

# **City of Myrtle Beach**

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**FY23 Budget Proposal**

**May 5, 2022**

# Fiscal Year 2023 Recommended Budget

	FY2020-21 Actual	FY2021-22 Budget	FY2022-23 Recommended Budget	% Δ
Governmental Operations	\$ 237,914,404	\$ 225,626,586	\$ 234,571,906	4.0%
Enterprise Operations	46,140,008	47,259,257	51,413,799	8.8%
Total Operating Budget	<u>284,054,412</u>	<u>272,885,843</u>	<u>285,985,706</u>	4.8%
Governmental Capital Projects	<u>12,160,779</u>	<u>55,905,308</u>	<u>38,555,750</u>	-31.0%
Reconciling Items				
Enterprise Capital Projects	<u>2,147,848</u>	<u>27,999,400</u>	<u>23,914,000</u>	-14.6%
Total Reconciling Items	<u>2,147,848</u>	<u>27,999,400</u>	<u>23,914,000</u>	-14.6%
Less: Interfund Transfers	<u>(63,578,875)</u>	<u>(64,705,161)</u>	<u>(56,251,069)</u>	-13.1%
Grand Total Appropriations	<u>\$ 234,784,164</u>	<u>\$ 292,085,390</u>	<u>\$ 292,204,387</u>	0.04%

# Fiscal Year 2023 Recommended Budget

- 10 mill Property Tax Increase
- Storm Water rate increase of \$1.67 monthly per ERU
- Water & Sewer rate increase of 4.0 – 5.0%
- Parking Fees increase of \$.50 - \$1.25 Hourly, \$2.00 - \$5.00 Daily, and \$20.00 for a weekly on-street pass. *(Non-Resident Annual Vehicle & Golf Cart, Employee and Replacement Decal fees unchanged.)*
- Sports Tourism increase **Seasonal Multipliers** from 1.25/1.5 to 2.0, the **Venue Usage** fee for Ashley Booth Field from \$300/day to \$500/day, adjust the **Admission** revenue split, and adjusting the **Incentive Discount** for athletes that secure accommodations inside the City.
- No Residential Solid Waste Fee Increase, consideration of a convenience fee for Commercial Haulers

# Fiscal Year 2023 Recommended Budget

- No Business License rate increase



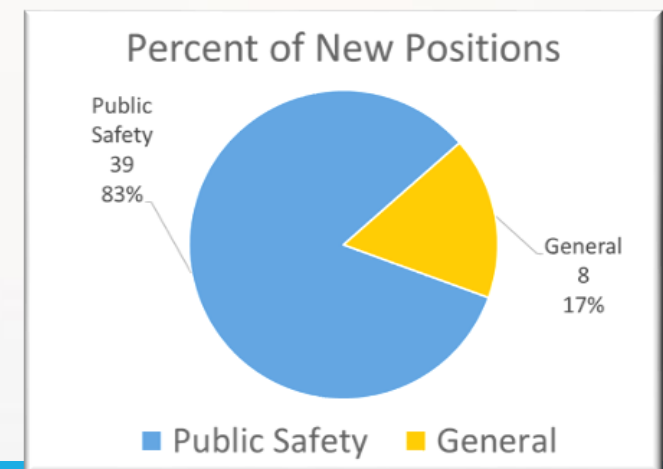
- No Building Permit fee increase

- No rate increases for Recreation or MB Convention Center



# Fiscal Year 2023 Recommended Budget

- The FY 23 recommended Budget includes:
  - Implementation of the Compensation & Classification Study
  - Addition of 47 new positions, 83% of which are or support Public Safety
    - **25 Police positions**
    - **3 Ocean Rescue Lieutenants**
    - **3 Opioid Outreach Team Members**
    - **2 Code Enforcement Officers, Property Maintenance**
    - **6 Right of Way Team Members for Beautification & Street End Maintenance**
    - **1 Teen Programs Recreation Leader (L.I.T. program)**
    - **1 Cybersecurity Analyst**
    - **1 Human Resources Technician**
    - **1 Utility Billing Customer Service Representative**
    - **2 Convention Center Maintenance Workers**
    - **1 Water Division Heavy Equipment Operator**
    - **1 Sewer Division Pump Mechanic**



# FY 23 Budget – Service Level Changes

## Presented at Retreat

Division - Name	Title	# of positions
1310 - Construction Services	Service Enhancement to create proactive Property Maintenance Code Enforcement Program.	2
1240 - Fire - Administration	(3) Ocean Rescue Lieutenants	3
1240 - Fire - Administration	Compliance & Planning Officer	1
1240 - Fire - Administration	Opioid Outreach Program (3)	3
1066 - Information Security	1066 Information Security - Security Analyst	1
1082 - Revenue	Customer Service Representative	1
1045 - HR & Organizational Dev	HROD Tech	1
1452 - Right-Of-Way Maintenance	North End Street End Crew	3
1452 - Right-Of-Way Maintenance	Boulevard Beautification Crew	3
1202 - Police - Uniform	50 new officers	50
2220 - Conv Center Operations	(1) Maintenance Worker	1
6120 - Water	Heavy Equipment Operator	1
6125 - Sewer	Pump Mechanic	1
<b>Total</b>		<b><u>71</u></b>

## Manager Recommended

Division - Name	Title	# of positions
1310 - Construction Services	Service Enhancement to create proactive Property Maintenance Code Enforcement Program.	2
1240 - Fire - Administration	(3) Ocean Rescue Lieutenants	3
1240 - Fire - Administration	Opioid Outreach Program (3)	3
1066 - Information Security	1066 Information Security - Security Analyst	1
1082 - Revenue	Customer Service Representative	1
1045 - HR & Organizational Dev	HROD Tech	1
1452 - Right-Of-Way Maintenance	North End Street End Crew	3
1452 - Right-Of-Way Maintenance	Boulevard Beautification Crew	3
1202 - Police - Uniform	25 new officers	25
1402 - Rec - Recreation	Teen Programs Recreation Leader	1
2220 - Conv Center Operations	(2) Maintenance Worker	2
6120 - Water	Heavy Equipment Operator	1
6125 - Sewer	Pump Mechanic	1
<b>Total</b>		<b><u>47</u></b>

# Fiscal Year 2023 Recommended Budget

General Fund projected balance is in within the City's minimum policy objective with current Unassigned Fund Balance as a percentage of expenditures at 19.8% for FY23.

<b>Ratio of Fund Balance to Recurring Expenditures</b>	
General Fund	19.8%
Municipal Debt Service Fund	35.0%
MB Air Force Base Tax Increment Fund	103.7%
Oceanfront Tax Increment Fund	45.1%
Stormwater Management Fund	112.7%
Hospitality Fee Fund	35.6%
Hospitality Tax Fund	26.6%

<b>Enterprise Fund Debt Coverage Ratio</b>	
Water & Sewer Fund	1.70x

# Fiscal Year 2023 Recommended Budget- Fund Balance Use/Gain

## Governmental Estimated Use of Fund Balance

MB Convention Center Fund	\$743,122
Local Tourism Development Fee Fund	20,000
Workforce Housing Fund	1,095,401
Stormwater Management Fund	1,619,931
Local Accommodation Tax Fund	175,050
Hospitality Fee Fund	2,350,290
Baseball Stadium Fund	32
Sports Tourism Fund	23,632
Municipal Debt Service Fund	2,069,558
Capital Projects Fund	3,330,807
<b>Estimated Use of Fund Balance</b>	<b>\$11,427,823</b>

## Governmental Estimated Gain of Fund Balance

MB Air Base Tax Increment Fund	\$956,700
Hospitality Tax Fund	363,212
Downtown Development Fund	43,423
Municipal Golf Course Fund	44,704
<b>Estimated Fund Balance Gain</b>	<b>\$1,408,039</b>

# Fiscal Year 2023 Recommended Budget - Change in Net Assets



Enterprise Fund Estimated Change in Net Assets	
Water & Sewer Fund	\$191,440
Solid Waste Management Fund	(211,031)
Parking Utility Fund	205,938
<b>Estimated Change Net Assets</b>	<b>\$186,347</b>

Internal Service Fund Estimated Change in Net Assets	
Self Insurance Fund	\$2,590
Health Insurance Fund	1,033,205
RHRA (Retiree Health Savings) Fund	779,350
<b>Estimated Change Net Assets</b>	<b>\$1,815,145</b>



Internal Service Net Assets			
	<u>FY22</u>	<u>FY23</u>	<u>Change</u>
Self Insurance Fund	\$0	\$2,590	\$2,590
Health Insurance Fund	(3,046,069)	(2,012,864)	1,033,205
RHRA (Retiree Health Savings) Fund	(1,264,850)	(485,500)	779,350
<b>Estimated Change Net Assets</b>	<b>(\$4,310,919)</b>	<b>(\$2,495,774)</b>	<b>\$1,815,145</b>

# FY23 Proposed Millage Increase – Tax Credit

## Tourism Development Fee Credit

Fiscal Year		<u>% Credit</u>	<u>Net Millage</u>	<u>Total Credit</u>	<u>% Inc.</u>
2023*				<b>\$7,569,333</b>	<b>10.0%</b>
2022	<i>(YTD March)</i>	76.01%	18.90	\$6,881,212	10.1%
2021		76.01%	18.90	\$6,249,362	6.0%
2020**		79.80%	15.90	\$5,894,905	18.6%
2019		79.80%	16.20	\$4,968,538	8.7%
2018		82.60%	13.50	\$4,569,232	16.1%
2017		82.60%	13.50	\$3,934,686	

**\* Estimated available for credit FY23 \$7,040,000 & Estimated Credit at 10.0% growth over FY22. Estimated credit \$529,333 above estimated available.**

**\*\*\$5,660,789 actual available (95.5%), Short \$234,116**

## 10 Mill Property Tax Increase 4% Assessed Property (Owner Occupied)

				Freeze Credit	
4% Property Value	FY22	FY23	Increase Over FY22	FY23	Increase Over FY22
	78.9	88.9			
\$100,000	\$76	\$85	<b>\$10</b>	<b>\$116</b>	<b>\$40</b>
\$250,000	\$189	\$213	<b>\$24</b>	<b>\$289</b>	<b>\$100</b>
\$500,000	\$379	\$427	<b>\$48</b>	<b>\$579</b>	<b>\$200</b>

**Frozen Credit                      67.45%**  
**FY23 Credit:                      60.0 mills**  
**Net Tax Millage:                28.9 mills**

# FY23 Proposed Millage Increase – 10 mills

## 10 Mill Property Tax Increase

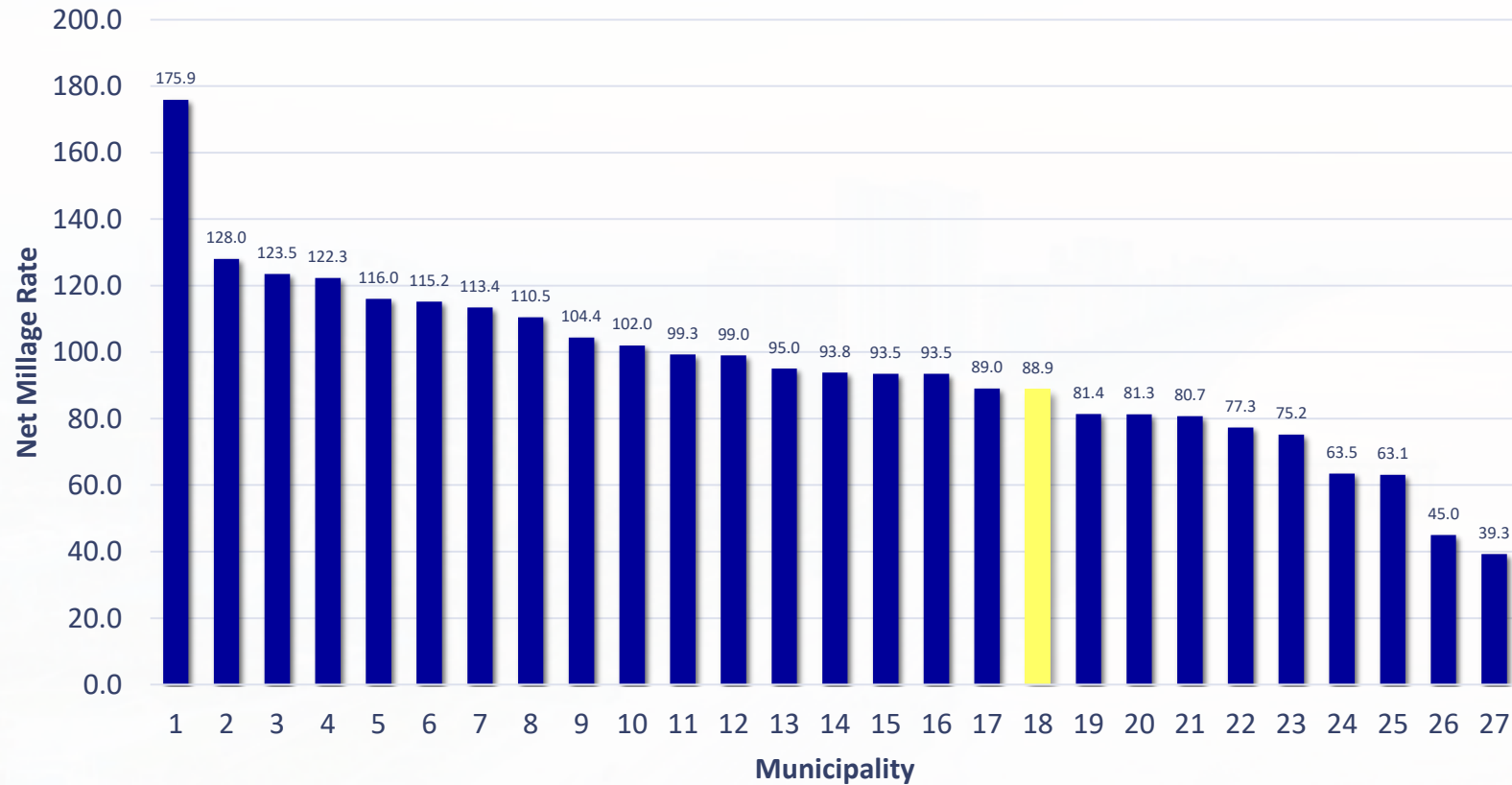
### 4% Assessed Property (Owner Occupied)

4% Property Value	FY22 78.9	FY23 88.9	Increase Over FY22	Freeze Credit	
				FY23	Increase Over FY22
\$100,000	\$76	\$85	\$10	\$116	\$40
\$250,000	\$189	\$213	\$24	\$289	\$100
\$500,000	\$379	\$427	\$48	\$579	\$200

### 6% Assessed Property

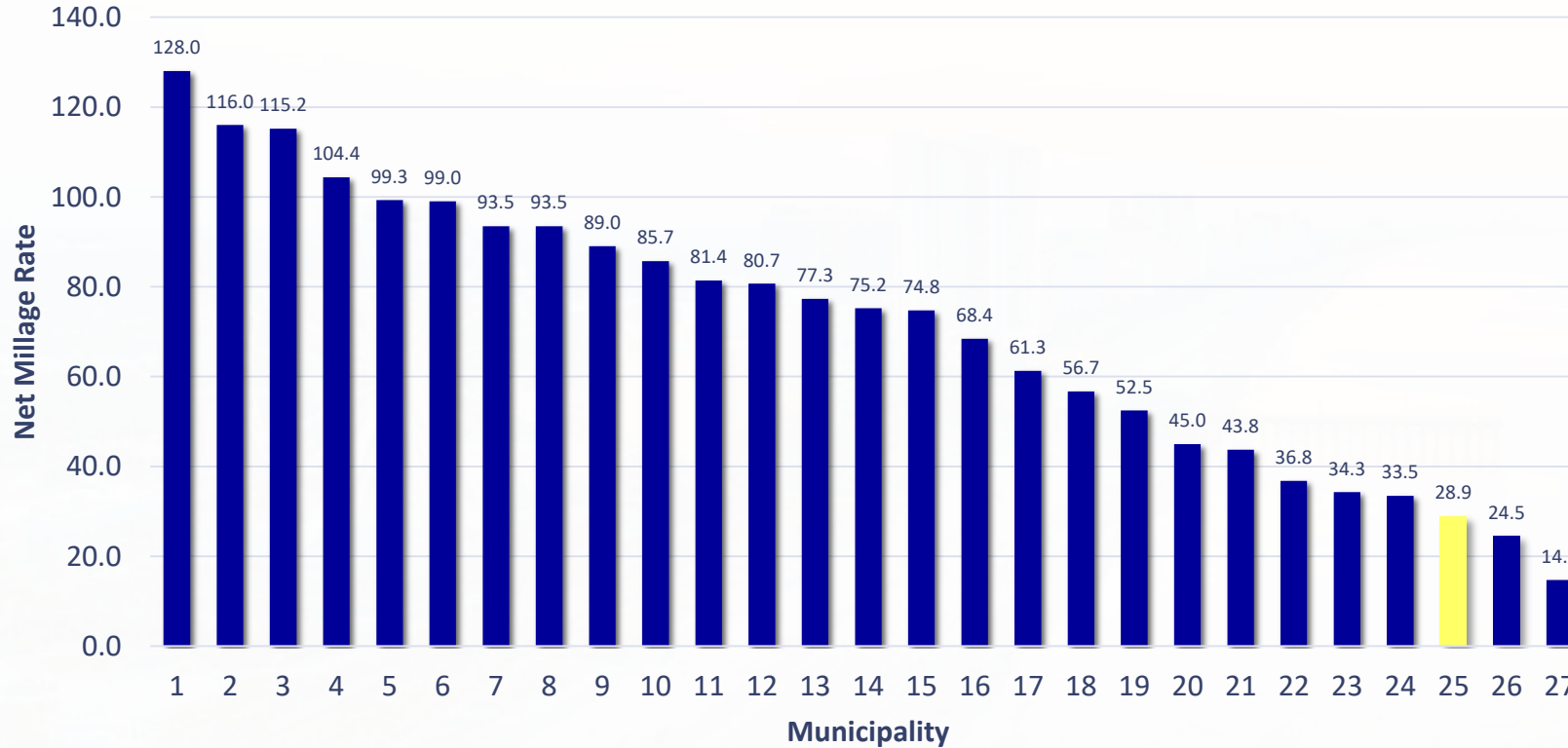
Property Value	FY22 78.9	FY23 88.9	Increase Over FY22	Maintain Credit	76.01%
				FY23 Credit:	67.6 mills
				Net Tax Millage:	21.3 mills
\$100,000	\$473	\$533	\$60		
\$250,000	\$1,184	\$1,334	\$150		
\$500,000	\$2,367	\$2,667	\$300		
				Freeze Credit	67.45%
				FY23 Credit:	60.0 mills
				Net Tax Millage:	28.9 mills

## Comparison of Selected City's Gross Property Tax Rates



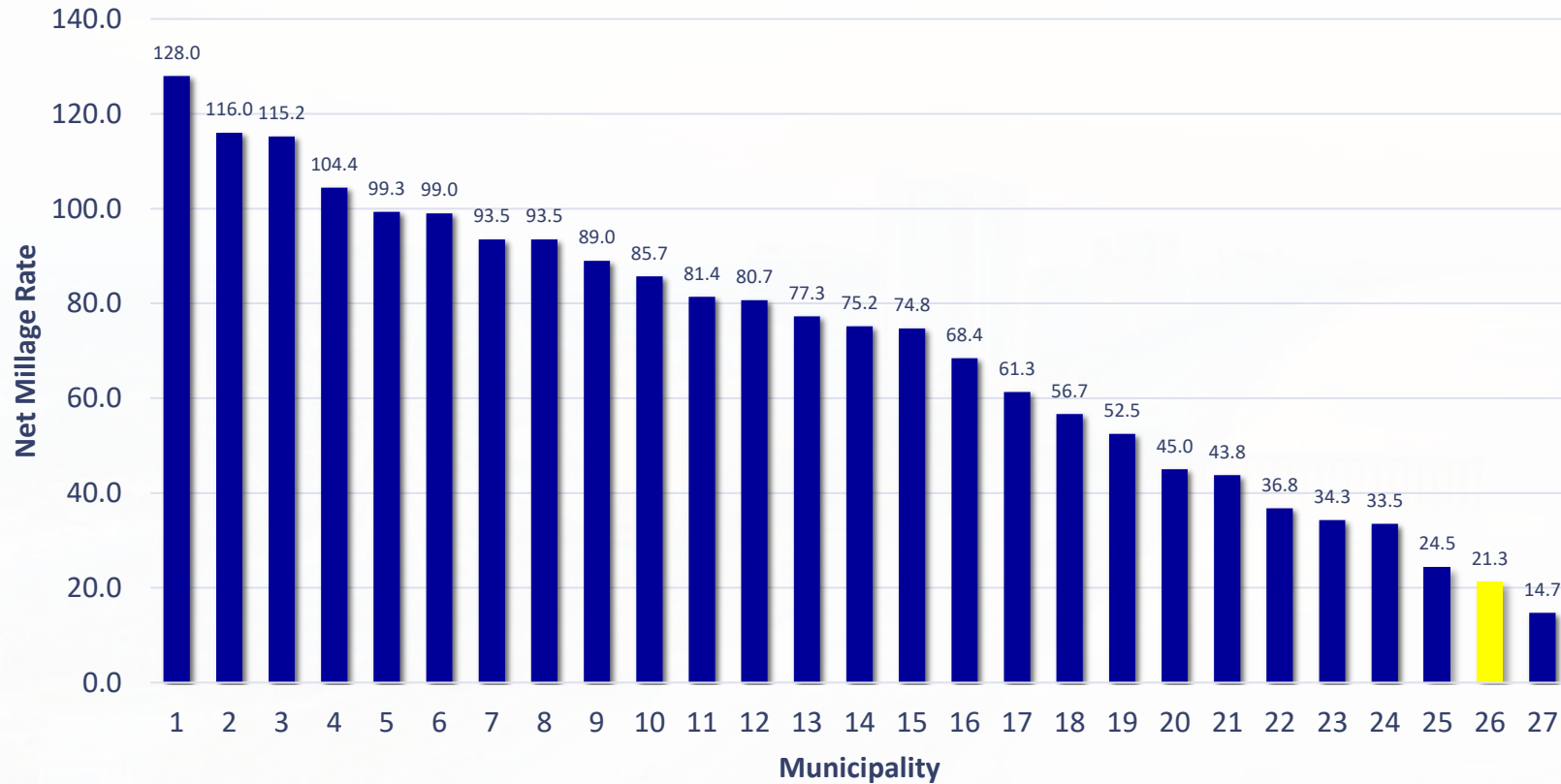
1. Lancaster
2. Clover
3. Laurens
4. Gaffney
5. Anderson
6. York
7. Clinton
8. Abbeville
9. Spartanburg
10. Sumter
11. Westminster
12. Greer
13. N. Charleston
14. Columbia
15. Rock Hill
16. Union
17. Tega Cay
18. Myrtle Beach
19. Greenville
20. Charleston
21. Newberry
22. Conway
23. Fort Mill
24. Easley
25. Florence
26. N. Myrtle Beach
27. Mt. Pleasant

# Comparison of Selected Cities Net Residential Property Tax Rates (Freezing Tax Credit)



1. Clover
2. Anderson
3. York
4. Spartanburg
5. Westminster
6. Greer
7. Rock Hill
8. Union
9. Tega Cay
10. Lancaster
11. Greenville
12. Newberry
13. Conway
14. Fort Mill
15. N. Charleston
16. Gaffney
17. Charleston
18. Abbeville
19. Laurens
20. N. Myrtle Beach
21. Sumter
22. Columbia
23. Mt. Pleasant
24. Clinton
25. Myrtle Beach
26. Florence
27. Easley

# Comparison of Selected City's Net Property Tax Rates



1. Clover
2. Anderson
3. York
4. Spartanburg
5. Westminster
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8. Union
9. Tega Cay
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11. Greenville
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14. Fort Mill
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16. Gaffney
17. Charleston
18. Abbeville
19. Laurens
20. N. Myrtle Beach
21. Sumter
22. Columbia
23. Mt. Pleasant
24. Clinton
25. Florence
26. Myrtle Beach
27. Easley

# Fiscal Year 2023 Recommended Budget – Water & Sewer Charges

Meter Size	Water Rate Increase		
	FY22	FY23	% Increase
3/4" & 5/8"	\$3.17	\$3.30	4.0%
1"	5.28	5.49	4.0%
1.5"	10.56	10.98	4.0%
2"	16.89	17.57	4.0%
3"	36.93	38.41	4.0%
4"	52.75	54.86	4.0%
6"	105.48	109.70	4.0%
<b>Volume Rate</b>			
Tier 1	\$1.66	\$1.73	4.0%
Tier 2	3.14	3.27	4.0%
Tier 3	3.53	3.67	4.0%
Tier 4	3.75	3.90	4.0%

Meter Size	Sewer Rate Increase		
	FY22	FY23	% Increase
3/4" & 5/8"	\$4.24	\$4.45	5.0%
1"	7.10	7.45	5.0%
1.5"	14.19	14.89	5.0%
2"	22.66	23.79	5.0%
3"	49.60	52.08	5.0%
4"	70.85	74.40	5.0%
6"	141.68	148.76	5.0%
<b>Volume Rate</b>			
	\$4.00	\$4.20	5.0%

**Average Household User (7,500 gallons)** **\$2.58**  
**Blended Increase** **4.68%**

**From** **\$55.04**  
**To** **\$57.62**

Based on the Operating and Capital needs of the City, consultants recommend a 4% Water and 5% Sewer rate increase. The GSWS rate increase of 2.7% for Water & 2.3-2.6% Sewer is a component of the proposed increase for FY23.

# Fiscal Year 2023 Recommended Budget – Storm Water Fees

Based on the Operating and Capital needs of the City, Consultants recommended a 22% annual increase in Storm Water Fees.

<b>Single Family Residential</b>			
	<b>Current FY22</b>	<b>Proposed FY23</b>	<b>Increase</b>
Monthly Bill	\$7.63	\$9.30	\$1.67
Annual	\$91.56	\$111.60	\$20.04

<b>Restaurant (Lot Size 22,250 Square Feet)</b>			
	<b>Current FY22</b>	<b>Proposed FY23</b>	<b>Increase</b>
Monthly Bill	\$27.16	\$33.14	\$5.98
Annual	\$325.92	\$397.68	\$71.76

<b>Hotel (Lot Size 711,240 Square Feet, 16 acres)</b>			
	<b>Current FY22</b>	<b>Proposed FY23</b>	<b>Increase</b>
Monthly Bill	\$868.28	\$1,059.48	\$191.20
Annual	\$10,419.36	\$12,713.76	\$2,294.40

<b>Hotel (Lot Size 22,250 Square Feet)</b>			
	<b>Current FY22</b>	<b>Proposed FY23</b>	<b>Increase</b>
Monthly Bill	\$27.16	\$33.14	\$5.98
Annual	\$325.92	\$397.68	\$71.76

# Fiscal Year 2023 Recommended Budget – Parking Fees

<b>2023 On Street Parking Rate Increase</b>			
<b>Oceanfront Beach Access (1088 spaces City-Wide)</b>			
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
Hourly	\$2.00	\$3.00	\$1.00
Max Daily	\$10.00	\$15.00	\$5.00
<b>Core: 6th Ave. N. to 16th Ave. N. (723 Spaces)</b>			
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
Hourly	\$1.75	\$3.00	\$1.25
Max Daily	3Hr Max	3Hr Max	
<b>29th Ave. S. to 31st Ave. N. (Excluding Core, 1088 spaces)</b>			
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
Hourly	\$1.50	\$2.00	\$0.50
Max Daily	\$8.00	\$10.00	\$2.00



<b>Weekly On-Street Passes (759 sold in 2021)</b>			
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
Weekly	\$30.00	\$50.00	\$20.00

*(Non-Resident Vehicle & Golf Cart, Employee Decals, and Replacement Decals unchanged.)*

# Fiscal Year 2023 Recommended Budget

- Tourism Driven Revenue Funding:

- General Fund

Hospitality Tax	\$10,000,000
State Atax	7,121,673
Tourism Development Fee	6,540,000
Hospitality Fee	4,970,000
Local Atax	<u>728,000</u>
	\$29,359,673
<b>% General Fund Revenue:</b>	<b>26.70%</b>

- MB Convention Center

Hospitality Fee	\$500,000
State Atax	550,000
Hospitality Tax	<u>500,000</u>
	\$1,550,000
<b>% MB CC Revenue:</b>	<b>21.95%</b>

# Fiscal Year 2023 Recommended Budget

- Tourism Driven Revenue Funding:

- Sports Tourism

Hospitality Tax	\$800,000
Local ATAX	750,000
State ATAX	<u>25,000</u>
	\$1,575,000
<b>% MB Sp Tourism Rev:</b>	<b>39.80%</b>

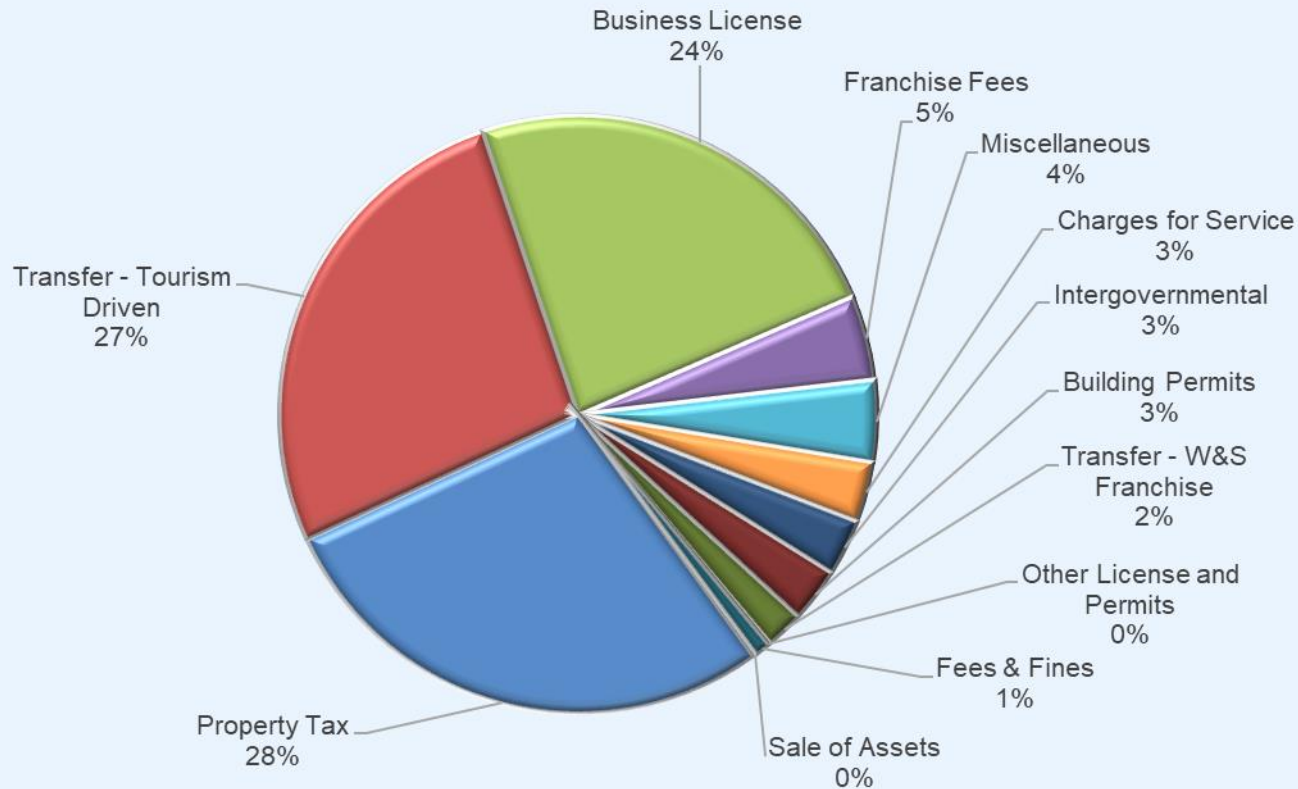
- Baseball Stadium

Hospitality Tax	\$230,000
<b>% Baseball Revenue:</b>	<b>60.7%</b>
Horry Co. 30%	\$100,200

- Storm Water

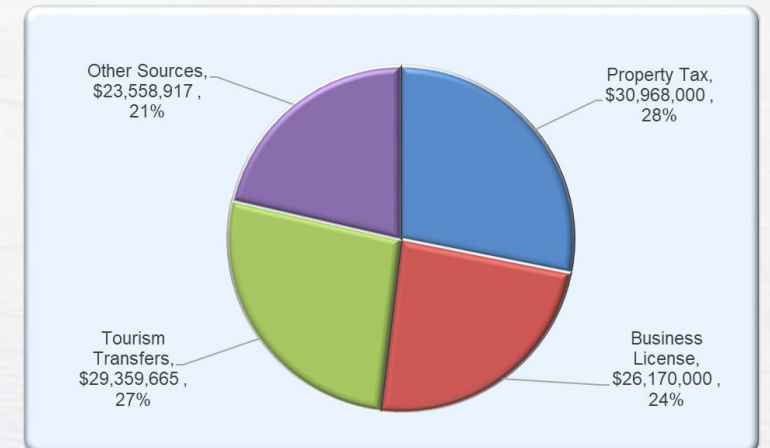
Local ATAX	\$1,500,000
Hospitality Tax	1,000,000
State ATAX	<u>382,000</u>
	\$2,882,000
<b>% Storm Water Revenue:</b>	<b>25.08%</b>

# FY 23 General Fund Revenue

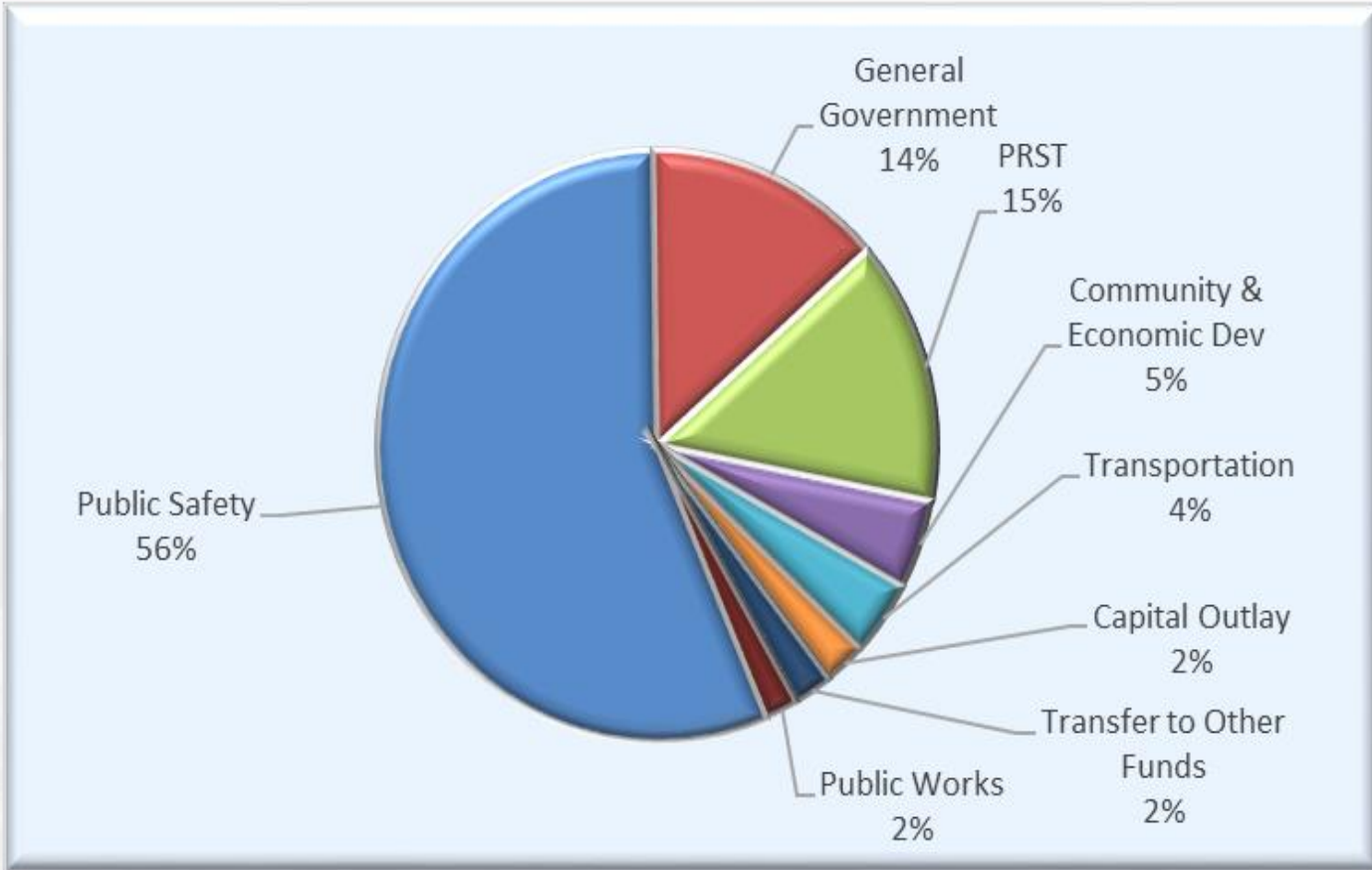


## General Fund Revenue

Property Tax	\$ 30,968,000	28.1%
Transfer - Tourism Driven	29,359,665	26.7%
Business License	26,170,000	23.8%
Franchise Fees	5,020,500	4.6%
Miscellaneous	4,877,033	4.4%
Charges for Service	3,591,160	3.3%
Intergovernmental	3,364,743	3.1%
Building Permits	3,200,000	2.9%
Transfer - W&S Franchise	2,248,981	2.0%
Other License and Permits	126,500	0.1%
Fees & Fines	930,000	0.8%
Sale of Assets	200,000	0.2%
	<u>\$ 110,056,582</u>	



# Fiscal Year 2023 General Fund Expenditures



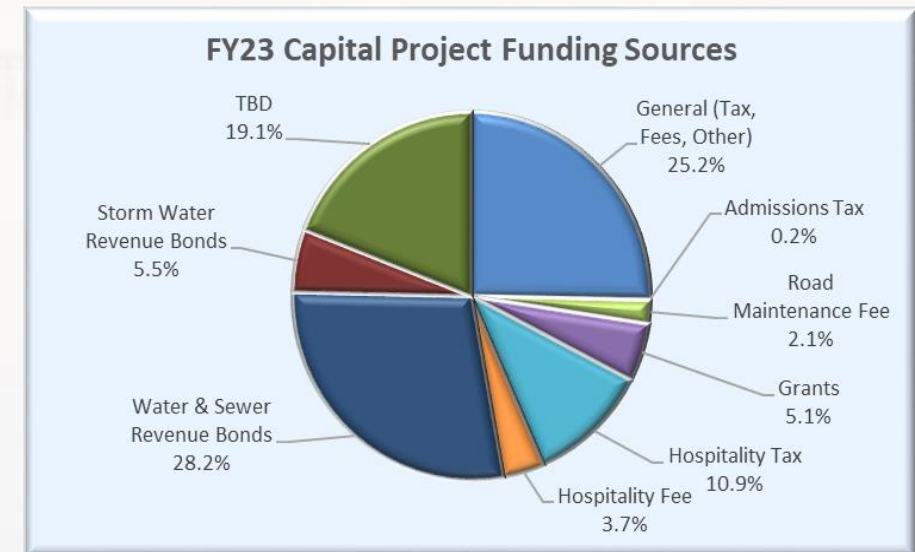
General Fund Expenditures		
Public Safety	\$61,832,044	56.2%
General Government	15,107,377	13.7%
PRST	15,958,794	14.5%
Community & Economic Dev	5,399,424	4.9%
Transportation	4,557,848	4.1%
Capital Outlay	2,658,395	2.4%
Transfer to Other Funds	2,435,416	2.2%
Public Works	2,107,284	1.9%
	<u>\$110,056,582</u>	

Public Safety	
Police	39,797,148
Fire	22,034,896
Public Safety Capital	2,204,495
	<u>\$64,036,539</u>
Public Safety % Budget	<b>58.2%</b>

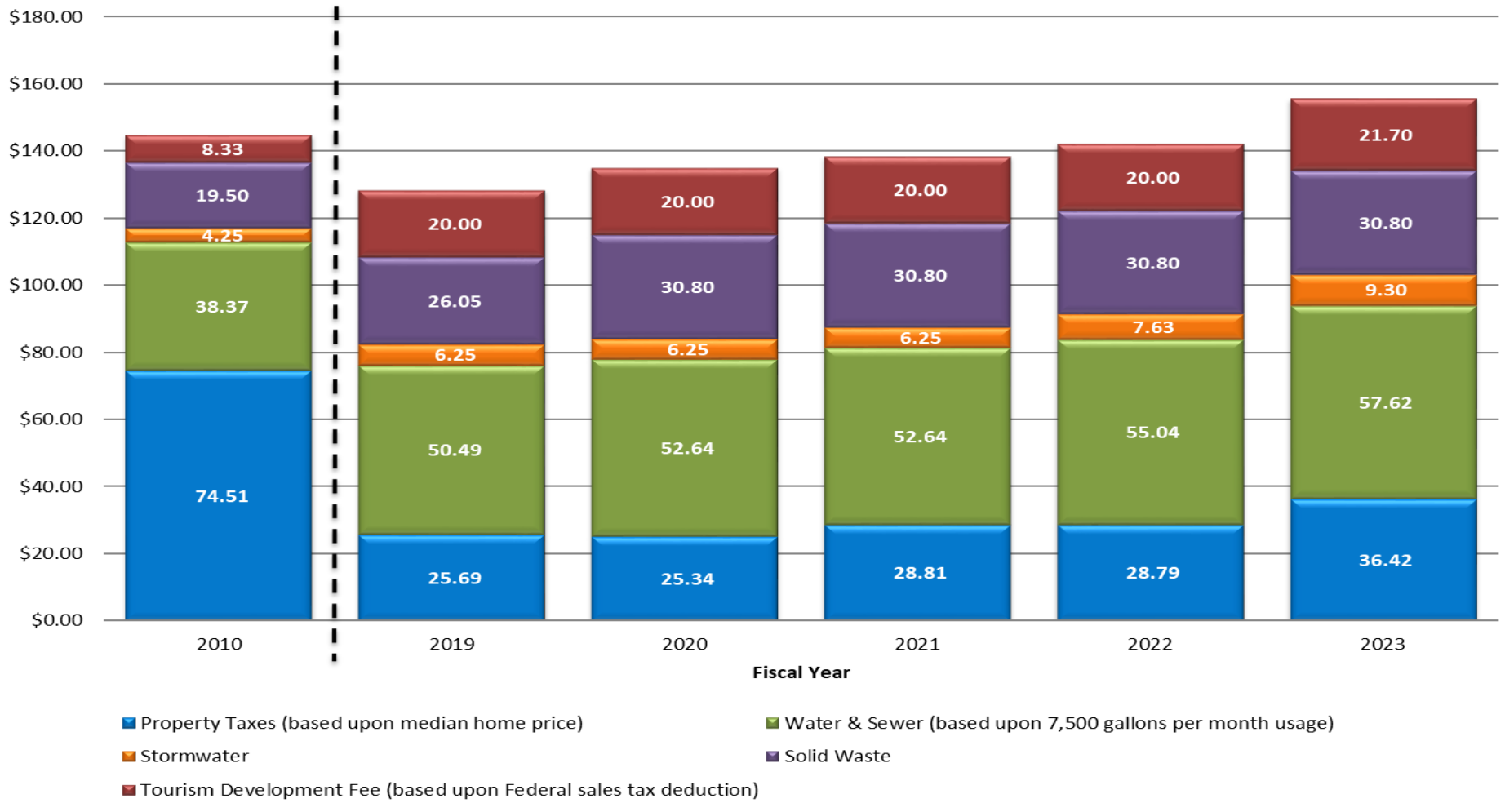
# Fiscal Year 2023 Capital Improvement Plan

- General Pay-Go Projects \$6.2m
- Historic Boardwalk & Ocean Boulevard Projects \$725k
- Baseball Stadium Project \$95k
- Golf Course Projects \$47k
- MB Convention Center Projects \$800k
- MBAFB Redevelopment Projects \$6.6m
- Arts & Innovation District Projects \$16.2m
- Storm Water Projects \$7.9m
- Water & Sewer Projects \$23.7m
- Solid Waste Management Projects \$200k

Capital Projects Funding Sources		
General (Tax, Fees, Other)	\$15,719,490	25.2%
Admissions Tax	112,712	0.2%
Road Maintenance Fee	1,300,000	2.1%
Grants	3,215,200	5.1%
Hospitality Tax	6,785,148	10.9%
Hospitality Fee	2,314,000	3.7%
Water & Sewer Revenue Bonds	17,621,500	28.2%
Storm Water Revenue Bonds	3,465,000	5.5%
TBD	11,936,700	19.1%
<b>Total FY23 Projects</b>	<b>\$62,469,750</b>	



## Typical City Resident's Monthly Cost of Services, Median Property Value Adjusted to 2023 Level, 2010 vs Last 5 Years



- 2010:**
- Median Home Value:
    - \$167,000
  - Est. Auto Value:
    - \$26,800

- 2022:**
- Median Home Value:
    - \$295,000
  - Est. Auto Value:
    - \$34,746

Unadjusted increase since 2010:

- \$40.90/month

Adjusted\* increase since 2010:

- **\$10.87/month**

\*Adjusted increase represents 2010 rates applied to median home price and estimated auto value utilized for 2023.

# BUYING POWER OF TYPICAL HOUSEHOLD

## Household:

Based upon a house valued at \$295,000, two cars valued at \$34,746, and monthly household water consumption of 7,500 gallons, a typical Myrtle Beach household will pay the City's General Government a Total of \$1,869.98 this year. This includes:

City Property Taxes	\$437.00
Water and Sewer charges	691.38
Storm Water Fees	111.60
Solid Waste Fees	369.60
Tourism Development Fee	260.40
<b>Annual Total</b>	<b>\$1,869.98</b>



**If you are the typical City resident, your \$1,869.98 will buy any one of these things:**

**Equates to \$155.83 / Month**

Two bullet-proof vests or a gun and body camera for one Police Officer

70% of the cost of Turn Out Gear for one Fire Fighter or 700 ft. of fire hose

About 4 days' salary and benefits for an entry-level Police Officer or Firefighter

75 linear feet of new paving, 17 street signs, or 70 linear feet of sidewalk

100 children's books, 37 reference books, or 4 IPAD Air (available for loan) for Chapin Library

100 cubic yards of mulch for landscaped medians and parks

Outfit 15 children for youth football with a helmet, shoulder pads, pants and pads, and a jersey



# City Services:

- ✓ 24-hour police protection
- ✓ Criminal Investigation
- ✓ Traffic Enforcement
- ✓ Crime Prevention Programs
- ✓ School Resource Officer's Program
- ✓ 24-hour Fire protection
- ✓ Fire Prevention Services
- ✓ 24-hour Emergency Medical Response
- ✓ Hazardous Materials Response
- ✓ Street Construction and Maintenance
- ✓ Traffic Signals and Street Lighting
- ✓ Street Cleaning
- ✓ Drainage System Maintenance & Improvements
- ✓ Water & Sewer service and system maintenance
- ✓ Waste Management and Recycling Service
- ✓ Parks and Recreation Facilities and Programs
- ✓ Street Tree Planting and Maintenance
- ✓ Community Planning, Zoning, Development Review
- ✓ Neighborhood Services
- ✓ Construction Services
- ✓ Municipal Court
- ✓ Various Economic Development Services
- ✓ All Municipal Legislative, Management and Support Services
- ✓ Free parking at metered City parking spaces, the MB Convention Center, and the John T Rhodes Sports Center



**Total Cost of City Services:**  
**\$155.83 Per Month**

One week's moderate cost grocery bill for a family of 4:  
**\$ 239.00**  
*Based upon USDA Official Food Plan update February 2022.*



Two and 1/2 tanks of mid-grade gasoline to fill your family's mid-sized sedan:  
**\$194.25**  
*Based upon 21.0-gallon fuel capacity at \$3.70 per gallon.*



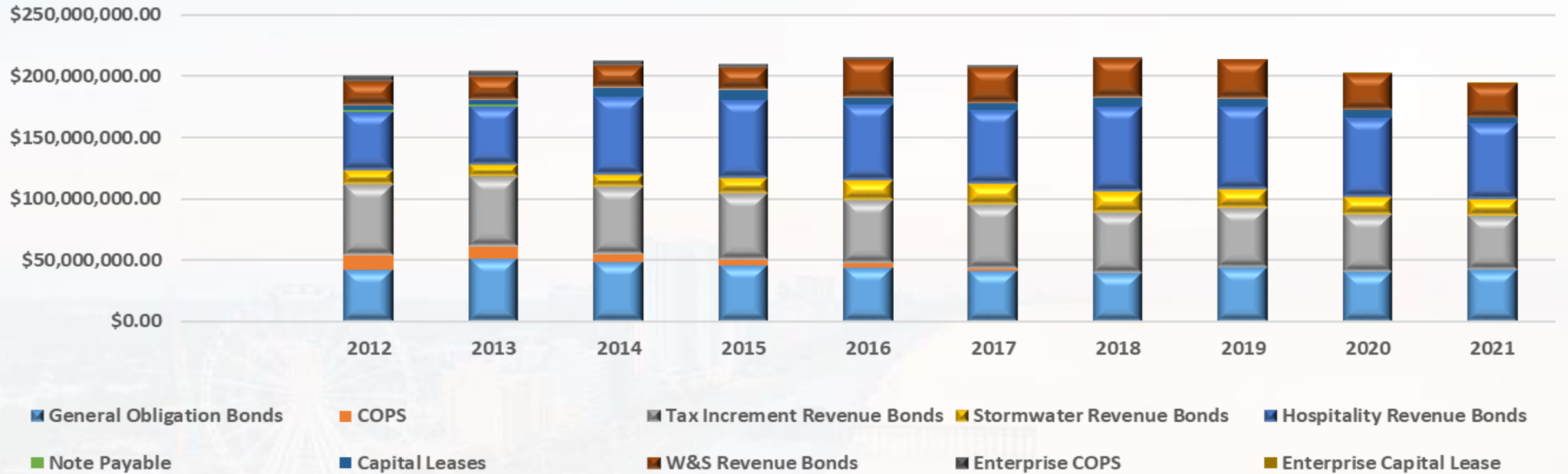
One Month's subscription to Basic Cable TV & High Speed Internet Access:  
**\$145.99**



One evening out for two with dinner and a movie:  
**\$ 135.50**  
*Based upon entrée' price of \$24.95, including two drinks, taxes, tips, and refreshments at the theater.*



## City Debt- 10 Year Schedule



**2012 – Phase IV Grand Park & MBCC Roof**

**2014 – Sports Complex and MBCC HVAC System & 4<sup>th</sup> Avenue Outfall**

**2014 & 2016 – Water & Sewer System Upgrades & Repairs**

**2018 – Mary C Canty & Doug Shaw Stadium Renovations**

**2019 – ERP System**

**2020 – Transfer Station & Compactor Lease**

# Fiscal Year 22-23 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 remain strong, however growth at the historic level seen over the last fiscal year is not expected to continue.
- Construction Permitting shows no sign of slowing near-term, however it is unknown how long the rapid growth will continue as housing prices 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

KPMG Forecast for the U.S.

	2021	2022	2023
GDP	5.7	3.1	2.1
Inflation	4.7	8.2	3.7
Unemployment Rate	5.4	3.6	4.1

Source: BLS, BEA, KPMG Analysis

# Fiscal Year 23-24 Economic Outlook

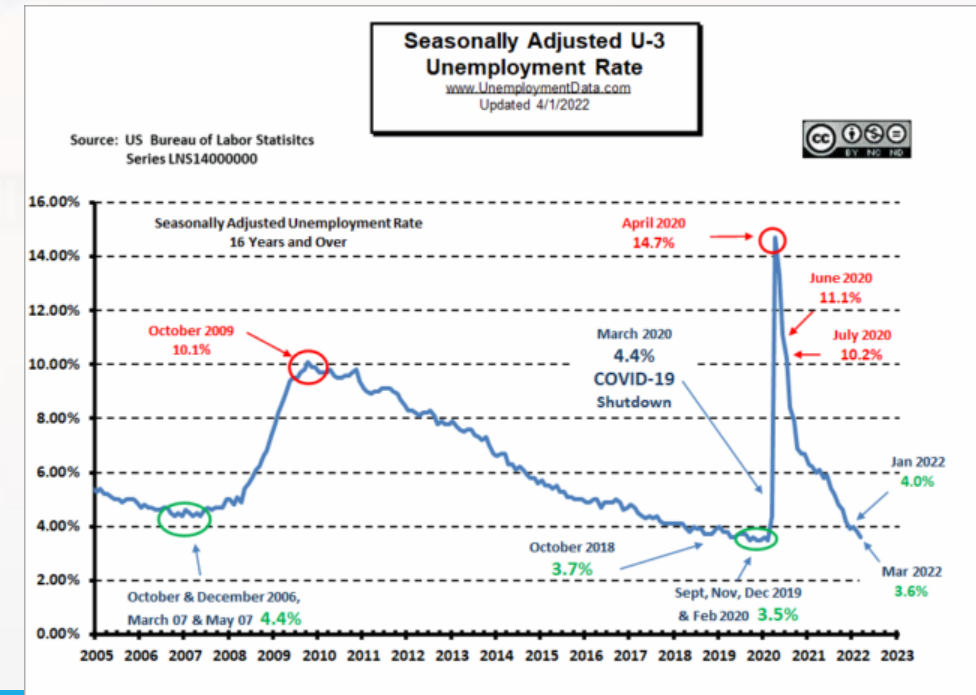
## High Inflation & Low Unemployment rates

*“Over the last 75 years, every time inflation has exceeded 4% and unemployment has gone below 5%, the U.S. economy has gone into a recession within two years.”* Lawrence Summers, Former U.S. Treasury Secretary

### March Inflation Rate: 8.5%



### March Unemployment Rate: 3.6%



# Fiscal Year 23-24 Economic Outlook

## Inversion of the Yield Curve

According to an April 9, 2022 article in Fortune Magazine, “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:** Yield on the two-year Treasury was at 2.337% while the yield on the 10-year Treasury fell to 2.331%, creating an inverted yield curve.

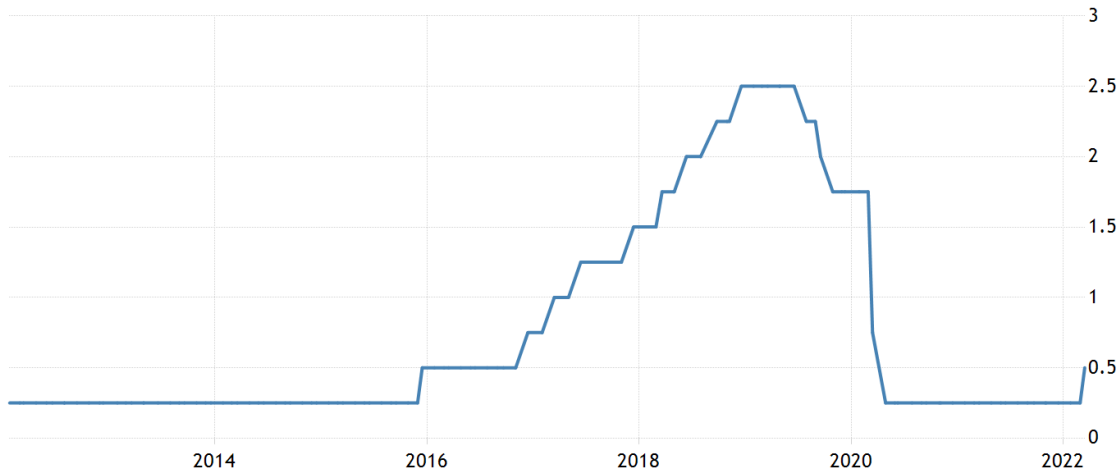


# Fiscal Year 23-24 Economic Outlook

## Federal Reserve Interest Rate Increase Timing

The Federal Reserve is faced with a difficult task, raising interest rates and ending QE in order to cool economic growth and combat inflation—all without causing a recession, a so-called soft landing for the U.S. economy

“We no longer see the Fed achieving a soft landing. Instead, we anticipate that a more aggressive tightening of monetary policy will push the economy into a recession.” Matthew Luzzetti, Deutsche Bank’s economist



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### Prime rate, federal funds rate, COFIUPDATED: 05/03/2022

	THIS WEEK	MONTH AGO	YEAR AGO
Fed Funds Rate (Current target rate 0.25-0.50)	0.50	0.50	0.25

# 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

An aerial photograph of a coastal city, likely Dubai, featuring a large Ferris wheel, modern buildings, and a pier extending into the sea. The image is faded and serves as a background for the text.

Questions?