



February 28, 2017

Greenville County Finance Committee
Attention: Mr. John Hansley, Deputy County Administrator
301 University Ridge, Suite 2400
Greenville, SC 29601

Dear Mr. Hansley,

Please be advised that during its regular meeting on February 28, 2017, the Greenville County Museum Commission voted to approve a request for a 0.2 millage increase beginning in fiscal year 2018 for museum operations.

Thank you for your consideration.

Sincerely,

Brad Campbell
Chairman
Greenville County Museum Commission

Thomas W. Styron
Executive Director
Greenville County Museum of Art



MILLAGE REQUEST APPLICATION

Requesting Entity:
 Greenville County Museum Commission
 420 College Street
 Greenville, SC 29601

Contact Person:
 Thomas W. Styron
 Email: tstyron@gcma.org
 Phone: 864-271-7570

The Greenville County Museum of Art is seeking a 0.2 millage increase in order to maintain current museum operations and services and to begin building a general fund reserve balance that will approximate 30% of estimated annual revenues per Revenue Policy #1 of the County of Greenville Financial Policies.

FY17 Annual Budget	<u>\$</u>	<u>2,807,000</u>
Current Operating Millage Rate		<u>1.2</u>
Value of 0.2 Mills	<u>\$</u>	<u>441,000</u>
Current Value of Operating Millage	<u>\$</u>	<u>2,766,000</u>
Property Taxes Collected Last Year from Operating Millage	<u>\$</u>	<u>2,753,386</u>
Supplemental non-property tax income last year (other contributions, grants, and program revenues)	<u>\$</u>	<u>153,428</u>
Staff FTE's <u>21</u> No. of Volunteers <u>65</u> (after a reduction in staff from 27)		
Debt Service Funded by Operations (art debt service is funded by the art fund)		<u>0</u>
FY18 Operating Expense (per Exhibit B)	<u>\$</u>	<u>2,967,000</u>
FY18 Undesignated Fund Balance (Reserve) at December 31, 2016 This represents less than 4% of estimated annual revenues which is below the 25% to 35% per Revenue Policy #1 of County of Greenville Financial Policies.		<u>> \$100,000</u>
Year of Last Millage Increase Request Request was granted and used to maintain current service levels		<u>2008</u>

Priority Rating 1: Without the increase, the Museum cannot maintain current service levels, provide proper staffing for these service levels, provide compensation adjustments that have been delayed for the past two years, and build a reserve balance between 25% and 35% of estimated annual revenues per Revenue Policy #1 of County of Greenville Financial Policies.



MANAGEMENT DISCUSSION AND ANALYSIS OF FISCAL YEAR 2018 MILLAGE REQUEST APPLICATION

THE REQUEST

The Museum is requesting an increase in its property tax millage beginning with Fiscal Year 2018 from the current 1.2 mills to 1.4 mills. Of this increase, 0.1 mill (\$220,400) will be used to fund Museum operations and 0.1 mill (\$220,400) will be used to build a cash reserve over the next three years in accordance with Revenue Policy #1 of the County of Greenville Financial Policies.

THE REASON FOR THE REQUEST

Operating Expenses. The Museum has not requested a millage rate increase since 2008, which was the first such request in over twenty-five years. From 2008 through 2015, the compounded annual growth rate in millage revenue was 3.5 %. For the same time period the compounded annual growth rate in the Museum's operating costs was 6.1%. The increase in operating costs was necessary for the Museum to maintain its level of program services to the community. However, the cost of these services plus the basic costs of maintaining the Museum's forty-plus year-old facility increased higher than the general inflation rate. The Museum also increased its marketing and community outreach expenses in order to expand community participation and contribution levels.

Beginning in 2013, due to rising expenses, the total annual operating expenses began to exceed annual revenue, and the Museum began to use its cash reserves. Accordingly, in fiscal year 2016, the Museum began to cut its operating expenses and reduce the number of its employees. The 2016 actual operating expenses were below 2015 levels and were lower than the 2013-2014 average. In 2017, expenses have been budgeted to remain flat, except for certain increasing expenses (e.g., utilities, insurance, and pension costs) that cannot be reduced. The Museum has had to cut personnel and programs, and forego compensation increases for current employees. For the last three years, the Museum has had to borrow funds to operate during some months within each fiscal year and then repay the borrowed funds with tax revenues that are received later in each fiscal year. The amount needed to borrow to fund operations during these interim periods has increased each year. To maintain its current level of operations, retain its work force, cover inflationary pressures in general and administrative expenses, and avoid borrowing money for several months during the fiscal year, the Museum needs to increase its revenue.

Cash Reserves. While the fiscal year-end 2016 financial condition of the Museum is stable and fund balances are positive, the Museum does not have any cash reserves and is not able to fund an unexpected expense, or have available reserved funds to prevent the need to borrow funds at even higher levels in order to operate in some future months. In addition, the Museum does not have the cash reserves available to address eventual needed maintenance to its facilities. Greenville County government recommends that government entities in the county maintain cash reserves between 25% to 35% of the entity's annual revenue. At the low end of this range, the Museum would need cash reserves of \$625,000 to comply with this policy.

Attachments. Attached are the Museum's past and projected statements of revenues and expenses.

Greenville County **Museum of Art**

420 College Street Greenville, South Carolina 29601

864.271.7570

gcma.org

**Greenville County Museum of Art
Projected Statements of Revenues and Expenses
For the Operating Fund**

		Without a Millage Increase			With a Millage Increase of 0.2 Mills						
		2017	2018	2019	2017	2018	2019				
Revenues											
\$	2,766,000	\$	2,821,320	\$	2,877,746	\$	2,766,000	\$	3,207,000	\$	3,271,000
	36,000		36,000		36,000		36,000		36,000		36,000
	24,500		25,000		25,000		24,500		25,000		25,000
	5,100		5,000		5,000		5,100		5,000		5,000
\$	2,831,600	\$	2,887,320	\$	2,943,746	\$	2,831,600	\$	3,273,000	\$	3,337,000
Operating Expenses											
\$	1,672,600	\$	1,739,504	\$	1,774,294	\$	1,672,600	\$	1,795,600	\$	1,828,600
	630,000		650,000		670,000		630,000		680,000		685,000
	17,000		18,000		19,000		17,000		18,000		19,000
	220,000		235,000		245,000		220,000		235,000		245,000
	43,000		43,000		43,000		43,000		43,000		43,000
	218,600		230,000		245,000		218,600		230,000		245,000
	5,550		6,000		6,000		5,550		6,000		6,000
	45,000		45,000		45,000		45,000		45,000		45,000
\$	2,851,750	\$	2,966,504	\$	3,047,294	\$	2,851,750	\$	3,052,600	\$	3,116,600
\$	(20,150)	\$	(79,184)	\$	(103,548)	\$	(20,150)	\$	220,400	\$	220,400
	100,000		-		-		100,000		220,400		440,800
	4%		0%		0%		4%		7%		13%
\$	450,000	\$	500,000	\$	600,000	\$	450,000	\$	500,000	\$	-
	21		21		21		21		23		23

Greenville County Museum of Art
 Historical Statements of Revenues and Expenses
 For the Operating Fund

	FY2012	FY2013	FY2014	FY2015	FY2016	Proj 2017
Revenues						
Property Taxes	\$ 2,390,117	\$ 2,442,824	\$ 2,501,350	\$ 2,587,623	\$ 2,753,386	\$ 2,766,000
Art School Tuition and Fees	52,719	37,078	7,342	10,021	9,156	
Museum Store Sales	84,078	43,378	32,666	25,791	37,199	36,000
Contributions, Grants, and Exhibitions	17,837	179,062	157,413	102,428	106,942	24,500
Miscellaneous	8,153	4,422	17,544	11,816	128	5,100
Total Revenues	\$ 2,552,904	\$ 2,706,764	\$ 2,716,315	\$ 2,737,679	\$ 2,906,811	\$ 2,831,600
Operating Expenses						
Personnel	\$ 1,518,969	\$ 1,624,673	\$ 1,682,045	\$ 1,830,524	\$ 1,735,388	\$ 1,672,600
General and Administrative	322,692	521,502	633,123	689,827	618,794	630,000
Supplies	23,270	22,836	20,413	16,194	12,872	17,000
Utilities	199,951	196,228	225,592	211,639	219,748	220,000
Museum Store Cost of Sales	84,227	52,964	27,445	23,202	34,018	43,000
Exhibitions and Programs	155,229	298,165	125,664	148,632	196,476	218,600
Miscellaneous	5,258	5,280	12,811	37,656	22,937	5,550
Capital Expenditures	201,752	243,275	152,750	68,759	44,270	45,000
Total Operating Expenses	2,511,348	2,964,923	2,879,843	3,026,433	2,884,503	2,851,750
Net Surplus (Deficit)	\$ 41,556	\$ (258,159)	\$ (163,528)	\$ (288,754)	\$ 22,309	\$ (20,150)
Operating Cash On Hand at June 30	\$ 1,128,926	\$ 1,122,561	\$ 1,030,699	\$ 758,649	\$ 664,404	\$ 600,000
Maximum Level of Intra-year Borrowing	-0-	-0-	-0-	-0-	\$ 300,000	\$ 450,000
Number of Employees	25	27	27	25	22	21

Exhibit A