

IOP FY23 BUDGET WORKSHOP

March 16, 2022

AGENDA

- Review assumptions for draft budget
- Review key budget initiatives
- Revenue review
- Expense review
- Additional projects/things to include
- Next steps

QUESTION

- Do you know what year and for what purpose the Secret Service was created?
- Then, do you know what year their duties changed to protecting the President of the United States?

BUDGET ASSUMPTIONS

- Revenue – tourism generally assumes 90% of last 12 months adding additional hospitality revenues associated with new restaurant; accommodations assumes full year new hotel at Wild Dunes
- Expenses –
 - 95% staffing rate in Police Dept
 - 2.5% merit and/or step based wage adjustments effective 1/1/2023
 - Fuel prices of \$4.5/gallon for diesel and marine grade unleaded
 - No increase in headcount but does include overlap for Finance Director and Public Works foreman position
- Transfer from Tourism Funds to General Fund – \$1,229,000
 - 4 police officers, 1 police Sgt. , 6 firefighters, Beach Service Officers, 50% of Public Works temp labor, fuel, \$20K for PD overtime and public restroom attendant
- Transfer from General Fund to Capital Projects Fund – \$961,000

KEY BUDGET INITIATIVES

- Phase 3 drainage – Construction of 30th and 36th outfalls – \$2.6 million
- Other drainage – small drainage projects (\$500,000) and completion of comprehensive drainage plan (\$200,000)
- Improve public dock (\$450,000) and T-dock (\$1.3 million) at the marina
- Complete installation of public green space around new public dock at marina - \$100,000
- Maintain, renovate or construct beach access paths - \$250,000
- Underground electrical line projects - \$245,000 over 3 years

KEY BUDGET INITIATIVES (CONT.)

- Rec Center – re-construct and reconfigure outdoor basketball courts (\$150,000) and construct 2 pickleball courts (\$75,000)
- Fire Department – 2nd set of bunker gear (\$136,000)
- Employee wage adjustments (\$131,000)
- Contracted Professional Services – grant writing and management services (\$30,000); public relations (\$60,000); Traffic engineering assistance (\$30,000); Lobbyist (\$48,000); short term rental analysis tool (\$35,000)

REVENUE SUMMARY

	Actual FY 21	Budget FY 22	Forecast FY 22	Budget FY 23	Increase/ Decrease from FY 22 Budget
General Fund	12,877,957	11,798,779	13,051,413	12,901,105	1,102,326
Muni ATAX	1,828,527	1,526,163	2,145,500	2,142,500	616,337
Hospitality Tax	732,447	835,800	1,001,100	1,001,100	165,300
State ATAX	2,325,879	2,146,500	2,797,353	2,619,538	473,038
Beach Restor.	1,325,033	1,274,663	1,562,700	1,545,700	271,037
Marina	354,758	360,081	315,842	414,591	54,510
Total				20,624,534	2,682,548

City of Isle of Palms
Summary of FY23 Budget DRAFT #1

	General Fund	Capital Proj Fund	Muni Atax Fund	Hosp Tax Fund	State Atax Fund	Beach Preserve Fund	All Other Funds (incls Disaster Recovery)	Marina Fund <i>Illustrative Only</i> NOTE 1	Total Fund Balance & Net Position
REVENUES									
PROPERTY & LOCAL OPT TAXES	5,938,000								5,938,000
LICENSES & PERMITS	4,791,000								4,791,000
TOURISM REVENUES	162,755		2,141,000	1,000,000	2,617,338	1,543,000			7,464,093
ALL OTHER REVENUES (NOTE 2)	2,009,350	1,713,300	1,500	1,100	2,200	2,700	188,425	414,591	4,333,166
TOTAL REVENUES	12,901,105	1,713,300	2,142,500	1,001,100	2,619,538	1,545,700	188,425	414,591	22,526,259
EXPENSES									
PERSONNEL EXPENSES	9,100,757	-	-	-	-	-	-	-	9,100,757
OPERATING EXPENSES	3,097,470	318,925	450,950	492,300	1,018,554	109,662	190,875	467,407	6,146,143
CAPITAL EXPENSES	-	915,500	189,000	387,500	478,000	285,000	-	1,868,500	4,123,500
DRAINAGE EXPENSES	-	2,946,000	648,668	-	-	-	-	-	3,594,668
DEBT SERVICE EXPENSES	971,362	-	179,368	155,618	91,915	-	-	333,892	1,732,155
TOTAL EXPENSES	13,169,589	4,180,425	1,467,986	1,035,418	1,588,469	394,662	190,875	2,669,799	24,697,223
TRANSFERS	268,484	960,926	(1,404,550)	(466,214)	(1,430,065)	-	-	2,071,419	-
INCR/(DECR) IN FUND BALANCE	(0)	(1,506,198)	(730,036)	(500,532)	(398,996)	1,151,038	(2,450)	(183,789)	(2,170,964)
NOTE 3									
FY23 PROJCTED BEG FUND BAL	3,892,048	11,237,183	2,280,535	1,095,630	2,080,687	5,933,713	2,949,201	1,042,619	30,511,615
FY23 PROJCTED END FUND BAL	3,892,048	9,730,984	1,550,499	595,097	1,681,691	7,084,751	2,946,751	858,830	28,340,651

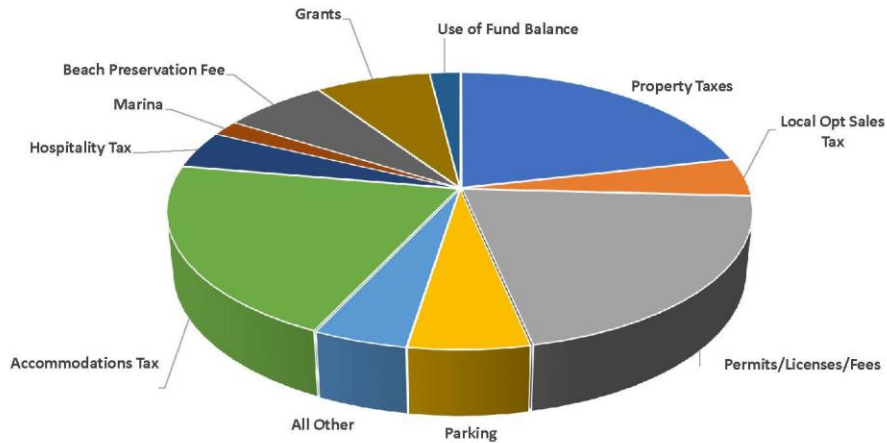
NOTE 1: For illustrative purposes only the Marina Enterprise Fund is presented here in the same format as the other funds. For internal and external accounting and reporting purposes however, the Marina Fund follows the accounting rules of a for-profit business and includes proceeds from debt as a liability (not revenue) and capital additions as assets (not expenses).

NOTE 2: Other revenues include parking revenues, recreation fees, interest income, grant income, state shared funds, court revenues and marina rents.

NOTE 3: The large negative balance relates primarily to \$2.9 million of drainage related spending including \$2.6 million on the Drainage Phase 3 project. This project is being funded primarily with debt proceeds that were received in FY21.

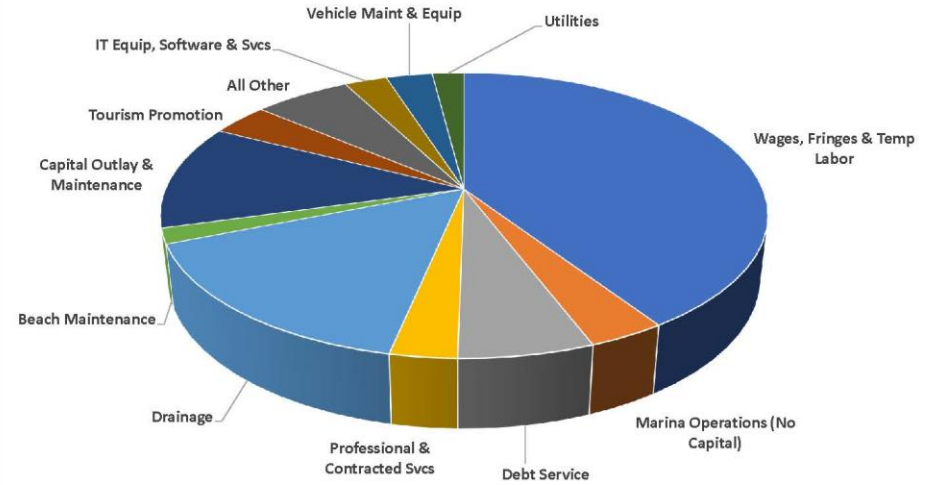
CITY OF ISLE OF PALMS FY23 BUDGET - ALL FUNDS COMBINED

Where the Money Comes From



FY 2023 Revenue Summary - All Funds		
Property Taxes	4,924,000	21%
Local Opt Sales Tax	1,014,000	4%
Permits/Licenses/Fees	4,791,000	21%
Parking	1,330,000	6%
All Other	1,038,530	5%
Accommodations Tax	4,762,038	21%
Hospitality Tax	1,001,100	4%
Marina	414,591	2%
Beach Preservation Fee	1,545,700	7%
Grants	1,705,300	7%
Use of Fund Balance	451,008	2%
Total Revenues	22,977,267	100%

Where the Money Goes



FY 2022 Expenditure Summary - All Funds		
Wages, Fringes & Temp Labor	9,354,757	41%
Marina Operations (No Capital)	798,789	3%
Debt Service	1,398,263	6%
Professional & Contracted Svcs	691,500	3%
Drainage	3,594,668	16%
Beach Maintenance	394,662	2%
Capital Outlay & Maintenance	2,735,525	12%
Tourism Promotion	841,528	4%
All Other	1,407,675	6%
IT Equip, Software & Svcs	621,500	3%
Vehicle Maint & Equip	674,400	3%
Utilities	464,000	2%
Total Expenses	22,977,267	100%

City of Isle of Palms Debt Schedule

Decription	Year Issue d	Original Debt Amt	Original Rate	Current Rate	Original Term	Matures	FY2022			FY2023	FY2024	FY2025	FY26-30	FY31-35	Total Payments FY22-FY35		
							P	I	P&I	P&I	P&I	P&I	P&I	P&I	P	I	P&I
CURRENTLY OUTSTANDING:																	
Recreation Add (by Ref.)	FY04	2,900,000	3.55% non-taxable	1.68% non-taxable	20 years	FY23	210,000	7,056	217,056	213,528			-	-	420,000	10,584	430,584
Fire Station #2	FY07	3,650,000	3.99% non-taxable	1.88% non-taxable	20 years	FY26	225,000	23,594	248,594	259,364	264,852	275,152	280,170	-	1,255,000	73,132	1,328,132
Pub Safety Building	FY09	6,700,000	4.14% non-taxable	4.14% non-taxable	20 years	FY28	375,000	116,955	491,955	476,430	460,905	445,380	1,435,745	-	2,825,000	485,415	3,310,415
75' Fire Ladder Truck	FY20	848,267	1.83% non-taxable	1.83% non-taxable	10 years	FY29	79,502	12,413	91,915	91,915	91,915	91,915	367,658	-	678,279	57,038	735,317
Drainage Phase 3	FY21	3,500,000	1.71% non-taxable	1.71% non-taxable	15 years	FY35	208,000	55,626	263,626	263,070	263,461	262,785	1,316,640	1,315,895	3,253,000	432,476	3,685,476
Marina Docks	FY21	4,300,000	2.16% taxable	2.16% taxable	15 years	FY35	247,000	86,227	333,227	333,892	333,427	333,854	1,666,360	1,667,838	3,992,000	676,598	4,668,598
Fire Engine	FY22	875,706	1.6% non-taxable	1.6% non-taxable	10 years	FY31	93,957	-	93,957	93,957	93,957	93,957	469,784	93,957	875,706	63,863	939,569
SUBTOTAL EXISTING DEBT SERVICE							1,438,459	301,871	1,740,330	1,732,155	1,508,517	1,503,043	5,536,357	3,077,689	13,298,985	1,799,106	15,098,091
PROPOSED NEW MUNICIPAL LEASE DEBT:																	
NO NEW DEBT PROPOSED FOR FY23																	
SUBTOTAL BUDGETED DEBT SERVICE							1,438,459	301,871	1,740,330	1,732,155	1,508,517	1,503,043	5,536,357	3,077,689	13,298,985	1,799,106	15,098,091
TOTAL PRINCIPAL & INTEREST OUTSTANDING AT YEAR END																	

ADDITIONAL PROJECTS/ITEMS TO INCLUDE

- Business audit initiative
- Others?

KNOWN CHANGES TO BE INCLUDED IN DRAFT #2

- Add increase in health insurance premium expense (approx. \$62k for FY23 and \$124k for FY24-27) **GENERAL FUND**
- Add 1 Police SUV (\$45K) and possibly 1 Fire pickup (\$45K) to FY23 (re-budgets from FY22 because vehicles won't be available until after July 2023) **CAPITAL PROJECTS/TOURISM FUNDS**
- Add approximately \$3,600 to cover price increase in beach access signs **TOURISM FUNDS**
- Add approximately \$10,000 for text-to-park transaction fees **TOURISM FUNDS**
- Correct Tourism Promo Expense in **STATE ATAX FUND**. Draft#1 figure is same as FY22 Budget (\$690,474) but it should be \$841,528. Difference is \$151,054.

NEXT STEPS

- Adjust budget based on today's feedback
- Review Draft 2 at April Ways and Means meeting
- First Reading of proposed FY23 budget at April Council meeting
- Public Hearing and Second Reading at May Council meeting
- FY23 Budget must be ratified no later than June 30, 2022