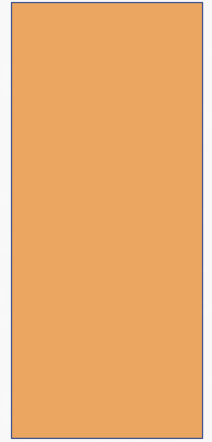
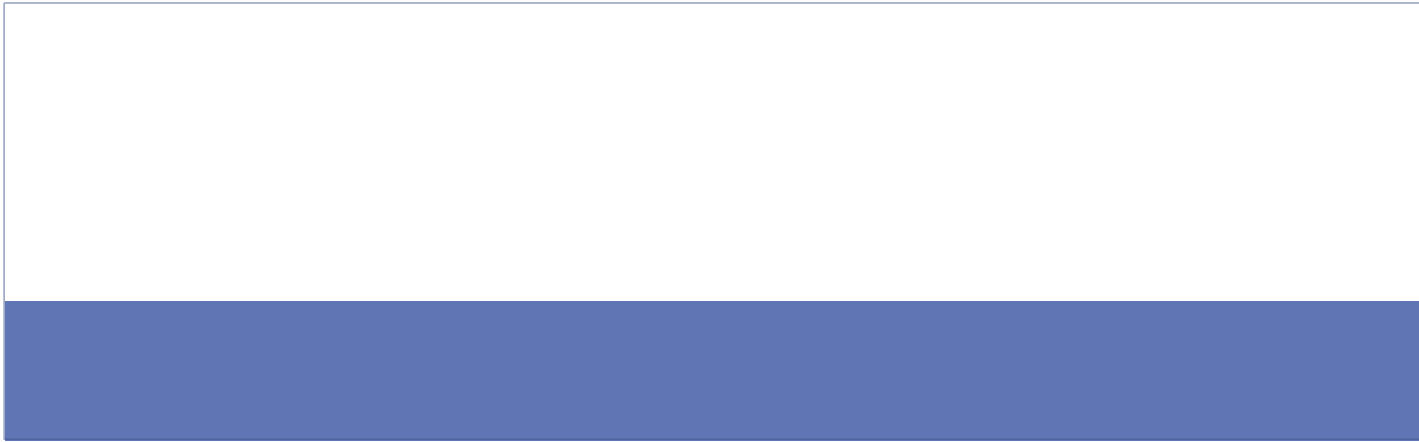




FINANCIAL UPDATE FOR TOWN COUNCIL

*FOR THE TWELVE MONTHS ENDING
JUNE 30, 2021
(PRECLOSING/INTERIM AMOUNTS)*



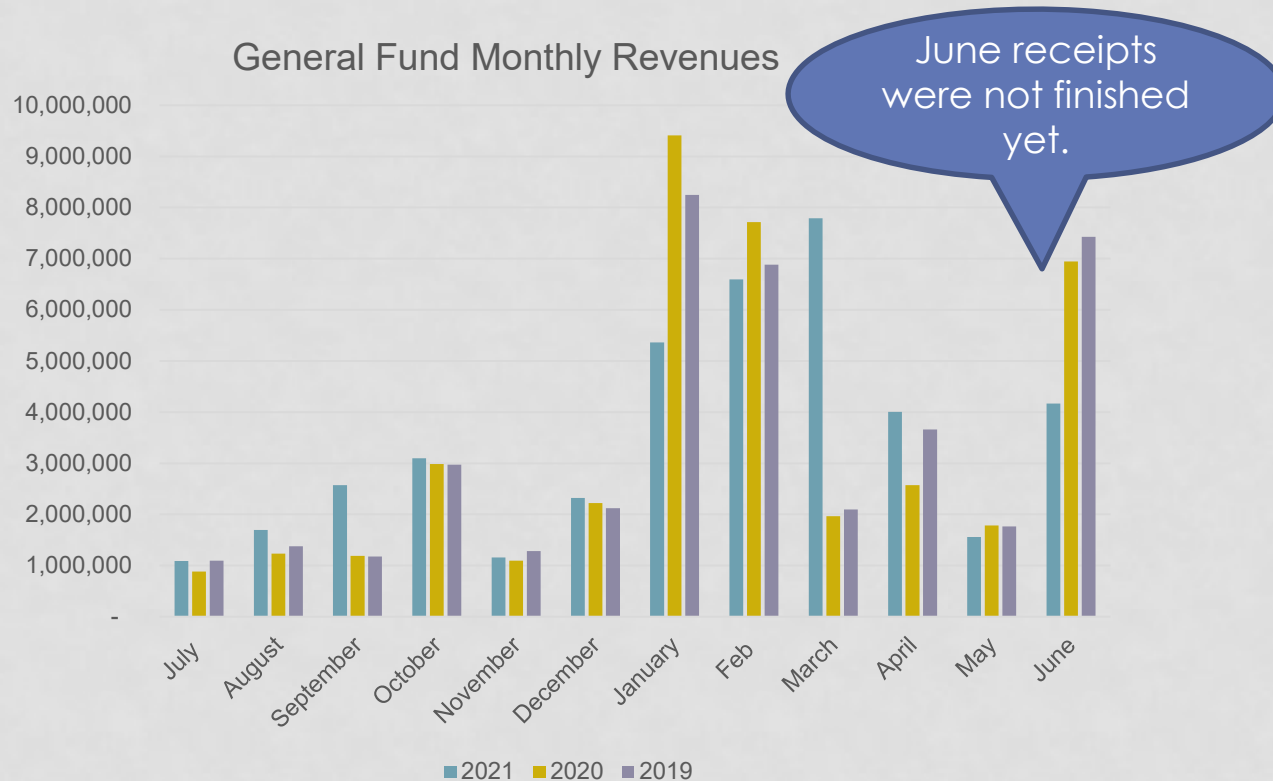
TOWN OF HILTON HEAD ISLAND

IN FEBRUARY, YTD COLLECTIONS – WERE IMPACTED BY THE COUNTY’S DELAY

	YTD February	YTD February	\$ Increase	% Increase
	2021	2020	(Decrease)	(Decrease)
Tax Increment Financing	3,186,262	4,775,958	(1,589,696)	-33.3%
Local ATAX	2,732,858	2,071,512	661,346	31.9%
State ATAX	5,254,377	4,174,234	1,080,143	25.9%
Real Estate Transfer Fee	4,480,069	2,343,842	2,136,227	91.1%
HTAX	3,934,785	3,978,835	(44,050)	-1.1%
Beach Preservation Fee	5,465,716	4,143,025	1,322,691	31.9%
Electric Franchise Fee	1,713,806	1,667,405	46,401	2.8%
Road Usage Fee	595,508	605,090	(9,582)	-1.6%
Stormwater	2,630,947	4,759,804	(2,128,857)	-44.7%
Property Taxes - General Fund	9,035,209	14,514,244	(5,479,035)	-37.7%
Business licenses	3,044,831	1,696,278	1,348,553	79.5%
EMS revenues	1,114,938	1,080,239	34,699	3.2%
Permits	1,307,478	1,174,818	132,660	11.3%
Total	44,498,805	46,987,304	(2,488,500)	-5.3%

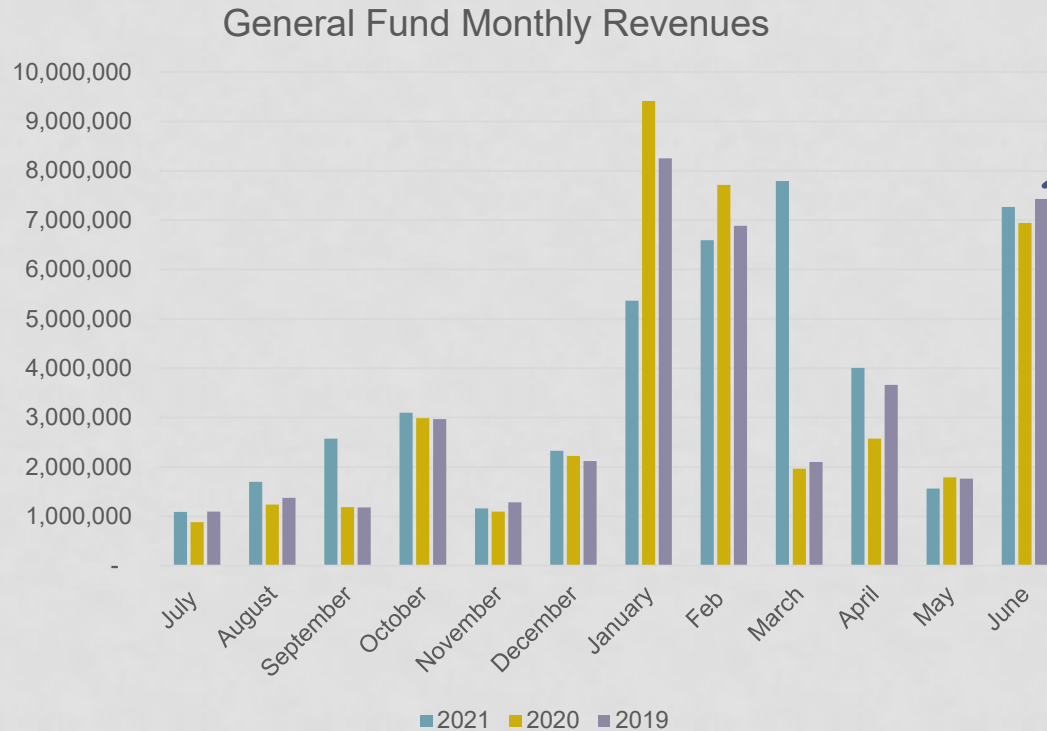
Tax Increment Financing (TIF) collections, Stormwater fees and Property taxes were all affected by the delay in tax billings. We expect this to be a temporary setback as the new tax payment deadline approaches on March 31st.

GENERAL FUND REVENUES FROM JULY REPORT ABOUT JUNE



June collections are not yet finished.

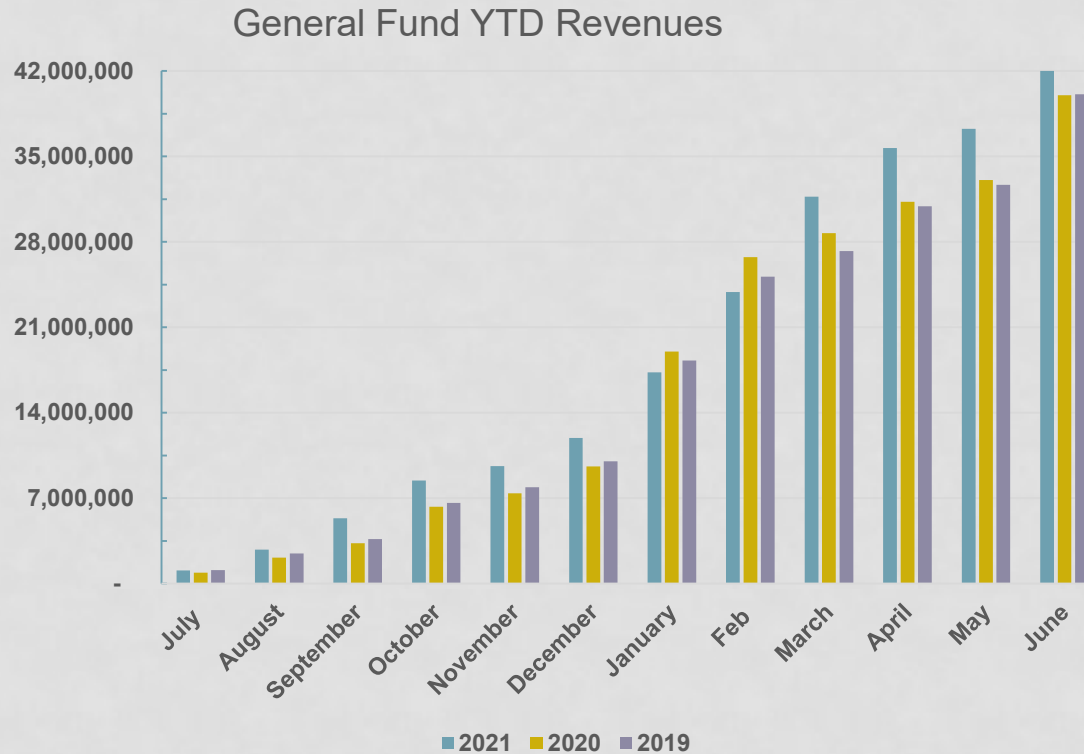
GENERAL FUND REVENUES EACH MONTH



June receipts are now posted.

June collections are now more than 2020.

GENERAL FUND REVENUES EACH MONTH



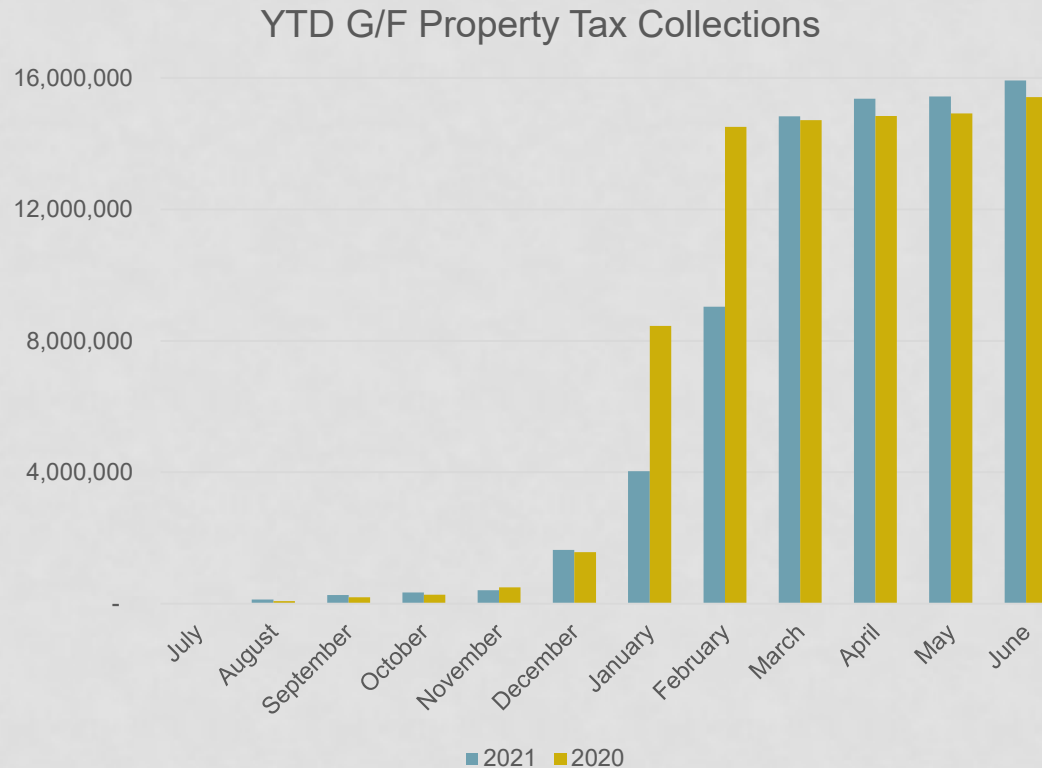
June YTD collections exceeded the both 2020 and 2019 – as we finalize June totals.

GENERAL FUND PROPERTY TAX COLLECTIONS BY MONTH



Property tax collections got a late start this year, but finished strong thanks to the real estate market.

GENERAL FUND YTD PROPERTY TAX COLLECTIONS



YTD 2021 property taxes exceeds YTD 2020.

YTD COLLECTIONS – AND LAST YEAR’S TOTAL

	YTD June	YTD June	\$ Increase	% Increase
	2021	2020	(Decrease)	(Decrease)
Tax Increment Financing	5,361,090	5,031,311	329,779	6.6%
Local ATAX	5,561,900	3,541,615	2,020,285	57.0%
State ATAX	10,183,479	6,490,407	3,693,072	56.9%
Real Estate Transfer Fee	7,127,886	3,552,965	3,574,921	100.6%
HTAX	8,051,256	6,284,461	1,766,795	28.1%
Beach Preservation Fee	11,123,800	7,083,230	4,040,570	57.0%
Electric Franchise Fee	2,811,145	2,706,003	105,142	3.9%
Road Usage Fee	1,055,675	1,015,865	39,810	3.9%
Stormwater	5,043,167	4,928,623	114,544	2.3%
Property Taxes - General Fund	15,925,355	15,423,223	502,132	3.3%
Business licenses	10,455,636	9,695,618	760,018	7.8%
EMS revenues	1,776,344	1,487,823	288,521	19.4%
Permits	2,125,382	1,619,638	505,744	31.2%
Total	86,602,115	68,860,782	17,741,333	25.8%

*These are not all revenues,
but a representative sample – chosen last year
To help answer the question, “How are we doing?”*

YTD COLLECTIONS – AND LAST YEAR’S TOTAL

Note –
every
category
is positive.

	YTD June	YTD June	\$ Increase	% Increase
	2021	2020	(Decrease)	(Decrease)
Tax Increment Financing	5,361,090	5,031,311	329,779	6.6%
Local ATAX	5,561,900	3,541,615	2,020,285	57.0%
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*These are not all revenues,
but a representative sample – chosen last year
To help answer the question, “How are we doing?”*

YTD COLLECTIONS – AND 2019 TOTAL

	YTD June	YTD June	\$ Increase	% Increase
	2021	2019	(Decrease)	(Decrease)
Tax Increment Financing	5,361,090	4,687,575	673,515	14.4%
Local ATAX	5,561,900	3,740,071	1,821,829	48.7%
State ATAX	10,183,479	6,880,027	3,303,452	48.0%
Real Estate Transfer Fee	7,127,886	3,380,107	3,747,779	110.9%
HTAX	8,051,256	7,545,767	505,489	6.7%
Beach Preservation Fee	11,123,800	7,480,143	3,643,657	48.7%
Electric Franchise Fee	2,811,145	2,812,503	(1,358)	0.0%
Road Usage Fee	1,055,675	1,045,628	10,047	1.0%
Stormwater	5,043,167	4,985,801	57,366	1.2%
Property Taxes - General Fund	15,925,355	14,390,696	1,534,659	10.7%
Business licenses	10,455,636	9,661,632	794,004	8.2%
EMS revenues	1,776,344	1,714,021	62,323	3.6%
Permits	2,125,382	1,513,153	612,229	40.5%
Total	86,602,115	69,837,124	16,764,991	24.0%

Note – all but one category is positive compared to 2019.

Same set of revenues compared to the last “normal” year.

YTD COLLECTIONS – AND 2019 TOTAL

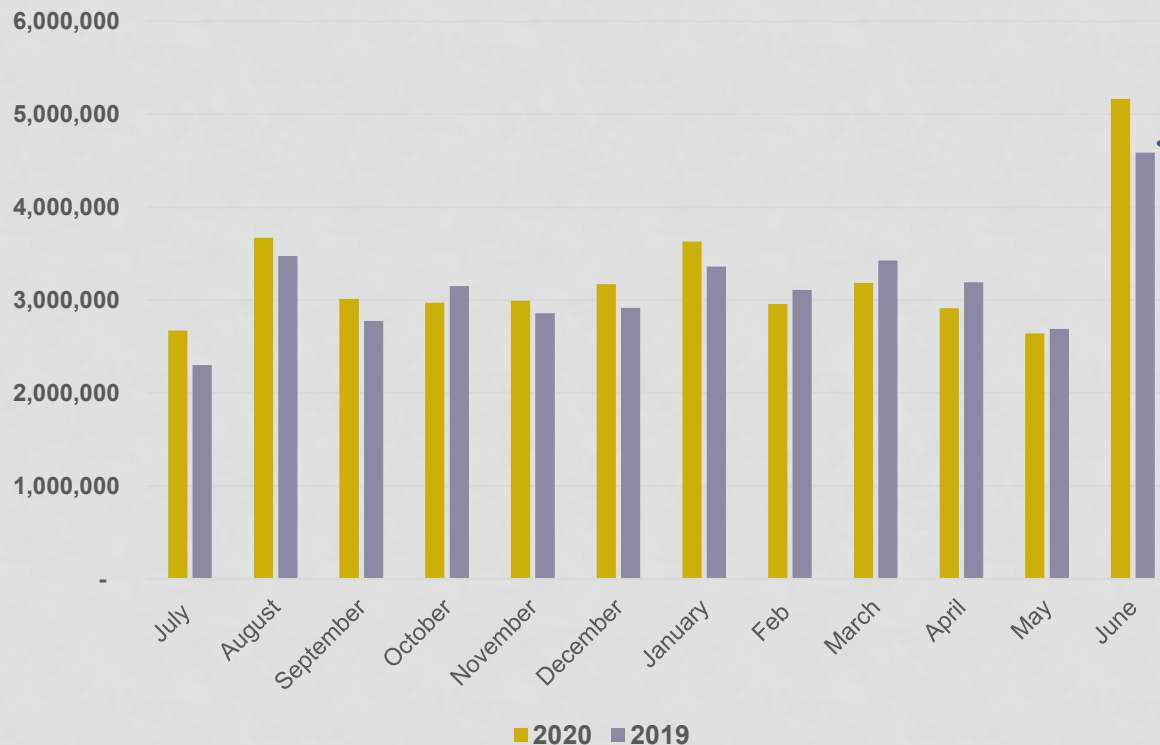
Note – several categories are highest ever in 2021.

	YTD June	YTD June	\$ Increase	% Increase
	2021	2019	(Decrease)	(Decrease)
Tax Increment Financing	5,361,090	4,687,575	673,515	14.4%
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Road Usage Fee	1,055,675	1,045,628	10,047	1.0%
Stormwater	5,043,167	4,985,801	57,366	1.2%
Property Taxes - General Fund	15,925,355	14,390,696	1,534,659	10.7%
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Permits	2,125,382	1,513,153	612,229	40.5%
Total	86,602,115	69,837,124	16,764,991	24.0%



Same set of revenues compared to the last “normal” year.

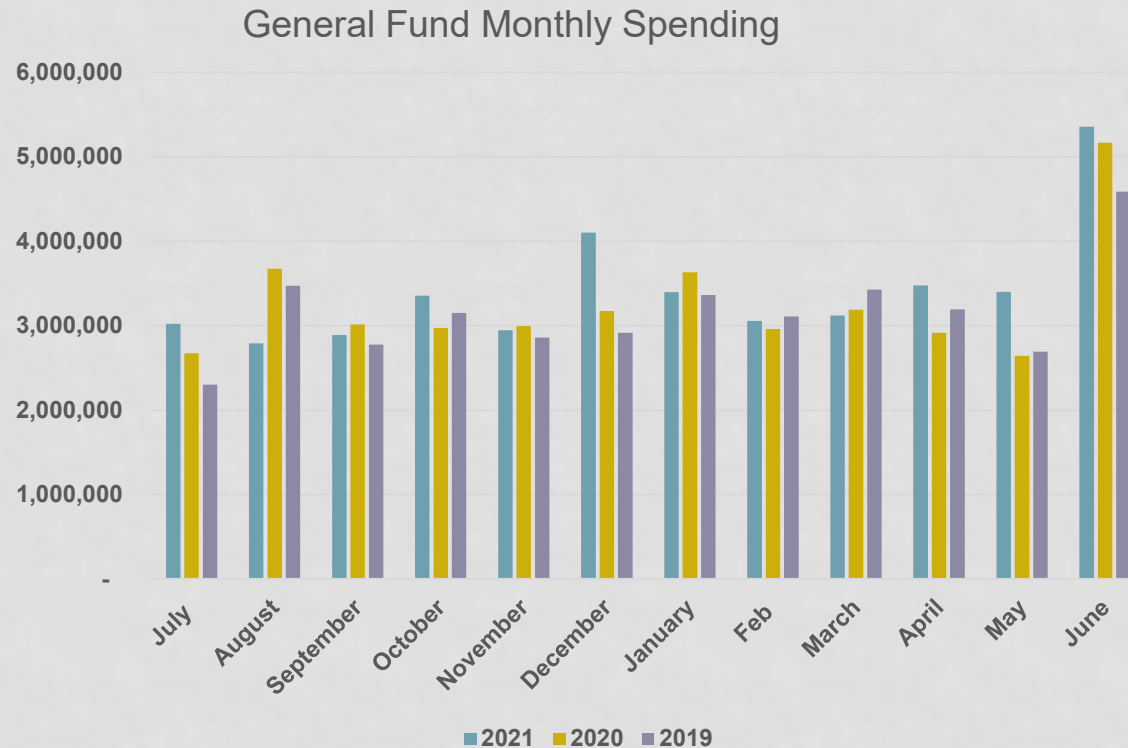
GENERAL FUND EXPENSES BY MONTH



June spending is usually about 1.5 times a normal month

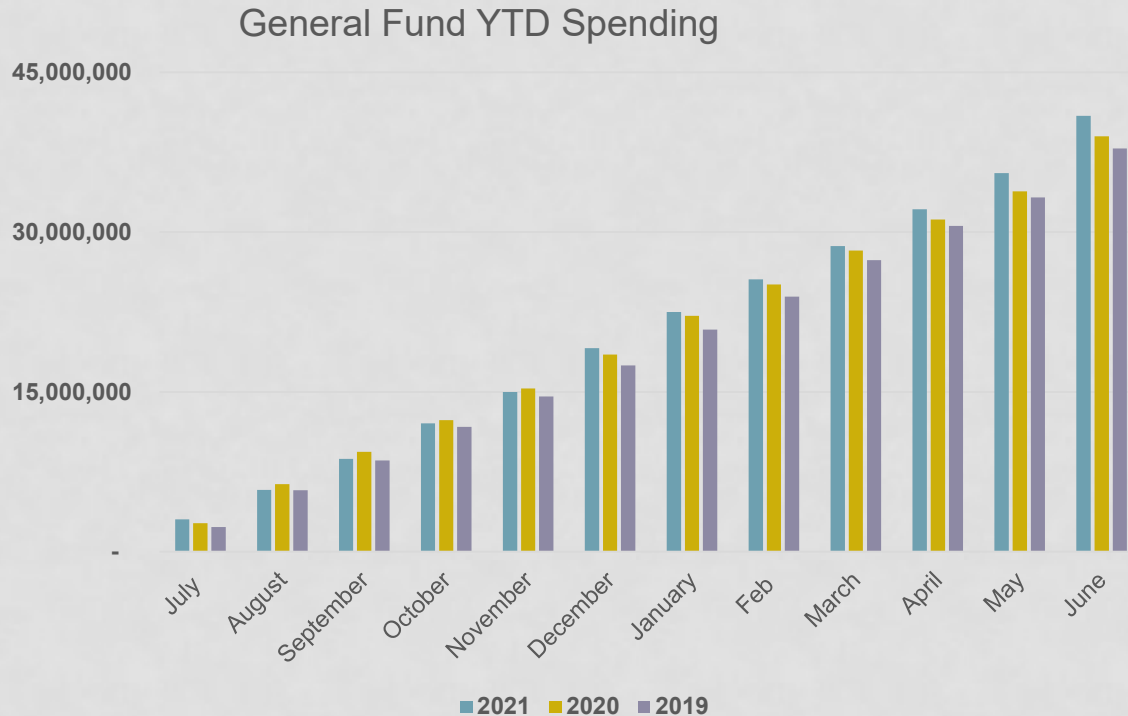
The timing of expenses to operate the Town is independent of the timing of revenues (2019 and 2020 actuals).

GENERAL FUND EXPENSES EACH MONTH



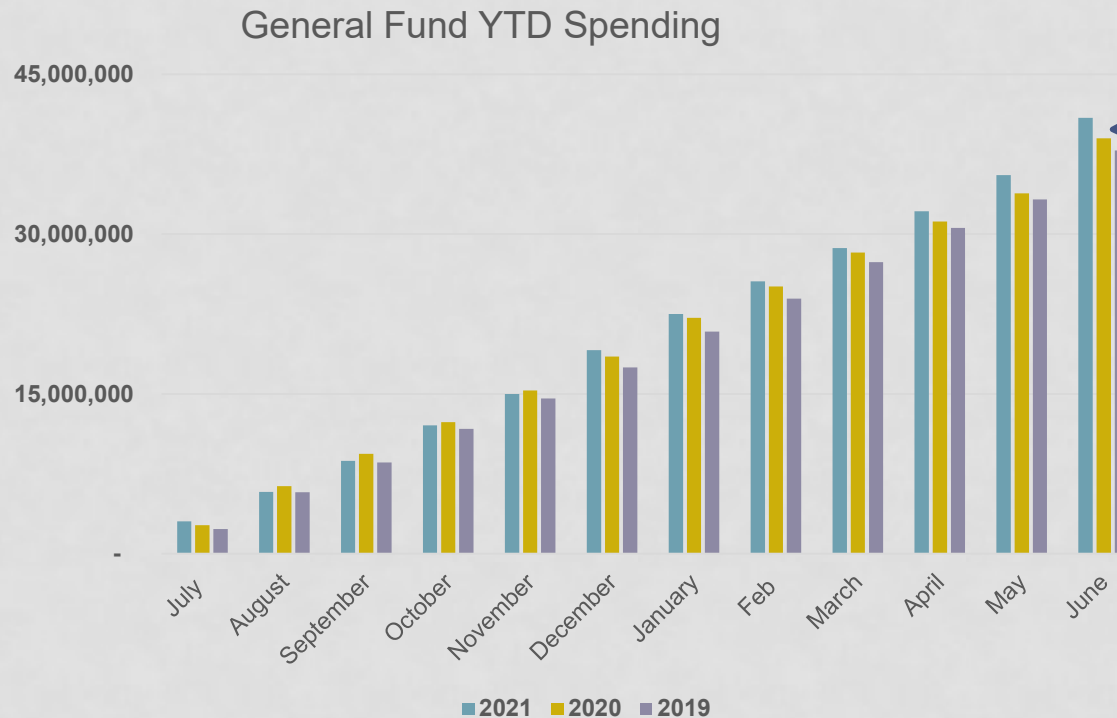
*This is a more complete picture --
As most bills are paid and accruals are posted.*

GENERAL FUND YTD EXPENSES



YTD expenses in 2021 are 4.6% more than 2020 YTD.

GENERAL FUND YTD EXPENSES



Remember last year April and May spending was significantly lower as the pandemic started.

YTD expenses in 2021 are 4.6% more than 2020 YTD.

GENERAL FUND SPENDING BY CATEGORY

	YTD	YTD	\$	%
	June	June	Increase	Increase
	2021	2020	(Decrease)	(Decrease)
Town Council/Manager	1,324,860	1,270,274	54,586	4.3%
Administrative/Legal	4,357,503	4,099,470	258,033	6.3%
Finance	2,026,269	1,951,206	75,063	3.8%
Community Development	3,596,368	3,382,716	213,652	6.3%
Public Projects and Facilities	5,467,259	5,072,133	395,126	7.8%
Sheriff and Beach Services	3,135,099	3,777,750	(642,651)	-17.0%
Fire Rescue	16,003,398	15,033,035	970,363	6.5%
Townwide	4,888,544	4,414,384	474,160	10.7%
Total General Fund Spending	40,799,300	39,000,968	1,798,332	4.6%

*YTD spending through June is 4.6% more than last YTD.
Last year, spending was delayed for the start of COVID.*

GENERAL FUND SPENDING BY CATEGORY

	YTD			Actual
	June	Budget	Remaining	As a %
	2021	2021	Budget	of Budget
Town Council/Manager	1,324,860	1,535,519	210,659	86.3%
Administrative/Legal	4,357,503	4,816,393	458,890	90.5%
Finance	2,026,269	2,066,625	40,356	98.0%
Community Development	3,596,368	3,765,860	169,492	95.5%
Public Projects and Facilities	5,467,259	6,111,419	644,160	89.5%
Sheriff and Beach Services	3,135,099	3,797,172	662,073	82.6%
Fire Rescue	16,003,398	16,071,413	68,015	99.6%
Townwide	4,888,544	5,847,921	959,377	83.6%
Total General Fund Spending	40,799,300	44,012,322	3,213,022	92.7%

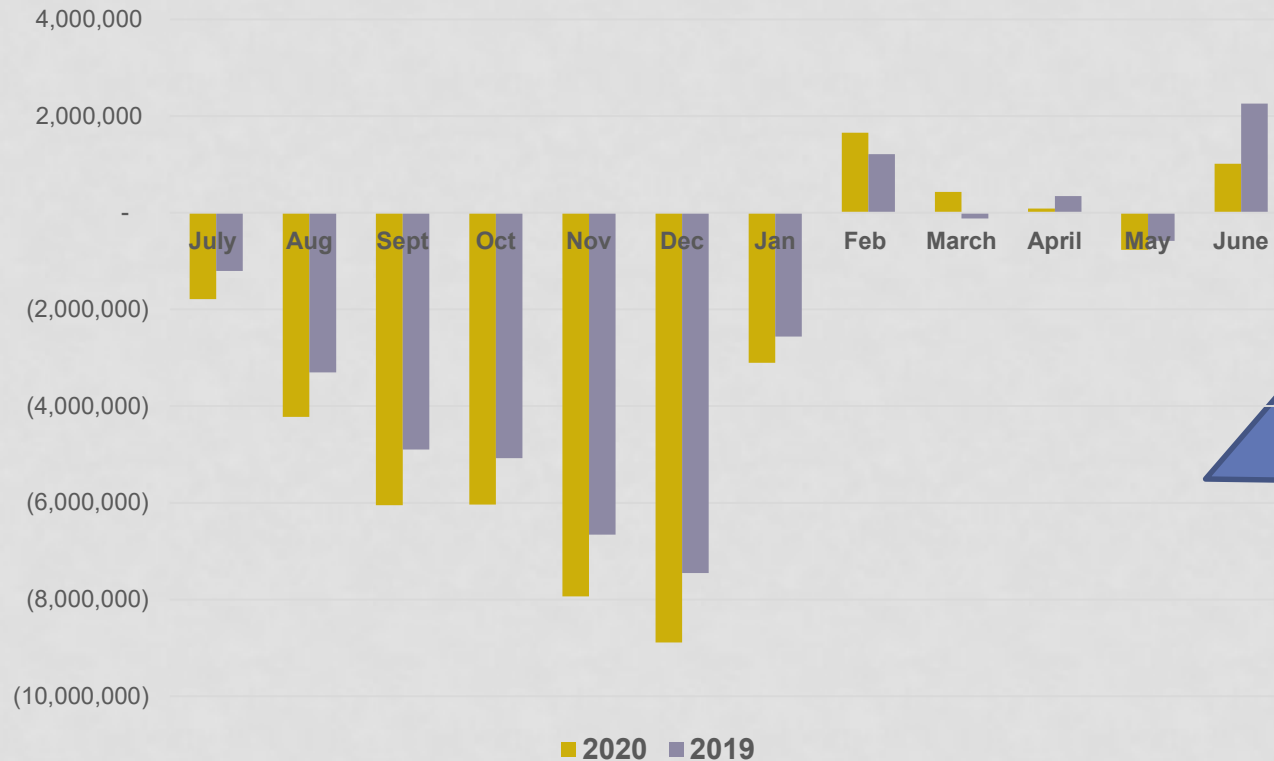
At year-end, all categories are within budget --as we finish up.

GENERAL FUND SPENDING BY CATEGORY

	YTD			Actual	
	June	Budget	Remaining	As a %	
	2021	2021	Budget	of Budget	
Town Council/Manager	1,324,860	1,535,519	210,659	86.3%	
Administrative/Legal	4,357,503	4,816,393	458,890	90.5%	
Finance	2,026,269	2,066,625	40,356	98.0%	
Community Development	3,596,368	3,765,860	169,492	95.5%	
Public Projects and Facilities	5,467,259	6,111,419	644,160	89.5%	Delayed some projects to 2022
Sheriff and Beach Services	3,135,099	3,797,172	662,073	82.6%	Some Parks initiatives in new CIP
Fire Rescue	16,003,398	16,071,413	68,015	99.6%	
Townwide	4,888,544	5,847,921	959,377	83.6%	Delayed vehicles/capital purchases
Total General Fund Spending	40,799,300	44,012,322	3,213,022	92.7%	

At year-end, all categories are within budget --as we finish up.

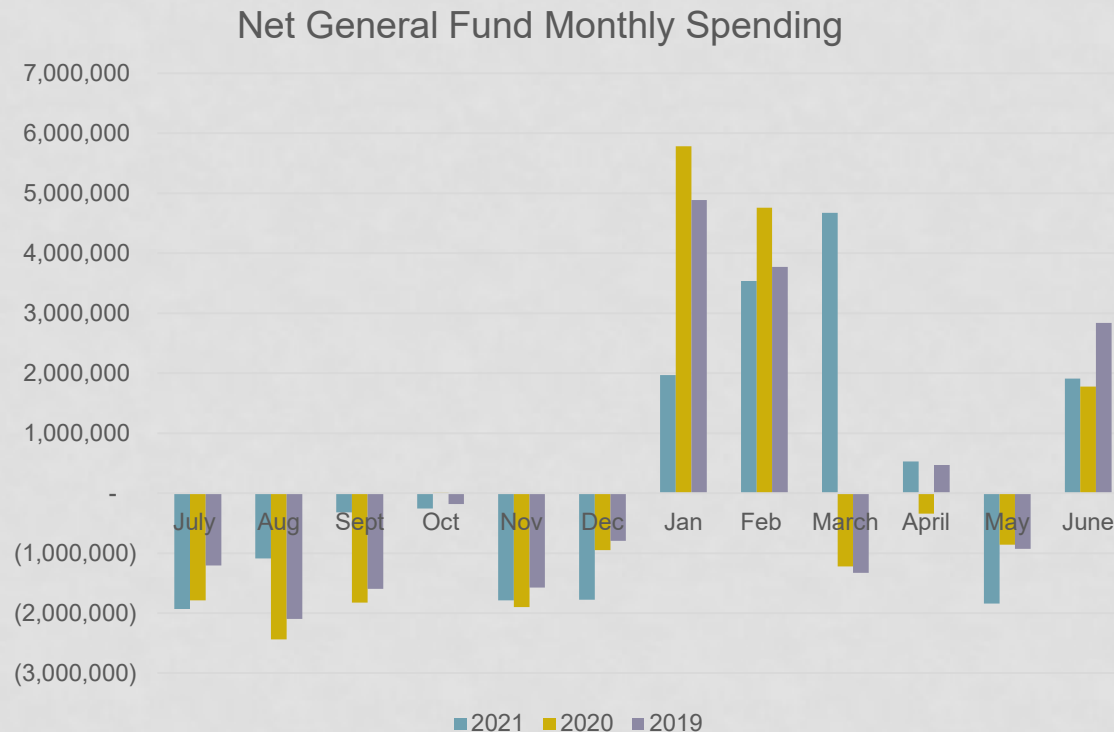
TEMPORARY USE OF RESERVES BY MONTH FOR THE GENERAL FUND



Note the temporary use of reserves usually ends in February

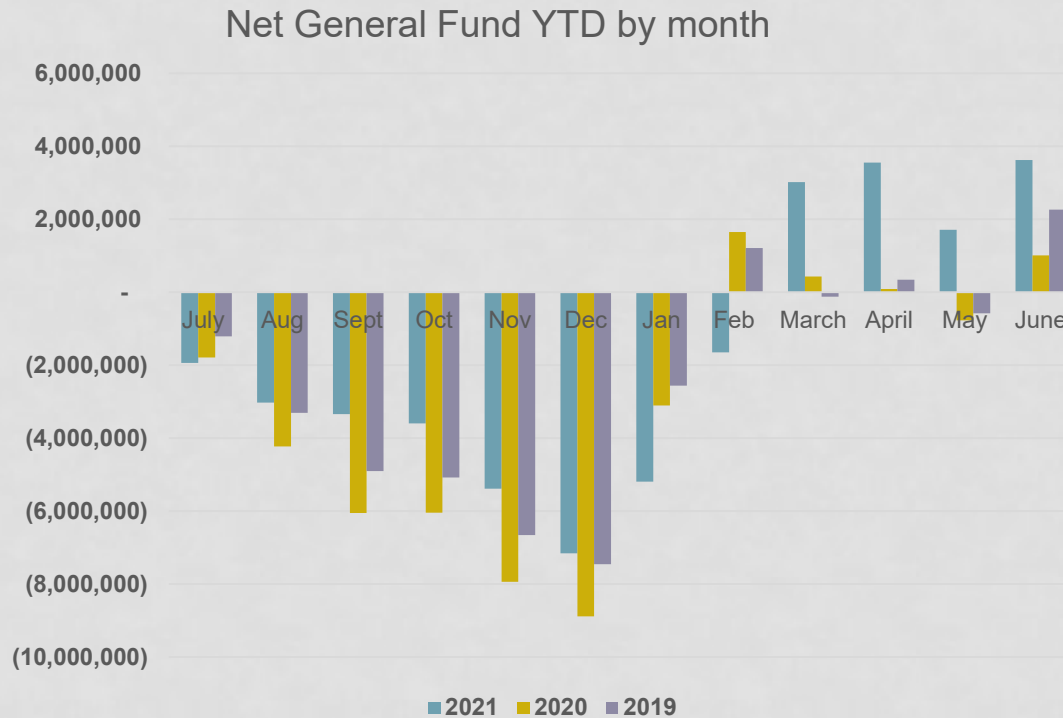
The Town's strong reserve policy acts as a bridge to keep Town operations running until seasonal revenues are collected

GENERAL FUND NET EACH INDIVIDUAL MONTH



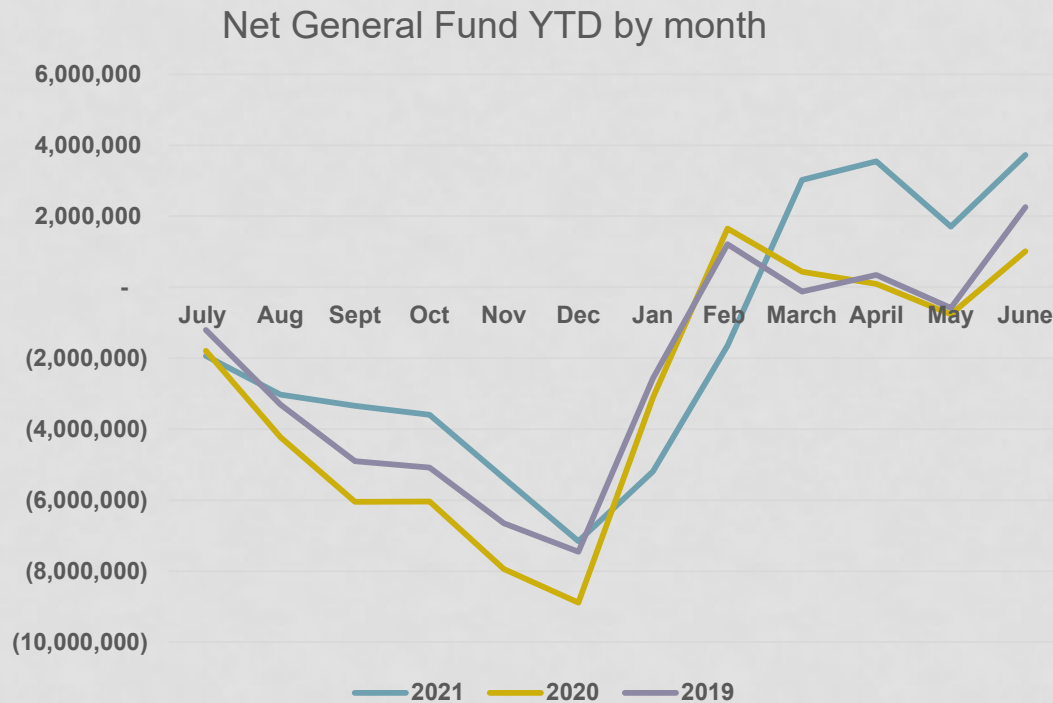
*Once additional receipts and bills are posted,
the month of June is now showing a surplus.*

GENERAL FUND TEMPORARY USE OF RESERVES YTD



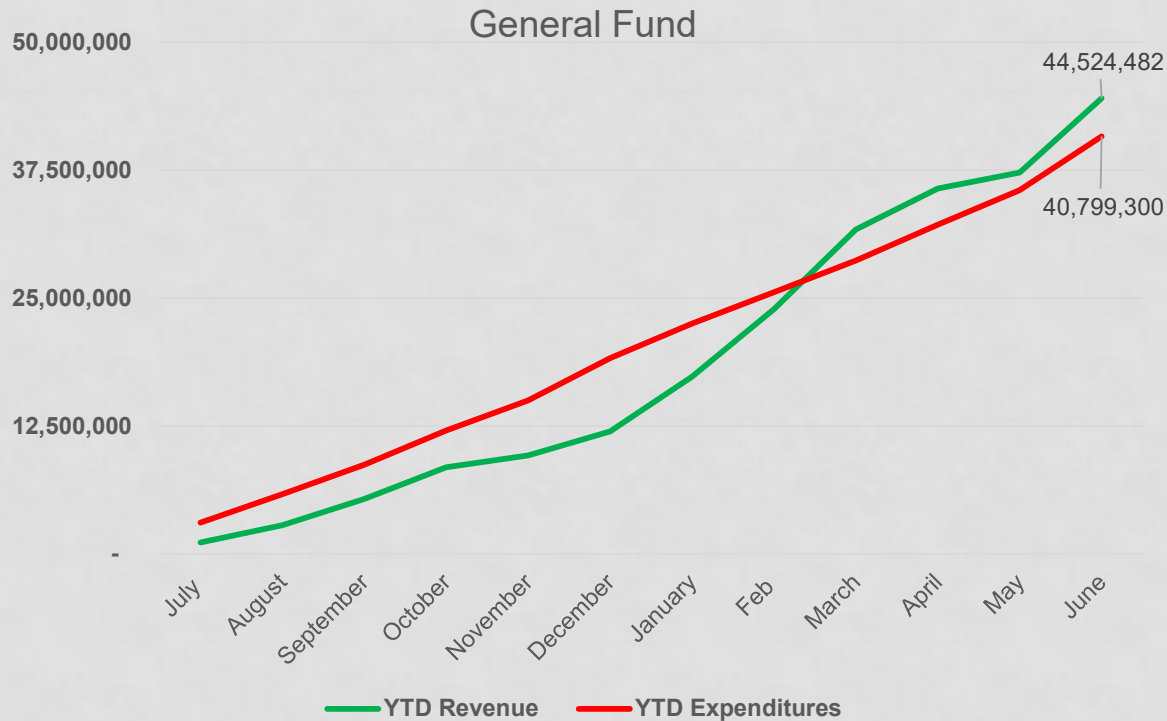
*These are YTD amounts for all three years.
All years ended with a surplus.*

GENERAL FUND TEMPORARY USE OF RESERVES YTD



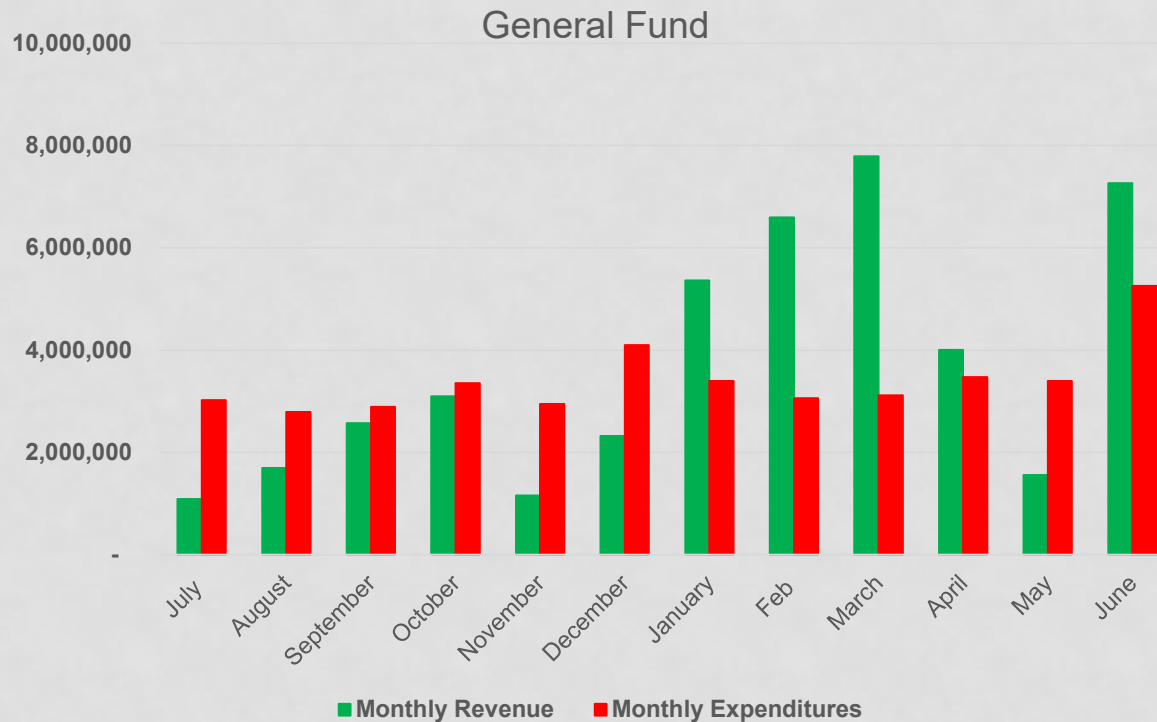
Another way to look at the same information . . .

GENERAL FUND TRENDS FOR REVENUES AND EXPENDITURES



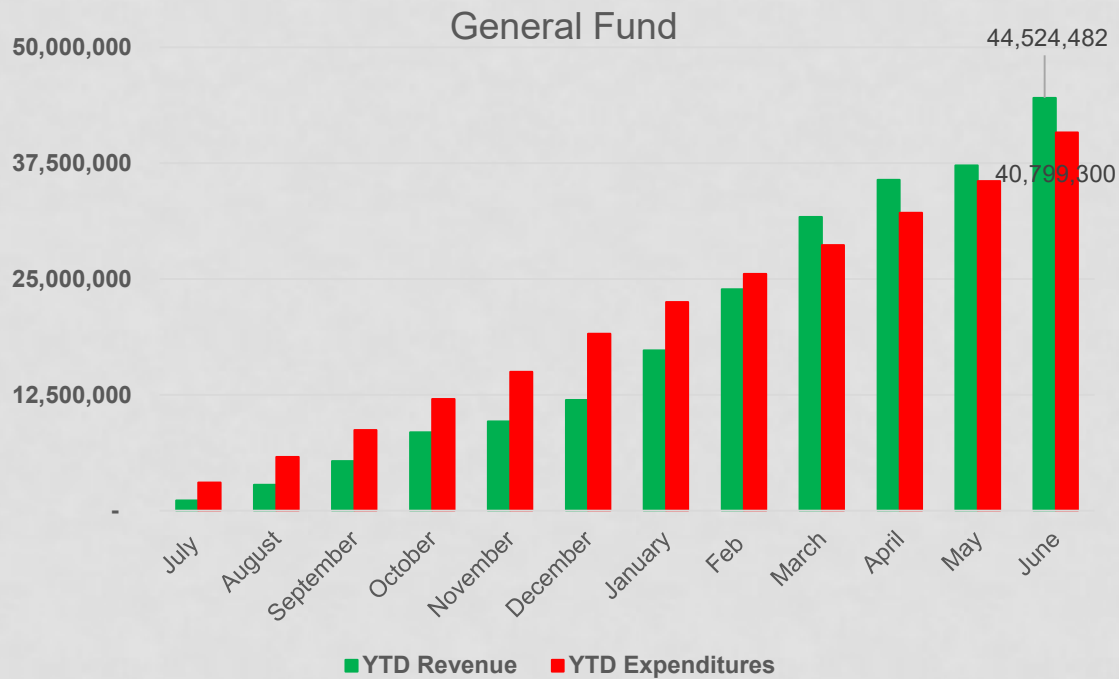
Again, not all expenditures have been recorded for FY 21 yet . . .

GENERAL FUND EACH MONTH REVENUES AND EXPENDITURES



Any individual month can have a lot of variation . . .

GENERAL FUND TRENDS FOR REVENUES AND EXPENDITURES



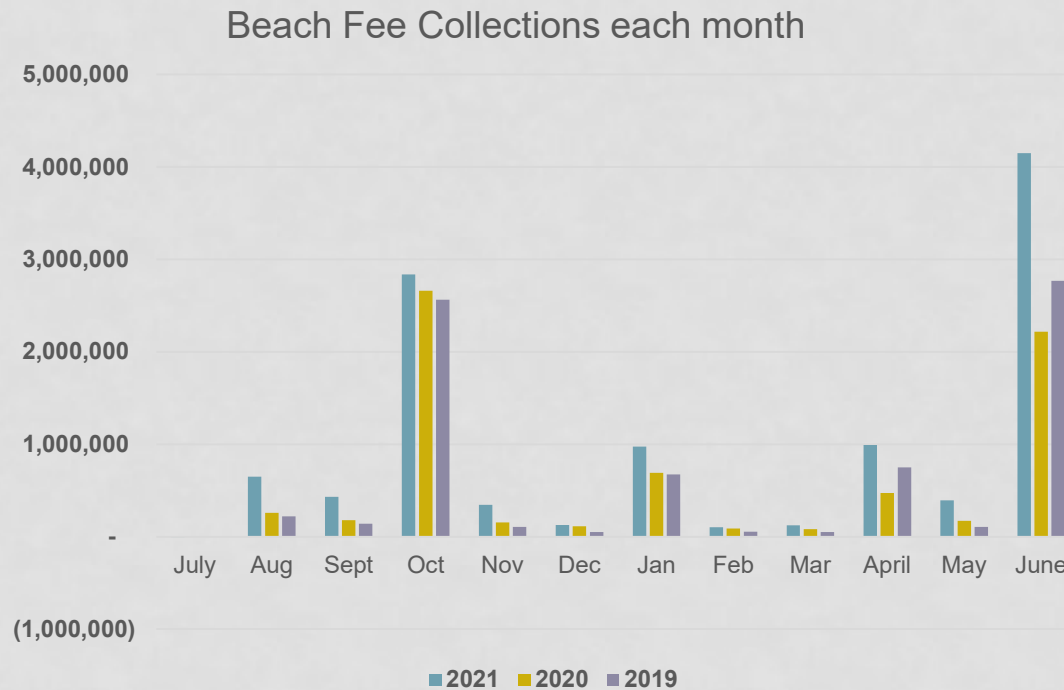
Another way to look at it . . . , not quite all expenditures have been recorded yet . . .

GENERAL FUND RESULTS

	YTD	YTD	\$	%
	June	June	Increase	Increase
	2021	2020	(Decrease)	(Decrease)
Revenues and Transfers In	44,524,482	40,011,767	4,512,715	11.3%
Expenditures	40,799,300	39,000,970	1,798,330	4.6%
Net General Fund Activity	3,725,182	1,010,797	2,714,385	268.5%

*One year ago at the start of the pandemic,
we were worried revenues would **even match 2020** levels in 2021.
What a difference a year makes.*

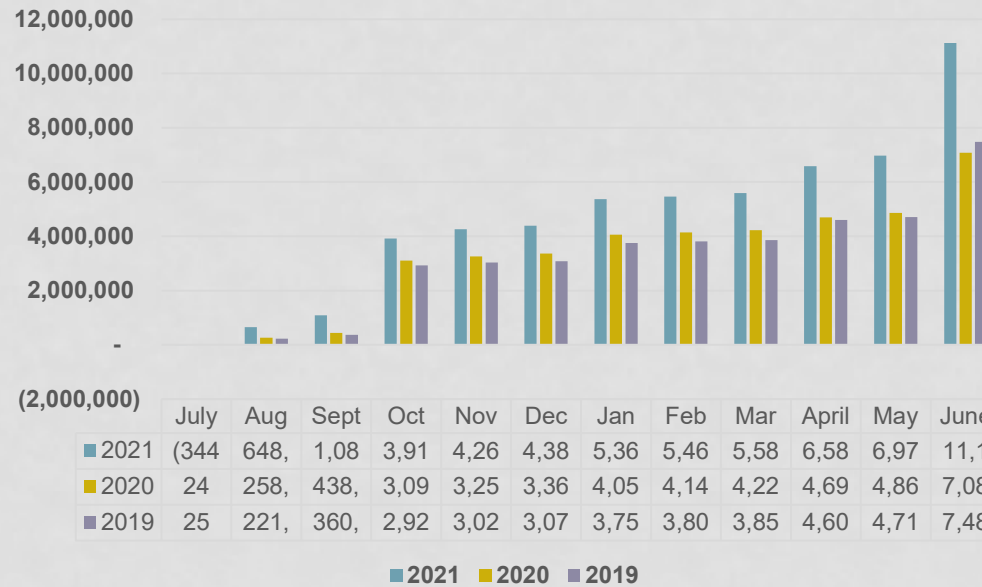
MONTHLY BEACH FEES



Beach Fees by month – note June 2021 collections are now in . . .

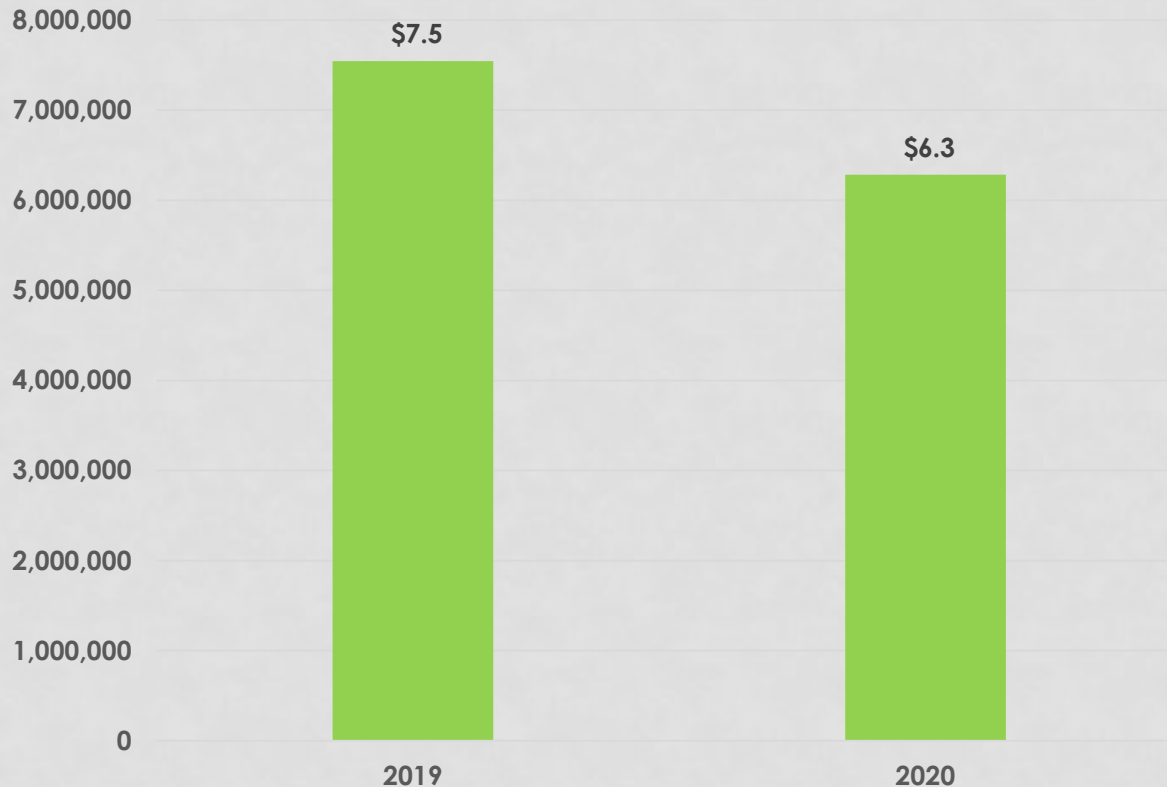
YTD BEACH FEES

Beach Fee Collections YTD



Now that the June payments are in . . .

ANNUAL HTAX COLLECTIONS



When the pandemic started, HTAX was the hardest hit revenue category.

YTD HTAX COLLECTIONS



Losses from 2020 were more than offset by gains in 2021

For HTAX, in 2020 we experienced a 16% decrease – and in 2021 a 28% increase

DEBT ACTIVITY THIS YEAR – ONLY FOR SAVINGS

Thanks to Town Council for authorizing two bond issues for savings this year.

In January, the Town sold Stormwater bonds for savings.

In October, the Town sold GO bonds for savings.

No new bond issues are planned for this fiscal year – the capital plan includes a lease for Fire Rescue trucks.

The Town has lowered its cost of funds and lowered its total debt this fiscal year from \$135.6 million to \$119.8 million (governmental activities).

KEY ISSUES FROM AUGUST 2020 – TOWN COUNCIL WONDERED...

- 1. How will COVID and shutdowns affect revenue?*
- 2. Will we be able to continue to provide Town services? – Both operationally and financially . . .*
- 3. How much will the pandemic cost?*
- 4. When will things get back to normal?*

KEY ISSUES FROM FY 2021 – TOWN COUNCIL . . .

1. *Closely monitored revenue each month*
2. *Closely monitored the COVID pandemic*
3. *Closely monitored the local economy*
4. *Closely monitored expenditures*
5. *Delayed some capital spending to FY 2022*
6. *Delayed implementation of merit and compensation plan adjustments until the revenue picture was more clear*
7. *Refinanced to lower interest rates for savings*
8. *Reduced Debt with the scheduled payments*

KEY OUTCOMES . . .

Now the Town is:

- 1. Financially better positioned for the future
-- and has affirmed its strong bond ratings*
- 2. Able to implement an impactful Capital Plan*
- 3. Ready to look to the Island's future*

*Town Council's attention to these issues
has enabled the Town to successfully manage through a difficult year*

FOR MORE INFORMATION

For more information – see the Town's:

- 1. Monthly financial statements, and*
- 2. the Comprehensive Annual Financial Report (CAFR) –*
- 3. We will keep presenting revenue details each meeting*

The latest monthly financials and annual reports are posted on the Town's website www.hiltonheadislandsc.gov

QUESTIONS OR COMMENTS?



We will keep you updated on the financial position as the year progresses.