



The Town of Hilton Head Island
Town Council Budget Workshop

Tuesday, May 14, 2019, 4:00 p.m.
Benjamin M. Racusin Council Chambers

AGENDA

As a courtesy to others please turn off / silence ALL mobile devices during the Town Council Meeting. Thank You.

- 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. Review of the General Operating Budget**
- 4. Review of the Debt. Service Budget**
- 5. Review of the Capital Improvement Program**
- 6. Review of the Stormwater Utility Fund**
- 7. Review of the Affiliated Agencies**
- 8. Executive Session**
 - a. Land Acquisition**
Discussion of negotiations incident to the proposed sale, lease, or purchase of property in the Beach City Road area.
- 9. Adjournment**

Consolidated Budget Summary – General, Debt, and CIP Funds

Introduction

The fiscal year 2020 and fiscal year 2021 biennial budget was developed based on the goals and vision of Town Council. The financial resources have been allocated in the budget in a manner that we believe will successfully meet the challenges and opportunities before the Town and set the stage for the Town’s continued success in the future.

Fiscal Year 2020 and Fiscal Year 2021 Consolidated Budget – Governmental Funds

The combined fiscal year 2020 budgeted expenditures for the three major governmental funds is \$73,747,817 and \$73,169,447 for fiscal year 2021. The table below reflects revenues by source as a percentage of total revenues for each fiscal year.

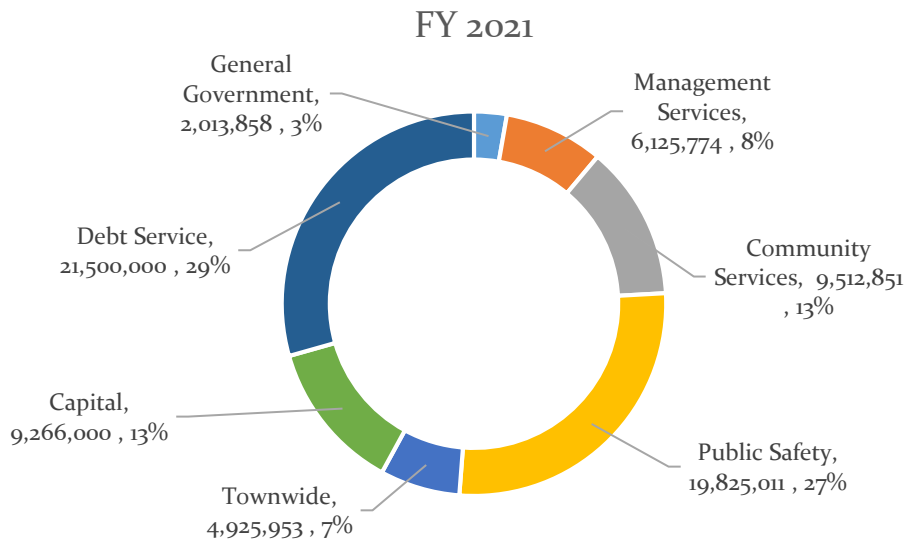
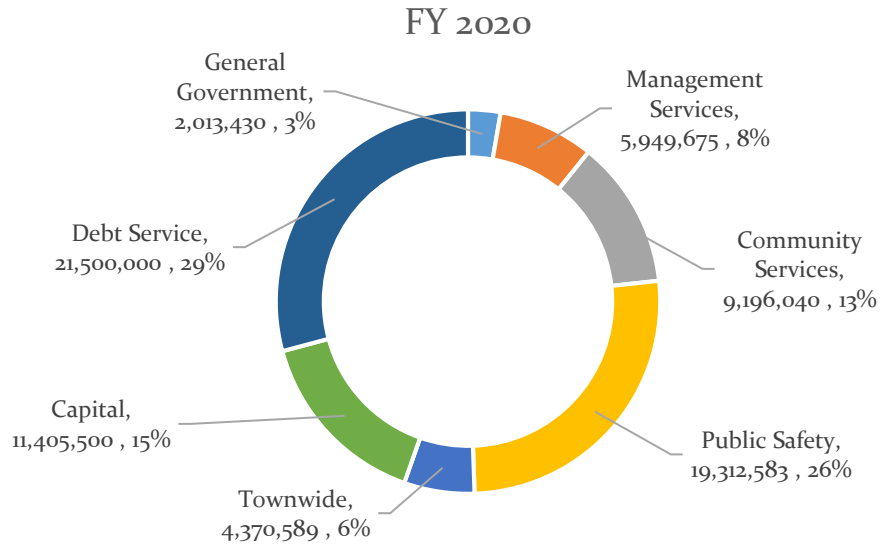
The budget is balanced, prudent and responsive to community needs. Projected revenues will be sufficient to support program expenditures.

All Government Funds - Where the Money Comes From

Revenues	2020		2021	
	Budget	% of Total	Budget	% of Total
Property Taxes	20,463,847	27.62%	20,747,020	28.22%
ATAX Local 1%	3,653,891	4.93%	3,690,430	5.02%
Business Licenses/Franchise Fees	10,900,639	14.71%	10,959,917	14.91%
Permit Fees	1,515,000	2.04%	1,522,575	2.07%
Intergovernmental	840,000	1.13%	840,000	1.14%
Miscellaneous Revenue	3,802,197	5.13%	3,015,287	4.10%
Beach Fees	5,334,990	7.20%	6,614,103	9.00%
Hospitality Fee	7,341,890	9.91%	9,692,115	13.19%
Tax Increment Financing	4,109,626	5.55%	4,560,303	6.20%
State ATAX	1,775,000	2.40%	1,792,750	2.44%
Electric Franchise fee	90,000	0.12%	499,622	0.68%
Road Usage Fee	1,110,000	1.50%	530,000	0.72%
Natural Disasters Fund	3,537,565	4.78%	3,537,265	4.81%
Real Estate Transfer Fees	1,938,263	2.62%	2,608,613	3.55%
Stormwater	125,000	0.17%	150,000	0.20%
Prior Year Funds	7,186,543	9.70%	2,386,081	3.25%
Investments	360,000	0.49%	360,000	0.49%
Total	74,084,451	100.00%	73,506,081	100.00%

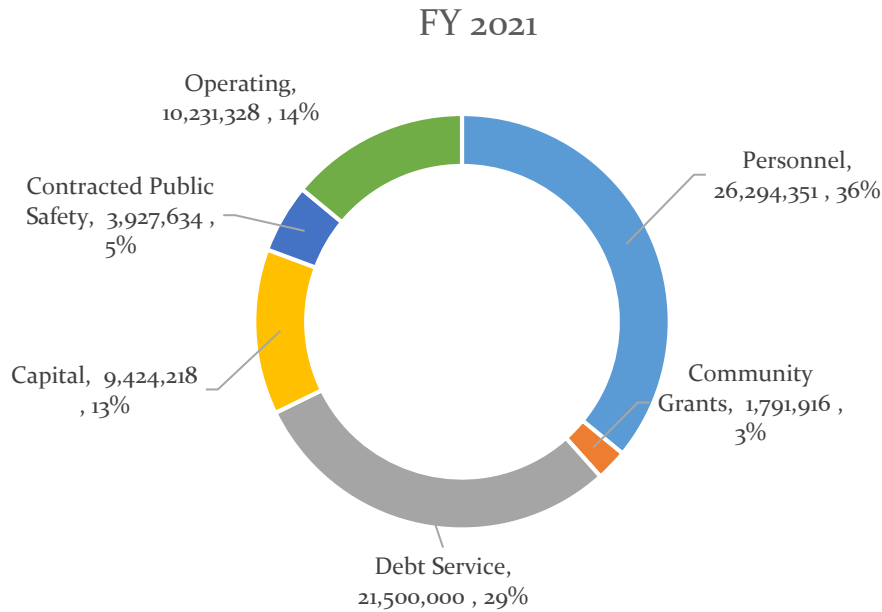
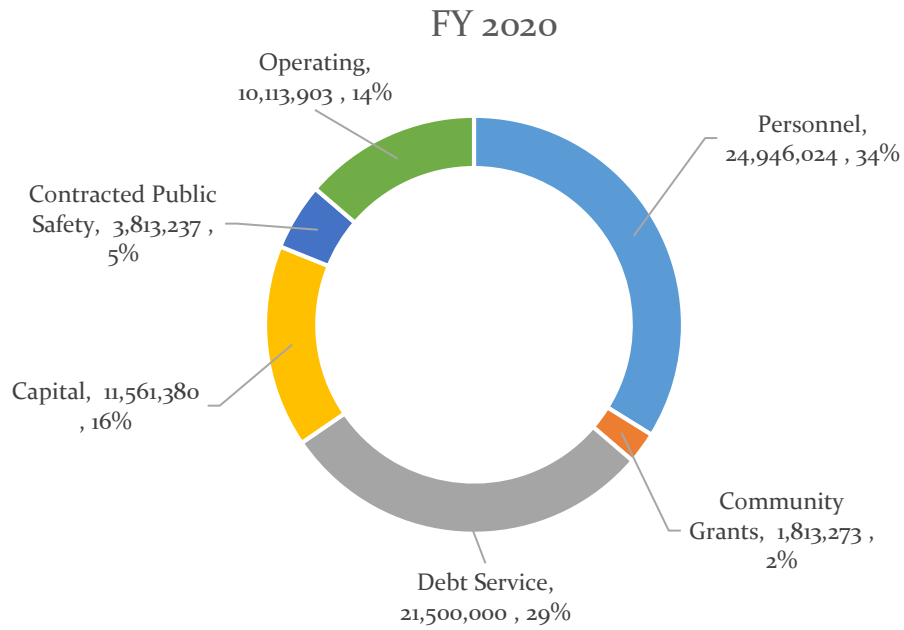
Consolidated Budget Summary – General, Debt, and CIP Funds

All Government Funds - Where the Money Goes by Program



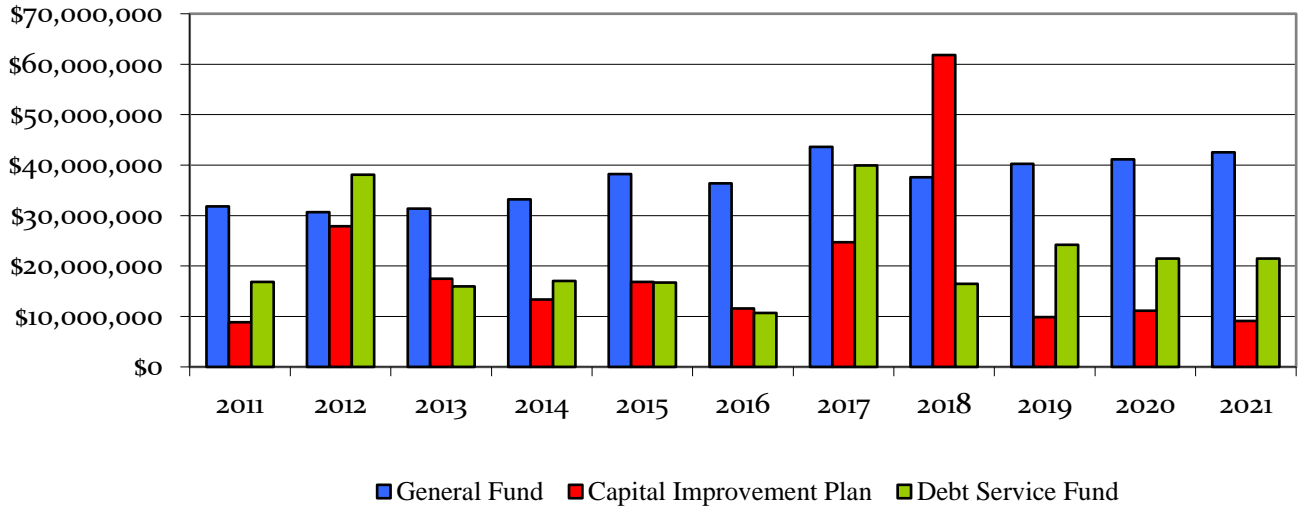
Consolidated Budget Summary – General, Debt, and CIP Funds

All Government Funds - Where the Money Goes by Category



Consolidated Budget Summary – General, Debt, and CIP Funds

Trend Analysis of Expenditures by Fund



Notes:

1. Actual through 2018, and budgeted in 2019, 2020, and 2021.
2. In fiscal year 2018 the Town repaid a bond anticipation note, the repayment is reflected in the Capital Improvement Plan actual expenditures.

Consolidated Budget Summary – General, Debt, and CIP Funds

	2017	2018	2019 Adopted Budget	2020 Budget	% Change	2021 Budget	% Change
Revenues							
Property Taxes	18,916,209	20,155,580	19,918,521	20,463,847	2.7%	20,747,020	1.4%
ATAx - Local	3,430,379	3,543,910	3,532,590	3,653,891	3.4%	3,690,430	1.0%
Business Licenses and Franchise Fees	9,289,682	11,196,245	9,969,000	10,900,639	9.3%	10,959,917	0.5%
Permits	1,697,438	1,880,231	1,497,500	1,515,000	1.2%	1,522,575	0.5%
Intergovernmental	1,185,671	838,323	840,000	840,000	0.0%	840,000	0.0%
Investment Income	46,586	610,172	265,000	360,000	35.8%	360,000	0.0%
Funds from Prior Years	-	-	2,928,417	7,186,543	145.4%	2,386,081	-66.8%
Bond Issue	26,255,949	86,525,341	3,320,000	-	-100.0%	-	0.0%
Operating Transfers In	16,883,505	18,656,608	27,296,091	25,362,334	-7.1%	29,984,771	18.2%
Miscellaneous	4,494,137	4,348,283	4,766,710	3,802,197	-20.2%	3,015,287	-20.7%
Total	82,199,556	147,754,693	74,333,829	74,084,451	-0.3%	73,506,081	-0.8%
Expenditures							
General Government	1,405,309	1,949,158	1,764,065	2,013,430	14.1%	2,013,858	0.0%
Management Services	4,990,115	5,214,573	5,880,217	5,949,675	1.2%	6,125,774	3.0%
Community Services	7,734,491	8,523,985	9,052,492	9,196,040	1.6%	9,512,851	3.4%
Public Safety	17,566,480	18,010,769	19,035,775	19,312,583	1.5%	19,825,011	2.7%
Townwide	3,505,217	3,000,054	4,321,280	4,370,589	1.1%	4,925,953	12.7%
Transfers Out	7,866,000	1,090,021	-	-	0.0%	-	0.0%
Capital	25,158,144	34,457,795	9,980,000	11,405,500	14.3%	9,266,000	-18.8%
Bond Anticipation Note Repayment	-	26,000,000	-	-	0.0%	-	0.0%
Debt Issue Costs	536,186	1,753,313	350,000	250,000	-28.6%	250,000	0.0%
Debt Service	10,489,871	15,836,696	23,950,000	21,250,000	-11.3%	21,250,000	0.0%
Total	79,251,813	115,836,364	74,333,829	73,747,817	-0.8%	73,169,447	-0.8%
Excess/(Deficiency) of Revenues over Expenditures	2,947,743	31,918,329	-	336,634		336,634	

Consolidated Budget Summary – General, Debt, and CIP Funds

Revenues

1. **Property taxes** – \$20.5 million (FY 2020) and \$20.7 million (FY 2021) – an ad valorem property tax, a tax per unit of property value, is levied upon all real property and certain classes of tangible property as that property is assessed and equalized for State and County purposes for any tax year. The property tax is authorized by the South Carolina Code of Laws (SC Code), Sec. 5-7-30 and 12-43-220, and also by the Town of Hilton Head Island Code of Ordinances, Title 4, Chapter 3.

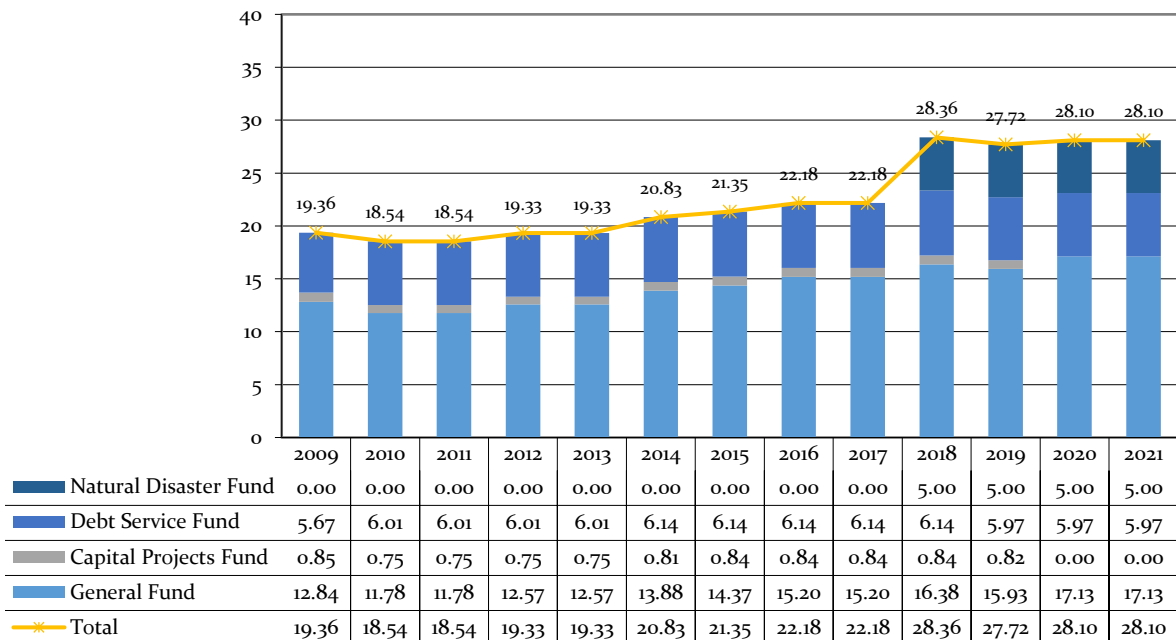
Collection and Distribution

The tax levy is released in September and current taxes are payable from October 1st through December 31st of each year. On January 15, unpaid taxes are considered delinquent and penalties begin to accrue.

Tax Levy for Fiscal Year 2020 and Fiscal Year 2021

The table below provides a historical overview of the Town’s overall millage rate as well as by type. In fiscal year 2020 the Town merged the CIP millage into the General Fund millage eliminating the need to transfer funds. The millage rates for fiscal year 2020 and fiscal year 2021 will increase by .38 mils, 28.10. **The General Fund millage rate will be increased by 2.2% (.38 mils) for the CPI (consumer price index) as allowed by South Carolina law. The additional funds will be used to strengthen the Town’s reserves.** It should be noted the Town is in the third and fourth years of the planned five years of the 5 mil override for disaster recovery.

Historical Millage Rates by Fund



Consolidated Budget Summary – General, Debt, and CIP Funds

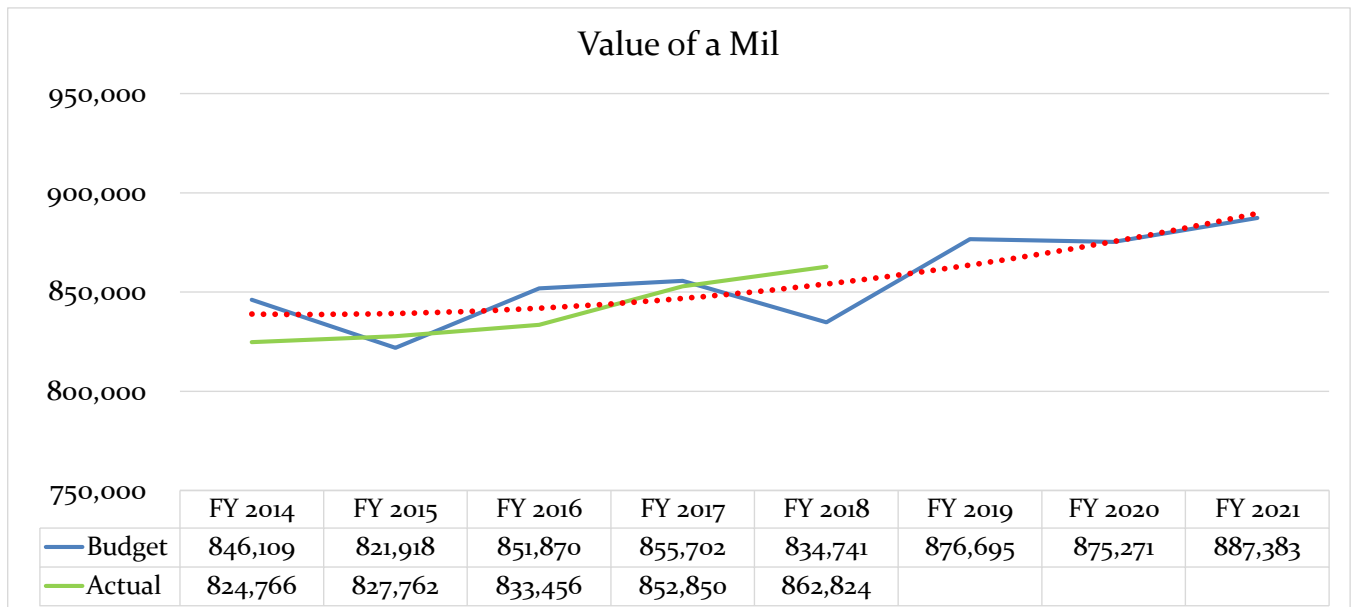
Revenues, continued

Property Tax Impact on a Primary Residence

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Value of Home	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Taxable Value (4% Primary Residence)	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Taxes Paid								
General Fund	194.32	201.18	212.80	212.80	229.32	223.02	239.82	239.82
Disaster Recovery	-	-	-	-	70.00	70.00	70.00	70.00
Debt Services Fund	85.96	85.96	85.96	85.96	85.96	83.58	83.58	83.58
Capital Projects Fund	11.34	11.76	11.76	11.76	11.76	11.48	0.00	0.00
Taxes Paid	291.62	298.90	310.52	310.52	397.04	388.08	393.40	393.40

Historical Value of a Mil

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Budget	846,109	821,918	851,870	855,702	834,741	876,695	875,271	887,383
Actual	824,766	827,762	833,456	852,850	862,824	-	-	-
Actual as % of Budget	-2.5%	0.7%	-2.2%	-0.3%	3.4%			



Town of Hilton Head Island Affiliated Agencies

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	2020 Budget	% change	2021 Budget	% change
Community Grants							
Turtle Watch	24,164	-	-	-	0.0%	-	0.0%
Grant Matching Funds	-	-	-	17,359	100.0%	17,359	0.0%
Recreation Center - General	683,052	707,052	844,073	893,889	5.9%	920,706	3.0%
Recreation Center - Capital	183,244	-	-	-	0.0%	-	0.0%
Coastal Discovery Museum - General	86,314	75,000	75,000	75,000	0.0%	75,000	0.0%
Coastal Discovery Museum - Capital	47,252	26,120	-	30,000	100.0%	30,000	0.0%
LEPC	5,982	13,989	10,830	10,830	0.0%	10,830	0.0%
Executive Director	-	94,826	110,000	110,000	0.0%	110,000	0.0%
Event Management & Hospitality	127,488	109,298	165,648	182,695	10.3%	184,522	1.0%
LRTA (Palmetto Breeze)	200,000	259,153	187,359	187,359	0.0%	187,359	0.0%
LRTA additional funding request	-	-	-	50,000	100.0%	-	-100.0%
Multidisciplinary Court	50,000	50,000	50,000	50,000	0.0%	50,000	0.0%
Solicitor Career Criminal Program	33,500	118,500	118,500	118,500	0.0%	118,500	0.0%
Community Foundation - Arts	-	50,000	50,000	50,000	0.0%	50,000	0.0%
Beaufort County EDC	-	10,000	15,000	25,000	66.7%	25,000	0.0%
First Tee	49,741	-	-	-	0.0%	-	0.0%
Heritage Classic Foundation	125,000	-	-	-	0.0%	-	0.0%
Total Community Grants	1,615,737	1,513,938	1,626,410	1,800,632	10.7%	1,779,276	-1.2%