



Town of Hilton Head Island
Special Meeting of Town Council
Tuesday, May 12, 2020, 1:30 p.m.
AGENDA

This meeting is being conducted electronically and broadcast on the Town's Facebook Page (<http://facebook.com/TownofHiltonHeadIslandSC>), the Town's website (<https://www.hiltonheadislandsc.gov/>), the Beaufort County Broadcast Channel website (<https://beaufortcountysc.gov/the-county-channel/live.html>), and Hargray Channels 9 & 113 and Spectrum Channel 1304.

1. **Call to Order**
2. **FOIA Compliance:** Public notification of this meeting has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act and the requirements of the Town of Hilton Head Island.

3. **First Reading of Proposed Ordinance 2020-12 - Fiscal Year 2021 Budget**

First Reading of Proposed Ordinance 2020-12 to raise revenue and adopt a budget for the Town of Hilton Head Island, South Carolina, for the Fiscal Year ending June 30, 2021; to establish a Property Tax Levy; to establish funds; to establish a policy for acquisition of rights of way and easement; and providing for severability and an effective date.

4. **Adjournment**

Public comments concerning agenda items can be submitted electronically via the Town's Virtual Town Hall portal (<https://hiltonheadislandsc.gov/opentownhall/>). The portal will close **TWO (2) HOURS** prior to the scheduled meeting. All comments will be provided to Town Council for review and made part of the official record.



MEMORANDUM

TO: Town Council

FROM: John M. Troyer, CPA, Director of Finance

VIA: Stephen G. Riley, ICMA-CM, Town Manager

DATE: May 5, 2020

RE: First Reading of Proposed Ordinance No. 2020-12

Recommendation:

Staff recommends Council approve and affirm the first reading of Proposed Ordinance No. 2020-12. The ordinance establishes the fiscal year 2021 budgets for the General Fund, Capital Projects Fund, Debt Service Fund and Stormwater Fund as originally approved during the adoption of the Fiscal Year 2020 and 2021 Biennial Budget.

There are no tax increases or fee increases in this proposed budget.

The proposed FY 2021 total operating budget for the General Fund, Capital Projects Fund, Debt Service Fund, and Stormwater Fund is \$75,979,448, and less than the FY 2020 budget of \$79,147,817.

	2020 Budget	2021 Budget
General Fund	\$ 41,108,317	\$ 42,558,448
Debt Service Fund	21,500,000	21,500,000
CIP	11,139,500	6,471,000
Stormwater Fund	5,400,000	5,450,000
Total	\$ 79,147,817	\$ 75,979,448

Summary:

According to Town Code, we need to present a budget for review of Town Council by the beginning of May. Given the current uncertainty of a reopening schedule for our economy, economic projections would be based on conjecture. Thankfully, Town Council had the foresight last year to adopt the Town's first two year budget. Fiscal Year 2020 was the first of two years and Fiscal Year 2021 being the second of the two years.

The proposed FY 2021 total operating budget for the General Fund, Capital Projects Fund, Debt Service Fund, and Stormwater Fund is \$75,979,448, and less than the FY 2020 budget of \$79,147,817.

Last budget process, Town Council raised the reserves policy, raised the debt capacity set aside for an emergency, and adopted a budget with a small surplus for both FY 2020 and FY 2021. These actions by Town Council helped to better position the Town going in to an event like the COVID-19.

We have been closely monitoring economic activity, closely monitoring our revenue collections and carefully considering our expenditures. We have already limited or delayed spending where possible. Once we better understand the reopening schedule of activities in our Town, our State and our Nation – we will further assess the economic impact of the COVID-19 virus. We can and will make further spending adjustments as needed. In the meantime, we are focusing on keeping essential operations going, deferring expenses as possible and waiting for the threat to pass.

These are the type circumstances where Town Council's foresight to adopt strong reserve policies which will provide us some temporary stability to help us ride out this storm, until our economy is able to come back to more normal operations.

The Town Manager will keep Town Council apprised of our status, and bring to Town Council any request for further action on the budget as needed and warranted.

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. 2020-12

AN ORDINANCE TO RAISE REVENUE AND ADOPT A BUDGET FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, FOR THE FISCAL YEAR ENDING JUNE 30, 2021; TO ESTABLISH A PROPERTY TAX LEVY; TO ESTABLISH FUNDS; TO ESTABLISH A POLICY FOR ACQUISITION OF RIGHTS OF WAY AND EASEMENTS; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, Section 5-7-260(3) of the Code of Laws for South Carolina 1976, as amended, and Section 2-7-20 of the Municipal Code of the Town of Hilton Head Island, South Carolina, require that the Town Council act by ordinance to adopt a budget and levy taxes, pursuant to public notice; and

WHEREAS, Town Council also desires to set aside funds for an Operating Reserve to provide for emergency-related expenditures and to offset fiscal year tax revenue income stream deficiency; and

WHEREAS, Town Council also desires to give the Town Manager authority to adjust revenue estimates as necessary to account for the economic impact of the COVID-19 Pandemic, without changing the total adopted budget. Any changes made under this section will be reported to Town Council on a quarterly basis; and

WHEREAS, Town Council finds that it would be more economical and efficient to authorize the Town Manager to move forward with construction contract modifications, change orders, contract price adjustments, and execution of contracts for supplies, services, and construction where the contract amount involved does not exceed the budget line item or project budget as approved by Town Council in the Consolidated Municipal Budget.

NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; AND IT IS HEREBY ORDAINED BY THE AUTHORITY OF THE SAID COUNCIL:

NOTE: Underlined and bold-face typed portions indicate additions to the Ordinance. ~~Stricken~~ Portions indicate deletions to the Ordinance.

Section 1. Adoption of the Budget. The prepared budget of estimated revenues and expenses, a copy of which is attached hereto and incorporated herein, is hereby adopted as the budget for the Town of Hilton Head Island for the fiscal year ending June 30, 2021.

The General Fund budgetary authority is adopted at the Departmental level as follows:

	2020 Budget	2021 Budget
Town Council	479,224	493,601
Town Manager	846,440	871,833
Human Resources	687,766	648,424
Administrative Services	3,957,269	4,073,649
Finance	1,992,406	2,052,125
Community Development	3,553,997	3,601,547
Public Projects and Facilities	5,642,043	5,911,304
Fire Rescue	15,499,346	15,897,377
Sheriff/Other Public Safety	3,813,237	3,927,634
Townwide	2,823,316	3,289,036
Community/Grants	1,813,273	1,791,917
Total	\$ 41,108,317	\$ 42,558,448

The Debt Service Fund and the Stormwater Fund are adopted at the Fund level. Capital Improvement Projects are adopted at the Project level. The Town Manager is authorized to transfer amounts up to \$100,000; larger transfers require Town Council approval.

Section 2. Establishment of Property Tax Levy. A tax to cover the period from July 1, 2019 through June 30, 2020, inclusive, for the sums and in the manner hereinafter mentioned, is and shall be, levied, collected and paid into the treasury of the Town of Hilton Head Island for its uses at a rate of mills on assessed value of real estate and personal property of every description owned in the Town of Hilton Head Island, except such property as is exempt from taxation under the Constitution and laws of the State of South Carolina. Said tax levy shall be paid into the Town Treasury for the credit of the Town of Hilton Head Island for its corporate purposes, for the purpose of paying current operational expenses of the said municipality 17.2 mills, Debt Service 5.9 mills, and Disaster Recovery (millage override) 5.00 mills making the total levy of 28.1 mills.

Section 3. Establishment of Funds. To facilitate operations, there shall be established and maintained a General Fund, a Capital Projects Fund, a Debt Service Fund, a Stormwater Fund and other appropriate funds in such amounts as are provided for in the aforesaid Budget, as hereby adopted or as hereafter modified pursuant to law.

Section 4. Acquisition of Rights of Way and Easements. The Town Manager is charged with the duty of executing all necessary documents to obtain rights of way, easements, and other property interests necessary to complete duly authorized Capital Improvement Projects.

Capital Improvement Projects based on the ownership and life expectancy of the assets or improvements or based on the funding source authorized may be budgeted in the General, Capital Projects or Stormwater Funds. If expenditures are expressly authorized for an approved Capital Improvement Project in any of the budgeted funds, then the Town Manager is hereby authorized to execute all necessary documents and to expend such funds as are approved pursuant to the Capital Improvement budgets. Provided, however, in the event that the costs of an acquisition of such real property interests materially exceeds the amount budgeted in the approved Capital Improvement Project and the Town Manager is unable to shift additional funds from other authorized sources, the Town Manager shall be required to obtain the approval of Town Council for such additional expenditures. Nothing herein shall obviate the requirement that no condemnations shall be commenced without the appropriate approval of the Town Council for the Town of Hilton Head Island.

Section 5. Assignment of Funds for Future Use. Town Council continues to assign and reserve funds for its future dredging projects in the amount of \$200,000 of Hospitality Tax and \$100,000 for Pine Island renourishment from Stormwater funds in accordance with Town practice.

Section 6. Severability. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 7. Effective Date. This Ordinance shall be effective upon its enactment by the Town Council for the Town of Hilton Head Island.

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS ____ DAY OF _____, 2020.

John J. McCann, Mayor

ATTEST:

Krista M. Wiedmeyer, Town Clerk

First Reading: _____

Public Hearing: _____

Revised First Reading: _____

Second Reading: _____

APPROVED AS TO FORM:

Curtis L. Coltrane, Town Attorney

Introduced by Council Member: _____

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

Town Manager's Letter



Dear Members of Town Council and Citizens of Hilton Head Island:

As I am writing this, our Town, our State, our nation and our world are all working diligently to fight the spread of the COVID-19 virus. Here locally, in order to practice social distancing many businesses have had to close temporarily. Our Town has long enjoyed the company and the economic benefit of a strong tourism draw. This year, we have all had to manage differently. Even our signature event the Heritage Golf Tournament was delayed. I want you to know your Town continues to work for you. Public Safety with our Fire Rescue personnel have stepped up their game in difficult circumstances. You can still get your plans reviewed, buildings inspected, business license issued, even though we had to close the front doors to Town Hall temporarily. This is where we find ourselves today.

Town Council has prepared for the unexpected. Last year, Town Council raised our reserve levels. Town Council has increased the amount of bonding capacity set aside for emergencies. Town Council passed a budget with a small surplus to add to reserve levels. If you look at our financials for the first nine months of the fiscal year our “before” economy was strong. We have had practice with hurricanes and evacuations the last three years. All of these things point toward helping us to face the current pandemic.

According to Town Code, I need to present a budget for review and approval of Town Council. Given the uncertainty of a reopening schedule any projection would be based on conjecture. Thankfully, Town Council had the foresight last year to adopt the Town’s first two year budget. Fiscal Year 2020 was the first of two years and Fiscal Year 2021 is the second.

The Fiscal Year 2021 budget approved last year, was already slightly less than the Fiscal Year 2020 budget. It is an excellent place to start. We are adjusting our operations to only essential functions. All optional purchases are delayed. We will continue to support local businesses whether by issuing building permits, business licenses, or just providing public safety. If we have to adjust down again we will. In times like these, the need for our services can be at its highest point.

So, as we monitor daily the health crisis and our financial position we are prepared to act further. I recommend affirmation and continuation of the already approved Fiscal Year 2021 budget as we consider the effect on our economy and our Town’s continued appropriate response.

Sincerely,

Stephen G. Riley, ICMA~CM

Town Manager

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

Budget Summary

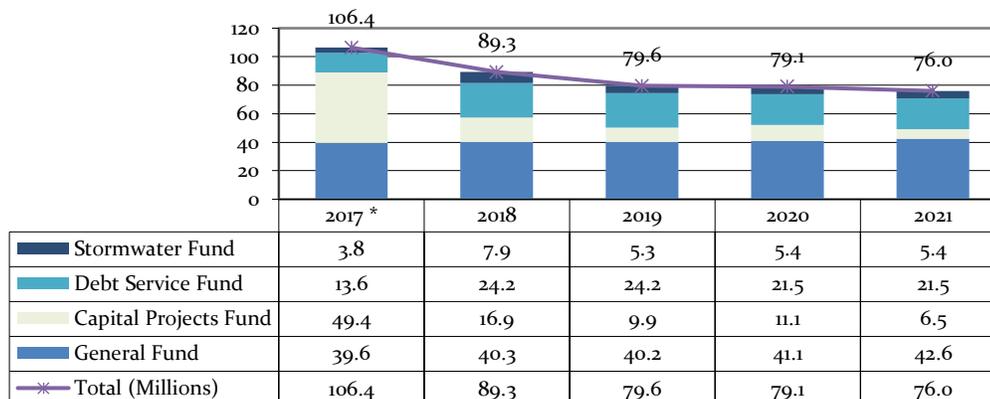
Due to the uncertainties related to the global health crisis (COVID-19) the Town has chosen to recommend affirmation of the Fiscal Year 2021 budgets for the Town’s four major funds (General, Debt, CIP, and Stormwater) as was presented and adopted by Town Council in the Fiscal Year 2020 biennial budget. The only exceptions were in the CIP where a road project and a parking project were eliminated, reducing the CIP budget by \$2.6 million. The effect of the pandemic on the Town’s budget is yet to be determined. There is talk about the planned re-opening of activities. There is no official timeline yet. The Town is well-positioned beforehand, maintaining essential services, and deferring spending where possible. The Town will do a mid-year adjustment if necessary to account for the economic impact on the community and appropriate operational adjustments to the new normal. As you can see on the chart below, the Town has reduced its adopted budget for the last three years, and proposes to continue that trend. By keeping the budget as efficient as possible, the Town was in better position to respond to these events.

Tourism on the Island continues its importance. It is also a permanent home for many. It is a part-time home to many young and old alike. Our budget addresses the need to maintain our facilities reflecting the expectations of a diverse residential population as well as visitors that make the island their tourism destination.

The table and chart below provide a historical comparison of budgeted expenditures by fund.

Figure 1: Historical Comparison of Budgeted Expenditures by Fund

	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FY 2021 Adopted Budget	% change
General Fund	40,319,036	40,257,829	41,108,317	42,558,448	3.5%
Debt Service Fund	24,200,000	24,200,000	21,500,000	21,500,000	0.0%
CIP	16,924,000	9,876,000	11,139,500	6,471,000	-41.9%
Stormwater Utility	7,898,000	5,311,000	5,400,000	5,450,000	0.9%
Total	\$ 89,341,036	\$ 79,644,829	\$ 79,147,817	\$ 75,979,448	-4.0%



* Fiscal Year 2017 was Hurricane Matthew. Since then, the Town has focused on: disaster response, disaster reimbursement, and now completing projects temporarily delayed because of the storm.

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

Figure 2: Fiscal Year 2021 Revenues and Expenditures Breakdown by Fund

Fiscal Year 2021	General Fund	Debt Service Fund	CIP	Total
Revenues				
Property Taxes	15,386,182	5,360,838	-	20,747,020
ATAX - Local	3,690,430	-	-	3,690,430
Business Licenses and Franchise Fees	10,959,917	-	-	10,959,917
Permits	1,522,575	-	-	1,522,575
Intergovernmental	840,000	-	-	840,000
Investment Income	300,000	60,000	-	360,000
Funds from Prior Years	-	336,081	50,000	386,081
Bond Issue	-	-	-	-
Operating Transfers In	7,943,691	15,678,081	5,523,000	29,144,772
Miscellaneous	2,252,287	65,000	898,000	3,215,287
Total Revenues	42,895,082	21,500,000	6,471,000	70,866,082
Expenditures				
General Government	2,013,858	-	-	2,013,858
Management Services	5,967,556	-	-	5,967,556
Community Services	9,512,851	-	-	9,512,851
Public Safety	19,825,011	-	-	19,825,011
Townwide	4,925,953	-	-	4,925,953
Transfers Out	-	-	-	-
Capital	313,218	-	6,471,000	6,784,218
Debt Issue Costs	-	250,000	-	250,000
Debt Service	-	21,250,000	-	21,250,000
Total Expenditures	42,558,448	21,500,000	6,471,000	70,529,448
Revenues Over/(Under) Expenditures	336,634	-	-	336,634

The CIP in Fiscal Year 2021 is different than the budget originally approved in the adoption of the Fiscal Year 2020 and Fiscal Year 2021 Biennial Budget. A road project and a parking project were eliminated, reducing the CIP budget by \$2.6 million.

From Fiscal Year 2017 through Fiscal Year 2020 the Town has experienced four hurricane events: Matthew, Irma, Florence and Dorian, and we came out stronger than ever. In fiscal year 2017 the established the Natural Disasters Fund with an ending fund balance of \$4.5 million. Over the course of Fiscal Year 2019 and to-date Fiscal Year 2020 the Town has managed to increase the funds set aside for future emergencies by increasing the fund balance to approximately \$31.3 million, with the largest increase was an \$18.0 million bond. This bond issue is repaid with the 5 mils for 5 years property tax override for this specific purpose. For Fiscal Year 2021 the 5 mil funding will be in the fourth year of five years.

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

In Fiscal Year 2020 the Town had to address a global pandemic. The financial impact on the Town is not yet known but due to the Town Council’s foresight and reserve planning we believe we have the financial resources to maintain appropriate services during this difficult time.

Millage Rate

The millage rate for Fiscal Year 2021 will be the same as Fiscal Year 2020, 28.10 mils. It should also be noted the Town is in the fourth year of the planned five years of the 5 mil override for disaster recovery.

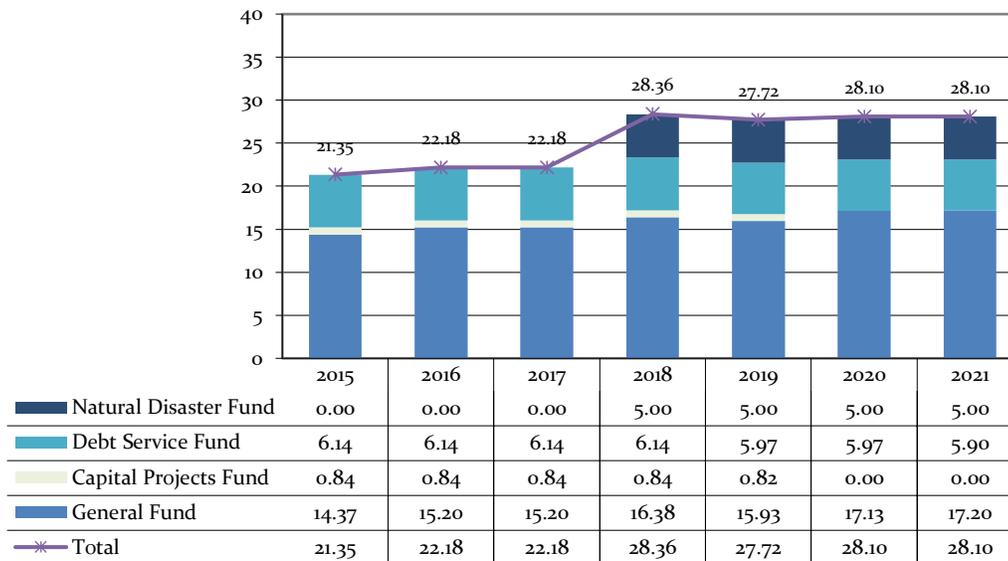
Figure 3: Millage Rate Comparison

Millage Rate by Fund	FY 2019	FY 2020	FY 2021
General Fund	15.93	17.13	17.20
Disaster Recovery *	5.00	5.00	5.00
Debt Service Fund	5.97	5.97	5.90
Capital Projects Fund	0.82	-	-
	<u>27.72</u>	<u>28.10</u>	<u>28.10</u>

* A temporary millage rate increase is being imposed in accordance with Section 6-1-320(B)(2) of the South Carolina Code of Laws. The 5 mil increase will be used to pay the debt service costs on bonds issued to replenish Town **reserves** used as part of the recovery funding associated with Hurricane Matthew in order to be better prepared for the next storm. The millage rate increase will be imposed for a five (5) years period and is expected to generate approximately \$21.2 million dollars. **Fiscal Year 2021 is the fourth of the five (5) years.**

** Per South Carolina Code section 6-1-320, a local governing body may increase the millage rate imposed for general operating purposes above the rate imposed for such purposes for the preceding tax year only to the extent of the increase in the average of the twelve monthly consumer price indices for the most recent twelve-month period consisting of January through December of the preceding calendar year.

Figure 4: Historical Millage Rates by Fund



**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

Figure 5: Town Staffing

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Town Council	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Town Manager	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Human Resources	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Services	22.0	22.0	22.3	25.3	19.7	19.7	19.7
Finance	19.3	19.3	19.3	19.3	21.3	21.3	21.3
Community Development	26.1	27.4	27.7	30.1	31.1	33.1	33.1
Public Projects and Facilities	19.0	19.0	19.0	19.0	19.0	19.0	21.0
Fire and Rescue	145.1	144.7	145.9	145.9	145.3	145.3	145.3
Total General Fund	246.5	247.4	249.2	254.6	252.4	254.4	256.4
PPF Stormwater Fund	4.0	4.0	4.0	6.0	6.0	6.0	6.0
Total Town Staff	250.5	251.4	253.2	260.6	258.4	260.4	262.4
							+2

Fiscal year 2021 staffing changes:

1. Two (2) Facilities Technicians; Public Facilities; Lowcountry Celebration Park

Town Funds

The Town formally adopts budgets for four (4) of its major funds General Fund, Debt Service Fund, CIP, and Stormwater Fund.

The Towns funds are as follows:

1. The **General Fund** is used to account for the daily operations of the Town. Funds are reserved according to policy and used to maintain Town operations to offset the seasonality of revenues.
2. **Tax Increment Financing (TIF) District** – Funds were approved for a specific list of capital projects intended to be undertaken with those revenues.
3. **State Accommodations Tax (State A-tax)** – the State provides funding and an approved allocation process for specific uses of these funds by local governments.
4. **Real Estate Transfer Fees** – were specifically approved for land purchases and other special uses.
5. **Beach Preservation Fees** – were approved primarily for Beach Renourishment, and Beach related services.
6. **Hospitality Fees** – were approved primarily for specific capital projects and to offset some tourist-related expenditures.
7. **Debt Service** – these funds are used for the retirement of the Town's debt.
8. **Capital Projects Funds** – are used to provide resources for the approved capital plan. As of 4/14/20, there were \$48 million in approved capital appropriations.

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

9. The **Natural Disasters Fund** was created in the response to Hurricane Matthew – to account for the response activities and the related reimbursements. The fund is one indicator of the Town's demonstration of readiness for the next storm and storm response.
10. **Non-Major Governmental Funds** – are primarily the electric franchise fee – which is being collected and used to bury power lines on the island. The purpose of this is aesthetic and functional -- protecting power sources in a storm and storm aftermath.
11. **Stormwater Fund** – is used to account for the costs associated with the management, construction, maintenance, protection, control, regulation, use, and enhancement of stormwater systems within the Town in concert with Beaufort County and other resource management programs.

General Fund Budget

The General Fund is the operating fund of the Town and accounts for all financial resources of the Town except those required for capital projects and debt service as well as the proprietary fund.

Revenues

The General Fund accounts for the revenues and expenditures necessary to carry out basic governmental activities of the Town such as police and fire protection, recreation, and legal and administrative services. All financial transactions not accounted for in other funds are recorded in the General Fund.

Figure 6: Statement of Revenue and Expenditures

	2018 Actual	2019 Actual	2020 Adopted Budget	2021 Adopted Budget	% Change
Major Revenues					
Property Taxes	\$ 14,133,876	\$ 14,390,694	\$ 15,127,344	\$ 15,386,182	1.7%
Business Licenses & Franchise Fees	11,196,245	10,692,146	10,900,639	10,959,917	0.5%
Permit Fees	1,880,231	1,513,153	1,515,000	1,522,575	0.5%
Local Accommodations Taxes	3,543,910	3,740,071	3,653,891	3,690,430	1.0%
Transfers In:					
Capital Fund	678,000	678,000	-	-	0.0%
State Accommodations Taxes	1,739,750	1,757,381	1,775,000	1,792,750	1.0%
Beach Preservation Fees	1,361,138	1,361,140	1,361,140	1,498,253	10.1%
Hospitality Taxes	1,492,245	1,746,125	3,337,240	3,819,465	14.4%
Subtotal Major Revenue	36,025,395	35,878,710	37,670,254	38,669,572	2.7%
All Other Revenue Sources	4,285,351	4,227,675	3,774,697	4,225,510	11.9%
Total General Fund Revenues	40,310,746	40,106,385	41,444,951	42,895,082	3.5%
Expenditures					
Personnel	23,404,697	23,520,310	24,946,024	26,294,333	5.4%
Operating	8,218,354	8,607,530	10,113,903	10,231,346	1.2%
Sheriff/Other Public Safety	3,609,305	3,734,121	3,813,237	3,927,634	3.0%
Capital	826,379	313,852	421,880	313,218	-25.8%
Grants	1,513,938	1,671,180	1,813,273	1,791,917	-1.2%
Total General Fund Expenditures	37,572,673	37,846,993	41,108,317	42,558,448	3.5%
Net Change in Fund Balance	\$ 2,738,073	\$ 2,259,392	\$ 336,634	\$ 336,634	
Beginning Fund Balance	16,103,222	18,841,295	21,100,687	21,437,321	
Ending Fund Balance	18,841,295	21,100,687	21,437,321	21,773,955	

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

Expenditures

The table below reflects a historical comparison of expenditures by type and department/program for the General Fund.

Figure 7: Historical Comparison of Expenditures by Department/Program

Expenditures Type	2018 Actual	2019 Actual	2020 Adopted Budget	2021 Adopted Budget	% Change
Town Council	\$ 685,138	\$ 347,345	\$ 479,224	\$ 493,601	3.0%
Town Manager	663,662	782,884	846,440	871,833	3.0%
Human Resources	600,358	488,874	687,766	648,424	-5.7%
Administrative Services	3,587,511	3,380,963	3,957,269	4,073,649	2.9%
Finance	1,627,062	1,920,206	1,992,406	2,052,125	3.0%
Community Development	3,509,142	3,181,801	3,553,997	3,601,547	1.3%
Public Projects and Facilities	5,014,843	5,155,329	5,642,043	5,911,304	4.8%
Fire Rescue	14,401,464	14,662,263	15,499,346	15,897,377	2.6%
Sheriff/Other Public Safety	3,609,305	3,734,121	3,813,237	3,927,634	3.0%
Townwide	2,360,250	2,522,027	2,823,316	3,289,037	16.5%
Community/Grants	1,513,938	1,671,180	1,813,273	1,791,917	-1.2%
Grand Total	\$ 37,572,673	\$ 37,846,993	\$ 41,108,317	\$42,558,448	3.5%

Fiscal Year 2021 Budget – expenditure assumptions:

1. A 3% increase in personal and operating costs as presented during the adoption of the Fiscal Years 2020 and 2021 Biennial Budget.
2. The addition of two (2) facilities technicians associated with the opening of Lowcountry Celebration Park.

One-time Fiscal Year 2020 Budget items not included in the Fiscal Year 2021 Budget:

3. **Human Resources** – funding for the compensation study. The consulting budget in this department was reduced from \$82,500 in Fiscal Year 2020 to \$25,000 in Fiscal Year 2021.
4. **Community Development** – funding for (1) Gullah Task Force consultant (\$25,000), (2) remaining funds Work Force Housing consultant (\$25,000).
5. **Public Facilities** – includes two (2) new positions associated with the operation of Lowcountry Celebration Park scheduled to open during the fiscal year.
6. **Fire Rescue** – \$65,000 for E-911 software.

FY 2020 Estimates:

The COVID-19 virus will affect Fiscal Year 2020 collections. For the first nine months of Fiscal Year 2020, the Town reported strong collections, but we know collections will taper off in the last three months. The Town has made a number of operational choices to reduce, delay or eliminate spending where possible. These efforts should make results for the General Fund approach break-even for Fiscal Year 2020. The Town will continue to monitor the impact of the COVID-19 virus on our economy.

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

General Fund Four-Year Financial Model

One of the most significant tools employed by the Town for strategic planning is the long-range financial plan (forecast). The financial model provides a picture of the financial impact the Town would experience if no action were taken, including tax increases or changes in service.

The forecasts are based on a combination of general assumptions and specific program changes of which the Town has knowledge. These general assumptions include economic considerations, commercial and residential development, service loads, and incremental growth in the compensation system. The three-year forecast provides the baseline for next year's budget.

By using this model, the Town is proactively plan for upcoming changes in service level demands as well as identifying potential downturns in revenues and identifying solutions.

Revenue Assumptions – for the extended projections

Revenue Assumptions

- Property Taxes – % increase by year: 2022 – 1.75%, 2023 – 1.50%, 2024 – 1.50%
- ATAX local 1% – 1.00% increase per year 2022-2024
- Business License Fees – 0.50% increase per year 2022-2024
- Franchise Fees – 1.00% increase per year 2022-2024
- Permit Fees – 0.50% increase per year 2022-2024
- Intergovernmental – no increase 2022-2024 (same as 2021)
- Grants – no increase 2022-2024 (same as 2021)
- Miscellaneous Revenue; Beach Services – 1.00% increase per year 2022-2024
- Miscellaneous Revenue; Other – 1.00% increase per year 2022-2024
- Miscellaneous Revenue; Public Safety – EMS – 0.50% increase per year 2022-2024
- Investments – no increase 2022-2024 (same as 2021)
- Transfer in Beach Fees – % increase by year: 2022 – 1.00%, 2023 – 0.00%, 2024 – 0.00%
- Transfer in HTAX – % increase by year: 2022 – 12.00%, 2023 – 5.00%, 2024 – 5.00%
- Transfer in TIF – 2.00% increase per year 2022-2024
- Transfer in State ATAX – 1.00% increase per year 2022-2024
- Transfer in Palmetto Electric Franchise Fee – 3.00% increase per year 2022-2024
- Transfer in Stormwater – no increase 2022-2024 (same as 2021)

* Because of the world-wide health crisis, the Town continues to monitor collections and projections daily. Because of the fluidity and uncertainty, the Town continues to monitor and assess appropriate responses. Because of Town Council's foresight to raise reserve levels this year, the Town is in a better position to make the tough decisions that will probably face us this year.

We expect declines in Fiscal Year 2021 collections in ATAX, HTAX, business license taxes, franchise fees, and other revenues. The Town has made a number of operational choices to reduce, delay or eliminate spending where possible. We will continue to monitor these collections carefully in order to make the appropriate adjustments as necessary.

General Fund Four-Year Financial Model

Expenditure Assumptions – for the extended projections

- Currently established positions will retain the same salary grade in future year
- 3.00% increase in personnel and benefit costs per year 2022-2024
- 3.00% in operating costs per year 2022-2024
- Funding for the implementation of a compensation study in Fiscal Year 2021
- Added two (2) facilities technicians in 2021
- Grants:
 - Recreation Center – 3.00% increase per year 2022-2024
 - Coastal Discovery Museum; General/Capital no increase 2022-2024 (same as 2021)
 - Gullah Executive Director – no increase 2022-2024 (same as 2021)
 - LRTA – no increase 2022-2024 (same as 2021)
 - Event Management & Hospitality Training – 1.00% increase per year 2022-2024
 - Multidisciplinary Court – no increase 2022-2024 (same as 2021)
 - Solicitor Career Criminal Program – no increase 2022-2024 (same as 2021)
 - Community Foundation – no increase 2022-2024 (same as 2021)
 - Operating Grants – no increase 2022-2024 (same as 2021)
 - Beaufort EDC – no increase 2022-2024 (same as 2021)

Note: These are budgetary assumptions only. Town Council has final authority for future spending. Current and future spending has already been limited to essential services in anticipation of revenue shortfalls. As the Town monitors collections, Town management and Town Council are well positioned to make the difficult but necessary adjustments in spending.

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

Figure 8: General Fund Four-Year Financial Model

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2021 Adopted Budget	Years 2, 3, 4		
					2022	2023	2024
Revenues							
Property Taxes	14,133,876	14,390,694	15,127,344	15,386,182	15,655,439	15,890,271	16,128,625
ATAX Local 1%	3,543,910	3,740,071	3,653,891	3,690,430	3,727,334	3,764,608	3,802,254
Business Licenses	10,282,344	9,661,632	9,945,639	9,995,367	10,045,344	10,095,570	10,146,048
Franchise Fees	913,901	1,030,514	955,000	964,550	974,196	983,937	993,777
Permit Fees	1,880,231	1,513,153	1,515,000	1,522,575	1,530,188	1,537,839	1,545,528
Intergovernmental	838,323	848,742	840,000	840,000	840,000	840,000	840,000
Grants	168,267	139,616	143,587	143,587	143,587	143,587	143,587
Miscellaneous Revenue	2,576,749	2,483,209	2,096,110	2,108,700	2,121,490	2,134,369	2,147,340
Transfers In	5,666,133	5,937,646	6,868,380	7,943,691	8,463,129	8,714,786	8,977,880
Investments	307,012	361,108	300,000	300,000	300,000	300,000	300,000
Total Revenues	40,310,746	40,106,385	41,444,951	42,895,082	43,800,705	44,404,967	45,025,039
Expenditures							
General Government	1,949,158	1,619,103	2,013,430	2,013,858	2,073,524	2,134,980	2,199,027
Management Services	5,214,573	5,301,169	5,949,675	6,125,774	6,304,745	6,491,461	6,686,260
Community Services	8,523,985	8,337,130	9,196,040	9,512,851	9,798,237	10,092,184	10,394,949
Fire Resuce	14,401,464	14,662,263	15,499,346	15,897,377	16,374,298	16,865,526	17,371,492
Other Public Safety	3,609,305	3,734,121	3,813,237	3,927,634	4,045,463	4,166,827	4,291,832
Townwide	3,874,188	4,193,207	4,636,589	5,080,953	5,204,439	5,331,594	5,462,528
Total Expenditures	37,572,673	37,846,993	41,108,317	42,558,448	43,800,706	45,082,572	46,406,088
Net change in fund balance	2,738,073	2,259,392	336,634	336,634	-	(677,605)	(1,381,049)

Commentary:

The Town normally projects operating revenues and expenditures for three years beyond the adopted budget. The summary schedule above demonstrates the Town’s anticipated outcomes. The plan is founded on modest revenue growth while not repeating some one-time expenditures and keeping operating costs contained. Each year, the Town updates its four-year plan to ensure its continued timeliness and sustainability.

Among the updates are: after monitoring revenue each year, the forecasts are updated for the most recent data available. Expenditures are continuously monitored to ensure coincidence with revenue collections. Activities may be scheduled-back or delayed to coincide with collections and financial resources.

Over the course of the next several years our initial expenditure plan outpaces the growth in revenues. In order to address this issue the Town is currently monitoring revenue collections, reviewing current revenue policies, exploring alternative revenue sources, and tightening expenditure controls, searching for ways to reduce expenditures, in order to bridge the gap.

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

Management notes a long history of spending less than allowed in appropriations. The natural savings achieved have traditionally been greater than these amounts. If more adjustments are needed, more purposeful action can be taken. The Town is also normally conservative in its revenue projections. By forecasting a small deficit, the Town has successfully planned out a course of action in case revenues improve more than the initial projections.

Debt Service Fund Budget

The Debt Service Fund accounts for the accumulation of resources and the payment of debt of governmental funds. (The proprietary fund has its own debt.) Debt service payments will be reduced by approximately \$2,500,000 in Fiscal Year 2020 due the payoff of the Beach Preservation Fee Bond Series 2011.

Figure 9: Statement of Revenues and Expenditures *

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2021 Adopted Budget	% Change
<u>GOVERNMENTAL ACTIVITIES</u>					
<u>Revenues</u>					
Property Taxes	5,297,023	5,372,835	5,336,503	5,360,838	0.5%
Bonds Issued	-	-	-	-	0.0%
Bond Premium	468,259	470,006	-	-	0.0%
BABS Subsidy	-	-	-	-	0.0%
Investment Income	38,770	137,205	60,000	60,000	0.0%
Prior Year Funds	-	-	2,029,543	336,081	-83.4%
<u>Transfers In:</u>					
Beach Preservation Fees	3,037,325	5,305,444	2,973,850	3,975,850	33.7%
Natural Disasters Fund	1,499,473	3,536,568	3,537,565	3,537,265	0.0%
Hospitality Fees	1,634,350	1,543,906	1,629,650	1,629,650	0.0%
Tax Increment Financing	3,318,838	3,926,392	3,929,626	3,926,703	-0.1%
Real Estate Transfer Fees	1,834,365	1,879,703	1,938,263	2,608,613	34.6%
Hospitality Tax Bond	-	-	-	-	0.0%
Beach Bonds 2017	298,930	-	-	-	0.0%
Lease Revenue	65,336	32,668	65,000	65,000	100.0%
Total Revenues	17,492,669	22,204,727	21,500,000	21,500,000	0.0%
<u>Expenditures</u>					
Administrative	14,175	16,425	100,000	100,000	0.0%
Payment to Escrow Agent	-	-	100,000	100,000	0.0%
Contribution to Refunding	-	-	942,281	890,000	100.0%
Transfers	298,930	-	-	-	0.0%
Debt Issue Costs	609,548	227,444	250,000	250,000	0.0%
Principal	11,830,000	15,830,000	15,140,000	15,560,000	2.8%
Interest	3,693,591	5,109,046	4,967,719	4,600,000	-7.4%
Total Expenditures	16,446,244	21,182,915	21,500,000	21,500,000	0.0%
Net change in fund balances	1,046,425	1,021,812	(2,029,543)	(336,081)	
Beginning Fund Balance	9,886,150	10,932,575	11,954,387	9,924,844	
Use of Prior Year Funds	-	-	2,029,543	336,081	
Ending Fund Balance	10,932,575	11,954,387	9,924,844	9,588,763	

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

After issuing more than \$100 million in new debt in Fiscal Year 2018 and Fiscal Year 2019 to fund an aggressive Capital Improvements Plan, no new money borrowings are contemplated for Fiscal Year 2021. The Town will continue to seek refunding opportunities for savings.

The aggregate amounts of current maturities of long-term bonds due are as follows:

Figure 10: Debt Service *

For the Year Ended June 30	Governmental Activities			Business-type Activities		
	Interest	Principal	Total	Interest	Principal	Total
2021	4,269,799	15,555,000	19,824,799	244,356	1,270,000	1,514,356
2022	3,841,665	15,595,000	19,436,665	209,257	1,300,000	1,509,257
2023	3,371,780	16,090,000	19,461,780	173,327	1,340,000	1,513,327
2024	2,904,182	13,025,000	15,929,182	136,292	1,375,000	1,511,292
2025	2,501,542	12,650,000	15,151,542	98,291	1,415,000	1,513,291
2026-2030	7,658,958	29,530,000	37,188,958	87,776	2,155,000	2,242,776
2031-2035	4,243,064	15,585,000	19,828,064	-	-	-
2036-2040	2,236,806	7,885,000	10,121,806	-	-	-
2041-2045	1,150,988	6,685,000	7,835,988	-	-	-
2046-2047	146,251	2,985,000	3,131,251	-	-	-
Total	\$ 32,325,035	\$ 135,585,000	\$ 167,910,035	\$ 949,299	\$ 8,855,000	\$ 9,804,299

Figure 11: Calculation of Legal Debt Limit

<u>Calculation of Legal Debt Limit</u>	<u>June 30, 2019</u>
Estimate Assessed Value from Property Assessments	<u>971,047,790</u>
Debt Limit - Eight Percent (8%) of Assessed Value, without Voter Approval	77,683,823
Reduced by Town Council imposed policy of the greater of twenty percent (20%) or \$20.0 million	<u>(20,000,000)</u>
Adjusted Debt Limit	57,683,823
Bonds Applicable to Debt Limit:	
General Obligation Non-Referendum Refunding Bonds Series 2009A	(2,645,000)
General Obligation Non-Referendum Bonds Series 2013B	(3,073,331)
Series 2017B Reserve Replenishment Bond -- Hurricane Matthew	(13,455,000)
Series 2017A General Obligation Bond -- Capital Plan	(27,310,000)
Series 2019	<u>(5,000,000)</u>
Reductions for Bonds outstanding at 6/30/2019	<u>(51,483,331)</u>
Debt Margin available without a Referendum at June 30, 2019	<u>6,200,492</u>

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

The Town is making a concerted effort to finish collecting State and Federal reimbursements from Hurricanes Matthew, Irma, and Florence. The Town is also working on completing a substantial number of CIP projects delayed by these storms. As these two initiatives are taking place, the Town is also building future debt capacity for future projects and reserves for future storms or emergencies.

Capital Improvement Plan (CIP)

The Fiscal Year 2021 CIP budget is 6.5 million. An additional \$11.8 million is budgeted for fiscal years 202 and 2023.

Figure 12: Statement of Revenues and Expenditures

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2021 Adopted Budget	% Change
Revenues:					
Ad Valorem Property Taxes	724,681	737,874	575,000	50,000	-91.3%
Investment Income	264,390	380,818	-	-	0.0%
Grants	194,510	111,000	322,000	-	-100.0%
Sunday Liquor Permit Fees	290,300	332,695	300,000	250,000	-16.7%
Impact Fees	476,677	258,017	857,500	628,000	-26.8%
Lease Revenue	108,091	76,338	-	-	0.0%
Other Revenue	94	79,724	-	-	0.0%
Fund Balance/Prior Year Funds	-	-	2,402,000	-	-100.0%
Sale of Property & Equipment	-	3,691	68,000	20,000	-70.6%
Bond Proceeds	86,226,411	5,000,000	-	-	0.0%
Transfers In:					
Beach Preservation Fees	707,592	477,379	2,200,000	500,000	-77.3%
Hospitality Fees	219,362	909,719	3,305,000	4,243,000	28.4%
Tax Increment Financing	333,338	1,731,299	-	450,000	0.0%
General Fund	47,755	-	-	-	0.0%
Debt Service Fund	298,930	-	-	-	0.0%
Road Usage Fee	59,147	269,255	1,110,000	330,000	-70.3%
Total Revenue	89,951,278	10,367,809	11,139,500	6,471,000	-41.9%
Expenditures:					
Beach Maintenance	7,506,099	253,048	500,000	500,000	0.0%
Existing Public Facilities	13,980,575	10,862,561	1,325,000	105,000	-92.1%
Park Development	8,817,100	2,338,380	947,000	250,000	-73.6%
Facilities Improvements	643,702	1,752,469	100,000	100,000	0.0%
Pathway Improvements	17,479	193,987	100,000	100,000	0.0%
Roadway Improvements	2,666,461	5,976,396	6,824,000	980,000	-85.6%
Land Acquisition	490	31,502	68,000	20,000	-70.6%
Other/Prior Appropriation	-	-	525,500	428,000	-18.6%
Debt Service - Principal	25,000,000	-	-	-	0.0%
Debt Service - Interest	1,000,000	-	-	-	0.0%
Bond Issue Costs	1,143,765	-	-	-	0.0%
Transfers Out	1,042,266	710,668	-	-	0.0%
Vehicles & Specialized Equipment	-	-	750,000	3,988,000	431.7%
Total Expenditures	61,817,937	22,119,011	11,139,500	6,471,000	-41.9%
Net Change in Fund Balance	28,133,341	(11,751,202)	(2,402,000)	-	
Beginning Fund Balance	11,999,880	40,133,221	28,382,019	14,731,221	
Appropriation Carryover	-	-	13,650,798	7,731,221	
Ending Fund Balance	40,133,221	28,382,019	14,731,221	7,000,000	

Because of the timing of construction projects, many projects in the CIP span fiscal years. Appropriations by Town Council carryforward until the project is finished.

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

There are two issues that impact the Town’s CIP funding plan:

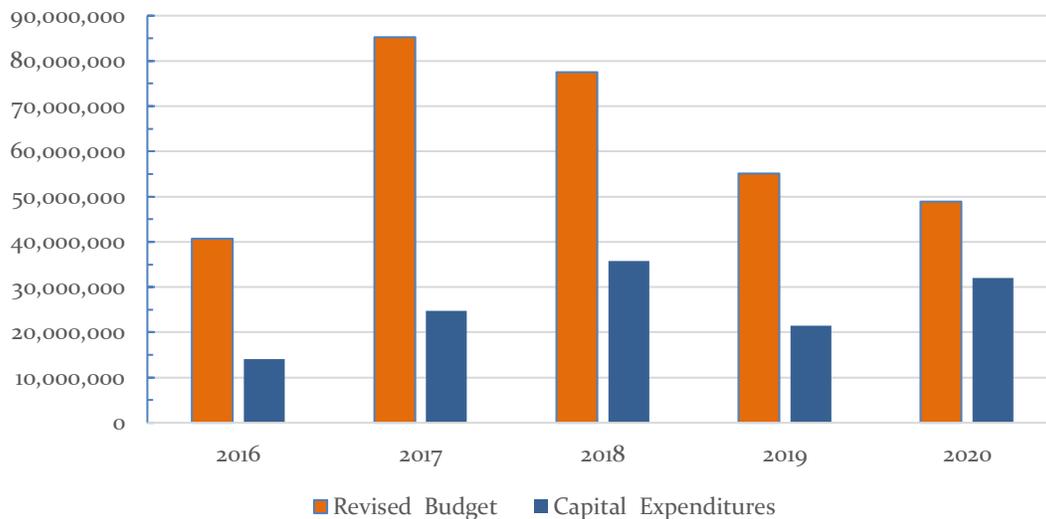
1. In fiscal years 2016 Town Council approved an aggressive CIP spending plan. With two hurricanes and a tropical storm over the past three years the CIP had to be temporarily curtailed to focus on recovery efforts. Now the Town is moving forward advancing these projects.
2. Town Council has increased the amount of debt capacity set aside for emergencies from 20% to the greater of 20% or \$20,000,000. This figure was chosen to match the temporary funding needed for Hurricane Matthew.

There are sufficient financial resources to construct prior year projects in addition to the projects programmed from Fiscal Years 2021 through 2023. Over the course of the next two years the Town will build a new CIP spending plan to include an update to the projects list as well as funding options. As the projects move forward, the Town will consider its infrastructure and facilities within the planned LMO update the Town is embarking on.

The chart below is a comparison between the CIP budgets and actual expenditures from 2016-2020.

Figure 13: Historical Comparison of CIP Budget versus Actual Expenditures

***Capital Improvements Fund --
emphasizing reducing the backlog of
projects approved, but delayed by
Hurricane Matthew***



**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

The following tables provide an overview of the CIP, by program by year, by program by funding source, and fiscal year 2020 projects and funding source.

Figure 14: CIP by Funding Source

CIP By Program	FY 2021	FY 2022	FY 2023	Total
Impact Fees - Roads	\$ 200.0	\$ -	\$ -	\$ 200.0
Impact Fees - Parks	428.0	277.0	55.0	760.0
Property Taxes	50.0	50.0	-	100.0
Hospitality Taxes	4,243.0	2,557.0	2,738.0	9,538.0
TIF	450.0	-	1,000.0	1,450.0
Road Usage Fees	330.0	1,850.0	660.0	2,840.0
Sale of Land	20.0	20.0	20.0	60.0
State/Federal Grants	-	-	-	-
Other	250.0	275.0	686.0	1,211.0
Beach Bond/Beach Fees	500.0	1,100.0	500.0	2,100.0
GO Bond/Prior Year	-	-	-	-
Total	\$ 6,471.0	\$ 6,129.0	\$ 5,659.0	\$ 18,259.0

Figure 15: CIP/Other by Program by Year

CIP By Program	FY 2021	FY 2022	FY 2023	Total
Pathways	\$ 100.0	\$ 100.0	\$ 100.0	\$ 300.0
Roadway Improvements	980.0	1,850.0	660.0	3,490.0
Park Development	250.0	275.0	1,015.0	1,540.0
Existing Facilities and Infrastructure	105.0	50.0	-	155.0
New Facilities and Infrastructure	100.0	100.0	100.0	300.0
Beach Maintenance	500.0	1,100.0	500.0	2,100.0
Sub-Total CIP	2,035.0	3,475.0	2,375.0	7,885.0
Land/Other	20.0	20.0	20.0	60.0
IT Capital Outlay	-	-	-	-
Fire Capital Outlay	3,988.0	2,357.0	2,638.0	8,983.0
Honey Horn	53.0	67.0	55.0	175.0
Recreation Center Capital Outlay	375.0	210.0	571.0	1,156.0
Sub-Total Other	4,436.0	2,654.0	3,284.0	10,374.0
Grand Total	\$ 6,471.0	\$ 6,129.0	\$ 5,659.0	\$ 18,259.0

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

Figure 16: Fiscal Year 2021 CIP Projects and Funding Source

Projects	<u>Thousands of Dollars</u>	Funding Source
	FY 2021	
Pathways		
Crosswalk signage and paving markers		
Crosswalk lighting at unsignalized locations	100.0	Hospitality Tax
Roadway Improvements		
Private dirt roads acquisition/paving	330.0	Road Usage Fee
South Forest Beach Drive improvements	100.0	TIF
Intersection improvements: Shelter Cove Towne Center		
Traffic signal mast arms	200.0	
Coligny/Pope Avenue improvements	350.0	TIF
Coligny Master Plan		
Park Development		
Park upgrades		
Park upgrades: Crossings Park batting cages	175.0	Sunday Liquor Permit Fees
Park upgrades: Barker Field picnic shelter	75.0	Sunday Liquor Permit Fees
Shelter Cove area parking		
Public Art Foundation		
Existing Facilities and Infrastructure		
Fire Rescue Training Center enhancements	55.0	Hospitality Tax
Town Hall remodeling	50.0	Property Tax
Fire Station 2 replacement		
New Facilities and Infrastructure		
Fire Hydrant project	100.0	Hospitality Tax
Beach Maintenance		
Beach management & monitoring	500.0	Beach Bond/Fees
Land		
Legal fees related to land and projects	20.0	Sale of Land
Other		
Fire Rescue - apparatus replacement	3,988.0	Hospitality Tax
Cost of Issue		
Computer software and equipment		
Honey Horn capital outlay	375.0	Impact Fees
Recreation Center capital outlay	53.0	Impact Fees
Total	\$ 6,471.0	

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

Stormwater Fund Budget

This fund is used to account for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems within the Town in concert with Beaufort County and other water resource management programs. The total expense budget for Fiscal Year 2021 is \$5.45 million and for Fiscal Year 2022 \$5.45 million, including a transfer to the General Fund for support efforts.

Figure 17 Statement of Revenues and Expenses

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2021 Adopted Budget	% Change
Revenues					
Stormwater Utility Fees	4,775,637	4,895,801	4,800,000	4,824,000	0.5%
Prior Period Funds	-	-	599,000	624,000	4.2%
Total Revenues	4,775,637	4,895,801	5,399,000	5,448,000	0.9%
Operating Expenses					
Planned Unit Developments	633,155	840,261	1,245,000	1,224,356	-1.7%
Non-Planned Unit Developments	255,851	667,739	1,503,000	1,480,000	-1.5%
Personnel	381,779	451,955	554,863	571,510	3.0%
Operating	351,034	314,499	359,000	362,000	0.8%
Capital	-	-	-	30,000	0.0%
Depreciation	1,067,092	1,091,604	1,235,000	1,250,000	1.2%
Total Operating Expenses	2,688,911	3,366,058	4,896,863	4,917,866	0.4%
Operating Income	2,086,726	1,529,743	502,137	530,134	5.6%
Non-Operating Income (Expenses)					
Investment Income	19,696	75,260	1,000	2,000	100.0%
Administrative	(2,500)	-	(2,500)	(2,500)	0.0%
Loss on Refunding	(89,555)	(89,555)	(89,555)	(89,555)	0.0%
Interest	(265,867)	(297,353)	(279,000)	(284,490)	2.0%
Debt Issue Costs	(89,131)	-	-	-	0.0%
Other Charges	(7,500)	(6,500)	(7,082)	(5,589)	-21.1%
Total Non-Operating Income (Expenses)	(434,857)	(318,148)	(377,137)	(380,134)	0.8%
Income (Loss) Before Transfers/Bond Proceeds	1,651,869	1,211,595	125,000	150,000	20.0%
Transfers Out	(125,000)	(125,000)	(125,000)	(150,000)	20.0%
Net Change in Fund Net Position	1,526,869	1,086,595	(599,000)	(624,000)	
Beginning Fund Balance	6,786,748	8,313,617	9,400,212	8,801,212	
Use of Prior Year Funds	-	-	599,000	624,000	
Ending Fund Balance	8,313,617	9,400,212	8,801,212	8,177,212	

**TOWN OF HILTON HEAD ISLAND
FISCAL YEAR 2021 BUDGET**

Financial Structure Multiyear – All Governmental Funds

The charts below reflect all funds used by the Town to manage its financial resources for Fiscal Years 2018 through 2020. Budgets are formally adopted by Town Council for the General Fund, Debt Service Fund, and Capital Projects Fund (CIP). This schedule is presented for information only.

	Tax										Total Governmental	
	General	Increment Financing District	State Accom-odations Tax	Real Estate Transfer Fees	Beach Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Non-major Funds		
Fiscal Year 2020 (ESTIMATED)												
REVENUES	31,121,000	5,064,000	5,974,000	2,939,000	6,252,000	6,150,000	5,413,000	934,000	5,127,000	3,004,000	71,978,000	
EXPENDITURES	39,142,000	-	5,274,000	34,000	4,000	273,000	21,833,000	19,192,000	1,500,000	2,302,000	88,904,000	
Excess(Deficit)of Revenues and Exp.	(8,021,000)	5,064,000	700,000	2,905,000	6,248,000	5,877,000	(15,770,000)	(18,258,000)	3,627,000	702,000	(16,926,000)	
Other Sources and Uses (net)	6,869,000	(5,974,000)	(1,700,000)	(1,879,000)	(7,143,000)	(5,199,750)	15,824,000	4,845,000	(3,536,000)	(359,000)	1,747,250	
Net change in fund balance	(1,152,000)	(910,000)	(1,000,000)	1,026,000	(895,000)	677,250	54,000	(13,413,000)	91,000	343,000	(15,178,750)	
Fund balances - beginning	21,100,687	7,638,333	3,636,820	6,028,191	12,304,292	9,578,640	11,954,387	28,382,019	31,576,026	10,095,539	142,294,934	
Fund balances - ending	\$ 19,948,687	\$ 6,728,333	\$ 2,636,820	\$ 7,054,191	\$ 11,409,292	\$ 10,255,890	\$ 12,008,387	\$ 14,969,019	\$ 31,667,026	\$ 10,438,539	\$ 127,116,184	

	Tax										Total Governmental
	General	Increment Financing District	State Accom-odations Tax	Real Estate Transfer Fees	Beach Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Non-major Funds	
Fiscal Year 2019											
REVENUES	34,168,739	4,783,631	6,899,857	3,432,730	7,578,571	7,621,010	5,510,040	1,976,466	8,690,739	4,669,361	85,331,444
EXPENDITURES	37,671,993	-	4,775,528	33,801	3,678	265,225	21,821,915	21,408,343	916,221	2,388,590	88,646,294
Excess(Deficit)of Revenues and Exp.	(3,503,254)	4,783,631	2,124,329	3,398,929	7,574,893	7,355,785	(15,672,875)	(19,431,877)	7,774,518	2,280,771	(3,315,150)
Other Sources and Uses (net)	5,762,646	(5,837,691)	(1,757,381)	(1,879,703)	(7,143,963)	(4,199,750)	16,694,687	7,680,675	(3,361,568)	(359,255)	5,598,697
Net change in fund balance	2,259,392	(1,054,060)	366,948	1,519,226	430,930	3,156,035	1,021,812	(11,751,202)	4,412,950	1,921,516	2,283,547
Fund balances - beginning	18,841,295	8,692,393	3,269,872	4,508,965	11,873,362	6,422,605	10,932,575	40,133,221	27,163,076	8,174,023	140,011,387
Fund balances - ending	\$ 21,100,687	\$ 7,638,333	\$ 3,636,820	\$ 6,028,191	\$ 12,304,292	\$ 9,578,640	\$ 11,954,387	\$ 28,382,019	\$ 31,576,026	\$ 10,095,539	\$ 142,294,934

	Tax										Total Governmental
	General	Increment Financing District	State Accom-odations Tax	Real Estate Transfer Fees	Beach Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Non-major Funds	
Fiscal Year 2018											
REVENUES	34,644,613	4,632,343	6,323,551	3,466,189	7,090,057	6,870,260	5,335,793	2,058,743	32,242,024	4,043,844	106,707,417
EXPENDITURES	37,524,918	-	4,360,719	34,635	575	257,500	16,147,314	60,775,671	26,095,645	1,738,448	146,935,425
Excess(Deficit)of Revenues and Exp.	(2,880,305)	4,632,343	1,962,832	3,431,554	7,089,482	6,612,760	(10,811,521)	(58,716,928)	6,146,379	2,305,396	(40,228,008)
Other Sources and Uses (net)	5,618,378	(3,892,175)	(1,739,750)	(1,834,365)	(29,6523)	(3,345,957)	11,857,946	86,850,269	16,562,771	(149,147)	109,691,447
Net change in fund balance	2,738,073	800,168	223,082	1,597,189	6,792,959	3,266,803	1,046,425	28,133,341	22,709,150	2,156,249	69,463,439
Fund balances - beginning	16,103,222	7,892,225	3,046,790	2,917,776	5,080,403	3,155,802	9,886,150	11,999,880	4,453,926	6,017,774	70,547,948
Fund balances - ending	\$ 18,841,295	\$ 8,692,393	\$ 3,269,872	\$ 4,508,965	\$ 11,873,362	\$ 6,422,605	\$ 10,932,575	\$ 40,133,221	\$ 27,163,076	\$ 8,174,023	\$ 140,011,387

This schedule is to provide a more complete look of our Town's finances. Prior to the COVID-19 outbreak, the Town had a strong first nine months of collections. COVID-19 will impact the last 3 months of Fiscal Year 2020 and into Fiscal Year 2021. These are initial estimates for Fiscal Year 2020.