	109,677	115,201	1,105,540
FY 2014	70,106	170,500	129,064	72,960	116,830	277,947	153,996	174,655	107,807	162,004	172,288	100,787	1,708,944
FY 2015	208,309	142,685	141,883	223,178	84,799	131,883	111,718	130,881	239,314	117,019	156,701	160,902	1,849,272
FY 2016	103,077	95,863	279,928	104,040	109,947	161,044	187,698	51,753	286,475	166,161	178,209	173,501	1,897,696
FY 2017	96,170	169,373	102,986	174,653	249,825	137,543	225,664	196,581	623,633	109,522	188,864	234,808	2,509,622
FY 2018	184,504	192,995	167,620	210,747	320,306	194,849	127,578	242,822	363,981	206,697	322,796	225,835	2,760,730
FY 2019	200,948	437,869	112,056	262,826	257,050	131,209	215,351	143,239	283,822	256,395	168,001	177,723	2,646,489
FY 2020	133,572	210,099	218,512	238,857	167,557	128,164	357,510	238,301	214,708	208,597	141,963	264,889	2,522,729
FY 2021	141,163	143,150	439,577	248,596	212,038	188,041	277,056	199,755	364,255	530,321	205,387	932,594	3,881,933
<b>FY 2022</b>	<b>297,468</b>	<b>353,615</b>	<b>403,720</b>	<b>501,505</b>	<b>465,816</b>	<b>261,919</b>	<b>296,896</b>	<b>583,137</b>	<b>457,483</b>	<b>393,878</b>	<b>262,605</b>	<b>307,675</b>	<b>4,585,717</b>
<b>FY 2023</b>	<b>458,740</b>	<b>257,415</b>	<b>308,775</b>	-	-	-	-	-	-	-	-	-	<b>1,024,930</b>

Building Permit Revenue 18.1% above FY21 and 60.9% above the FY22 Budget (\$1.7m).

# General Fund Balance Recommendations for the Year Ended June 30, 2022

## General Fund Fund Balance FY22/23:

Fund Balance 6/30/2021	\$	23,099,900
Revenue		108,760,000
Expenditure		<u>96,660,000</u>
		12,100,000
Estimated Fund Balance 6/30/2022	\$	35,199,900
% of FY22 Expenditures		36.4%
Recommended Additional Use of Fund Balance:		
Employee Bonus		(2,890,000)
Fire Apparatus		(4,850,000)
Health Insurance Fund Transfer		(1,000,000)
Office 365 & Touchless Pay		(600,000)
PD Equipment		(500,000)
ERP System		(500,000)
Fire Alarm Service		<u>(60,000)</u>
Proposed Fund Balance Use		(10,400,000)
Revised Estimate of Fund Balance 6/30/22	\$	<b>24,799,900</b>
% of FY22 Expenditures		<b>25.7%</b>

## Police Additional Capital possibilities:

- Cameras
- Upgraded Acoustic Detection Technology
- Drones
- Pole Cameras
- Spectrometers for Drugs
- LEEDS online ( Pawn system replacement )

## Fire Apparatus:

- 1 Heavy Rescue
- 1 Ladder/Ariel
- 3 Engine
- 2 Ambulance

## Health Insurance Fund:

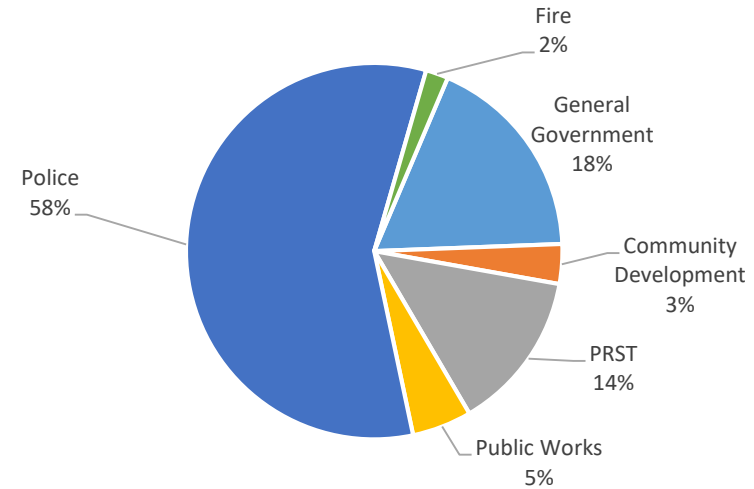
FY21 Fund Balance	(\$2,718,645)
FY22 Fund Balance Gain:	<u>\$126,772</u>
Preliminary Fund Balance 6/30/22:	(\$2,591,873)
Additional Transfer from General Fund:	<u>\$1,000,000</u>
Fund Balance Adjusted for Transfer:	(\$1,591,873)

# General Fund Personnel Cost Savings

## General Fund Personnel Cost Savings

City Council	(\$3,810)	-0.1%
City Manager	354,680	6.2%
City Attorney	251,971	4.4%
Public Information	(1,560)	0.0%
Municipal Court	27,648	0.5%
Public Defender	14,564	0.3%
Human Resources	104,062	1.8%
Insurance & Risk	10,803	0.2%
Planning/Zoning	28,662	0.5%
Construction Services	148,070	2.6%
Downtown Development Office	(5,737)	-0.1%
Neighborhood Services	(1,477)	0.0%
Capital Projects Mgmt	26,085	0.5%
Fire Department	110,639	1.9%
Financial Mgmt & Reporting	153,328	2.7%
Financial Services	36,539	0.6%
Information Systems	83,982	1.5%
Police Department	3,312,533	57.8%
PRST	788,756	13.8%
Public Works	293,508	5.1%
	<u>\$5,733,246</u>	

## Personnel Cost Savings FY22



## General Fund Personnel Cost Savings

General Government	\$1,032,208	18.0%
Community Development	195,603	3.4%
PRST	788,756	13.8%
Public Works	293,508	5.1%
Police	3,312,533	57.8%
Fire	110,639	1.9%
	<u>\$5,733,246</u>	

## City-Wide Bonus Calculation

Fund	Full Time Employee Bonus: 5% with \$3k Minimum & \$5k Maximum				Part-Time \$500 Bonus			Total Bonus
	Salaries	Bonus w/ Min & Max	FICA	Bonus & FICA	Bonus	FICA	Bonus & FICA	
General Fund	42,410,123.04	2,548,981.60	194,997.09	2,743,978.70	126,832.69	9,702.70	136,535.39	2,880,514.09
Victims Advocate	153,761.50	9,719.70	743.56	10,463.25	-	-	-	10,463.25
Fleet	366,334.18	22,886.64	1,750.83	24,637.47	-	-	-	24,637.47
MBCC	1,879,440.78	129,661.41	9,919.10	139,580.51	7,523.66	575.56	8,099.22	147,679.72
Sports Tourism	387,985.94	25,072.92	1,918.08	26,991.00	2,729.47	208.80	2,938.27	29,929.27
Stormwater	691,722.72	48,517.63	3,711.60	52,229.23	-	-	-	52,229.23
Solid Waste	1,648,889.22	127,779.38	9,775.12	137,554.51	-	-	-	137,554.51
W&S	2,212,639.83	163,195.28	12,484.44	175,679.71	3,394.20	259.66	3,653.86	179,333.58
<b>Totals</b>	<b>49,750,897.21</b>	<b>3,075,814.56</b>	<b>235,299.81</b>	<b>3,311,114.37</b>	<b>140,480.02</b>	<b>10,746.72</b>	<b>151,226.74</b>	<b>3,462,341.12</b>

Fund	Total Bonus Cost
<b>General Fund</b>	
General Services	342,753.31
Community & Econ Dev	163,448.88
PRST	567,281.34
Public Works	98,110.40
Police	1,066,726.16
Fire	642,193.99
<b>Victims Advocate</b>	10,463.25
<b>Fleet</b>	24,637.47
<b>MBCC</b>	147,679.72
<b>Sports Tourism</b>	29,929.27
<b>Stormwater</b>	52,229.23
<b>Solid Waste</b>	137,554.51
<b>W&amp;S</b>	179,333.58
<b>Totals</b>	<b>3,462,341.12</b>

## City-Wide Personnel Cost Savings

### Other Funds - Personnel Cost Savings

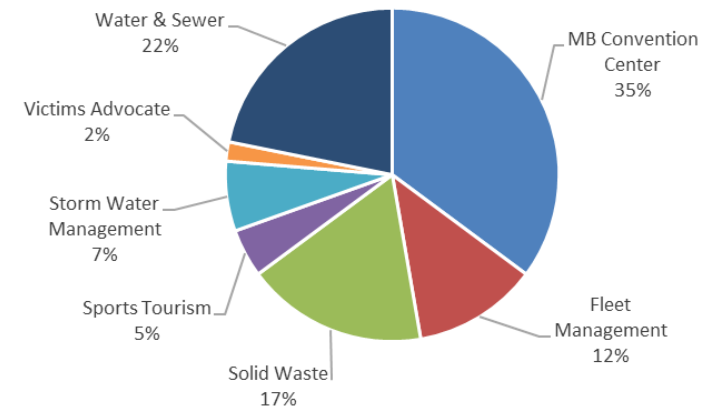
MB Convention Center	\$441,991	35.2%
Fleet Management	152,106	12.1%
Solid Waste	221,101	17.6%
Sports Tourism	58,874	4.7%
Storm Water Management	85,171	6.8%
Victims Advocate	23,410	1.9%
Water & Sewer	274,338	21.8%
	<b>\$1,256,991</b>	

### City-Wide Personnel Cost Savings FY22

General Fund	\$5,733,246
Other Funds	1,256,991
Total	<b>\$6,990,237</b>

	Actual Exp.	Budget	%
General Fund	\$65,191,035	\$70,924,281	8.1%
Other Funds	12,085,292	13,342,281	9.4%
Total	<b>\$77,276,327</b>	<b>\$84,266,562</b>	<b>8.3%</b>

### Other Funds Personnel Cost Savings FY22



## City-Wide & General Fund Vacancy Statistics:

Budgeted FT Positions as of 7/1/2021	992	
Employed FT Positions as of 7/31/2021	897	90.4%
Budgeted Vacant Positions as of 7/31/2021	95	9.6%
Employed FT Positions as of 2/15/2022	886	89.3%
Budgeted Vacant Positions as of 2/15/2022	106	10.7%
Employed FT Positions as of 6/30/2022	875	88.2%
Budgeted Vacant Positions as of 6/30/2022	117	11.8%

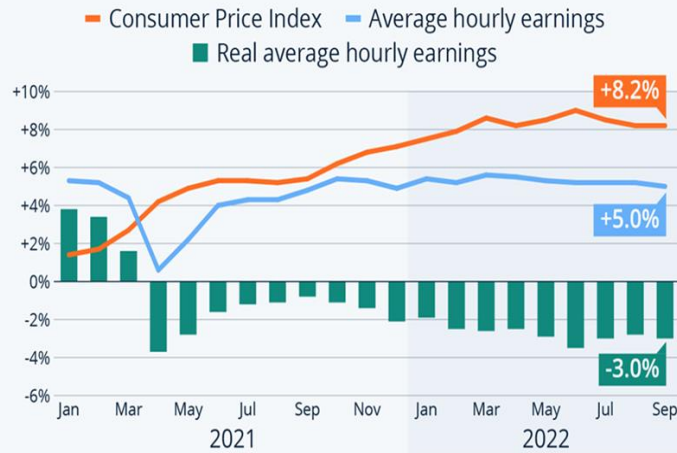
### General Fund FTE Vacancy Rates - June 30, 2022

Division	Positions	Filled Positions	Vacancy	
General Government	96	83	13	13.5%
Community Development	44	43	1	2.3%
PRST	130	125	5	3.8%
Public Works	30	25	5	16.7%
Police	348	277	71	20.4%
Fire	<u>172</u>	<u>164</u>	<u>8</u>	<u>4.7%</u>
	820	717	103	12.6%

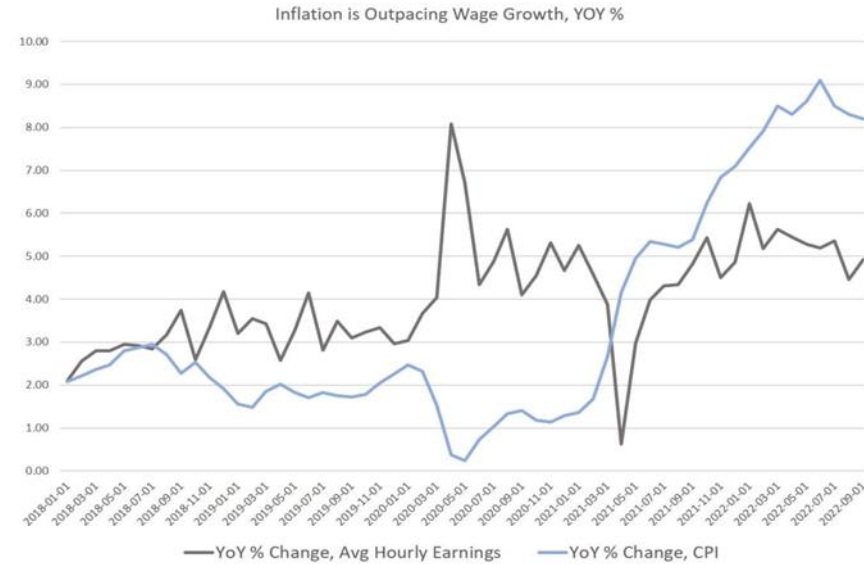
# City of Myrtle Beach Compensation Plan 2022: Average Increase 8.83%

## Americans Suffer Pay Cut as Inflation Outpaces Wage Growth

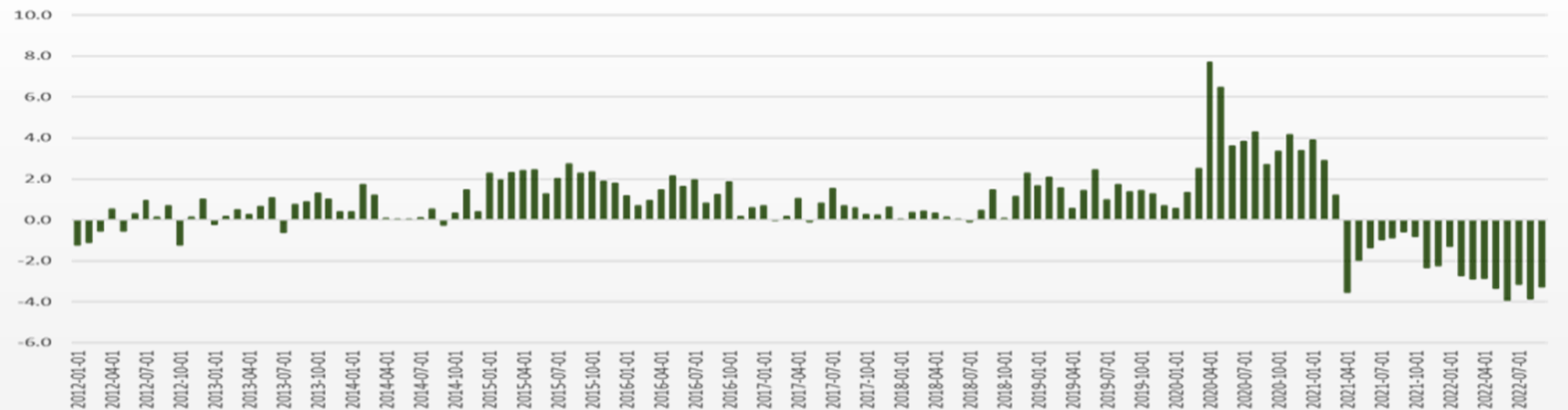
Year-over-year change in real and nominal earnings and the Consumer Price Index (CPI-U) in the U.S.\*



\* earnings for all employees on private nonfarm payrolls; seasonally adjusted  
Source: U.S. Bureau of Labor Statistics



## Gap Between Wage Growth and Price Inflation, 2012-2022



Wage growth 4.92%, Inflation growth 8.2%

# Preliminary Results for the Year Ended June 30, 2022

**CITY OF MYRTLE BEACH**  
**Hospitality Fees Collections**  
 YTD Fiscal Year 2023 with Prior Years Comparison

Activity Collection	July August	August September	September October	October November	November December	December January	January February	February March	March April	April May	May June	June July	Total
FY 2007	1,092,687	1,518,227	1,067,781	627,199	533,579	355,117	302,880	271,258	354,730	532,169	806,573	865,730	8,327,929
FY 2008	1,188,029	1,571,082	1,186,245	679,202	553,846	309,015	372,745	230,053	397,117	548,581	781,386	848,548	8,665,847
FY 2009	1,249,554	1,488,721	1,316,516	604,376	520,256	364,656	274,029	290,310	335,394	497,678	728,662	533,698	8,203,847
FY 2010	1,112,214	1,532,946	1,174,733	682,952	480,417	325,828	272,734	258,009	316,442	533,509	730,862	845,990	8,266,636
FY 2011	1,275,795	1,735,895	1,283,266	728,235	516,398	356,708	276,474	240,363	353,695	541,383	841,527	859,505	9,009,244
FY 2012	1,328,463	1,835,760	1,299,712	770,036	543,177	370,872	329,386	265,748	379,209	676,992	911,606	829,153	9,540,114
FY 2013	1,458,663	1,712,649	1,373,556	792,330	522,292	365,964	327,160	268,914	387,241	736,336	790,824	878,449	9,614,378
FY 2014	1,467,473	1,856,473	1,500,551	824,813	561,070	383,357	332,828	273,394	352,385	653,692	903,282	933,441	10,042,759
FY 2015	1,476,812	1,987,956	1,621,158	811,589	617,091	406,126	363,900	315,182	423,496	728,955	923,058	1,017,557	10,692,880
FY 2016	1,643,632	2,080,224	1,586,252	951,187	571,884	432,911	406,960	362,411	431,814	926,869	944,346	996,459	11,334,949
FY 2017	1,618,168	2,142,359	1,579,333	1,007,628	543,416	468,682	453,226	348,402	471,024	887,424	1,206,993	1,049,725	11,776,380
FY 2018	1,730,635	2,079,600	1,580,470	926,914	717,157	483,985	443,146	347,111	452,893	928,404	1,065,121	1,053,645	11,809,081
FY 2019	1,766,461	2,129,940	1,648,904	723,941	675,889	499,407	450,872	375,749	484,705	902,663	1,182,289	1,191,492	12,032,312
FY 2020	1,904,408	2,411,119	1,648,118	748,747	754,596	552,846	479,856	431,844	455,452	319,941	158,383	686,908	10,552,218
FY 2021	1,319,170	1,040,036	937,320	766,020	466,343	429,504	416,952	505,379	594,145	972,598	1,404,033	1,632,691	10,484,191
<b>FY 2022</b>	<b>3,090,558</b>	<b>2,195,837</b>	<b>1,350,407</b>	<b>817,581</b>	<b>648,691</b>	<b>659,943</b>	<b>465,475</b>	<b>667,452</b>	<b>1,098,718</b>	<b>1,558,568</b>	<b>1,756,283</b>	<b>2,315,864</b>	<b>16,625,377</b>
<b>FY 2023</b>	<b>2,941,693</b>	<b>2,130,215</b>	<b>1,335,041</b>	-	-	-	-	-	-	-	-	-	6,406,949

Hospitality Fee Revenue 58.6% above FY21 and 38.2% higher than previous FY19 collection high. Revenue was 27.8% above FY22 Budget (\$4.6m).

# Preliminary Results for the Year Ended June 30, 2022

**CITY OF MYRTLE BEACH**  
**Local Accommodations Collections**  
 YTD Fiscal Year 2023 with Prior Years Comparison

Activity Collection	July August	August September	September October	October November	November December	December January	January February	February March	March April	April May	May June	June July	Total
FY 2008	302,336	402,814	296,378	149,002	107,909	47,708	61,316	28,632	39,016	104,309	167,150	197,302	1,903,871
FY 2009	313,788	398,216	317,082	137,315	107,071	59,657	38,346	39,015	58,250	95,535	149,171	135,197	1,848,644
FY 2010	280,587	393,478	291,134	141,906	91,127	53,747	39,001	35,033	53,621	101,188	151,303	199,404	1,831,529
FY 2011	324,350	463,510	316,743	167,480	104,040	59,648	39,401	34,550	68,521	106,212	177,823	201,585	2,063,863
FY 2012	333,264	489,699	320,421	175,892	108,763	64,567	48,132	37,937	67,787	137,273	196,788	195,543	2,176,066
FY 2013	380,770	474,885	347,995	181,732	105,722	63,174	45,423	39,114	61,148	153,870	165,090	208,476	2,227,399
FY 2014	382,665	496,890	380,732	187,589	111,292	63,019	49,503	40,502	63,237	132,498	197,200	217,747	2,322,874
FY 2015	389,914	543,495	412,658	187,618	128,854	68,359	54,508	47,919	74,732	149,657	195,689	245,503	2,498,906
FY 2016	424,599	562,665	397,239	225,180	119,129	72,857	62,519	54,775	79,631	196,569	200,410	234,797	2,630,370
FY 2017	424,804	576,098	394,024	242,509	108,119	84,459	66,469	53,548	81,861	177,418	274,508	248,021	2,731,838
FY 2018	447,750	560,800	394,500	212,140	144,906	83,019	66,832	50,112	75,833	187,983	227,934	236,072	2,687,881
FY 2019	453,193	557,545	414,671	152,840	132,809	83,318	64,299	53,680	84,613	177,663	261,964	274,746	2,711,341
FY 2020	472,454	399,972	359,343	435,679	149,580	90,848	71,229	65,627	88,795	60,726	16,619	149,688	2,360,560
FY 2021	346,135	336,097	244,538	206,499	152,543	71,121	67,453	61,346	83,250	189,796	316,017	400,763	2,475,558
<b>FY 2022</b>	<b>834,296</b>	<b>573,760</b>	<b>311,404</b>	<b>210,848</b>	<b>106,829</b>	<b>97,788</b>	<b>69,032</b>	<b>105,753</b>	<b>220,592</b>	<b>345,667</b>	<b>372,979</b>	<b>582,885</b>	<b>3,831,832</b>
<b>FY 2023</b>	<b>762,800</b>	<b>510,756</b>	<b>298,558</b>	-	-	-	-	-	-	-	-	-	<b>1,572,114</b>

Local Accommodations Tax Revenue 54.8% above FY21 and 40.3% higher than previous FY17 collection high. Revenue was 53.3% above FY22 Budget (\$1.3m).

# Preliminary Results for the Year Ended June 30, 2022

**CITY OF MYRTLE BEACH**  
**Hospitality & Local Accommodations Taxes**  
 YTD Fiscal Year 2023 with Prior Years Comparison

Activity Collection	July September	August October	September November	October December	November January	December February	January March	February April	March May	April June	May July	June August	Total
FY 2020	-	2,653,256	719,989	310,784	389,984	331,818	309,817	261,232	252,016	180,754	117,882	357,863	5,885,395
FY 2021	1,610,328	1,501,430	1,188,436	1,073,797	873,662	493,144	466,256	452,473	550,243	1,076,417	1,576,977	2,014,873	12,878,036
<b>FY 2022</b>	<b>3,790,600</b>	<b>3,510,826</b>	<b>2,256,970</b>	<b>2,012,032</b>	<b>1,151,199</b>	<b>891,745</b>	<b>711,902</b>	<b>1,002,061</b>	<b>2,438,966</b>	<b>1,878,190</b>	<b>2,529,163</b>	<b>3,678,052</b>	<b>25,851,706</b>
<b>FY 2023</b>	<b>4,595,130</b>	<b>3,420,521</b>	-	-	-	-	-	-	-	-	-	-	<b>8,015,651</b>

**CITY OF MYRTLE BEACH**  
**Hospitality Taxes**  
 YTD Fiscal Year 2023 with Prior Years Comparison

Activity Collection	July September	August October	September November	October December	November January	December February	January March	February April	March May	April June	May July	June August	Total
FY 2020	-	912,928	719,989	310,784	389,984	331,818	309,817	261,232	252,016	180,754	117,882	357,863	4,145,067
FY 2021	573,997	495,450	456,440	455,392	416,967	280,209	264,342	268,803	301,030	508,166	638,289	823,965	5,483,050
FY 2022	3,775,019	3,507,640	2,253,103	2,010,683	1,149,536	890,478	708,105	1,001,162	2,438,831	1,877,653	2,529,163	3,677,537	25,818,910
<b>FY 2023</b>	<b>4,595,130</b>	<b>3,420,521</b>	-	-	-	-	-	-	-	-	-	-	<b>8,015,651</b>

**Local Accommodations Collections**  
 YTD Fiscal Year 2023 with Prior Years Comparison

Activity Collection	July August	August September	September October	October November	November December	December January	January February	February March	March April	April May	May June	June July	Total
FY 2020	-	1,740,328	1,305,142	515,177	445,381	271,832	213,717	196,350	265,861	181,805	49,757	453,391	5,638,741
FY 2021	1,036,331	1,005,980	731,996	618,405	456,695	212,935	201,914	183,670	249,213	568,251	938,688	1,190,908	7,394,986
FY 2022	15,581	3,186	3,867	1,349	1,663	1,267	3,797	899	135	537	-	515	32,795
<b>FY 2023</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

Combined Hospitality & Local Atax (County Collected) Revenue 100.7% above FY21. Revenue was 39.8% above FY22 Budget (\$7.4m).

Note: FY22 was the 1<sup>st</sup> year that collection reverted to Horry County. When the City collected the tax, we collected 1% while Horry County collects 1.5%.

# Preliminary Results for the Year Ended June 30, 2022

**CITY OF MYRTLE BEACH**  
**State Accommodations Collections**  
 YTD Fiscal Year 2023 with Prior Years Comparison

Activity Collection	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2008	3,146,227	1,071,434	474,759	2,345,752	7,038,172
2009	3,357,935	855,159	428,258	1,982,607	6,623,960
2010	3,158,330	883,084	388,195	1,977,539	6,407,148
2011	3,248,312	1,002,222	381,660	2,095,841	6,728,035
2012	3,323,289	995,034	430,373	2,866,814	7,615,510
2013	3,469,866	1,765,140	714,200	2,939,672	8,888,878
2014	3,837,035	1,172,932	630,864	2,706,340	8,347,172
2015	4,059,356	1,142,844	687,662	3,134,017	9,023,879
2016	2,857,741	1,283,403	662,653	4,620,954	9,424,750
2017	2,892,891	1,413,041	662,942	5,030,649	9,999,524
2018	2,912,915	1,328,926	653,907	5,039,355	9,935,103
2019	4,575,684	1,165,774	723,360	3,777,998	10,242,816
2020	4,734,698	1,386,224	825,848	1,929,742	8,876,512
2021	3,092,239	1,499,809	791,036	4,679,025	10,062,109
<b>2022</b>	<b>6,469,433</b>	<b>2,007,026</b>	<b>1,057,486</b>	<b>5,685,676</b>	<b>15,219,620</b>
<b>2023</b>	<b>6,048,411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,048,411</b>

State Accommodations Tax Revenue 21.5% above FY21 and 12.8% higher than previous FY18 collection high. Revenue was 50.7% above FY22 Budget (\$5m). Per State Statute, 15% of the Accommodations Tax goes to MBCC or \$2.3m for FY22.

## Preliminary Results for the Year Ended June 30, 2022

### Tourism Development Fee Quarterly Collections

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
2010	1,987,494.31	3,957,506.92	3,388,335.84	4,862,645.39	14,195,982.46
2011	7,409,282.98	4,262,049.21	3,376,382.68	5,392,739.57	20,440,454.44
2012	7,830,193.21	4,754,878.74	4,429,723.31	6,486,005.20	23,500,800.46
2013	8,368,776.78	4,970,637.67	4,149,143.38	6,020,274.46	23,508,832.29
2014	8,499,604.26	4,770,206.04	3,942,132.67	6,086,793.36	23,298,736.33
2015	8,900,526.91	5,145,754.67	4,482,177.41	6,424,377.55	24,952,836.54
2016	9,289,923.13	5,596,686.02	5,472,510.59	6,828,251.64	27,187,371.38
2017	9,608,749.35	5,936,355.50	5,328,466.70	7,442,444.97	28,316,016.52
2018	10,038,026.24	6,072,658.48	5,212,356.96	7,440,052.82	28,763,094.50
2019	10,198,157.54	5,753,975.50	5,581,756.62	8,165,496.94	29,699,386.60
2020	11,182,366.14	6,630,901.25	5,894,544.62	5,138,655.66	28,846,467.67
2021	8,999,693.86	7,183,004.54	6,282,889.53	10,339,620.07	32,805,208.00
<b>2022</b>	<b>14,024,739.67</b>	<b>8,892,309.88</b>	<b>7,664,818.75</b>	<b>11,275,845.97</b>	<b>41,857,714.27</b>
2023	15,013,610.39	-	-	-	<b>15,013,610.39</b>

Tourism Development Fee Revenue 27.6% above FY21, which was presented the previous collection high. Revenue was 44.3% above FY22 Budget (\$12.8m). Per State statute, the MBCC receives 80% of the TDF or \$33.5m for FY22.

## Other Fund Balance Recommendations for the Year Ended June 30, 2022

### Hospitality Tax Fund Balance

Fund Balance 6/30/22	\$	18,800,000
Crabtree Gym Roof		(825,000)
Reserve Debt Service/Oper		(5,725,000)
Balance For Allocation	<b>\$</b>	<b>12,250,000</b>

### Hospitality Fee Fund Balance

Fund Balance 6/30/22	\$	15,990,000
Stormwater Property Purchases		(600,000)
Fire Station#3 Gap		(4,500,000)
Use Fund Balance FY23		(2,351,000)
Reserve Debt Service		(5,025,000)
Balance For Allocation	<b>\$</b>	<b>3,514,000</b>

### Tourism Development Fee Fund Balance

TDF FY22	\$	41,955,881
Chamber		33,562,154
City ( TDF Credit)		6,969,542
Fund Balance For Allocation	<b>\$</b>	<b>1,424,185</b>

### Local Accommodations Tax

Fund Balance 6/30/2021	\$	1,000,000
Fund Balance Gain 6/30/2022		1,435,000
		2,435,000
Use of FB FY23		(175,050)
Reserve Stormwater		(1,000,000)
Balance For Allocation	<b>\$</b>	<b>1,259,950</b>

### Tourism Fund Balance Available 6/30/2022

Hospitality Tax	\$ 12,250,000
Hospitality Fee	3,514,000
Tourism Development Fee	1,424,185
Local Accommodations Tax	1,259,950
	<b>\$ 18,448,135</b>

# Fiscal Year 23-24 Revenue & Expenditure Assumptions

- Property Tax revenues will remain stable with much of the residential and commercial growth occurring in the MB Air Force Base TIF District, the Mutli-County Business Park, and the Ocean Front/Downtown Redevelopment TIF.
- Tourism driven tax and fee revenues are expected to decline from the historic levels seen in FY22 and the first quarter of FY23. Revenues should stabilize and return to normal growth levels over the next several years as inflation stabilizes.
- Construction Permitting shows little slowing near-term, however it is unknown how long the rapid growth will continue as housing prices remain high and interest rates climb.
- Operational and Capital costs will continue to rise as a result of :
  - Wage Inflation
  - Supply Chain constraints
  - Fuel Inflation
  - Materials & Supply Inflation

Coastal Carolina Association of Realtors  
September 2022 Update - 29572 & 29577

Single Family Properties	SEPTEMBER			Year to Date		
	2021	2022	% Change	2021	2022	% Change
New Listings	111	90	-18.9%	958	916	-4.4%
Closed Sales	95	63	-33.7%	852	784	-8.0%
Median Sales Price	\$410,181	\$499,900	21.9%	\$380,000	\$440,000	15.8%
Percentage of Sales Price	98.80%	98.40%	-0.4%	98.40%	98.80%	0.4%
Days on the Market	109	114	4.6%	121	121	0.0%
Inventory of Homes for Sale	171	203	18.7%	--	--	--

Townhouses/Condos	SEPTEMBER			Year to Date		
	2021	2022	% Change	2021	2022	% Change
New Listings	267	215	-19.5%	2,437	2,775	13.9%
Closed Sales	265	205	-22.6%	2,481	2,242	-9.6%
Median Sales Price	\$165,000	\$219,900	33.3%	\$155,000	\$215,000	38.7%
Percentage of Sales Price	98.80%	97.30%	-1.5%	97.30%	98.90%	1.6%
Days on the Market	87	84	-3.4%	125	72	-42.4%
Inventory of Homes for Sale	334	623	86.5%	--	--	--

# FY24 Budget Considerations



- Self Insurance Premiums - Expected increase of 5 – 10%
- Fuel Costs – Up 18.2% year-over-year
- Vehicle Cost -Up nationally 9.4% year-over-year. The City has seen increases between 23% – 40% this fiscal year.



- Borrowing Costs – Fed rate hikes filtering through to:
  - Municipal Bond rates
  - Mortgage Rates
  - Consumer Debt
  - Supply Chain Costs



- Wage Inflation

# Traditional Economic Indicators

**GDP:** two consecutive quarters of negative GDP growth traditionally constitutes a recession.

**Job Growth:** The unemployment rate is shockingly low given the prospects of a recession. While it recently ticked up to a still-low 3.7% in August, it clocked in at a historic 3.5% in September — matching the ultralow level it was at right before the pandemic when the economy was robust and growing.

**Industrial Production:** Another indicator of a recession is declining industrial production. While economic growth as measured by GDP has stagnated, industrial production at factories in the U.S. has hung in there.

**Home Sales:** Home sales are another indicator of recession because if sales start going down, it can mean that people can't afford to make home purchases. That can result in new construction slowing, meaning fewer jobs in that sector.

In late September, mortgage buyer Freddie Mac said the average rate on a 30-year mortgage rose to 6.29 percent, the highest level since October 2008, when the housing market crashed.

**Yield Curve Inversion:** A 2s/10s yield curve inversion where yields on short-term two-year government bonds outpace those on long-term 10-year government bonds has predicted every recession since 1955, with only one false signal during that time. The average time frame for a recession after the yield curve inverts: between 6 and 24 months hence, all the predictions of a recession by 2023.

On March 29, 2022 and on June 13, 2022 Yield Curve Inversions occurred.

# Forecast

## Wells Fargo U.S. Economic Forecast

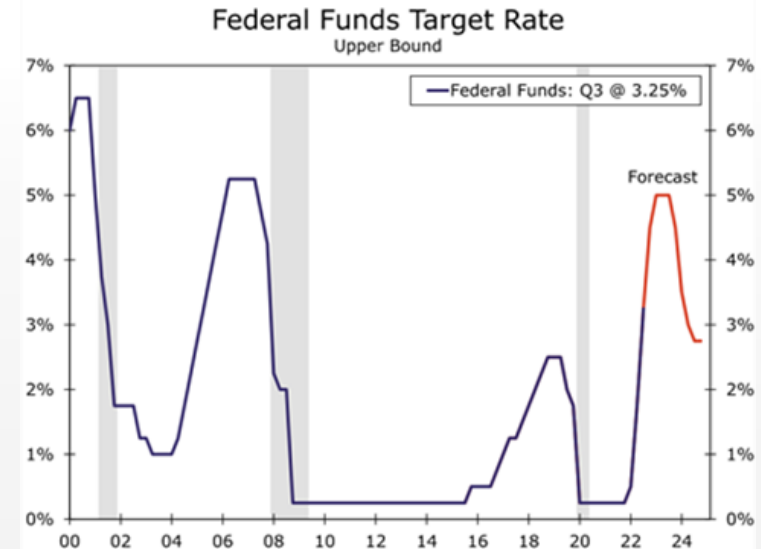
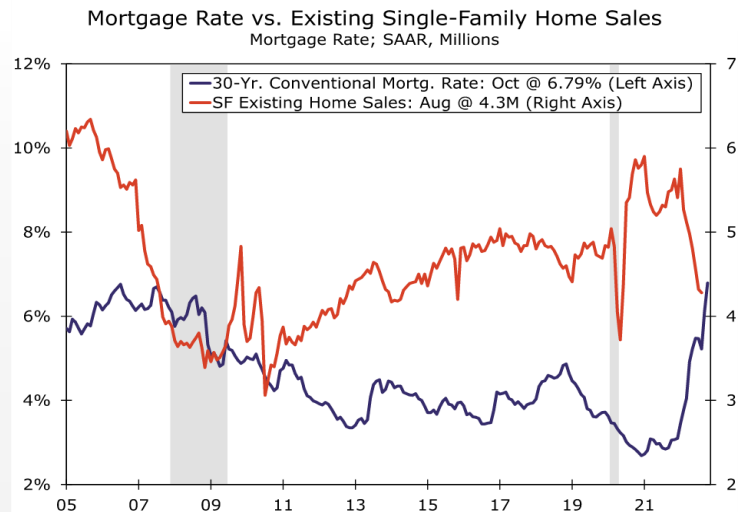
	Actual				Forecast				Actual	Forecast		
	2022				2023				2021	2022	2023	2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Real Gross Domestic Product <sup>1</sup>	-1.6	-0.6	3.0	1.0	0.4	-2.1	-1.8	-0.9	5.9	1.9	0.0	0.9
Personal Consumption	1.3	2.0	0.6	0.9	0.5	-1.3	-1.8	-0.7	8.3	2.5	0.0	0.6
Consumer Price Index <sup>2</sup>	8.0	8.6	8.3	7.8	6.5	4.5	3.7	2.9	4.7	8.2	4.4	2.4
"Core" Consumer Price Index <sup>2</sup>	6.3	6.0	6.3	6.4	5.9	5.1	4.2	3.5	3.6	6.2	4.6	2.8
Quarter-End Interest Rates <sup>3</sup>												
Federal Funds Target Rate	0.50	1.75	3.25	4.50	5.00	5.00	5.00	4.50	0.25	2.50	4.88	3.00
Conventional Mortgage Rate	4.42	5.81	6.70	6.65	6.55	6.35	6.15	5.60	2.95	5.90	6.16	5.16
10 Year Note	2.32	2.98	3.83	4.05	4.05	3.90	3.75	3.25	1.45	3.30	3.74	2.95

Forecast as of: October 14, 2022

<sup>1</sup> Compound Annual Growth Rate Quarter-over-Quarter

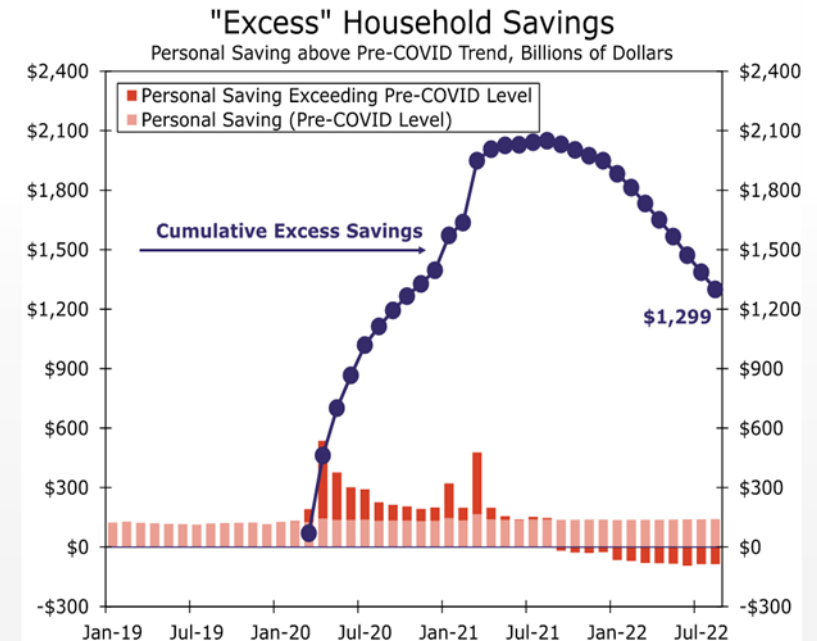
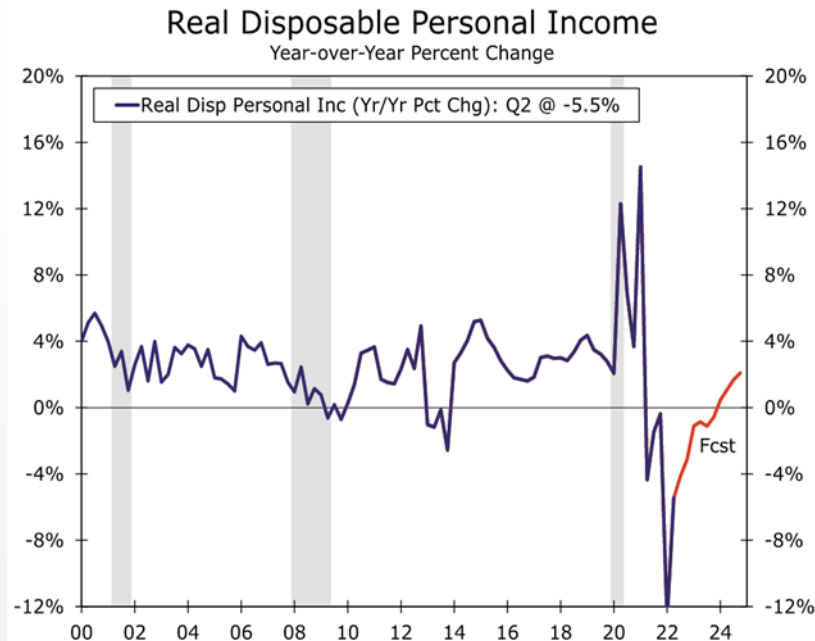
<sup>2</sup> Year-over-Year Percentage Change

<sup>3</sup> Annual Numbers Represent Average



# Forecast

At this time, most economists think any downturn should be short and mild. “The economy is not vulnerable to forces that in the past have caused deep recessions. Banks and other financial institutions have strong balance sheets, corporations have wide profit margins that can absorb revenue losses without dramatically slashing jobs, and households have built up a formidable cushion of savings and other assets that should keep a floor under spending. That said, even if the recession is mild, it will still prove pretty painful for many firms and households.” *Brooklinebank 9/28/2022*



# Fiscal Year 23-24 Managing Economic Challenges

Continual monitoring of the economic environment and monthly financial status

- If revenues track lower than expected or expenditures track higher as a result of rising inflation:
  - Delay Capital Spending
  - Freeze Vacancies
  - Reduce Temporary & Part Time Employment
  - Freeze non-essential operating expenditures

# Council Priorities Fiscal Year 23-24: Guidance For Staff Budget Preparation

## **Strategic Initiatives FY23:**

- Public Safety
- Community & Economic Development
- Infrastructure/Equipment
- Communication
- Overall Quality of Life