

# Town Manager's Recommended Budget

**Fiscal Year 2021/2022**

Submitted to Fort Mill Town Council  
September 3, 2021



# **Town Manager's Budget Message**

# M E M O R A N D U M

TO: Mayor Savage & Members of Fort Mill Town Council  
FROM: David Broom, Town Manager  
DATE: September 3, 2021  
SUBJECT: Fiscal Year 2021/22 Budget



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To Mayor Savage and the Honorable Members of the Fort Mill Town Council:

I am pleased to present you with a copy of the recommended budget for Fiscal Year beginning October 1, 2021 and ending September 30, 2022. With your input, staff has worked diligently to provide a balanced budget that provides our departments with the resources needed to effectively serve our Town as well as elements that will enhance the quality of life for our citizens.

As always, our department managers and financial staff were instrumental in this process. Our employee base of over 200 full and part-time employees continually strive to make Fort Mill a safe and beautiful place to live, work, and play. It is my privilege to work alongside such a dedicated group of employees.

This budget reflects the Town's dedication in providing effective and efficient services to our residents and businesses. Our goal is to continue offering high quality services in a safe and efficient manner while remaining fiscally responsible.

Your support and leadership are very much appreciated. With your continued guidance, staff will utilize this budget to address the needs and challenges that face us during the next fiscal year.

## **BUDGET OVERVIEW**

The Town of Fort Mill's budget is comprised of three major funds, one non-major fund and five special revenue funds:

- The **General Fund** is the general operating fund for the town and accounts for all revenues and expenditures of the town, except those required to be accounted for in another fund. The General Fund is considered a major fund and is used to account for general government services, such as: town council, municipal court, administration, police, fire, public works, parks and recreation, and debt service.
- The **Gross Revenue Fund** is an "enterprise" fund that is used to account for operations that are financed and operated in a manner similar to a private business. The Gross Revenue Fund

is considered a major fund and is used to account for all activities related to the town's water and sewer operations.

- The **Capital Projects Fund** is used to account for financial resources expended for the acquisition, construction, or improvement of major capital facilities (other than utility projects, which are budgeted under the Gross Revenue Fund). These resources may be used for one-time capital costs or for specific projects spanning more than one fiscal year. The Capital Projects Fund is considered a major fund.
- The **Stormwater Utility Fund** is a non-major fund that is used to account for operations that are financed and operated in a manner similar to a private business. The Stormwater Utility Fund is used to account for all activities related to the town's stormwater operations.
- The **Municipal Facilities & Equipment Impact Fee Fund** is a special revenue fund established by the adoption of Ordinance No. 2015-12 for the collection and disbursement of said impact fee for improvements to the municipal facilities and equipment system identified to serve new development
- The **Fire Protection Impact Fee Fund** is a special revenue fund established by adoption of Ordinance No. 2015-12 for the collection and disbursement of said impact fee for improvements to the fire protection system identified to serve new development
- The **Parks & Recreation Impact Fee Fund** is a special revenue fund established by the adoption of Ordinance No. 2015-12 for the collection and disbursement of said impact fee for improvements to the parks and recreation system identified to serve new development
- The **Accommodations Tax Fund** is a special revenue fund established for the collection and disbursement of said tax for tourism related activity
- The **Hospitality Tax Fund** is a special revenue fund established for the collection and disbursement of said tax for tourism related activity

These major/non-major funds, along with the special revenue funds, make up the total combined budget for the Town of Fort Mill.

## **TOTAL COMBINED BUDGET SUMMARY**

As presented in the attached budget document, the total combined expenditures for FY 21/22 are budgeted at \$67,235,940. Compared to the previous fiscal year, the FY 21/22 budget is projected to decrease by \$14,372,543, a net decrease of -17.6% amongst all funds.

As required by state law, the recommended budgets for all funds – the General Fund, Gross Revenue Fund, Capital Projects Fund, Stormwater Utility Fund, Impact Fees Funds, Hospitality Tax and Accommodations Tax Fund – are in balance, with revenues equal to the total budgeted expenditures.

The General Fund budget, which supports the general governmental operations of the town, will grow by \$2,318,805, an increase of 10% compared to the previous year. The Gross Revenue Fund budget, which accounts for the town’s water and sewer operations (including debt service on water and sewer capital projects), will increase by \$953,913 or 21%, compared to FY 20/21.

The Capital Projects Fund budget, which provides single year appropriations for significant capital projects, will decrease by \$3,374,603 or -21.0%, compared to last year’s budget. The Stormwater Utility Fund, which accounts for the Town’s stormwater activity, will increase by \$35,102 or 4.0% compared to FY 20/21. The Hospitality Tax Fund budget will remain unchanged over prior year (\$4,021,400). The Accommodations Tax budget will decrease by \$564,000 or -39.0% compared to FY 20/21. The Fire Protection Impact Fee budget will decrease by \$25,000 or -13.0% compared to last year. The Municipal Facilities Impact Fee budget will decrease by \$95,000 or -25.0% over prior year. The Parks & Recreation Impact Fee budget will decrease by \$-675,000 or -48.0% over prior year.

## **GENERAL FUND**

The General Fund budget for FY 21/22 is in balance at \$26,156,360.

### **General Fund Revenue Highlights**

The total revenues within the recommended General Fund budget are projected to grow by \$2,318,805 or 10.0%, compared to the previous fiscal year.

The majority of these increases may be attributed to several line items:

- *Property Taxes:* While the recommended budget does not reflect a change in the town’s millage (tax) rate, projected revenues from real and personal property taxes are expected to increase by a combined \$1,200,000. This is due to an increase in the amount of taxable property within the town, such as new construction and more vehicles. **The recommendation is to remain at 75.2 mills.**
- *Housing Authority-Lieu of Tax:* The recommended budget includes a revenue projection of \$35,000 which is an increase of \$12,500 or 56.0% compared to the previous year’s budget which was very conservative due to the economic effect of COVID 19.
- *Garbage Services:* The recommended budget includes a revenue projection of \$2,016,000 which is an increase of \$216,000 or 12.0% compared to the previous year’s budget. The increase, in part, is due to a rate adjustment from \$19.00/month to \$21.00/month. The fee schedule will be adjusted accordingly.

- *Planning/Zoning Fees:* The recommended budget includes a revenue projection of \$175,000 which is an increase of \$10,000 or 6.0% compared to the previous year's budget.
- *Business Licenses:* Nearly 60-70% of all businesses licensed within the Town of Fort Mill are classified as construction/contractors. The overwhelming majority of these businesses are not physically located within the town limits and are therefore subject to a higher license fee (2x the inside rate). As building permits have increased over the past years, so too has business income, and consequently, business license revenue. The recommended budget for business license revenue for FY 21/22 is \$4,000,000, an increase of \$300,000 (8.0%) over prior year. The business license fee schedule is subject to change during the fiscal to be in compliance with new state law; however, the schedule is being presented as unchanged for FY 21.22 at this time.
- *Athletics Revenue:* The recommended budget includes a revenue projection of \$405,000 which is an increase of \$185,000 or 84.0% compared to the previous year's budget which was very conservative due to the economic effect of COVID 19.
- *Park Rentals:* The recommended budget includes a revenue projection of \$40,000 which is an increase of \$20,000 or 100.0% compared to the previous year's budget which was very conservative due to the economic effect of COVID 19.
- *Spring Festival:* The recommended budget includes a revenue projection of \$150,000 which is an increase of \$125,000 or 500.0% compared to the previous year's budget which was very conservative due to the economic effect of COVID 19.
- *Gym Rentals:* The recommended budget includes a revenue projection of \$14,000 which is an increase of \$9,000 or 180.0% compared to the previous year's budget which was very conservative due to the economic effect of COVID 19.
- *Recycling:* The recommended budget includes a revenue projection of \$4,000 which is an increase of \$1,500 or 60.0% compared to the previous year's budget which was very conservative due to the economic effect of COVID 19.
- *Hospitality Tax Transfer:* The recommended budget includes a transfer from the Hospitality Tax Fund to the General Fund to offset the cost of tourism-related expenditures. The recommended transfer for FY 21/22 is currently budgeted at \$171,400 which is the same as prior fiscal year. The transfer is made up of salary and benefits of the town's Events & Media Coordinator, and a portion of employee salaries, benefits and overtime costs attributed to planning, organizing, securing and staging the SC Strawberry Festival.
- *Fund Balance Appropriation:* The recommended budget does not include a fund balance appropriation for FY 21/22.

- *Federal Grants:*
  - No grants funds are being recommended.

**General Fund Expenditure Highlights**

The total expenditures within the recommended General Fund budget are projected to grow by \$2,318,805, or 10.0%, compared to FY 20/21. The largest year-over-year increases will be seen in the following departmental budgets: Public Works Streets (**+\$262,652, 19.0%**); Public Works Buildings/Grounds (**+\$286,071, 26.0%**); Recreation (**+558,563, 40.0%**); Administration (**+\$1,042,528, 39.0%**).

The items below outline some of the significant changes from the FY 20/21 budget:

- *Cost-of-Living Adjustments:* The recommended budget includes 3% cost-of-living increase for all employees
- *Insurance Adjustments:* Medical and dental insurance costs increased by 5%
- *Retirement Systems:* Employer-share increased by 1% for both South Carolina and Police Officers Retirement Systems
- *Personnel:* The budget includes new positions made up of six fulltime and one part-time

Position Title	Department
Administration Assistant	Admin-Public Relations
SRO Floater	Police
Battalion Chief	Fire
Crewman (2)	Buildings/Grounds
Crewman	Recreation
Associate Judge (PT)	Municipal Court

*Noteworthy Items:* The following operating/capital items have been included in the FY 21/22 recommended budget:

- **Other Expenses:**
- Various Supplies and Services

Item	Department	Amount
Code Enforcement Abatement	Admin-Code Enfor	20,000
New Software Phase-ins	Admin-Finance	125,000
Ordinance Recodification	Admin	25,000
Town Hall Furnishings (new ofcs)	Admin	90,000
Way-finder Signage	Admin	100,000
Trail Master Plan	Admin - Planning	100,000
Security Cameras	Admin	75,000
Infrastructure Security Re-organ	Admin – IT	285,000
Server Back-up Migration	Police – IT	75,000
Buffer Zone Security	Police – IT	10,000
Server Replacement	Police – IT	25,935
Land Clearing Svc	PW-Street	100,000
Recycling Service	PW-Sanitation	479,000
Turn-out Gear	Fire	28,000
Body Armor	Fire	31,500
Christmas Décor Expansion	PW – Bldgs/Grnds	20,000
Decorative Seasonal Banners	PW- Bldgs/Grnds	35,000
Staging Lounge – 20x20 Tent	PW-Bldgs/Grnds	3,000
Flag Rotation	PW-Bldgs/Grnds	8,000
Remote Bond Hearing	Municipal Court	15,000
Strategic Plan	Non-Departmental	50,000
Facilities Plan	Non-Departmental	75,000
Road Re-Construction Allocation	Non-Departmental	500,000
Lights Replacement – Main Street	Non-Departmental	260,000

Vehicles (16) – new or replacements

Item	Department	Amount
Vehicles (4) -Replacement/New	Administration	107,432
Cars (2) – Replacements/new	Police	59,808
SUVS (7) Replacements/New	Police	252,665
Transport Van	Police	40,000
Truck	Police	36,039
Hook Lift Truck/Leaf Machine	Street	268,000
Pickup Truck	Fire	36,000
SUV	Recreation	30,000

- Machinery & Equipment – new or replacements

Item	Department	Amount
Portable Radios (10)	Police	19,026
In-car Radios	Police	38,790
Alternate Light Source (Forensics)	Police	13,161
Drone Package	Police	17,308
Golf Cart and Trailer	Police	15,000
40-yd Roll-off Container (attachment for Hook-lift Truck)	Street	15,000
Interactive White Boards (2)	Fire	40,000
Portable Radios (16)	Fire	96,000
Zero-turn Mower	PW – Bldgs/Grnds	11,000
Chemical Sprayer	Recreation	35,000
Tire Change Machine	PW – Garage Svcs	14,000

- **Other Expenses Continued:**
- Other Outlay

Item	Department	Amount
Town Hall Ofc Expansion	Admin	210,000
Parking Lot Refurbish	Police	110,250
Security Fencing	Police	50,000
Security Cameras Upgrade	Police	69,642
New Ofc – Modular Unit	PW-Admin	110,000
Dumpster Enclosure-Railroad Ave	Sanitation	40,000
Commercial Dance Floor	Bldgs/Grnds	15,000
42" Christmas Tree	Bldgs/Grnds	67,000
Baseball Infield Restoration	Recreation	15,500
Roll-up Doors	PW-Garage Svcs	12,495

- These highlights are representative of a portion of the entire budget.
- *Contingency:* The recommended budget includes a significant appropriation to the Non-Departmental Contingency line item. This **\$1,086,064** appropriation may be used to cover unexpected costs that arise during the upcoming fiscal year, or alternatively, may roll into the fund balance at the end of FY 21/22 and be used for other items in subsequent budget years.

## **GROSS REVENUE FUND**

The recommended Gross Revenue Fund budget for FY 21/22 is in balance at \$21,565,623.

### **Gross Revenue Fund Revenue Highlights**

The total revenues within the recommended Gross Revenue Fund budget are projected to see an increase of \$11,992,847, or -36.0%, compared to the previous fiscal year, somewhat due to the

decrease in the Bond Proceeds of \$6,032,483. This year’s amount represents the final phase of the project for which these funds were secured.

The FY 21/22 budget includes projections across several line items:

- *Water & Sewer Sales:* Water and sewer sales are projected to increase by \$1,840,862 (47.0%) and \$2,139,617 (57.0%) respectively. The revenue figures do include a 7.5% increase in water and sewer rates.
- *Tap Fees:* The FY 21/22 recommended budget anticipates a decrease of \$810,112 (-51.0%) in revenue from water taps; revenues remain flat at \$979,200 from sewer taps.
- The budget does not assume any changes to the water and sewer capacity fee schedule.
- *Bond Proceeds:* The FY 21/22 recommended budget does include \$6,032,483 in bond proceeds to cover the expenses incurred for the final phase of upgrades to waste treatment plant, phase 2.

**Gross Revenue Fund Expenditure Highlights**

The total expenditures within the recommended Gross Revenue Fund budget are projected to decrease by \$11,992,847 or -36.0%, compared to the previous fiscal year.

The largest year-over-year increases will be seen in the following departmental budgets: Non-Departmental reflects an increase **(\$1,806,140, 75%)** largely due to the addition of the debt service payment for Revenue Bond Series 2019; Water/Sewer Administrations reflects an increase **(\$953,913, 21.0%)** compared to the previous fiscal year. It should be noted that the Wastetreatment Plant reflects a considerable decrease of \$14,994,466 or -68.0% over prior year due in part to the final phase of the upgrades project.

20/21 budget:

- *Cost-of-Living Adjustments:* The recommended budget includes 3% cost-of-living increase for all employees
- *Insurance Adjustments:* Medical and dental insurance costs increased by 5%
- *Retirement Systems:* Employer-share increased by 1% for both South Carolina and Police Officers Retirement Systems
- *Personnel:* The budget includes six new fulltime positions:

• Position Title	Department
Utilities Inspector	Water/Sewer Admin
Crewman	Sewer Maint.

- *Noteworthy Projects:* The following noteworthy projects have been recommended for funding in the FY 21/22 budget:

- **Other Expenses:**

- Various Supplies and Services

Item	Department	Amount
Meter Change-out Phase 2	Water Maint	100,000

- Vehicles (4) – new or replacements

Item	Department	Amount
Pickup Trucks	Water/Sewer Admin	27,500
Trucks (2)	Water Maint	56,000
Van	Water Maint	25,000
Truck	Sewer Maint	27,500

- Machinery & Equipment – new or replacements

Item	Department	Amount
Trencher	Water Maint	25,000

- Other Outlay

Item	Department	Amount
Building Renovation	Water/Sewer Admin	110,000
Parking Lot Expansion	Water/Sewer Admin	20,000
WWTP Upgrade 2	Waste Treatment	5,625,384
Lift Station Rehab – Archie Street	Sewer Maint	785,000

These highlights are representative of a portion of the entire budget.

- *Gross Revenue Allocation:* The Gross Revenue Allocation covers expenses incurred in the General Fund and allocated to the Gross Revenue Fund. The Gross Revenue Allocation is set at 30% of the total expenditures incurred by the Administration and Council budgets. In FY 21/22, this amount is budgeted at **\$1,615,815**, an increase of \$361,429 or 29.0%, from the previous fiscal year.
- *Contingency:* The recommended budget includes an appropriation to the Non-Departmental Contingency line item of **\$73,185** which may be used to cover unexpected costs that arise during the upcoming fiscal year, or alternatively, may roll into the fund balance at the end of FY 21/22 and be used for other items in subsequent budget years.

### **Debt Coverage**

The revenues and expenditures of the Gross Revenue Fund budget have been examined and projections provided by the town's rate consultant. It is anticipated that the debt coverage ratio at the end of FY 21/22 will be approximately 1.45, which will meet the minimum coverage requirements of the town's existing bond covenants of 1.20.

## **CAPITAL PROJECTS FUND**

The recommended Capital Projects Fund budget for FY 21/22 is in balance at \$12,431,526

### **Capital Projects Fund Revenue Highlights**

Capital Projects revenue is non-restricted and may be used for any capital expenditure

The recommended FY 21/22 budget anticipates a total of \$12,431,526 in revenues available for non-restricted capital projects. These funds are made up of a combination of an appropriation of the Capital Projects Fund Balance in the amount of \$4,393,526, general obligation bond proceeds of \$3,000,000 and transfers from the special revenue funds totaling \$5,025,000. The FY 21/22 budget continues the practice of utilizing surplus funds from prior years to fund one-time capital expenditures. An additional \$10,000 is expected from the sale of spaces in the new mausoleum and interest income of \$3,000.

The Capital Projects Fund budget totals \$12,431,526 in revenues, a decrease of \$3,374,603 or -21%, from FY 20/21.

### **Capital Projects Fund Expenditure Highlights**

The total expenditures of \$12,431,526 within the recommended Capital Projects Fund budget are expected to decrease by \$3,374,603, or -21.0%, compared to FY 20/21.

The expenditures include the following:

- Capital Projects
  - Banks Athletic Park – \$8,250,000
  - Amphitheater - \$250,000
  - CMAQ Local Matches - \$100,000
    - Whites Road
  - Miscellaneous Sidewalk Projects - \$100,000
  - Facilities Improvements
    - Recreation Complex (YMCA) Facilities Maintenance- \$500,000
    - Recreation Complex Tennis Courts - \$1,200,000
    - Fort Mill Community Center - \$1,500,000
  - Capital Projects Master Planning - \$200,000
  - General Obligations Bond Debt Service Payment - \$331,526

## **STORMWATER UTILITY FUND**

The recommended Stormwater Utility Fund budget for FY 21/22 is in balance at \$1,006,031.

### **Stormwater Fund Revenue Highlights**

The total revenues within the recommended Stormwater Fund budget are projected to see an increase of \$35,102 or 4.0%, compared to the previous year.

### **Stormwater Fund Expenditure Highlights**

The total expenditures within the recommended Stormwater Fund budget are in balance with projected revenues and are expected to increase by \$35,102 or 4.0%, compared to FY 20/21.

The items below outline some of the significant changes from the FY 20/21 budget:

- *Cost-of-Living Adjustments:* The recommended budget includes 3% cost-of-living increase for all employees
- *Insurance Adjustments:* Medical and dental insurance costs increased by 5%
- *Retirement Systems:* Employer-share increased by 1% for both South Carolina and Police Officers Retirement Systems
- *Personnel:* No new positions are included.
  
- *Noteworthy Operating/Capital items:* The following noteworthy items have been recommended for funding in the FY 21/22 budget:

- **Other Expenses:**

Item	Amount
Stormwater Fee Study/Manual Development	100,000

These highlights are representative of a portion of the entire budget.

- *Contingency:* The recommended budget includes an appropriation to the Contingency line item of \$25,385 which may be used to cover unexpected costs that arise during the upcoming fiscal year, or alternatively, may roll into the fund balance at the end of FY 21/22 and be used for other items in subsequent budget years



### **In Conclusion**

It is my pleasure to prepare and present the budget for Fiscal Year 2021/2022. Please feel free to contact me if you have any questions or comments about the contents of this document.

A handwritten signature in black ink that reads "William D. Broom, II". The signature is written in a cursive, flowing style.

William D. Broom, II  
Town Manager