Town of Hilton Head Island
FINANCE AND ADMINISTRATIVE COMMITTEE MEETING
Tuesday, October 29, 2024, 10:00 AM
Minutes

Call to Order

Chairman Brown called the meeting to order at 10:00 a.m.

Committee Members Present: Alex Brown, Chair; Ward 1; David Ames, Ward 3; Steve Alfred Ward 5; and Glenn Stanford, Ward 6

Adoption of the Agenda

Mr. Ames moved to adopt the agenda. Mr. Alfred seconded. Motion carried 4-0.

Approval of the Minutes

Regular Meeting Minutes of September 24, 2024

Mr. Ames moved to approve. Mr. Stanford seconded. Motion carried 4-0.

New Business

Monthly Financial Report and Presentation - Adriana Burnett, Finance Director

Adriana Burnett, Finance Director, provided the Committee with a high-level summary of the Town's financial performance for the first quarter of the 2025 fiscal year.

The Town's total net position decreased by $15,826,231 from the start of the fiscal year. This decline is primarily attributed to operating expenses in the General Fund amounting to $12,371,144, CIP Fund expenses totaling $9,821,466, and Debt Service Fund expenditures of $4,371,513. All of these expenditures were anticipated. The General Fund covers the Town's operating expenses, while CIP expenditures include both actual costs incurred for approved projects and encumbered expenses under vendor contracts for designated work. Additionally, the Debt Service expenditure reflects payments on the Town's long-term debt, covering both principal and interest.

Revenues received during the first quarter account for only 9% of the total projected for the fiscal year, which explains why current expenditures exceed revenues. This trend is expected to reverse in the third and fourth quarters. Overall, the Town's consolidated financials show a balance that is $2,453,407 higher than the total balance at the end of the 2023 fiscal year. Consolidated fund balances for FY25 Q1 are 10% higher compared to FY24 Q1 fund balances.

The Fiscal Year 2025 Consolidated Financials year-to-date fund balances for Quarter 1 core funds expenses were higher than revenues. The first quarter revenues have not all been collected as of yet, however, Mrs. Burnett stated that this was a good start and by the second quarter the Committee would be able to see the change with reporting in the second quarter. Mr. Stanford felt that if this was a normal for-profit business it could be concerning to see this report if one is not aware of how the Town operates. This budgetary information follows a normal pattern as first quarter revenues traditionally are lower in the first quarter than in subsequent quarters.

Fiscal Year 2025 Budget Analysis - Quarter 1

General Fund:

a. Top uses of funds included $2.8M in personnel expenses and $1.1M in operating expenses.
b. Top sources of funds included $241K in local ATAX and $310K in interest earned.

Debt Service Fund:

a. No significant expenses in September.
b. Tops sources of funds included $71K in Interest earned and $30K in Property Tax.

CIP Fund

a. Top uses of funds included $1.3M for new Fire Trucks and $1.8M in land acquisition.
b. Tops sources of funds included $47K in interest earned.

Stormwater Utility Fund

a. Top uses of funds included $159K for Personnel & Operating expenses and $77K in Stormwater Maintenance.
b. Top sources of funds included $31K in interest and $23K in Stormwater Fees.

GGHNCDC Fund:

a. Top uses of funds included $15K for Personnel & Operating expenses.
b. Top sources of funds included $36K in Interest.

Housing Fund:

a. Top uses of funds included $15K for Workforce Housing consulting and events.

FY 2025 CIP Budget Balances - Quarter 1

Mrs. Burnette provided an overview of the Town's Capital Improvement Program (CIP) budget balances to the Committee, detailing year-to-date expenditures and encumbrances. Her review highlighted the remaining fiscal year 2025 budget of $53 million, which is allocated to support the completion of planned projects.

The Committee expressed their appreciation for the information presented. They suggested that, moving forward, Mrs. Burnette include details on cost savings in her reports to Town Council, similar to the way spending updates are provided. Additional discussion centered on the funding process for the Town's First Trucks prior to funds being available, the accuracy of project projections and evaluations, and the potential to enhance the Town's Small and Minority Business Program.

Public Comment - Non Agenda Items

There was no public comment at this time.

Adjournment

Chairman Brown adjourned the meeting at 10:44 a.m.

Approved: February 25, 2025

The recording of this Meeting can be found on the Town's website at www.hiltonheadislandsc.gov