The Town of Hilton Head Island
Budget Workshop
Tuesday, May 14, 2013
Benjamin M. Racusin Council Chambers
4:00 P.M.

AGENDA

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1. **Call to Order**

2. **FOIA Compliance –** Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. **Review of General Operating Budget**

4. **Capital Improvements Program (CIP)/Storm Water Utility(SWU) Review**

5. **Review of Debt Service**

6. **Appearance by Citizens**

7. **Adjournment**

MEMORANDUM

TO: Town Council

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

VIA: Susan M. Simmons, CPA, Director of Finance

DATE: May 14, 2013

RE: **First Budget Workshop for Proposed Ordinance No. 2013-05 Operating and Debt Service Budgets; Overview of the CIP/SWU**

Recommendation:
Staff recommends Council consider the fiscal year 2014 budget in this first in a series of budget workshops. The agenda for this meeting is a review of the operating (General Fund) and Debt Service Fund budgets as well as an overview of the CIP (Capital Projects Fund) and Stormwater Fund budgets.

Summary:
This Town formally establishes a budget for four of its funds. Also, the Town presents information on the remaining funds as they are a primary source of funding for the funds with formal budgets. Throughout May and June, the Town holds a series of budget workshops in addition to the three actions it takes in Council meetings (1st reading by title only, revised 1st reading, and 2nd reading).

The General Fund budget review for this meeting does not include affiliated agencies. At the May 30, 2013 budget workshop, representatives from the Town's affiliated agencies will present their budget requests to Council.

Background:
The accompanying budget book is a **draft** of the document which will be presented to the GFOA for its Distinguished Budget Presentation program. To provide better information to everyone and to educate the newer Council members on the entire budget process, the Finance Department is pleased to be able to present this draft book during the workshops. For the last several years and for many reasons, the Town chose to present Council with only the statements and the policies for accounting and budgeting. Those sections represented the budget in summary form adopted by Council.

Due to the complexities of updating numerous pages for each small change, staff will not be able to reproduce the book for each workshop. We will keep a running tally of the changes and provide that document for each meeting.

Council members should bring their budget books provided for this meeting back to each of the workshops, revised 1st reading and 2nd reading of the ordinance. Also, the Town's staffs respectfully request that you provide via the Town Manager as many of your budget questions as possible prior to the workshops and meetings. This will allow for a more efficient process for everyone and allow staff to be better prepared to provide prompt and accurate responses.

Town of Hilton Head Island, South Carolina

Consolidated Municipal Budget DRAFT
Fiscal Year
July 1, 2013 through June 30, 2014

Hilton Head Island Motoring Festival & Concours d'Elegance

TOWN OF HILTON HEAD ISLAND, SC
CONSOLIDATED MUNICIPAL BUDGET - DRAFT
FISCAL YEAR ENDED JUNE 30, 2014

ELECTED OFFICIALS

MAYOR

The Honorable Drew A. Laughlin

TOWN COUNCIL

William D. Harkins, Mayor Pro Tempore

Wm. Lee Edwards

Marc A. Grant

Kimberly W. Likins

John J. McCann

George W. Williams, Jr.

ADMINISTRATIVE STAFF

Stephen G. Riley	Town Manager
Gregory DeLoach	Assistant Town Manager
Lavarn Lucas	Fire and Rescue Chief
Susan Simmons	Director of Finance
Charles F. Cousins	Director of Community Development
Scott Liggett	Director of Public Projects and Facilities

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Town of Hilton Head Island

South Carolina

For the Fiscal Year Beginning

July 1, 2012

President

Executive Director

FY 2014 Consolidated Municipal Budget Draft
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Reader's Guide

This reader's guide is intended to assist those readers not familiar with the Town's budget document in gaining an understanding of how the budget document is organized and what information is presented. The budget document is divided into the following sections:

Town Manager's Letter

This section provides a general overview of the Town's budget.

Town Vision

This section identifies Town Council's goals for calendar year 2013.

About Hilton Head Island

This section provides an overview of the rich history of the Island.

General Information

This section includes the Town's organizational chart, budget calendar, map, and Hilton Head Island at a Glance.

Accounting and Financial Policies

This section includes the accounting policies relating to government-wide and fund financial statements; the measurement focus and basis of accounting for each fund group; significant types of assets and liabilities; and budgetary accounting. The section also includes financial policies for revenues, expenditures/expenses, and incorporating the capital improvement plan into the capital projects fund; debt management; financial reserves; and disaster planning reserves.

Budget Process Overview

This section includes information pertaining to the business plan, budget methodology, approach to the budget review process, budget approval process, monitoring the budget, budget transfers and amending the budget.

Consolidated Budget Summary - Governmental Funds

This section includes an introduction, fiscal year 2014 consolidated budget, where the money comes from (chart), where the money goes by program (chart), where the money goes by category (chart), trend analysis of expenditures by fund (chart), historical overview of revenues and expenditures(schedule), budget highlights, property tax analysis, millage rate historical analysis (chart), and staffing changes. The Town has three budgeted governmental funds.

General Fund

This section includes the department expenditure summary (schedule), historical overview and five-year comparison of revenue and expenditures (schedule), review of the General Fund major revenue sources, general fund expenditures (chart), expenditure trend analysis by program (charts), department budgets, and the three-year General Fund Financial Model.

Reader's Guide, continued

Consolidated Budget Summary - Governmental Funds, continued

Debt Service Fund

This section includes a historical overview and five-year comparison of revenue and expenditures (schedule), calculation of legal debt limit, a list of outstanding debt issues, and the planned debt position for the next five years.

Capital Projects Fund

This section includes an overview and summary of major revenue sources, expenditures by category, historical overview and five-year comparison of revenue and expenditures (schedule), the Town's capital improvement plan for the upcoming year as well as the ten-year plan.

Proprietary Fund

The Town has one budgeted proprietary fund which is the Stormwater Fund. It operates as an enterprise fund.

Stormwater Fund

This section includes an overview and summary of major revenue sources, expenditures by category, historical overview and five-year comparison of revenue and expenditures (schedule), the Town's stormwater capital improvement plan for the upcoming year as well as the three-year plan.

Appendix

1. Glossary of terms; this section provides definitions of key terms used throughout this document.

Town Manager's Letter

May 7, 2013

Dear Council Members:

I am pleased to submit to you the fiscal year 2014 budget. The budget presents a balanced but optimistic approach as the Town's economy is following or exceeding the national upward trend. The budget presented is also cautious as the county-wide property reassessment will impact the Town's largest revenue source, the ad valorem taxes. Despite the challenges, the fiscal year 2014 budget ensures our continued long-term financial stability – enabling us to continue to meet customer needs responsively and responsibly well into the future. The budget honors our commitment to our community by maintaining service levels while maximizing a limited resource of funds.

Budget Summary – Governmental Funds

The fiscal year 2014 budget represents a funding plan designed to meet the needs of the Town's citizens. The total consolidated budget amount is $62,196,152 representing the General, Capital Projects, and Debt Service Funds**.**

The General Fund budget maintains the current level of high quality service. Overall, General Fund expenditures are programmed at $34.4 million for fiscal year 2014 compared to $33.4 million last fiscal year, an increase of $923,584 or 2.76%; however, approximately $802,000 is not a total increase but rather a change in which governmental fund budgets the expenditures. The Town's primary programmatic increases are initial funding of $156,044 for the Hilton Head Island Economic Development Corporation under Townwide grants and $170,000 under Public Projects and Facilities (PPF) – Engineering to recognize the need for a formal budget for Town-owned roads.

The Town historically reported some equipment in the General Fund but other equipment in the Capital Projects Fund. The Town budgeted Town vehicles and Fire & Rescue apparatus in the Capital Projects but will now report them in the General Fund. Budgeted items more properly classified as repair, maintenance or operations will move from the Capital Projects Fund to the General Fund. These changes primarily impact the General Fund in the Fire & Rescue budget ($266,000 for public safety, computer, fire/medical, and dispatch center equipment; vehicle and apparatus) and PPF – Facilities Management for repairs of stations, beach park maintenance and a vehicle (approximately $255,000).

The Town and the Island Recreation Association have an agreement wherein the Association operates the Island Recreation Center and SHARE Center for senior citizens. The Town's funding for operations has been reported in the General Fund while the funding for the Association's capital needs (sometimes capital but also repair and maintenance) was reported in the Town's Capital Projects Fund. In fiscal year 2014, the Town will budget both components of the Association's funding in the General Fund under Townwide grants, thereby moving $280,900 to the General Fund.

The Debt Service Fund budgeted expenditures are programmed at $16.5 million for fiscal year 2014 compared to $15.9 million last fiscal year. There is a $.6 million (3.6%) increase in expenditures over the previous fiscal year's budget. This increase anticipates a new $9 million General Obligation Bond issue in June 2013 with $350,900 first year debt service in fiscal year 2014.

Town Manager's Letter, continued

As previously mentioned, the Town will shift the reporting of some budgeted expenditures from Capital Projects to the General Fund. The remaining expenditures in the Capital Projects Fund are programmed at $11.3 million for fiscal year 2014 compared to a revised budget of $24.2 million for fiscal year 2013. This is a $12.9 million (53%) reduction in budgeted expenditures primarily due to land acquisition and the timing of fire station construction.

The Town has a significant land acquisition budget of $7.5 million in fiscal year 2013 which includes the Planter's Row golf course. Because the Town does not budget for land acquisition until the funds are encumbered or paid, there is no fiscal year 2014 budget for land acquisition. The Town will encumber over $3 million in fiscal year 2013 for replacement of Station 6; however, the construction will largely occur in fiscal year 2014. After fiscal year 2013 closes, the Town will amend the fiscal year 2014 to add the balance of the Station 6 budget to fiscal year 2014

Budget Summary – Proprietary Fund

The Town has one proprietary fund, the Stormwater Fund, which operates as an enterprise fund.

The Stormwater Fund expenses and transfers out are programmed at $3.4 million for fiscal year 2014 compared to the $5.2 million revised budget for fiscal year 2013 and $8.0 million original budget. This significant change during fiscal year 2013 is a result of the Town's decision to operate this fund on a "pay as you go" approach. The Town did not issue bonds in fiscal year 2013 as originally anticipated. The Town believes it will be able to complete critical projects under this new approach but some projects will be delayed until future fiscal years. With this approach, the Stormwater fee will remain at $108.70 per SFU for the fourth year.

Financial Plan for Budgeted Governmental Funds

As outlined above, the Town's budget consists of three governmental funds and one proprietary fund. These funds provide the following specific activities of the Town.

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.

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.)

The **Capital Projects Fund** accounts for the financial resources used to acquire land and facilities; and to construct and improve public facilities, including roads, bike paths, fire stations and parks. It also includes beach renourishment including beach management and monitoring.

The following table shows the amount and percent of change to these three funds over last fiscal year for budgeted expenditures.

Town Manager's Letter, continued

Comparison of the Fiscal Year 2013 Revised Budget with the Fiscal Year 2014 Budget

	General Fund	Debt Service Fund	Capital Projects Fund	Consolidated Budget
FY 2013 Revised Budget	$ 33,462,394	$ 15,928,015	$ 24,212,364	$ 73,602,773
FY 2014 Budget	$ 34,385,978	$ 16,496,174	$ 11,314,000	$ 62,196,152
Amount of Increase/(Decrease)	$ 923,584	$ 568,159	$ (12,898,364)	$ (11,406,621)
Percent of Increase/(Decrease)	2.76%	3.57%	-53.27%	-15.50%

Budgets by Fund as a Percent of the Total Budget

	General Fund	Debt Service Fund	Capital Projects Fund	Consolidated Municipal Budget
FY 2013 Revised Budget	45.50%	21.60%	32.90%	100.00%
FY 2014 Budget	55.30%	26.50%	18.20%	100.00%

Millage Rate

The millage rate for fiscal year 2014 will not change in total from the prior year. However, the rate in the General Fund will increase by .29 mils and decrease the same in the Debt Service Fund. As bond issues have matured in the Debt Service Fund, the Town has determined that the excess millage is needed for increased costs related to new and improved facilities coming on line. The chart below reflects the varying millage rates by fund for fiscal years 2013 and 2014.

	FY 2013	FY 2014
Fund		
General Fund	12.57	12.86
Debt Service Fund	6.01	5.72
Capital Projects Fund (CIP)	0.75	0.75
Total Millage Rate	**19.33**	**19.33**

The following chart shows the impact of the Town's millage rate on a typical home on the Island.

	FY 2013	FY 2014
Millage Rate by Fund		
General Fund	12.57	12.86
Debt Service Fund	6.01	5.72
Capital Projects Fund	0.75	0.75
Total Millage Rate	**19.33**	**19.33**
Value of home	$ 350,000	$ 350,000
Taxable Value (4% Primary Residence)	$ 14,000	$ 14,000
Taxes Paid		
General Fund	$ 175.98	$ 180.04
Debt Services Fund	84.14	80.08
Capital Projects Fund	10.50	10.50
	$ 270.62	**$ 270.62**

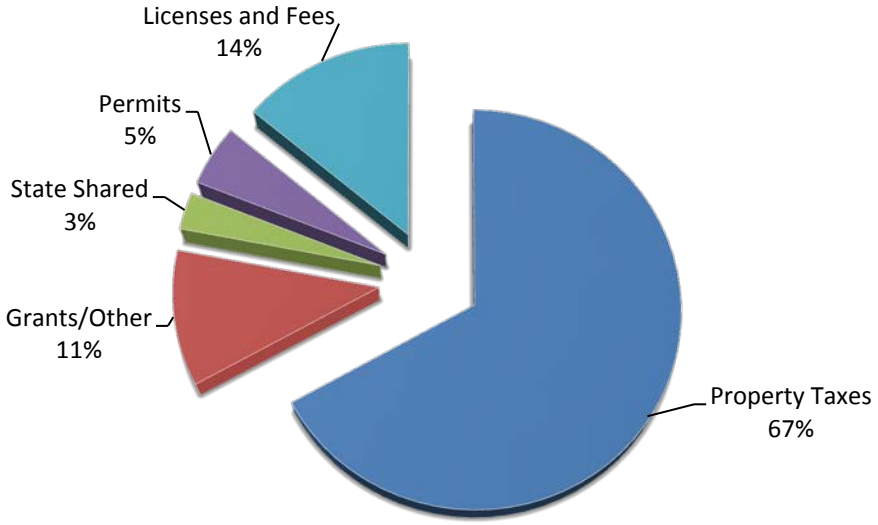
Town Manager's Letter, continued

General Fund

A mix of property taxes, business and franchise licenses, permitting fees, local accommodations tax for public safety and tourism facilities, state-shared funds, and funds from prior years (fund balance) supports the General Fund budget of $34,462,394. As one of our financial planning goals, we continue to look at the mix of revenues for the General Fund.

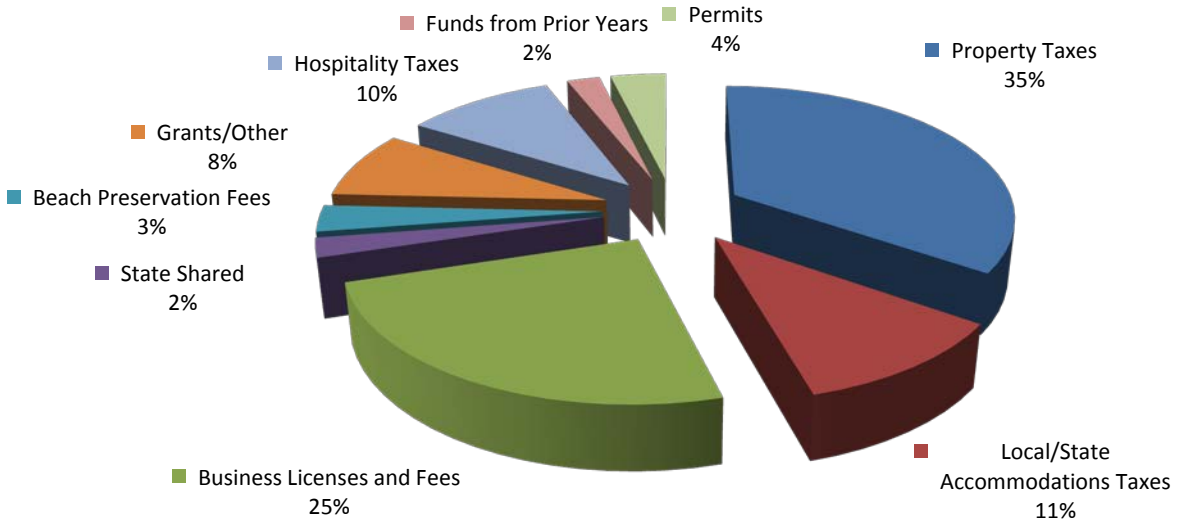
The charts below provide a comparison of the actual revenues collected for fiscal year 1994 compared to the fiscal year 2014 budget. These graphs highlight the progress made to lessen the reliance on a high percentage of property tax revenue from 67% in fiscal year 1994 as compared to 35% in fiscal year 2014. Additional funding is provided through licenses and fees, local 1% accommodations tax, state 2% accommodations tax, 2% beach preservation fee, 2% hospitality tax, Stormwater fee, electricity franchise fee, funds from prior years (fund balance), and tax increment financing (TIF). The increase in funding provided through these other sources demonstrates the Town's ability to expand the diversity of its funding sources through the years.

FISCAL YEAR 1994 GENERAL FUND BUDGETED REVENUES



Town Manager's Letter, continued

FISCAL YEAR 2014 GENERAL FUND BUDGETED REVENUES



General Fund - Major Revenues

The chart below reflects the anticipated growth or decline in the General Fund's major revenue sources.

							% Change	
Revenue Source	**2010**	**2011**	**2012**	**2013 Revised Budget**	**Estimated Actual**	**2014 Budget**	**FY 2013 Budget**	**FY 2013 Estimated Actual**
Property Taxes	$10,920,696	$10,956,179	$11,585,070	$11,935,350	$11,503,398	$11,769,908	-1%	2%
Business Licenses & Franchise Fees	7,884,950	7,634,210	8,184,379	8,111,850	8,233,446	8,432,839	4%	2%
Permit Fees	886,381	954,419	952,539	1,070,951	1,179,818	1,297,799	21%	10%
Funds from Prior Years (Fund Balance)	97,785	877,700	-	1,542,711	539,754	765,933	-50%	42%
Local Accommodations Tax	2,012,520	2,416,264	2,420,698	2,387,000	2,565,939	2,694,236	13%	5%
Transfers In:								
State Accommodations Tax	1,089,096	1,083,671	1,085,776	1,085,736	1,077,860	1,089,414	0%	1%
Beach Preservation Fee	1,315,746	978,080	969,390	981,705	969,390	1,094,557	11%	13%
Hospitality Tax	2,464,955	2,930,183	2,975,271	2,816,311	2,816,311	3,479,549	24%	24%

Town Manager's Letter, continued

General Fund – Expenditures

The chart below reflects the historical, estimated actual and budgeted expenditures by category.

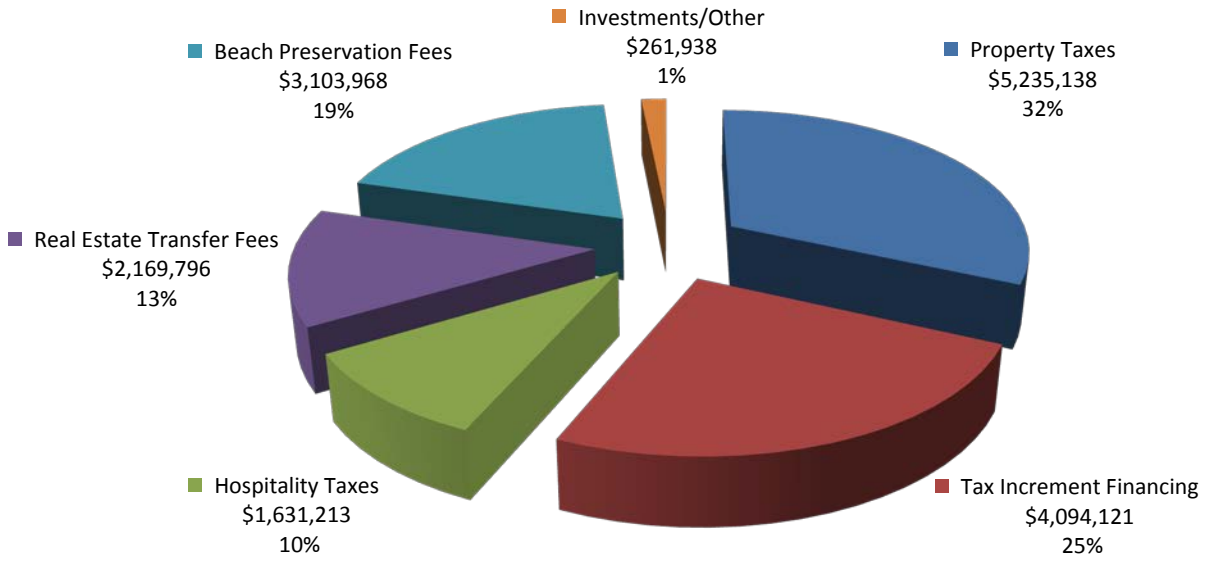
	2010	2011	2012	2013 Revised Budget	Estimated Actual	2014 Budget	% Change FY 2013 Budget	% Change FY 2013 Estimated Actual
Personnel	$ 20,681,152	$ 20,501,985	$ 20,235,244	$ 20,968,597	$ 20,565,085	$ 21,070,740	0%	2%
Operating	5,281,071	5,919,583	5,487,640	7,042,320	6,571,862	7,539,362	8%	15%
Sheriff/OtherPublic Safety	3,024,440	3,119,182	3,124,626	3,240,349	3,158,484	3,283,787	1%	4%
Grants	1,405,252	2,454,261	1,612,417	1,540,737	1,535,677	1,932,788	26%	26%
Capital Outlay	229,675	151,327	153,268	677,390	664,701	559,300	-18%	-16%
Total	**$ 30,621,590**	**$ 32,146,338**	**$ 30,613,195**	**$ 33,469,393**	**$ 32,495,809**	**$ 34,385,977**	3%	6%

Note: The personnel line above does not include 3 positions directly budgeted in the proprietary fund, the Stormwater Fund.

Debt Service Fund

The Debt Service Fund is established to account for the accumulation of resources for and the payment of general long-term debt principal and interest payments.

The Debt Service Fund has the following sources of funding for fiscal year 2014.



Note: The debt service of the Stormwater Fund is reported in its own fund in accordance with proprietary fund requirements

Town Manager's Letter, continued

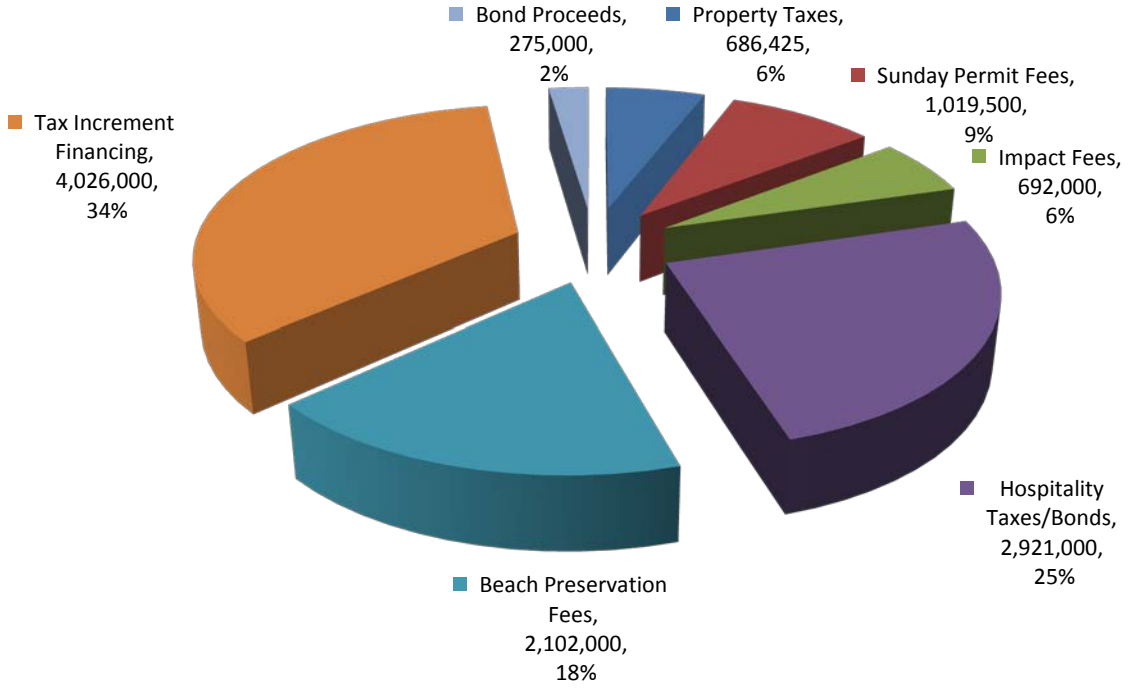
The Debt Service Fund has the following budgeted expenditures for fiscal year 2014.

	Interest	Principal	Total
Certificates of Participation	$ 43,016	$ 1,260,000	$ 1,303,016
General Obligation Bonds	2,528,956	3,815,900	6,344,856
Revenue Bonds	1,320,181	3,415,000	4,735,181
TIF Bonds	244,121	3,850,000	4,094,121
Other Charges	-	-	19,000
Grand Total	**$ 4,136,274**	**$ 12,340,900**	**$ 16,496,174**

Capital Projects Fund

The Capital Projects Fund Budget (CIP) reflects revenues and expenditures for fiscal year 2014 as well as a ten-year projection of anticipated new projects. The hard work and input of the Planning Commission and Parks and Recreation Commission in developing this proposal is acknowledged.

Sources of funding for the capital projects fund for fiscal year 2014 are as follows:



Town Manager's Letter, continued

The Town's larger projects planned for fiscal year 2014 are park developments at the Rowing & Sailing Center and Chaplin Linear Park/Collier Beach Park; new facilities at Coligny/Pope Initiative Area; pathways at Pembroke and Gardner Drives; roadway improvements at Leamington/Fresh Market Shoppes; and beach management projects for an emergent issue named Ocean Point and early stages of the next major renourishment planned in 2015.

The majority of the fiscal year 2013 transfers out relate to bond issues wherein portions of the bond proceeds were transferred to the Debt Service Fund and reimbursed the Hospitality Fund. The budgeted transfer in fiscal year 2014 is for a transfer of Sunday Liquor Permits to the General Fund for the biennial Public Art Exhibition and for the Island Recreation Center's capital/facility repairs.

The chart below reflects the historical, estimated actual and budgeted expenditures by category:

				2013			% Change	
	2010	2011	2012	Revised Budget	Estimated Actual	2014 Budget	FY 2013 Budget	FY 2013 Est. Actual
Beach Maintenance	$ 1,331,073	$ 568,574	$11,357,778	$ 1,429,581	$ 398,331	$ 1,702,000	19%	327%
Existing Facilities	4,959,040	2,997,296	1,426,274	4,847,391	1,178,778	892,000	-82%	-24%
Park Development	724,232	257,991	849,814	1,249,891	698,283	3,136,000	151%	349%
New Facilities	923,844	354,644	1,853,680	2,849,515	2,759,014	2,051,000	-28%	-26%
Pathway Improvements	934,823	548,128	510,075	1,995,405	1,171,735	1,260,000	-37%	8%
Drainage Improvements	(192,411)	-	-	-	-	-	N/A	N/A
Roadway Improvements	916,560	1,154,476	1,297,646	4,115,581	2,310,193	2,273,000	-45%	-2%
Land Acquisition	1,152,741	2,917,122	8,909,874	7,500,000	6,032,044	-	-100%	-100%
Debt Service/Issue Costs/Misc.	264,273	-	525,364	225,000	225,000	-	-100%	-100%
Transfers Out	3,537,280	37,500	1,137,500	3,551,772	3,551,772	318,400	-91%	-91%
Total	$ 14,551,455	$ 8,835,731	$27,868,005	$ 27,764,136	$ 18,325,150	$ 11,632,400	-58%	-37%

*The Town does not budget for land acquisition prior to the purchases.

PROPRIETARY FUND

The Stormwater Fund accounts for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of Stormwater systems and programs within the Town limits of Hilton Head Island in concert with Beaufort County and other water resource management programs.

The Stormwater Fund expenses and transfers out are programmed at $3.42 million with the largest components being project improvements at $1.69 million and debt service costs at $1.15 million. In addition, there is a transfer of $74,258 to the General Fund for project management costs.

Stormwater fees provide the resources for this fund. The fees are set annually by the Town and added to the property tax bills of the County. The annual base fee per SFU will remain at $108.70 for fiscal year 2014.

Town Manager's Letter, continued

Town Manager's Summary

We developed our budget with the view of an improving Island economy recovering from the economic recession. The Town is experiencing slightly higher revenues in most revenue sources and has presented a budget that reflects Town Council's adopted strategic plan. Over the last several years, we reduced personnel expenditures by eliminating 16 positions and with decreased costs related to turnover. We have increased our services with no millage rate increase this year. Tourism on the Island is slowly recovering and the amenities we provide to residents and tourist are expanding. As a result, our budget addresses the need to maintain our facilities reflecting the expectations of residents and visitors. Going forward, we face challenges of increasing demands for services and facilities, and expanding our local economy.

Sincerely,

TOWN OF HILTON HEAD ISLAND

Stephen G. Riley, ICMA-CM
Town Manager

Town Vision

DESTINATION 2028 GUIDING PRINCIPLES

- Living in Harmony with Nature, Protecting the Natural Beauty, and Creating a Unique Sense of Place
- Sustaining Community Prosperity Through a Diversified, Strong Local Economy Based Upon Resort, Retirement, and Non-Hospitality Businesses
- Providing Meaningful Experiences that Cherish our History, the Arts, Cultural Diversity, and Enrich the Lives of our Residents and Guests
- Striving for Excellence in Everything We Plan, Build, Do, and Maintain
- Providing a Serene, Safe, and Healthy Living Environment for Residents, Guests and Visitors
- Working Together and Volunteering for the Greater Good of the Hilton Head Island Community

Goals

TOWN OF HILTON HEAD ISLAND 2018: OUR GOALS

- Positive Climate for Business Investment
- Town Government: Financially Sound, Excellent Services
- Enrich Lives of Residents and Guests
- Upgraded Public Infrastructure and Facilities
- Preeminence for Environmental Stewardship

Policy Agenda CY2013: Targets for Action

POLICY AGENDA CY2013 TARGETS FOR ACTION

TOP PRIORITY

- Economic Development Organization: Creation and Operation
- Coligny Area Development Projects: Direction and Funding
- Arts Collaboration: Framework and Strategy for Fostering Collaboration among Arts Organizations
- Arts Center of Coastal Carolina: Short-Term Financial Direction
- Chaplin Linear Park and Boardwalk: Development and Permitting

TARGETS FOR ACTION CONT.

HIGH PRIORITY

- LMO Modifications
- Aging Office Buildings & Commercial Centers: Policy Direction and Town Tools
- Education Strategy: Identification of Needs and Direction
- Recreation Center Expansion: Direction on Future Phases
- Mainland Transportation Agreement: Dirt Road Policy Direction, Flyover Funding, and Future Town Acceptance of Private Roads Direction and Funding
- Solid Waste Contract: Direction

MODERATE PRIORITY

- Beaufort County Strategy: Issues, Positions, Dialogue
- Recreation Organization, Management and Performance Audit
- Commercial Recycling: Evaluation and Direction
- Land Acquisition Program: Policy Direction, Acquisitions, and Funding

MANAGEMENT AGENDA CY2013

TOP PRIORITY

- Airport Issues: Resolution
- Reassessment and Tax Rate Limitations: Direction and Public Information
- Shelter Cove Area Public Projects: Construction
- Tax Increment Financing District: Study Extension

HIGH PRIORITY

- Employee Compensation and Benefits: Review and Direction
- Posting of Quarterly Financial Reports Online: Purpose, Method, and Funding
- Beach Renourishment (2015): Scoping, Designing and Permitting
- Old Welcome Center Building: Direction

About Hilton Head Island[1]

History

Hilton Head Island is a resort town (located on an island of the same name) in Beaufort County, South Carolina, United States. It is 20 miles (32 km) north of Savannah, Georgia, and 95 miles (153 km) south of Charleston. The island gets its name from Captain William Hilton. In 1663, Captain Hilton identified a headland near the entrance to Port Royal Sound, which he named "Hilton's Head" after himself. The island features 12 miles (19 km) of beachfront on the Atlantic Ocean and is a popular vacation destination. An estimated 2.25 million visitors annually pump more than $1.7 billion into the local economy. The year-round population was 37,099 at the 2010 census, although during the peak of summer vacation season the population can swell to 150,000.

The island has a rich history that started with seasonal occupation by Native Americans thousands of years ago, and continued with European exploration and the Sea Island cotton trade. It became an important base of operations for the Union blockade of the Southern ports during the Civil War. Once the island fell to Union troops, hundreds of ex-slaves flocked to Hilton Head, which is still home to many 'native islanders', many of whom are descendants of freed slaves known as the Gullah (or Geechee) who have managed to hold onto much of their ethnic and cultural identity.

The Town of Hilton Head Island incorporated as a municipality in 1983 and is well known for its "eco-friendly" development. The Town's Community Development Department enforces the Land Management Ordinance which minimizes the impact of development and governs the style of buildings and how they are situated amongst existing trees. As a result, Hilton Head Island enjoys an unusual amount of tree cover relative to the amount of development. Approximately 70% of the island, including most of the tourist areas, is located inside gated communities. However, the town maintains several public beach access points, including one for the exclusive use of town residents. Residents have approved several multi-million dollar land acquisition bond referendums to control the amount or location of commercial growth; protect green, open space and the environment; and provide for active and passive public use such as pathways, parks and recreational facilities.

Hilton Head Island offers an unusual number of cultural opportunities for a community its size, including Broadway-quality plays at the Arts Center of Coastal Carolina, the 120-member full chorus of the Hilton Head Choral Society, the highly-rated Hilton Head Symphony Orchestra, the largest annual outdoor, tented wine tasting event on the east coast, and several other annual community festivals. It also hosts the RBC Heritage presented by Boeing, a stop on the PGA Tour which is played on the Harbour Town Golf Links in The Sea Pines Resort.

[1] Wikipedia with updates

Early history

An ancient Shell Ring can be seen near the east entrance to the Sea Pines Forest Preserve. The ring, one of only 20 in existence, is 150 feet (46 m) in diameter and is believed to be over 10,000 years old. Archeologists believe that the ring was a refuse heap, created by Native Americans that lived in the interior of the ring, which was kept clear and used as a common area. Two other shell rings on Hilton Head were destroyed when the shells were removed and used to make tabby for roads and buildings. The Shell Ring is listed in the National Register of Historic Places and is protected by law.

Since the beginning of recorded history in the New World, the waters around Hilton Head Island have been known, occupied and fought for in turn by the English, Spanish, French, and Scots.

A Spanish expedition led by Francisco Cordillo explored the area in 1521, initiating European contact with local tribes.

In 1663, Captain William Hilton sailed on the Adventure from Barbados to explore lands granted by King Charles II of England to the eight Lords Proprietor. In his travels, he identified a headland near the entrance to Port Royal Sound. He named it "Hilton's Head" after himself. He stayed for several days, making note of the trees, crops, "sweet water" and "clear sweet air".

In 1698, Hilton Head Island was granted as part of a barony to John Bayley of Ballingclough, County of Tipperary, Kingdom of Ireland. Another John Bayley, son of the first, appointed Alexander Trench as the island's first retail agent. For a time, Hilton Head was known as Trench's Island. In 1729, Trench sold some land to John Gascoine which Gascoine named "John's Island" after himself. The land later came to be known as Jenkin's Island after another owner.

In 1788, a small Episcopal church called the Zion Chapel of Ease was constructed for plantation owners. The old cemetery, located near the corner of William Hilton Parkway and Mathews Drive (Folly Field), is all that remains. Charles Davant, a prominent island planter during the Revolutionary War, is buried there. He was shot by Captain Martinangel of Daufuskie Island in 1781. It is also home to the oldest intact structure on Hilton Head Island, the Baynard Mausoleum, which was built in 1846.

William Elliott II of Myrtle Bank Plantation grew the first crop of Sea Island cotton in South Carolina on Hilton Head Island in 1790.

Fort Walker was a Confederate fort in what is now Port Royal Plantation. The fort was a station for Confederate troops, and its guns helped protect the 2-mile (3 km) wide entrance to Port Royal Sound, which is fed by two slow-moving and navigable rivers, the Broad River and the Beaufort River. It was vital to the Sea Island cotton trade and the southern economy. On October 29, 1861, the largest fleet ever assembled in North America moved south to seize it. In the Battle of Port Royal, the fort came under attack by the U.S. Navy, and on November 7, 1861, it fell to over 12,000 Union troops. The fort would be renamed Fort Welles, in honor of Gideon Welles, the Secretary of the Navy.

Hilton Head Island would have tremendous significance in the Civil War, becoming an important base of operations for the Union blockade of the Southern ports, particularly Savannah and Charleston. The Union would also build a military hospital on Hilton Head Island with a 1,200-foot (370 m) frontage and a floor area of 60,000 square feet (6,000 m^2).

Hundreds of ex-slaves flocked to Hilton Head Island, where they could buy land, go to school, live in government housing, and serve in what was called the First Regiment of South Carolina Volunteers (although in the beginning, many were "recruited" at the point of a bayonet). A community called Mitchelville (in honor of General Ormsby M. Mitchel) was constructed on the north end of the island to house them.

The Leamington Lighthouse was built in the 1870s on the southern edge of what is now Palmetto Dunes.

On August 27, 1893, the Sea Islands Hurricane made landfall near Savannah, Georgia, with a storm surge of 16 feet (5 m) and swept north across South Carolina, killing over a thousand and leaving tens of thousands homeless.

20th century

An experimental steam cannon guarding Port Royal Sound was built around 1900 in what is now Port Royal Plantation. The cannon was fixed but its propulsion system allowed for long range shots for the time.

In 1931, Wall Street tycoon, physicist, and patron of scientific research, Alfred Lee Loomis along with his brother-in-law and partner, Landon K. Thorne, purchased 17,000 acres (69 km^2) on the island (over 63% of the total land mass) for about $120,000 to be used as a private game reserve.

On the Atlantic coast of the island are large concrete gun platforms that were built to defend against a possible invasion by the Axis powers of World War II. Platforms like these can be found all along the eastern seaboard.

The Mounted Beach Patrol and Dog Training Center on Hilton Head Island trained U.S. Coast Guard Beach Patrol personnel to use horses and dogs to protect the southeastern coastline of the U.S.

In the early 1950s, three lumber mills contributed to the logging of 19,000 acres (77 km^2) of the island. The island population was only 300 residents. Prior to 1956, access to Hilton Head was limited to private boats and a state-operated ferry. The island's economy centered on ship building, cotton, lumbering, and fishing.

The James F. Byrnes Bridge was built in 1956. It was a two-lane toll swing bridge constructed at a cost of $1.5 million that opened the island to automobile traffic from the mainland. The swing bridge was hit by a barge in 1974 which shut down all vehicle traffic to the island until the Army Corps of Engineers built and manned a pontoon bridge while the bridge was being repaired. The swing bridge was replaced by the current four-lane bridge in 1982.

The beginning of Hilton Head as a resort started in 1956 with Charles Fraser developing Sea Pines Resort. Soon, other developments followed, such as Hilton Head Plantation, Palmetto Dunes Plantation, Shipyard Plantation, and Port Royal Plantation, imitating Sea Pines' architecture and landscape. Sea Pines however continued to stand out by creating a unique locality within the plantation called Harbour Town, anchored by a recognizable lighthouse. Fraser was a committed environmentalist who changed the whole configuration of the marina at Harbour Town to save an ancient live oak. It came to be known

as the Liberty Oak, known to generations of children who watched singer and song writer Gregg Russell perform under the tree for over 25 years. Fraser was buried next to the tree when he died in 2002.

The Heritage Golf Classic was first played in Sea Pines Resort in 1969, and has been a regular stop on the PGA Tour ever since.

Also in 1969, the Hilton Head Island Community Association successfully fought off the development of a BASF chemical complex on the shores of Victoria Bluff (now Colleton River Plantation). Soon after, the association and other concerned citizens "south of the Broad" fought the development of off-shore oil platforms by Brown & Root (a division of Halliburton) and ten-story tall liquefied natural gas shipping spheres by Chicago Bridge & Iron. These events helped to polarize the community, and the Chamber of Commerce started drumming up support for the town to incorporate as a municipality. After the Four Seasons Resort (now Hilton Head Resort) was built along William Hilton Parkway, a referendum of incorporation was passed in May 1983. Hilton Head Island had become a town.

The Town of Hilton Head Island has jurisdiction over the entire island except Mariner's Cove, Blue Heron Point, and Windmill Harbor.

The Land Management Ordinance was passed by the Town Council in 1987. Disney's Hilton Head Island Resort opened in 1996. The Cross Island Parkway opened in January 1997. An indoor smoking ban in bars, restaurants, and public places took effect on May 1, 2007.

Geography

Hilton Head Island is often referred to as the second largest barrier island on the eastern seaboard after Long Island (which is not actually a barrier island but two glacial moraines). Technically, Hilton Head Island is only half barrier island. The north end of the island is a sea island dating to the Pleistocene epoch, and the south end is a barrier island that appeared as recently as the Holocene epoch. Broad Creek, which is actually a land-locked tidal marsh, separates the two halves of the island.

The terrain of a barrier island is determined by a dynamic beach system with offshore bars, pounding surf, and shifting beaches; as well as grassy dunes behind the beach, maritime forests with wetlands in the interiors, and salt or tidal marshes on the lee side, facing the mainland. A typical barrier island has a headland, a beach and surf zone, and a sand spit.

Climate

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Average high °F	60	63	69	75	82	86	89	88	84	77	70	62	75
Average low °F	40	43	49	55	63	71	74	73	69	59	50	43	57
Precipitation inches	4.0	3.3	3.4	3.2	2.0	4.5	6.3	7.6	5.8	4.6	2.6	3.1	50.4
Average high °C	16	17	21	24	28	30	32	31	29	25	21	17	24
Average low °C	4	6	9	13	17	22	23	23	21	15	10	6	14
Precipitation cm	10	8	9	8	5	11	16	19	15	11	6	8	126

Wildlife

The Hilton Head Island area is home to a vast array of wildlife, including alligators, deer, Loggerhead Sea Turtles, manatee, hundreds of species of birds, and dolphins.

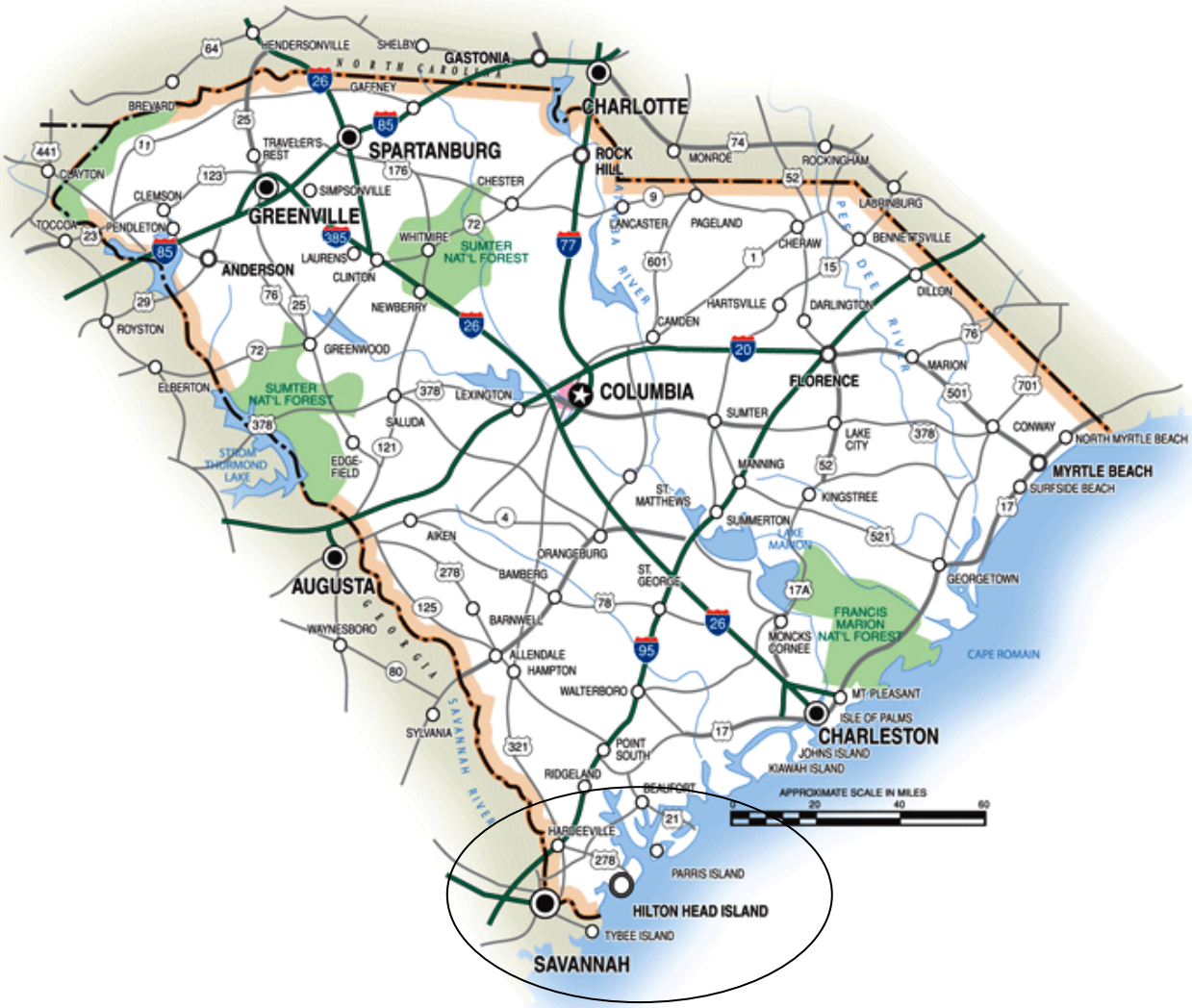
The Coastal Discovery Museum, in conjunction with the South Carolina Department of Natural Resources, patrols the beaches from May through October as part of the Sea Turtle Protection Project. The purpose of the project is to inventory and monitor nesting locations, and if necessary, move them to more suitable locations. During the summer months, the museum sponsors the Turtle Talk & Walk, which is a special tour designed to educate the public about this endangered species. To protect Loggerhead Sea Turtles, a town ordinance stipulates that artificial lighting must be shielded so that it cannot be seen from the beach, or it must be turned off by 10:00 p.m. from May 1 to October 31 each year.

The waters around Hilton Head Island are one of the few places on Earth where dolphins routinely use a technique called "strand feeding" whereby schools of fish are herded up onto mud banks, and the dolphins lie on their side while they feed before sliding back down into the water.

The salt marsh estuaries of Hilton Head Island are the feeding grounds, breeding grounds, and nurseries for many saltwater species of game fish, sport fish, and marine mammals. The dense plankton population gives the coastal water its "murky" brown-green coloration.

Plankton support marine life including oysters, shrimp and other invertebrates, and bait-fish species including Menhaden and Mullet, which in turn support larger fish and mammal species that populate the local waterways. Popular sport fish in the Hilton Head Island area include the Red Drum (or Spot Tail Bass), Spotted Sea Trout, Sheepshead, Cobia, Tarpon, and various shark species.

Where is Hilton Head Island?



Hilton Head Island at a Glance

Demographic Information

Population	
2001	34,056
2002	34,626
2003	34,599
2004	34,633
2005	34,817
2006	34,368
2007	34,140
2008	34,243
2009	34,249
2010 Census	37,099
2011 (estimate)	37,675
Median Age	46.0
Number of Households	16,810
Average Persons per Household	2.16
Average Family Size	2.32
Per Capita Income	$45,195
Racial Composition	
White	82.9%
Black or African American	7.5%
American Indian, Alaskan Native	0.2%
Asian	0.9%
Other	8.5%
Hispanic Ethnicity	15.8%

Land Use

Land Area	54 sq. miles
Miles of Beach	13

Tourism

Monthly Peak Summer Population	150,000
Total Annual Visitors	2.5 million
Annual Visitor Expenditures	$1.7 billion

General Information

Property Tax Millage Rate:	
General Fund (Operating)	12.86
Voter Approved Debt	5.72
Capital Projects Fund (CIP)	.75
Total Millage Rate	19.33
Bond Ratings:	
Moody's Investor Service	Aaa
Standard and Poor's	AA+
Fitch	AA+
FY 2014 Budget	$65,540,649
Total Town Staff (FTEs)	248.1

Recreation and Culture

Public Tennis Clubs	7
Tennis Courts Public and Private	300
Public Recreation Facilities	
Active Recreation	3
Beach Access/Parks	7
Pools	1
Arts Center	1
Number of Libraries	2
Number of Museums	1
Number of Nature Preserves	3
Number of Marinas	8
Golf Course in Town Limits (non-municipal)	23

Hilton Head Island at a Glance (continued)

Economic Development[2]

Hilton Head Island's economy is primarily tourism and real estate driven.

- Presently, there are more than 600 real estate executives employed on the Island.
- 61% of local jobs are tourism-related.
- Tourism in the Hilton Head Island area employs over 10,000 people living both on the Island and in the surrounding communities.
- Approximately 43 percent of the 5,100 licensed Island enterprises are retail and service-oriented companies.
- Retail operations and restaurants, in particular, have flourished on Hilton Head Island.
- Tourism contributes more than $1.5 billion into the Hilton Head Island area economy annually.
- Tourist lodging facilities on Hilton Head Island pay nearly $20 million in property taxes to Beaufort County.
- Sales taxes paid by visitors total $47 million. Taxes paid by tourists save every South Carolina taxpayer more than $200 each year in state taxes.

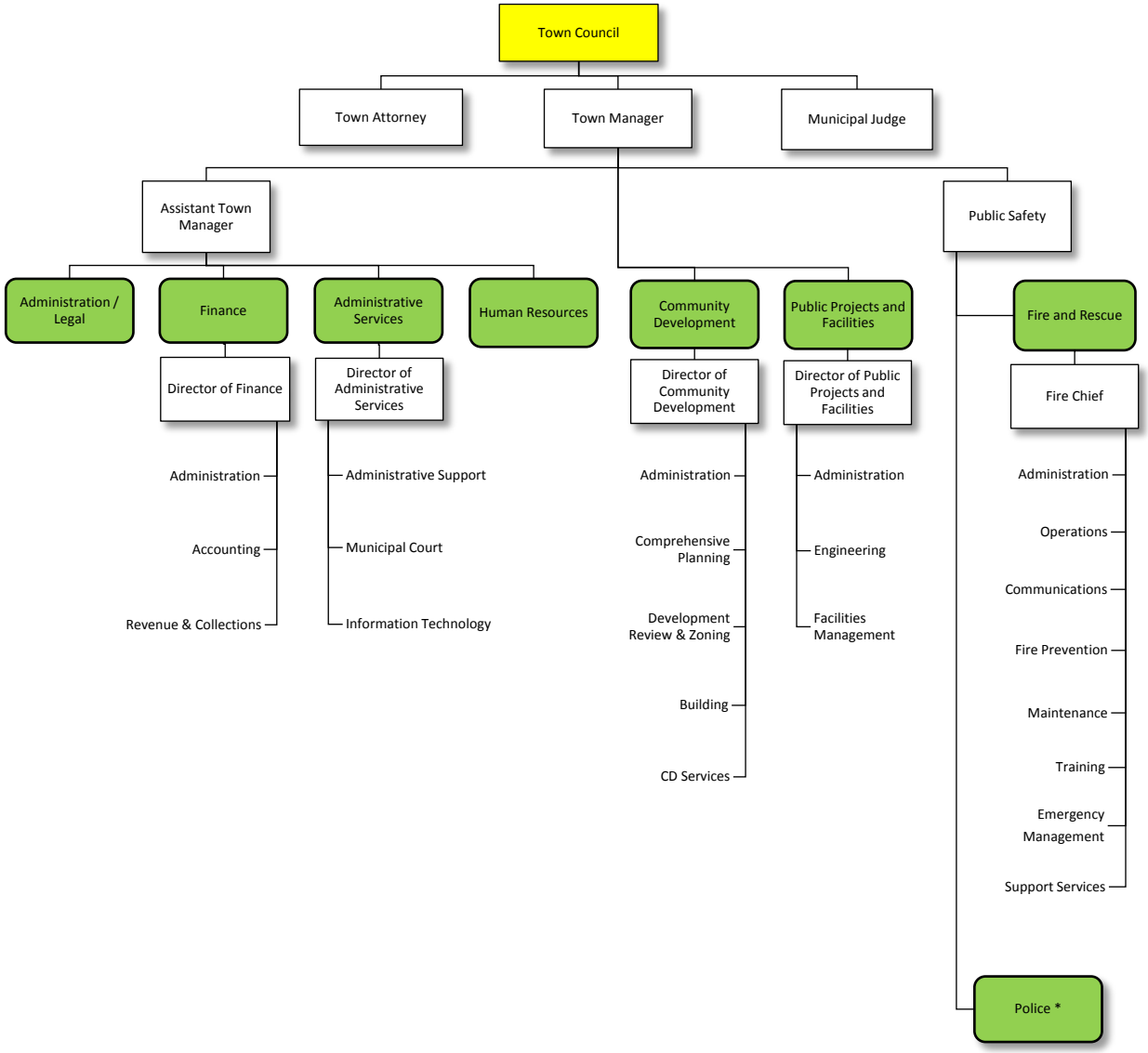
Property Sold Through Real Estate Agents[3]

	2007	2008	2009	2010	2011	% Change	2012	% Change
Homes Sold	694	538	550	611	673	10.1%	768	14.1%
Average Price	$ 1,018,686	$ 852,501	$ 725,504	$ 669,689	$ 654,018	-2.3%	$ 632,342	-3.3%
Villas Sold	627	476	510	725	747	3.0%	896	19.9%
Average Price	$ 395,179	$ 393,936	$ 261,202	$ 230,090	$ 220,030	-4.4%	$ 226,232	2.8%
Lots Sold	73	34	47	83	103	24.1%	122	18.4%
Average Price	$ 515,938	$ 438,244	$ 434,755	$ 204,834	$ 216,698	5.8%	$ 219,352	1.2%

[2] Hilton Head Island Chamber of Commerce
[3] hhimls.mlxtempo.com

General Information

Town Organizational Chart



*Contract service provided by the Sheriff's Office

Budget Calendar and Map

Budget Calendar	
February 8, 2013	Budget kick-off departmental budget packages distributed
February 25, 2013	Department budgets due to Asst Town Manager for initial review
March 4, 2013	Budgets due to Finance Department for budget integration
April 10-15, 2013	Proposed budget is reviewed by the Town Manager and Department Heads
May 7, 2013	Town Manager delivers the proposed budget to the Town Council for first reading of ordinance
May 1–May 31, 2013	Town Council workshops
June 11, 2013	Public hearing; revised first reading of the budget ordinance by Town Council
June 18, 2013	Second and final reading of budget

Accounting and Financial Policies

Accounting Policies

General Guidelines

The Comprehensive Annual Financial Report (CAFR) presents the status of the Town's finances on a basis consistent with Generally Accepted Accounting Principles (GAAP), i.e., the governmental funds use the modified accrual basis of accounting and the proprietary funds use the accrual basis. The CAFR presents the Town's funds on a GAAP basis in the Government-wide and Fund Financial Statements. The Town adopts a formal budget for the General, Capital Projects, Debt Service and Stormwater Funds. In order to provide a meaningful comparison of actual results with the budget, the Town presents budget and actual statements for its four budgeted funds in the Other Supplementary Information section of the CAFR. The budgets are adopted on a modified accrual basis including the Stormwater Fund; the budget and actual statement is reconciled to the full accrual basis fund statement.

Government-Wide Statements (CAFR)

The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities, generally, are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties. The Town reports its Stormwater Fund, an enterprise fund in the Proprietary Fund Group, as business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function; and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (CAFR)

The fund financial statements provide information about the Town's funds of which all except the Stormwater Fund are considered governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports the following major governmental funds:

General Fund. This fund is used to account for all financial resources except those required to be accounted for in another fund. Its primary operating expenditures are general government, administrative services, sheriff/other public safety, fire, community services, and public projects and facilities.

Debt Service Fund. This fund is used for accumulating resources for the payment of interest and principal on general long-term obligation debt of the governmental funds.

Fund Financial Statements (CAFR) (continued)

Capital Projects Fund. This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Tax Increment Financing (TIF) Fund (Special Revenue Fund). This fund is used to account for the revenues and expenditures associated with the Town's redevelopment districts.

Local Accommodations Tax Fund. This fund is used to account for the Town's receipts from the one percent (1%) tax levied on rentals of transient accommodations within the corporate limit. According to statutory provisions the purpose of these funds is to pay, in whole or in part, for the current and future needs of the town, for the following items: tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums; cultural, recreational, or historic facilities; beach access and re-nourishment; highways, roads, streets, and bridges providing access to tourist destinations; advertisements and promotions related to tourism development; water and sewer infrastructure to serve tourism-related demand; and, the operation and maintenance of those items previously enumerated, and police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

State Accommodations Tax Fund (Special Revenue Fund). This fund is used to account for the Town's receipts from the two percent (2%) tax levied on rentals of transient accommodations within the corporate limit. According to statutory provisions, these funds are used for the promotion of tourism and the arts.

Beach Preservation Fee Fund (Special Revenue Fund). This fund accounts for the Town's receipts from the two percent (2%) fee levied on the gross proceeds derived from the rental for any rooms, campground spaces, recreational vehicle spaces, lodging or sleeping accommodations furnished to transients by any hotel, inn, condominium, motel, "bed and breakfast," residence or any other place in which rooms, lodging or sleeping accommodations are furnished to transients within the corporate limit.

Hospitality Tax Fund (Special Revenue Fund). This fund is used to account for the Town's receipts from the two percent (2%) percent tax imposed on the gross sales price of prepared meals and beverages sold in establishments and also on the gross sales price of sales of prepared meals and beverages sold in establishments licensed for on-premises consumption of alcoholic beverages, beer or wine. The tax is imposed throughout the corporate limits of the Town. According to statutory provisions, the purpose of these funds is to pay, in whole or in part, for the current and future construction, enhancement, preservation and maintenance of tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums; cultural, recreational, or historic facilities; beach access and re-nourishment; highways, roads, streets, and bridges providing access to tourist destinations; advertisements and promotions related to tourism development; and water and sewer infrastructure to serve tourism-related demand.

Real Estate Transfer Fee Fund (Special Revenue Fund). This fund accounts for a fee equal to one quarter of one percent (.0025) of the purchase price upon the transfer of any real property interest in any real property situated within the corporate limits of the Town.

Fund Financial Statements (CAFR) (continued)

Real Estate Transfer Fee Fund (Special Revenue Fund) (continued).
These funds are used (a) to acquire fee and less than fee interest in land while it is still available to be held in perpetuity as wildlife preserves or believed to be needed by the public in the future for active and passive recreation uses and scenic easements, to include the following types of land: ocean, harbor and pond frontage in the form of beaches, dunes and adjoining backlands; barrier beaches; fresh and saltwater marshes and adjoining uplands; land for bicycle paths; land protecting existing and future; public water supply, well fields, highway buffering and aquifer recharge areas; and land for wildlife preserves; and land for future public recreational facilities and (b) to acquire already developed land or development rights in order to convert its use to a public use, to restore the property to open space, or to redefine that property in accordance with the town's current comprehensive plan and dispose of it as soon as possible.

Non-major Funds. The Town reports the Palmetto Electric Franchise Fees and the Home Grant as Special Revenue funds under non-major governmental funds.

Note on Funds without Formally Adopted Budgets. The Town does not adopt formally adopt budgets for its Special Revenue Funds. These funds have minimal direct expenditures; instead, the majority of the sources in these funds are transferred to the three budgeted governmental funds and expended from those funds. The Tax Increment Financing Fund (TIF), Accommodations Tax Fund, Beach Preservation Fees Fund, Real Estate Transfer Fee Fund, and Electricity Franchise Fee Fund budgets are reflected in the General Fund, Capital Projects Fund (CIP), and Debt Service Fund as “transfers in”. Any additional funds expended from these funds are approved at the time the funds are expended.

The Town reports the following enterprise fund:

Stormwater Utility Fund. The Clean Water Act, signed into law 1973, requires local governments to manage stormwater pollution. As a result of this federal mandate Beaufort County established a Stormwater Management Utility (SWU). The utility is responsible for protecting the health of our valuable waterways and for reducing flooding due to storms in our vulnerable low-lying region. The Town sets the fee and notifies Beaufort County to include the fee on its property tax bills. The County collects the Stormwater fee and remits the funds to the Town minus an administrative over-head fee. The Town uses these funds for drainage infrastructure maintenance and any associated debt service costs.

Measurement Focus and Basis of Accounting

For the governmental fund financial statements, the Town maintains these funds during the year using the modified accrual basis of accounting. The proprietary fund uses this same basis for budgetary purposes but is converted to accrual basis at yearend for the CAFR.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Measurement Focus and Basis of Accounting (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Taxpayer-assessed income and gross receipts are recognized as revenue when in the hands of intermediary collecting governments (state shared revenues, sales and accommodation tax revenue). Business license revenues are recognized when measurable and available. Property tax revenues are recognized when received or available for payment of liabilities of the current period. The Town considers property taxes as available if collected within 60 days after year-end.

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting as described above for the government-wide financial statements. The operating statement does not report the issuance of debt, debt service principal payments and capital outlay.

Cash and Cash Equivalents

The Town considers cash on hand, cash with fiscal agents, demand deposits, and all other short-term investments that are highly liquid to be cash equivalents. Highly liquid short-term investments are those readily convertible to a known amount of cash, that at the day of purchase, have a maturity date no longer than three months.

Investments

In accordance with the provisions of two South Carolina Statutes, S.C. Code Ann. § 6-5-10 and S.C. Code Ann. § 11-1-60, the Town is authorized to invest in the following instruments:

- Government National Mortgage Association (GNMA)
- Federal Home Loan Banks (FHLB)
- Small Business Administration (SBA)
- U.S. Maritime Administration (MA)
- Tennessee Valley Authority (TVA)
- U.S. Export-Import Bank (Eximbank)
- Farmers Home Administration (FHA)
- Federal Financing Bank (FFB)
- General Services Administration (GSA)
- Department of Housing and Urban Development (HUD)
- Repurchase agreements whose underlying purchased securities consist of the afore-mentioned instruments;
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
- Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation.

The Town's primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield.

Investments (continued)

Unrated investments (overnight funds) are invested in a money market "account" vs. a true "fund." That is, the funds are held by Wells Fargo Bank in an interest-bearing depository account. As such, they are collateralized per Section 6-5-15 of the SC Code which outlines securing bank deposits.

Restricted Assets

Certain debt proceeds as well as certain resources that are set aside for their repayment are classified as restricted assets because their use is limited by applicable bond covenants.

Capital Assets and Depreciation

In general, all capital assets including land, buildings, machinery and equipment, and infrastructure with an original cost of $5,000 or more will be subject to accounting and reporting (capitalization). All costs associated with the purchase or construction should be considered, including ancillary costs such as freight and transportation charges, site preparation expenditures, installation charges, professional fees, and legal costs directly attributable to asset acquisition. Software licenses and other intangibles of a consumable nature the value of which is $50,000 or more and an estimated useful life of at least two years following the date of acquisition will be considered capital items.

Capital assets are reported in the applicable governmental column in the government-wide financial statements.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net assets. General capital assets are carried at historical cost. Where costs cannot be determined from the available records, estimated historical costs have been used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair value at the date of acquisition. Most of the Town's road network is owned by the State or deeded by the Town to the County and is not included in the Town's capital asset inventory. The remaining Town-owned roads are carried in the capital asset inventory.

Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated lives for each major class of depreciable fixed assets are as follows:

Buildings	30 years
Infrastructure	25 years
Vehicles	8-15 years
Furniture, fixtures, equipment	5-20 years
Land	20-30 years
Roads	25-30 years
Waterway	30 years
Software	10 years

Physical Inventory

An annual inventory will be conducted to ensure the replacement, maintenance, and capital improvement program projections are accurate, and that sufficient internal control over capital items is exercised.

Compensated Absences

The Town has a policy to accrue compensated absences for employees when the obligation relating to the employee's rights to receive compensation is attributable to the employee's services already rendered, when the rights vest and accumulate and when the payment is payable. Vacation pay meets the above criteria for accrual, whereas sick pay does not. Sick pay does not vest until an employee reaches retirement eligibility. In accordance with GASB no liability is recorded for non-vesting accumulative rights to receive sick pay benefits.

Sick leave benefits are not paid to terminating employees who have not reached retirement eligibility. Employees who retire (as defined by the employee's primary retirement plan) or who die after reaching retirement eligibility receive a contribution equal to 100% of the value of their accrued sick leave to a Vantage Care Retirement Health Savings Plan account. The balance in this account may be used for payment of retiree medical expenses.

Long-Term Obligations

In the government-wide financial statements and the fund financial statements for the proprietary fund, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Bond Discounts/Issuance Costs/Deferred Losses on Advance Refunding

As mentioned above in the fund financial statements, bond discounts and issuance costs for governmental funds are recognized in the current period. For proprietary funds, bond discounts, issuance costs, and deferred losses on advance refunding are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts and deferred losses on advance refunding are presented as a reduction of the face amount of the bonds payable, whereas issuance costs are recorded as deferred charges in accordance with Governmental Accounting Standards Board Statement No. 23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Funds.

In the government-wide financial statements, bond discounts, issuance costs and deferred losses on advance refunding are accounted for in the same manner as in the proprietary funds.

Budgetary Accounting

Annual appropriated budgets are formally adopted for three governmental funds: the General Fund, Debt Service Fund, and Capital Projects Fund. The Town also adopts a formal budget for its proprietary fund: the Stormwater Fund operating as an enterprise.

The State Accommodations Fund budget is determined by Town Council when it awards its grants in the middle of the fiscal year. These grants from 65% of the total fund are awarded for the calendar year. The remainder of the fund is established by State law (first $25,000 and 5% are transferred to the General Fund and 30% is designated for marketing to the Hilton Head Chamber of Commerce – Visitor and Convention Bureau.

The budget book also includes special revenue funds' plans as well. Budgets are not formally adopted for the various special revenue funds. However, they provide major sources of funds for the three major governmental funds. The Town presents this funding as transfers out of the special revenue funds and transfers in to the formally budgeted funds. The Town's special revenue funds are the State Accommodations, Tax Increment Financing (TIF), Beach Preservation Fees, Hospitality Tax, Real Estate Transfer Fees (RETF), and Palmetto Electric Franchise Fees.

The Town Manager submits to Town Council a proposed operating budget for the General Fund, Debt Service Fund, Capital Projects Fund (CIP), and the Stormwater Utility for the year which includes proposed expenditures and the means of financing them.

Public hearings are held for taxpayers' comments regarding the budgets for the General Fund, Debt Service Fund, Capital Projects Fund (CIP), and the Stormwater Utility.

The budgets and related millage rate are legally enacted by resolution.

Budgetary transfers between departments may be authorized by the Town Manager. Changes or amendments that alter the total expenditures of any fund must be approved by Town Council.

The Town prepares and adopts budgets on a basis consistent with generally accepted accounting principles and basis of accounting. All appropriations lapse at year end; however, encumbrances and amounts specifically designated to be carried forward to the subsequent year are re-appropriated in the following year.

Financial Policies

Revenues

The Town estimates its annual revenues by objective and analytical processes. Revenue forecasts for the General Fund for the next three years shall be conservative and will be reviewed and updated annually.

The Town shall maintain a diversified and stable revenue system to the extent provided by law to insulate it from short run fluctuations in any one revenue source.

The Town will avoid dependence on temporary revenues to fund day-to-day municipal services. One-time revenues will generally be used for one-time expenditures/expenses.

All potential grants will be carefully examined for matching requirements (both dollar and level-of-effort matches).

Current revenues will be sufficient to support current expenditures/expenses (balanced budget).

Expenditures/Expenses

All current operating expenditures/expenses will be paid for with current operating revenues. Budgetary procedures that fund current expenditures/expenses at the expense of future needs, such as postponing expenditures/expenses, accruing future revenues or rolling over short-term debt, will be avoided.

All assets will be maintained at a level that protects capital investment and minimizes future maintenance and replacement costs.

The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital infrastructure and equipment.

All equipment needs and replacements for the next five years will be projected and the projection will be reviewed and updated each year.

Future operating costs and maintenance will be determined to the extent estimable prior to construction of all new capital facilities.

Before any actions are taken or agreements are entered into that create fixed costs, the current and future years cost implications (both operating and capital) will be fully determined.

Where practical, performance measures and productivity indicators will be integrated into the budget.

Expenditure forecasts for the General Fund and Stormwater Fund for the next three years shall be all-inclusive and will be reviewed and updated annually. Debt service costs are forecast for the next five years and will be reviewed and updated annually.

Incorporating the Capital Improvement Plan (CIP) into the Capital Projects Fund (CPF)

The Town is required by State law to develop a ten-year Capital Improvements Plan (CIP) and update it annually. The CIP is a separate document from the Capital Projects Fund (CPF) budget; however, the CIP is the initial source for developing the formal CPF.

State law recognizes millage as either operating or debt. The Town chooses to establish separate millage for the General Fund and CPF; however for State millage purposes, both are combined into the operating millage.

The Town adopts an annual (current year only) Capital Projects Fund budget based on the multi-year CIP. The Town determines its available funding and submits a prioritized CPF budget in accordance with the adopted CIP.

The Town must coordinate development of the CPF budget with development of the General Fund budget. Future operating costs associated with capital improvements will be projected and reported in the General Fund budget.

The CPF budget section will contain a ten-year projection of expenditures. However, the Town only formally adopts the first year of the CPF.

Projects funded with bonds, loans, or short-term notes will continue until the project is finished and closed on the general ledger. Staff must re-appropriate the budgets for these projects annually through the budget process. Projects funded by cash will expire at year end with no funding roll-forward unless approved by Town Council. Excess funds shall be used to fund future capital projects, over budget projects, or to refund financial instruments.

Capital Improvement Plan (CIP) (continued)

Projects that will exceed budget must have a revised budget and request for additional funding submitted to Finance at the earliest possible time. Additional funding identified through savings on other capital projects or other means is adopted in accordance with the budget transfer policy.

Contingency

The Town will establish a contingency in each year's budget to:

1. Provide for temporary funding of unforeseen needs of an emergency or nonrecurring nature;
2. Permit orderly budgetary adjustments when revenues are lost through the action of other governmental bodies;
3. Provide a local match for public or private grants; or
4. Meet unexpected small increases in service delivery costs.

Debt Management Policies

Market Review

The Town reviews its outstanding debt annually for the purpose of determining if the financial market place will afford the Town the opportunity to refund an issue and lessen outstanding debt.

Debt Issuance

When the Town finances capital projects by issuing bonds, it shall amortize the debt over a term not to exceed the average useful life of the project(s) financed.

The Town may confine long-term borrowing to capital improvements and projects that have lives of 4-50 years, (in accordance with the estimated useful life definition of a capital asset).

When appropriate, the Town may use special assessments or self-supporting bonds, so those benefiting from the improvements will bear all or part of the cost of the project financed.

Debt Service Levels

General statutes limit the amount of general obligation debt that a unit of government can issue up to eight percent (8%) of the total assessed value of taxable property located within that government's boundaries. The Town may incur General Obligation Debt over the eight percent (8%) limit when approved by a majority vote in a referendum as authorized by law.

Based on the estimated total assessed value of $911,898,478 the legal debt margin for the Town of Hilton Head Island is $72,950,278. Town Council has imposed an 80% cap which further limits this to $58,360,222. The Town has $8,870,000 in bonds issued at June 30, 2013, which are applicable to this cap, leaving $49,490,222 available.

Debt Management Policies (continued)

Bond Ratings

The Town shall periodically review possible actions to maintain or improve its bond ratings by various rating agencies. The Town shall follow a policy of "full disclosure" in its Comprehensive Annual Financial Report and bond prospectuses.

As a result of the Town's prudent financial management, it has been rewarded with excellent bond ratings by all three rating agencies.

Moody's Investor Service	Aaa
Standard and Poor's	AA+
Fitch	AA+

These ratings reinforce confidence in our efforts to maintain a fiscally sound operation through uncertain economic times.

Financial Reserves

In an effort to maintain a sound fiscal condition, the Town continues to maintain stringent expenditure controls. Another measure of the Town's financial strength is the level of fund surpluses (i.e. revenues exceeding expenditures). For several years, the General Fund reserves have continued to grow as a result of growth related revenues, improved productivity and prudent financial management policies. These funds are held in reserve to protect the Town's assets against catastrophic events or to fund unplanned expenditures.

To the extent there is an imbalance between revenues and budgeted expenditures, it is important that reserves are used carefully and judiciously, since reserves are a one-time, nonrecurring funding source. Just as reserves are built up over time, drawing down on reserves should be done in measured amounts. The long-term health of the fund requires that a structural imbalance must be addressed promptly. If an imbalance occurs a plan should be developed to address the imbalance concurrently with the planned draw down of reserves.

Disaster Planning Reserves

To protect its assets against catastrophic events, the Town established the following reserves.

Operating Reserve

The Town will establish and maintain an operating reserve based on a range with a **minimum of 25%** up to a **maximum of 30%** of the Town's adopted fiscal year operating budget. The operating reserve may be utilized for emergency purposes in post-disaster occurrences; to offset an early fiscal year tax revenue income stream deficiency; and to avoid emergency Town borrowing or use of tax anticipation notes. The Director of Finance is authorized to transfer the amount of undesignated fund balance above the 30% maximum into the debt service reserve fund to maintain an account reserved for the reduction of the Town's general obligation debt. This account shall be called debt defeasance. A report shall be given each year to Town Council, at the close of the fiscal year, identifying the potential excess funds that could be transferred. In the event there are no outstanding GO debt issues conducive to early retirement, the excess funds may remain in the general fund until needed for operations and debt reduction

Disaster Planning Reserves (continued)

Restricted for Advertising

The Town shall maintain a Restricted Advertising Account for the purpose of having ready access to funds for special advertising needs in cases of a) a near miss of a hurricane, b) for advertising in response to a declared disaster, c) for other such targeted advertising needs as determined by Council on a case-by-case basis, and d) for supplemental annual tourism advertising.

The Town shall deposit two percent (2%) of the local hospitality tax revenues and five percent (5%) of the local accommodations tax revenues collected annually into the Restricted for Advertising account. Annual interest earned shall be deposited into the account. The Town will maintain at least one million dollars in the account. Deposits into this account shall first be used to replenish the Restricted Advertising Account to a minimum of one million dollars if the account has fallen below that threshold.

The Town may distribute the funds in the following manner.

A. The Town Manager may authorize advertising expenditures associated with responding to a near miss or declared disaster and are the only expenditures authorized to take the account below one million dollars.

B. Following a vote of Town Council, funds may be distributed for other such targeted advertising needs as approved. In no case shall such a release of funds for such purposes take the account below one million dollars.

C. At the end of each fiscal year, the Town Manager shall review the amounts deposited into and distributed from the account for that year. Any remaining amount above one million dollars shall be made available to the Town's designated tourism promotion agency for supplemental tourism advertising during the subsequent fiscal year.

Debt Service Levels

General statutes limit the amount of general obligation debt that a unit of government can issue up to eight percent (8%) of the total assessed value of taxable property located within that government’s boundaries. The Town may incur General Obligation Debt over the eight percent (8%) limit when approved by a majority vote in a referendum as authorized by law. In addition, Town Council has imposed an 80% cap on this amount. The remaining 20% is reserved for additional bonding associated with disaster recovery.

Real Estate Transfer Fee Debt Service Reserve

The Town will set aside $1 million of real transfer fees into a disaster debt service reserve account in the Real Estate Transfer Fee Fund. The funds will be used to fund debt service payments during a disaster or financial crisis.

Disaster Planning Reserves (continued)

Beach Preservation Reserve

The Town will hold in an interest bearing account a portion of the amounts on deposit in the Town of Hilton Head Island Beach Preservation Fee Account. The amount to be held in this reserve account shall not exceed $12 million.

Funds held in the reserve account may be used for the following items.

A. Direct expenditures to pay costs of any project or purposes identified in Section 4-9-70 as such may be amended of the Municipal Code and in Section 6-1-50 of the Code of Laws of South Carolina 1976 as amended.

B. To pledge as security for or to use as debt service for any debt or financial obligation of the Town incurred for a purpose as identified in subsection (A) above.

C. To advance monies needed by the Town to meet extenuating circumstances created by a storm or natural disaster, provided that the Town Council shall have a reasonable expectation that such amounts would be reimbursed, at least in part, from a local, state or federal source.

Authorization to utilize monies from the reserves shall be by resolution duly adopted by the Town Council if circumstances allow for the convening of a meeting of Town Council. In the event circumstances do not allow for the convening of a meeting of Town Council, the Town Manager may authorize the utilization of monies from the reserves, provided that such utilization is presented to Town Council at the first practicable opportunity for ratification.

The Town will adopt the following ordinances/resolutions in the event of a disaster.

1. Temporary non-residential occupancy of structures ordinance – This is an emergency ordinance to allow the use of manufactured modular structures as temporary replacement structures for local businesses.
2. Temporary housing ordinance – This is an emergency ordinance to allow the use of manufactured homes and travel trailers as temporary residences.
3. Declaration of local state of emergency (resolution).
4. The Town of Hilton Head Island succession list in the event of a disaster (resolution).
5. If necessary, the Town will adopt an emergency reimbursement resolution to provide immediate access to funds in the event of a disaster.
6. In an effort to expedite disaster recovery efforts, the Town currently has a contract in place for the purpose of providing disaster storm debris removal services.

Budget Process Overview

The budget is a tool with which the Town can allocate its financial, human and capital resources in an effective and efficient manner to meet residents' needs. The process incorporates the development, implementation and evaluation of a plan for the provision of services and capital assets. Through the budget process, the Town makes decisions on the allocation of human and financial resources to achieve long and short-term goals and objectives as set forth by the Town Council. These resource decisions address desired quality of service, staffing levels, technology needs, equipment and capital improvements, and programs considered to be priorities by the Town Council. The Town of Hilton Head Island's fiscal year starts on July 1 and runs through June 30. To make these decisions, the Town uses the budget model described below.

Policy and Strategy Phase

The Council's goals and directives set the tone for the development of the budget. At an annual workshop, the Council identifies priorities, issues and projects that will provide the direction and framework of the budget. These key policy issues are presented at the "budget kickoff" meeting as are budgeting guidelines for the operating and capital budgets, timelines and an overview of fiscal constraints and resources available for allocation. Within this general framework, departments identify and formulate the more specific budgetary issues.

Assessment Phase

As part of the budget process, departments evaluate performance towards meeting current and past goals and objectives and assess current conditions, programs and needs. Various financial analyses, as well as productivity and staffing analyses, are performed. Programs and services are also reviewed thoroughly to assess their value and priority to the residents of the Town. These internal analyses are necessary to determine service needs and delivery improvements, cost savings opportunities and required staffing levels. Additionally, departments identify possible trade-offs in an attempt to provide the "best fit" for resources between service and workload estimates. Departments also establish departmental goals, objectives and performance measures corresponding to the goals, objectives and specific actions established by Town Council.

Format of Department Budgets

1. **The department's budget is separated into the following components.**

   Mission Statement

   The statement must identify the particular purpose for the department and how it relates to the Town's overall mission.

   Core Services

   A listing of the fundamental services that the department is designed to provide.

   Current Fiscal Year Accomplishments

   A broad statement of what was accomplished in the **current** fiscal year.

Format of Department Budgets (continued)

Goals

A broad statement of intended accomplishments or a description of a general condition deemed desirable.

Objectives

An objective is a task to be undertaken to attain a goal. The objectives focus on particular program accomplishments that will be attained within the current year.

Performance Measures (not all departments report this information)

Specific quantitative and qualitative measures of work performed as an objective of the department.

2. **Department Expenditures by Division and Category**

The budget for a department is summarized by division, if applicable, and by category of expenditure.

Categories of expenditures are as follows:

Personnel – salaries, overtime, other pay including holiday pay and temporary wages, FICA, retirement contributions, and health and other benefits;

Operating – contract and professional services, consulting; printing and publishing; uniforms and protective gear; travel, meetings and conferences; office and operating supplies; repairs and maintenance; capital outlay for equipment and furniture costing less than $5,000 and software purchases costing less than $50,000;

Capital Outlay – equipment and furniture costing $5,000 or more, and software purchases costing $50,000 or more.

The Townwide – Non-departmental Budget is used for centralized expenditures and purchases not assigned to a department or division. This Town distinguishes the expenditures in this budget in the following categories.

The *personnel* category reports employees' Palmetto Pass, retiree expenditures, short-term temporary salary and benefits including most summer interns, workers' compensation deductibles (not premiums).

In the *operating category*, the Town reports most utilities, insurance, maintenance contracts, Palmetto Pass for Town vehicles, copier leases and supplies, and vehicle fuel.

The *grants* category includes Town funding for its affiliated organizations such as the Island Recreation Center; Coastal Discovery Museum management fee and turtle watch program; Solicitor's Office for career criminals program and drug court; and its new organization in fiscal year 2014, the Hilton Head Island Economic Development Corporation.

The *debt service* category is used for short-term debt such as capital leases or bank notes for equipment, vehicles, or software. Currently, the Town does not have any debt service in the General Fund.

Approach to the Budget Review Process

The budget process begins by reviewing all current services in comparison to the Strategic Plan. Are current services sufficient or necessary? What new initiatives should be undertaken to meet basic requirements? Based on this analysis, a list of recommended changes is developed, creating the basis for the operating budget (business plan).

The mission statement for the department is the basis of the department's budget and lays down the direction of the department. A department's proposed budget is developed based on the previous year's budget, adding new initiatives and removing discontinued services.

From there, a department identifies specific goals, objectives and performance measures (not all departments report this information) to be accomplished within the upcoming year.

Based on the aforementioned analysis, departments submit staffing requests to the Human Resources Department. The Human Resources Department along with the Finance Department develops the personnel budget for each department including anticipated benefit costs. The proposed staffing models will then be reviewed and approved by each department.

It should be noted that departments not only develop a budget for the upcoming fiscal year, they develop a three-year expenditure forecast beyond the upcoming fiscal year as well. This includes any anticipated staffing adjustments that may be necessary. This information is incorporated with the three-year financial model developed by the Finance Department, with assistance from the departments, to create the Town's three-year financial forecast that is incorporated in the budget document.

At the same time the operating budgets are being created, the Public Projects and Facilities Director and staff are developing the ten-year Capital Improvement Program (CIP) for Planning Commission approval. This budget is submitted to the Finance Department and incorporated as part of the budget document.

The Director of Finance, in conjunction with the Deputy Director of Finance and Department Directors, develops the revenue budget.

The Debt Service Budget is developed in accordance with legal bond requirements.

The Stormwater (Proprietary) Fund budget is developed in conjunction with two of the Town's major governmental funds (General Fund, Capital Projects Fund). Revenue projections are developed along with any proposed rate increase necessary to support the funding of capital improvements, debt service costs, and project management costs charged by the General Fund.

The Finance Department staff consolidates the operating budgets for the Town's three major governmental funds: General Fund, Debt Service Fund, and Capital Projects Fund/CIP; as well as the Stormwater (Proprietary) Fund budget into the Town's upcoming fiscal year business plan. In addition, a three-year financial forecast in created for the General Fund and incorporated into its upcoming fiscal year business plan.

Budget Approval Process

During the month of March, the Town Manager reviews the proposed budget for the upcoming fiscal year with department directors and makes final adjustments to the budget. The Finance Department staff prepares the final Town Manager's Consolidated Municipal Budget to be submitted to Town Council.

Budget Approval Process (continued)

During the months of May and June, Town Council reviews the proposed budget. The Town Council either approves or makes changes to the budget and returns it to staff for further review.

Public hearings and final adoption of the budget occurs by June 30 in accordance with state law.

Monitoring the Budget

The Finance Department prepares a monthly financial report for Town Council comparing actual expenditure activity to the budget.

Budget Transfers, Amending the Budget and Encumbrances

Budget Transfers – the Town Manager is authorized to transfer funds as follows:

a. Make any budget line item transfer within a department in the General Fund.

b. Transfer up to One Hundred Thousand Dollars ($100,000) between departments in the General Fund.

c. Transfer up to One Hundred Thousand Dollars ($100,000) between Town Council approved capital projects in the Capital Projects Fund.

d. Transfer up to One Hundred Thousand Dollars ($100,000) between Town Council approved capital projects in the Tax Increment Financing Fund (TIF).

e. Transfer up to One Hundred Thousand Dollars ($100,000) between Town Council approved line items in the Debt Service Fund.

f. Any other transfers between a department's line items or capital projects exceeding the thresholds outlined above will be submitted to Town Council for approval.

g. No budget transfers shall (a) be made from one fund to another fund (General Fund, Capital Projects Fund, Debt Service Fund, Tax Increment Financing Fund (TIF)), or (b) conflict with any existing Bond Ordinances.

Contract Authority – the Town Manager is authorized to enter into Town contracts if the total contract amount does not exceed the budgeted line item by ten percent (10%) or One Hundred Thousand Dollars ($100,000), whichever is less. If the total contract amount exceeds said thresholds, the contract and funding proposal must be submitted to Town Council for approval.

Budget Amendments – any change in the adopted budget which would increase or decrease the total of the combined authorized revenues or expenditures must be approved by Town Council.

Encumbrances – appropriations in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. While appropriations lapse at the end of each fiscal year, re-appropriation of encumbrances of the fund balance will be provided for through an amendment of the new fiscal year budget to increase the revenues (funds from previous fiscal year(s)) and increase the appropriated budget expenditures. The threshold for encumbrance roll-over is $1,000. Any encumbrances less than this threshold will be liquidated and must be expended using funds from the new fiscal year budget.

Consolidated Budget Summary – Governmental Funds

Introduction

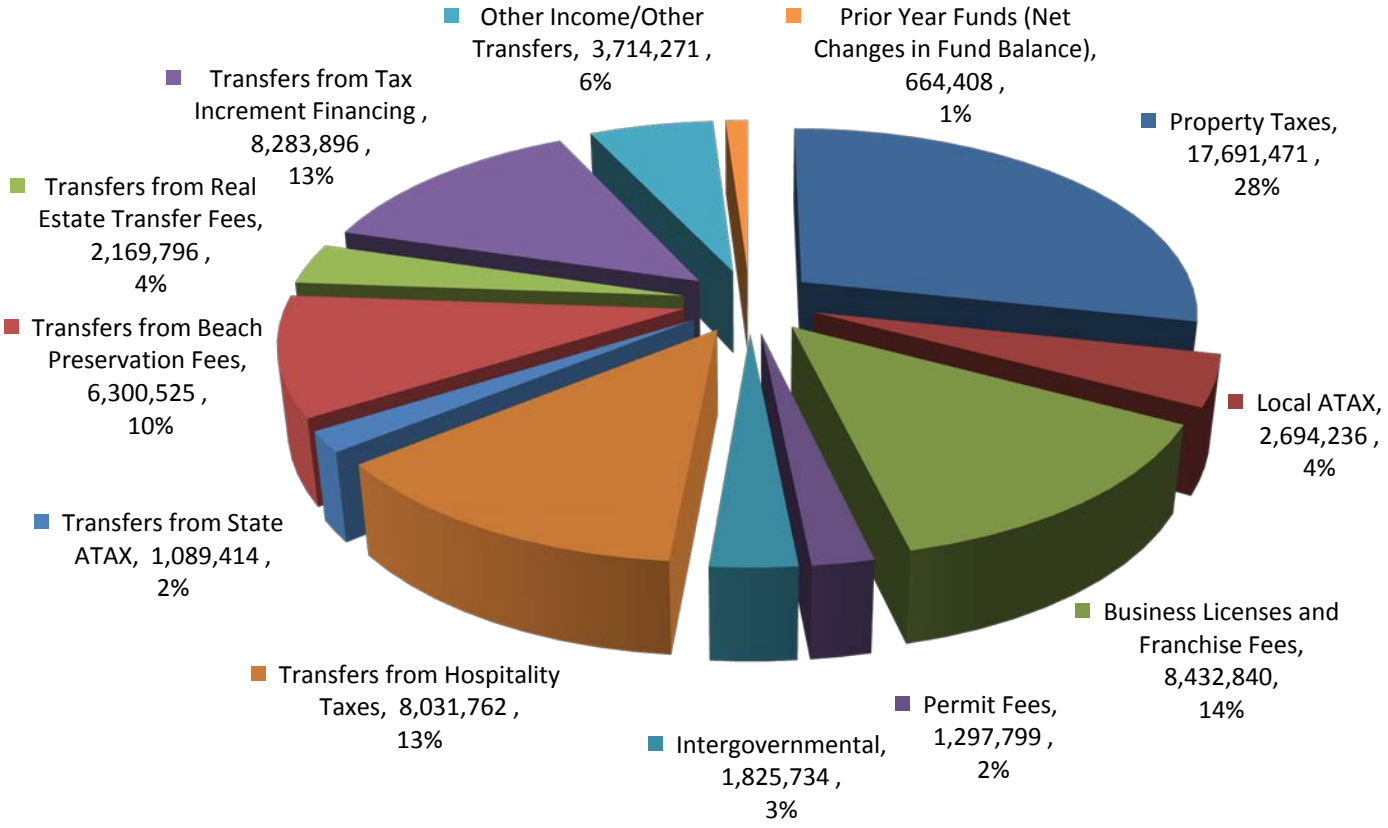
The Fiscal Year 2014 Annual Budget was developed based on the goals and vision of Town Council. The financial resources have been allocated in the budget in a manner that we believe will successfully meet the challenges we have before us and set the stage for the Town's continued success in the future.

Fiscal Year 2014 Combined Budget Governmental Funds

The combined Fiscal Year 2014 budgeted expenditures for the three major funds is $62,196,152**.** This represents a decrease of $11.4 million or 15.5% compared to the Fiscal Year 2013 budget. The General Fund budget increased by $.9 million or 2.8%, the Debt Service Fund budget increased by $.6 million or 3.6%, and the Capital Projects Fund (CIP) budget decreased by $12.9 million or 53.3%.

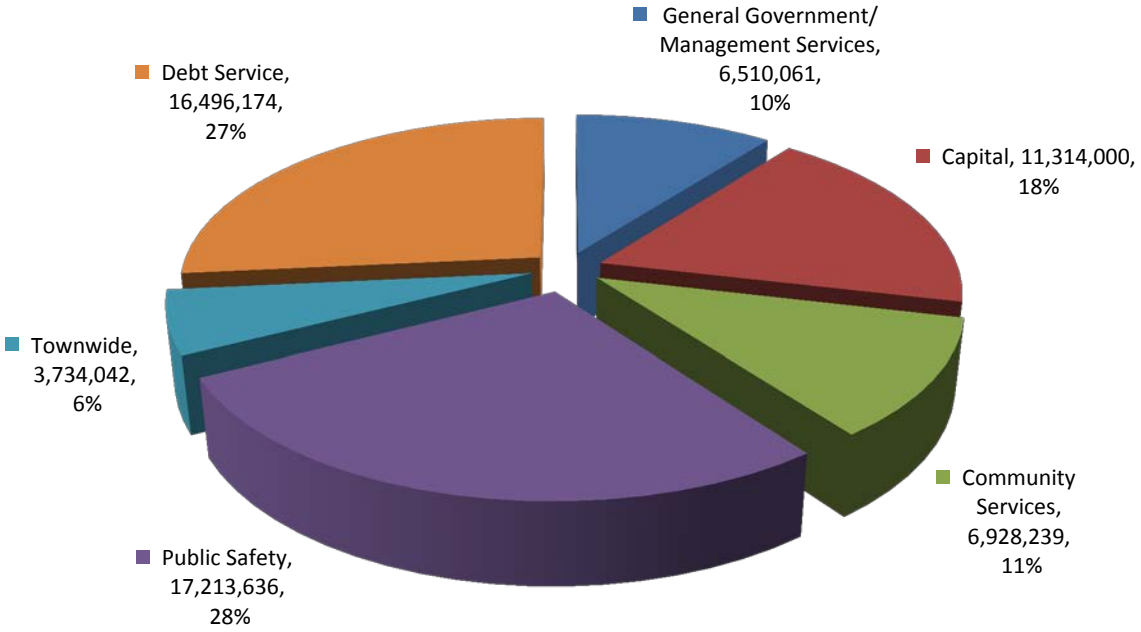
The Fiscal Year 2014 budget is balanced, prudent and responsive to community needs. Projected revenues will be sufficient to support program expenditures. In the General Fund, the Town will use $765,933 in reserve funds (fund balance) to balance the budget. Sufficient funds exist in the General Fund reserves for this purpose.

ALL GOVERNMENTAL FUNDS - WHERE THE MONEY COMES FROM

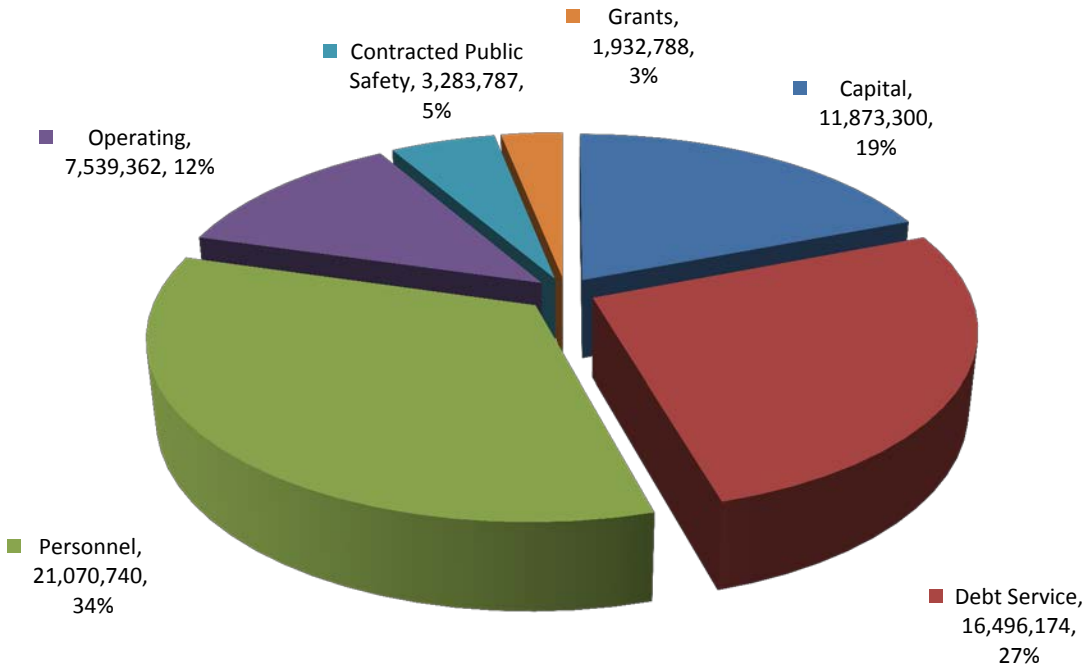


Consolidated Budget Summary – Governmental Funds

ALL GOVERNMENTAL FUNDS - WHERE THE MONEY GOES BY PROGRAM

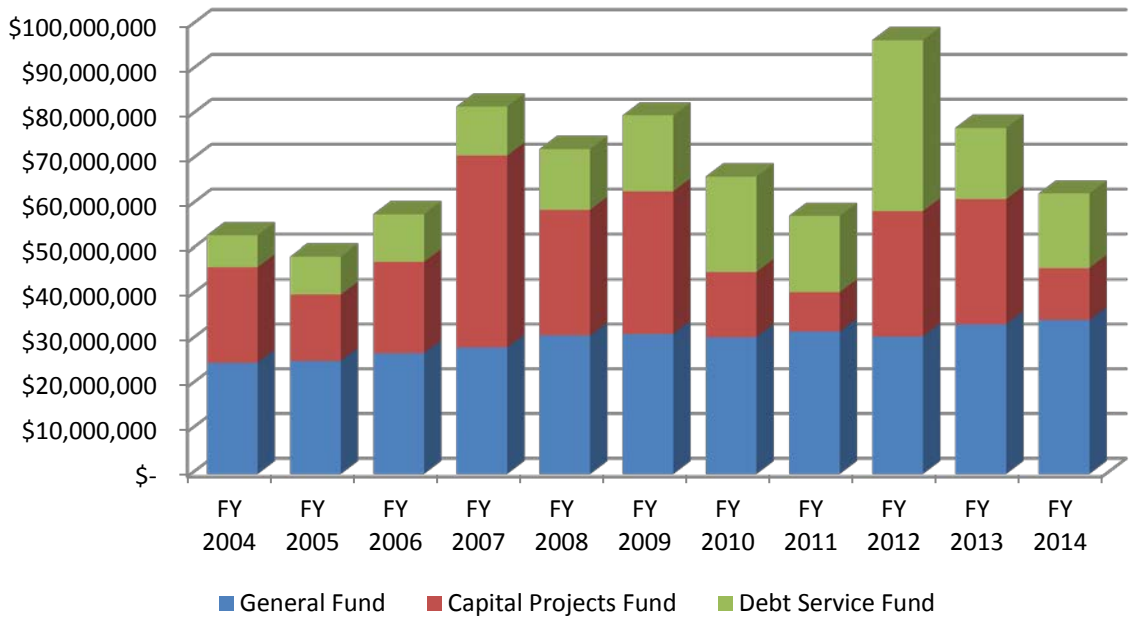


ALL GOVERNMENTAL FUNDS - WHERE THE MONEY GOES BY CATEGORY



Consolidated Budget Summary – Governmental Funds

Trend Analysis of Expenditures by Fund



Note: FY 2004 – FY 2012 are actual, and FY 2013 and FY 2014 are budget figures.
FY12 includes debt refunding.

Consolidated Budgeted Governmental Fund Revenues and Expenditures – *[General Fund, Debt Service Fund, and Capital Projects Fund (CIP)]* Historical, Estimated Actual, and Budget

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Revised Budget	FY 2014 Budget
Revenues					
Property Taxes	$17,145,943	$17,236,337	$17,826,128	$18,229,102	$17,691,471
Other Taxes/Fees	$7,128,046	$2,521,852	$2,609,053	$3,487,941	$3,386,236
Business Licenses and Franchise Fees	$7,884,950	$7,634,210	$8,184,379	$8,111,850	$8,432,839
Permits	$886,381	$954,419	$952,539	$1,070,851	$1,297,799
Intergovernmental	$1,199,622	$1,109,888	$1,010,600	$1,384,726	$1,825,734
Investment Income	$185,361	$147,886	$119,899	$60,000	$78,512
Miscellaneous	$4,393,100	$3,229,350	$3,787,855	$2,553,084	$2,508,925
Total	$38,823,403	$32,833,942	$34,490,453	$34,897,554	$35,221,517
Expenditures					
General Government	$1,044,477	$1,119,830	$882,111	$1,055,696	$1,112,681
Management Services	$4,590,452	$4,593,226	$4,424,359	$5,694,720	$5,397,380
Community Services	$6,004,547	$5,740,199	$5,771,788	$6,470,566	$6,928,239
Public Safety	$16,298,396	$16,261,100	$16,470,036	$16,899,567	$17,213,636
Townwide	$2,662,132	$4,072,930	$3,154,901	$3,341,845	$3,734,042
Capital	$10,749,902	$8,798,231	$26,205,141	$23,987,364	$11,314,000
Debt Service	$21,407,797	$16,873,656	$38,629,731	$16,153,015	$16,496,174
Total	$62,757,703	$57,459,172	$95,538,067	$73,602,773	$62,196,152
Sub-Total Excess/(Deficiency) of Revenues Over Expenditures	($23,934,300)	($24,625,230)	($61,047,614)	($38,705,219)	($26,974,635)
Other Financing Sources (Uses)					
Bond Issue/Other	$17,160,632	$0	$47,855,305	$13,907,605	$275,000
Operating Transfers In	$17,272,276	$18,268,594	$22,476,081	$29,147,019	$26,353,627
Transfers Out	($3,537,280)	($37,500)	($1,137,500)	($3,551,772)	($318,400)
Total Other Financing Sources (Uses)	$30,895,628	$18,231,094	$69,193,886	$39,502,852	$26,310,227
Total Excess/(Deficiency) of Revenues Over Expenditures	$6,961,328	($6,394,136)	$8,146,272	$797,633	($664,408)

Consolidated Budget Highlights

Revenues and Other Sources

The Town estimates that revenues will increase by $323,963 or 1% in the consolidated governmental funds budget.

- Property tax revenue for all three governmental budgeted funds will decrease by $537,631 primarily due to a reduction in the assessable transfer of interest and an over estimate of property taxes for fiscal year 2013.
- The Town anticipates revenue from business licenses and franchise fees will increase by $320,989 as well as permits by $226,948 primarily due to an overall positive trend in business activity. (General Fund)

Consolidated Budget Highlights

Revenues and Other Sources, continued

In the consolidated governmental funds budget, the Town estimates that other sources will decrease by $16,425,997, due in large part to a $9 million bond issue planned in June 2013. The Town does not formally budget its special revenues funds; the Town primarily transfers the funds in the special revenues to the three budgeted governmental funds to provide for debt service, capital projects and operations. The majority of the transfers are described below.

- $8.0 million of hospitality tax current year revenue and prior year funds will be used to fund various operating expenditures, debt service payments, and various capital projects.
- $2.2 million of real estate transfer fees will be used to fund debt service payments associated with bonds issued for land acquisition.
- $6.3 million of beach preservation fee current year revenue and prior year funds will be used to fund various operating expenditures, debt service payments, and various capital projects.
- $8.3 million of TIF funds will be used to fund various project management expenditures in the operating budget, debt service payments, and various capital projects.

Expenditures and other Uses

The Town's budgeted governmental funds expenditures decreased $11,406,621 in fiscal year 2014 over the previous year. The decrease is primarily in the Capital Projects Fund; there is a $12.9 million (53%) reduction in budgeted expenditures primarily due to land acquisition and the timing of fire station construction. The Debt Service Fund expenditure budget increased $567,132 primarily for debt service on a new $9 million general obligation bond issued in June 2013.

Overall, General Fund expenditures are programmed at $34.4 million for fiscal year 2014 compared to $33.4 million last fiscal year, an increase of $923,584 or 2.76%. Approximately $802,000 is not a total increase but rather a change in which of the governmental funds the Town will report the expenditures.

New/Expanded Programs. The Town's primary programmatic increases in the General Fund are initial funding of $156,044 for the Hilton Head Island Economic Development Corporation under Townwide grants and $170,000 under Public Projects and Facilities (PPF) – Engineering to recognize the need for a formal budget for Town-owned roads.

Personnel Expenditures (Excludes Personnel in Stormwater Fund). The budget for total personnel expenditures increases $102,143 or .5% consisting of several increases and decreases. Some of the changes include an average 3% merit increase, increases in retirement, and decreases in workers compensation insurance premiums and deductibles.

One FTE has been eliminated and another FTE moved from Public Projects and Facilities to the Stormwater Fund, the separately budgeted proprietary fund. Additional budget decreases occur as the Town replaces retiring or former staff members with new staff at lower compensation levels.

Consolidated Budget Highlights, continued

Expenditures and other Uses, continued

Personnel Expenditures, (Excludes Personnel in Stormwater Fund), continued

Overtime – $22,000 less than fiscal year 2013 budget (3.6% decrease).

Retirement – $90,000 more than fiscal year 2013 budget (5.5% increase).

Other Benefits – $145,000 more than last fiscal year (5.8% increase).

Workers Compensation – $110,000 less than fiscal year 2013 budget (44.5% decrease). SCMIT has changed how credits are given for Workers compensation creating a one-time reduction for fiscal year 2014.

Operating Expenditures (General Fund). The Town's operating expenditures budget in the General Fund increases by $497,042 or 8%. Public Projects and Facilities budget is $519,233 more than fiscal year 2013 budget largely due to moves from Capital Projects Fund as described below.

- Road maintenance for several Town owned roads is budgeted in PPF - Engineering.
- Non-project capital outlay, (equipment and vehicles, etc.) is now budgeted in the General Fund.
- Contracted maintenance service increases are also impacting the increase in Facilities Management.

Contracted Public Safety (General Fund). The Town budgets no significant change in its contracted public safety. The Beaufort County Sheriff's Office provides police services. Shore Beach Services is also included in this category. The increase is $43,438 or 1%.

Capital (General Fund). The Town's budget in this category will decrease by $118,090. Non-project capital outlay, equipment and vehicles, etc., are now budgeted in the General Fund and not the Capital Projects Fund. F&R capital will increase $270,631 more than fiscal year 2013 budget primarily for this reason. The increases this year are more than offset by the large budget of $530,000 in fiscal year 2013 for permitting software.

Grants (General Fund). The Townwide grants' expenditures will increase in fiscal year 2014 by $392,051 or 26%. Most of the expenditures in this category are described below.

- Economic Development - $156,044 for this new program
- Recreation Association - Operations – $629,278; same as last fiscal year
- Recreation Association – Capital – $280,900 increase (moved from Capital Projects Fund)
- Heritage Classic Foundation - $320,156; $300,000 expensed in Hospitality Tax Fund from the excess Advertising Reserve account
- Coastal Discovery Museum – $75,000; same as last fiscal year
- Sea Turtle Project – $33,900; $3,800 less than last fiscal year
- Palmetto Breeze – $175,000; same as last fiscal year
- Drug Court – $48,500; same as last fiscal year
- Career Criminal Program – $35,000; same as last fiscal year
- Public Art – Community Foundation – $37,500; this grant is funded with Sunday Liquor Permit Fees
- Event Mgt. and Hospitality Program – $118,060; same as last year with exception of rollforward funds allowed into fiscal year 2013 for encumbered expenditures

Consolidated Budget Summary – Governmental Funds

Property Taxes - All funds

Current Property taxes

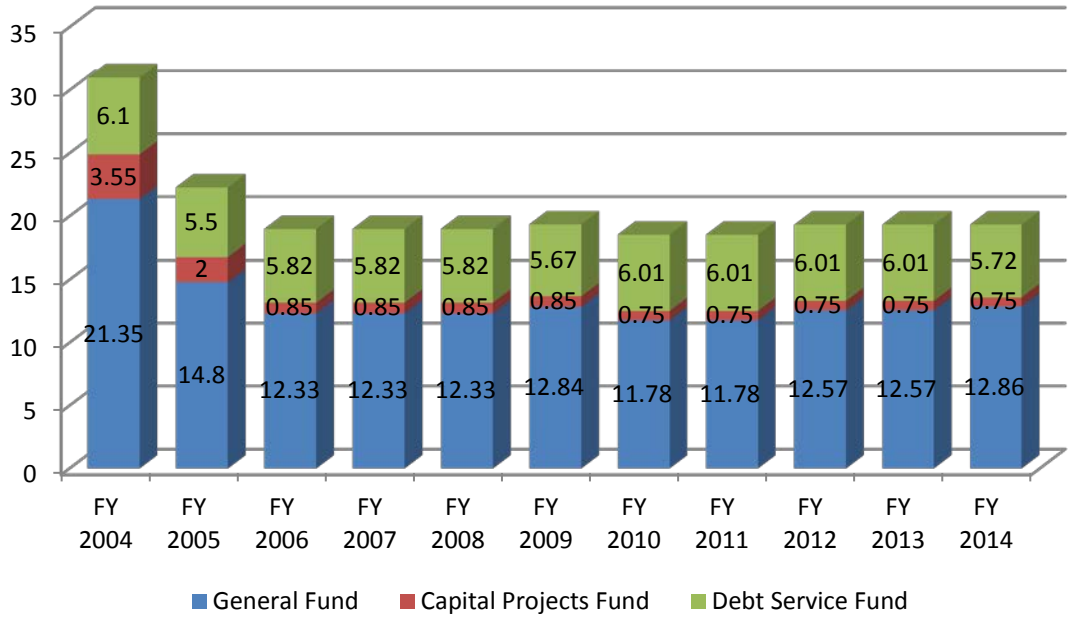
An ad valorem property tax, a tax per unit of property value, is levied upon all real property and certain classes of tangible property as that property is assessed and equalized for State and County purposes for any tax year. The property tax is authorized by the South Carolina Code of Laws (SC Code), 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.

Property taxes are levied for the purposes of funding the provision of municipal services, the Capital Projects Fund, and the retirement of debt. For fiscal year 2014, 12.86 mils will be allocated to the General Fund (66% of levy), .75 mils to the Capital Projects Fund (4% of levy), and 5.72 mils (30% of levy) will be used for the retirement of debt. The total Town millage rate is **19.33**.

Historical Total Millage by Fund



Consolidated Budget Summary – All Funds (Including the Proprietary Fund Group – Stormwater Fund)

Town Staffing

	FY 2011	FY 2012	FY 2013	FY 2014	Variance
General Government					
Town Council	7.0	7.0	7.0	7.0	0.0
Town Manager	5.0	5.0	4.0	4.0	0.0
Management Services					
Administration/Legal	26.5	26.0	26.0	26.0	0.0
Finance	18.0	18.0	18.0	18.0	0.0
Community Services					
Community Development	30.0	27.0	27.0	26.0	-1.0
Public Projects and Facilities (PPF)	22.0	20.0	20.0	19.0	-1.0
Public Safety					
Fire and Rescue	147.1	147.1	145.1	145.1	0.0
Total General Fund	**255.6**	**250.1**	**247.1**	**245.1**	**-2.0**
PPF Stormwater Fund	0.0	2.0	2.0	3.0	1.0
Total Town Staff	**255.6**	**252.1**	**249.1**	**248.1**	**-1.0**

Over the last several years due to the economic recession and the changing needs of the Town, the Town's full time equivalent (FTE) position count decreased, particularly in Community Development with the significant decrease in construction and development. As the economy is now improving and the demands on staff's time increase, the Town's challenge will be to maintain high quality services the residents and visitors expect within the existing FTE count.

In fiscal year 2013, the Town carried a position for an economic development director in Community Development. In fiscal year 2014, the Town eliminated this position since economic development will be performed through a separate 501(c)3 organization. The Town currently proposes a budget for the new Economic Development Corporation in the General Fund under Townwide Grants. When the Corporation's Board is formed, it will determine how it will be staffed.

FTE Staffing Change for Fiscal Year 2014

- Community Development decreased by one FTE
- General Fund - Public Projects & Facilities FTE transferred to Stormwater Fund FTE for no net change
- Townwide – All Funds Net Change: Decrease of one FTE

General Fund Analysis

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.

Department Expenditure Summary for Fiscal Year 2014 (General Fund)

Department	Personnel	Operating	Capital/Debt	Grants	Total Expenses
Town Council	$ 109,360	$ 360,750			$ 470,110
Town Manager	607,571	35,000			642,571
Administration/Legal	2,321,239	1,097,477	218,500		3,637,216
Finance	1,503,414	256,750			1,760,164
Community Development	2,385,756	324,112			2,709,868
Public Projects and Facilities	1,709,971	2,481,400	27,000		4,218,371
Fire and Rescue	12,270,605	1,345,444	313,800		13,929,849
Sheriff/Other Public Safety	-	3,277,787	6,000		3,283,787
Non-Departmental (Townwide)	162,824	1,638,430	-	1,932,788	3,734,042
Totals	**$ 21,070,740**	**$ 10,817,150**	**$ 565,300**	**$ 1,932,788**	**$ 34,385,978**

General Fund

Revenues and Expenditures by Program/Department/Division Analysis – Historical, Estimated Actual, and Budget

				2013		2014		
							% change	
	2010	2011	2012	Revised Budget	Estimated Actual	FY 2014 Budget	FY 2013 Budget	FY 2013 Est. Actual
Revenues								
Property Taxes	10,920,696	10,956,179	11,585,070	11,935,350	11,503,398	11,769,908	-1%	2%
ATAX Local 1%	2,012,520	2,416,264	2,420,698	2,387,000	2,565,939	2,694,236	13%	5%
Business Licenses:								
Business Licenses - Town	3,382,398	2,833,347	2,926,327	3,034,500	3,171,504	3,330,079	10%	5%
Business Licenses - MASC	3,721,101	4,067,077	4,217,999	4,231,375	4,159,070	4,200,661	-1%	1%
Franchise Fees:								
Cable	760,735	691,914	905,811	719,850	750,100	750,100	4%	0%
Beach Fee	20,716	23,200	22,161	24,125	22,000	22,000	-9%	0%
Recycling	-	18,672	112,081	102,000	130,772	130,000	27%	-1%
Permit Fees:								
Construction	175,884	247,415	270,363	277,600	379,000	416,900	50%	10%
Development	4,067	5,526	5,700	6,200	10,818	11,899	92%	10%
Other	706,430	701,478	676,476	787,050	790,000	869,000	10%	10%
Intergovernmental	884,672	752,988	678,370	651,080	798,251	806,234	24%	1%
Grants:								
Beaufort County - Hazmat	11,677	11,677	11,677	11,680	11,677	11,680	0%	0%
Beaufort County - E911	122,828	106,760	109,779	115,000	110,000	110,000	-4%	0%
DHEC	7,293	4,710	3,387	6,000	3,387	3,400	-43%	0%
FEMA	-	25,087		-			0%	0%
Red to Greeen Grant	-	1,498		-			0%	0%
FM Global Grant	-	2,000		-			0%	0%
SCMIT Grant				-	2,000	-		
Miscellaneous Revenue:								
Beach Services	178,247	206,040	207,182	214,350	205,461	210,000	-2%	2%
Donations	120		450	1,000	155	500	-50%	223%
Municipal Court	423,042	361,152	308,708	367,200	291,754	300,000	-18%	3%
Other	138,603	140,560	152,348	100,000	172,120	172,120	72%	0%
Public Safety - EMS	1,216,699	1,352,088	1,340,787	1,402,500	1,375,000	1,402,787	0%	2%
Public Safety - County D/T	203,536	203,000	54,441	54,060	55,000	55,000	2%	0%
Town Codes	995	453	296	500	292	500	0%	71%
Victim's Assistance	70,471	57,045	50,142	59,160	45,000	45,000	-24%	0%
Transfers In:								
ATAX State	1,089,096	1,083,671	1,085,776	1,085,736	1,077,860	1,089,414	0%	1%
Beach Preservation Fee	1,315,746	978,080	969,390	981,705	969,390	1,094,557	11%	13%
Electricity Franchise Fee	77,371	78,176	83,602	81,790	82,998	85,576	5%	3%
Hospitality Taxes	2,464,955	2,930,183	2,975,271	2,816,311	2,816,311	3,479,549	24%	24%
Stormwater Utility Fee	302,763	389,730	235,330	236,130	235,330	74,258	-69%	-68%
Sunday Liquor Permits	-	37,500	37,500	37,500	37,500	318,400	749%	749%
TIF	193,790	184,330	181,480	182,930	181,480	163,775	-10%	-10%
Investments	95,768	41,785	1,865	10,000	2,487	2,512	-75%	1%
Total Revenues	**30,502,219**	**30,909,585**	**31,630,468**	**31,919,683**	**31,956,054**	**33,620,045**	5%	5%
Increase/Decrease	**(402,018)**	**407,366**	**720,883**	**289,215.08**	**325,586**	**1,663,991**		
%	**-1.30%**	**1.34%**	**2.33%**	**0.91%**	**1.03%**	**5.21%**		

General Fund

Revenues and Expenditures by Program/Department/Division Analysis – Historical, Estimated Actual, and Budget

				2013		2014	% change	
	2010	2011	2012	Revised Budget	Estimated Actual	FY 2014 Budget	FY 2013 Budget	FY 2013 Est. Actual
Expenditures								
General Government:								
Town Council	292,601	484,500	307,268	446,728	451,507	470,110	5%	4%
Town Manager	751,876	635,330	574,843	608,968	610,782	642,571	6%	5%
Total General Government	**1,044,477**	**1,119,830**	**882,111**	**1,055,696**	**1,062,289**	**1,112,681**	5%	5%
Management Services:								
Administration/Legal								
Legal	428,878	402,823	424,396	459,387	396,870	475,359	3%	20%
Administrative Services								
Administrative Support	193,428	219,840	209,676	240,590	186,546	224,116	-7%	20%
Municipal Court	395,050	400,355	371,047	399,248	394,592	408,405	2%	4%
Information Technology	1,605,931	1,573,292	1,576,388	2,333,477	2,232,310	1,938,722	-17%	-13%
	2,194,409	**2,193,487**	**2,157,111**	**2,973,315**	**2,813,448**	**2,571,243**	-14%	-9%
Finance								
Administration	213,968	211,370	247,858	293,669	284,952	297,446	1%	4%
Accounting	565,988	589,794	538,530	601,147	557,672	606,582	1%	9%
Revenue and Collections	659,308	700,325	569,734	808,789	672,319	856,136	6%	27%
	1,439,264	**1,501,489**	**1,356,122**	**1,703,605**	**1,514,943**	**1,760,164**	3%	16%
Human Resources	527,901	495,427	486,730	558,413	539,234	590,614	6%	10%
Total Management Services	**4,590,452**	**4,593,226**	**4,424,359**	**5,694,720**	**5,264,495**	**5,397,380**	-5%	3%
Community Services:								
Community Development								
Administration	541,226	548,302	593,454	698,000	571,200	635,343	-9%	11%
Comprehensive Planning	356,859	367,135	347,178	367,445	395,082	498,782	36%	26%
Development, Review and Zonir	791,780	674,375	633,069	852,652	785,375	649,629	-24%	-17%
Building	667,371	603,692	615,000	640,594	657,571	636,721	-1%	-3%
CD Services	334,221	289,892	268,333	281,751	273,739	289,393	3%	6%
Total Community Development	**2,691,457**	**2,483,396**	**2,457,034**	**2,840,442**	**2,682,967**	**2,709,868**	-5%	1%
Public Projects and Facilities								
Administration	230,031	232,326	233,415	242,160	241,310	249,972	3%	4%
Engineering	719,746	643,071	654,347	722,590	707,404	873,716	21%	24%
Facilities Management	2,363,313	2,381,406	2,426,992	2,665,374	2,563,348	3,094,683	16%	21%
Total Public Projects and Facilit	**3,313,090**	**3,256,803**	**3,314,754**	**3,630,124**	**3,512,062**	**4,218,370**	16%	20%
Total Community Services	**6,004,547**	**5,740,199**	**5,771,788**	**6,470,566**	**6,195,029**	**6,928,239**	7%	12%

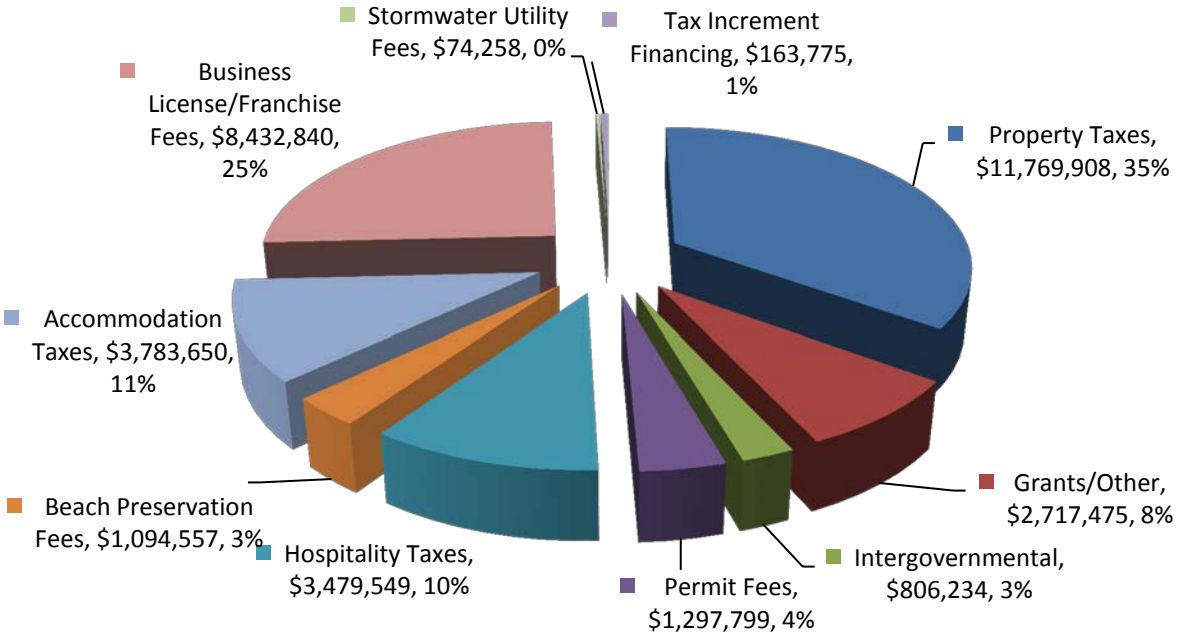
General Fund

Revenues and Expenditures by Program/Department/Division Analysis – Historical, Estimated Actual, and Budget

				2013		2014		
							% change	
	2010	2011	2012	Revised Budget	Estimated Actual	FY 2014 Budget	FY 2013 Budget	FY 2013 Est. Actual
Public Safety:								
Fire								
Administration	285,385	285,916	321,194	368,372	348,664	368,491	0%	6%
Operations	8,834,581	8,964,000	9,068,353	9,114,381	9,133,042	9,132,565	0%	0%
Fire Prevention	498,575	521,577	491,236	521,103	543,069	565,001	8%	4%
Logistics/Maintenance	665,746	530,085	570,639	539,790	512,764	561,077	4%	9%
Communications	1,117,858	1,047,752	1,080,123	1,193,535	1,178,766	1,133,177	-5%	-4%
Training	586,398	625,232	683,782	698,246	718,897	715,508	2%	0%
Emergency Management	206,415	218,785	160,819	141,507	130,396	135,524	-4%	4%
E911 Communications	229,093	232,346	232,094	270,277	261,648	273,704	1%	5%
Support Services	849,905	716,225	737,170	812,007	806,751	1,044,801	29%	30%
Total Fire & Rescue	**13,273,956**	**13,141,918**	**13,345,410**	**13,659,218**	**13,633,997**	**13,929,849**	2%	2%
Sheriff/Other Public Safety								
Police Services Contract	2,661,045	2,731,804	2,763,628	2,864,031	2,784,199	2,897,707	1%	4%
Beach Services	184,192	212,568	192,058	201,825	201,825	205,638	2%	2%
Stipend	124,950	121,800	111,300	115,000	115,000	115,000	0%	0%
Victims' Rights	54,253	53,010	57,640	59,493	57,460	65,442	10%	14%
Total Sheriff/Other Public Safety	**3,024,440**	**3,119,182**	**3,124,626**	**3,240,349**	**3,158,484**	**3,283,787**	1%	4%
Total Public Safety	**16,298,396**	**16,261,100**	**16,470,036**	**16,899,567**	**16,792,481**	**17,213,636**	2%	3%
Townwide (non-departmental):								
Personnel	14,158	153,154	185,616	203,380	133,165	162,824	-20%	22%
Operating	1,242,722	1,465,515	1,356,868	1,597,728	1,512,672	1,638,430	3%	8%
Grants	1,405,252	2,454,261	1,612,417	1,540,737	1,535,677	1,932,788	25%	26%
Total Townwide (non-departmental)	**2,662,132**	**4,072,930**	**3,154,901**	**3,341,845**	**3,181,514**	**3,734,042**	12%	17%
Total Expenditures	**30,600,004**	**31,787,285**	**30,703,195**	**33,462,394**	**32,495,808**	**34,385,978**	3%	6%
Net change in fund balances	**(97,785)**	**(877,700)**	**927,272**	**(1,542,711)**	**(539,754)**	**(765,933)**		
Fund balance - beginning	**15,861,767**	**15,763,982**	**14,886,282**	**15,813,554**	**15,813,554**	**15,273,800**		
Fund balance - ending	**15,763,982**	**14,886,282**	**15,813,554**	**14,270,843**	**15,273,800**	**14,507,867**		

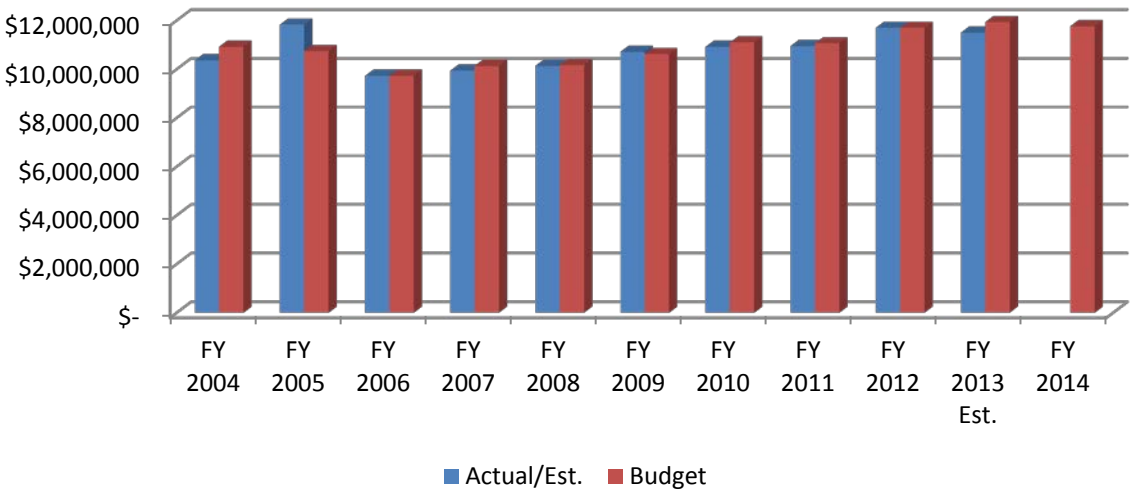
General Fund Revenues

General Fund revenues (excluding use of funds from prior years) and transfers in from other funds in fiscal year 2014 are projected to be $33,620,045 which is $1,700,362 more than the fiscal year 2013 revised budget.



Property Taxes

Property taxes will be $165,442 less than the fiscal year 2013 Budget. The budget assumes collection of the majority of property tax revenues billed in fiscal year 2014. Fiscal year 2013 revenue estimates were high as the Town's growth did not offset the negative assessed transfers of interest due to the recession and decline in real estate.



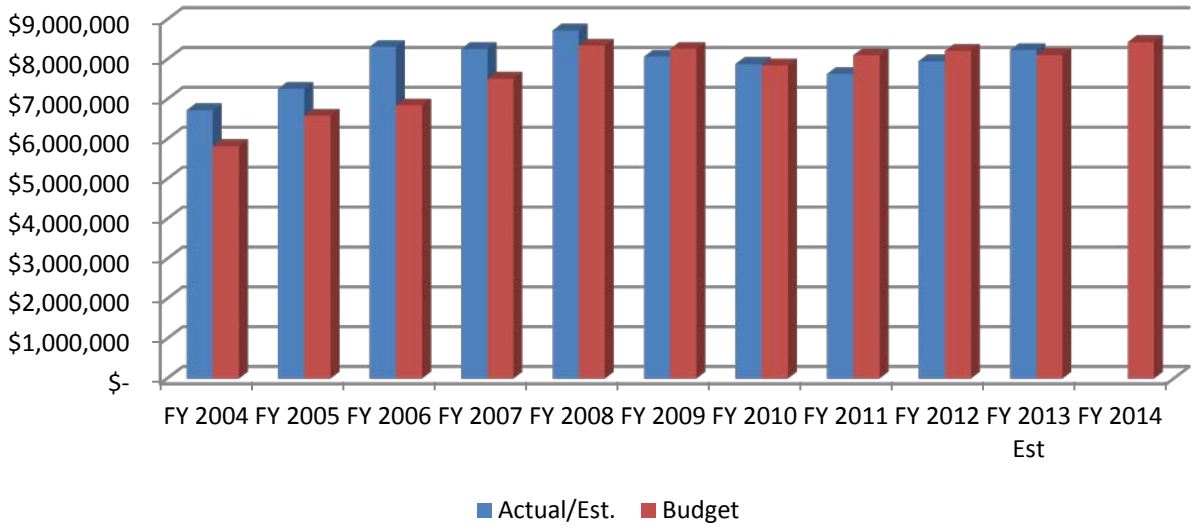
General Fund Revenues (continued)

Business Licenses and Franchise Fees

Business licenses and franchise fees represent the second largest single revenue source for the General Fund.

The most significant source is the business license fee levied upon each $1,000 of gross receipts, sales, or premiums of business conducted within the corporate limits of the Town. The fiscal year 2014 budget of $7.5 million in business license receipts is 3.6% more than the fiscal year 2013 budget of $7.3 million.

Franchise fee revenue is anticipated to be $902,100 in fiscal year 2014, a 6.6% increase over the fiscal year 2013 budget of $845,975.



General Fund Revenues (continued)

Permit Fees

Permit Fees (new construction) – $416,900

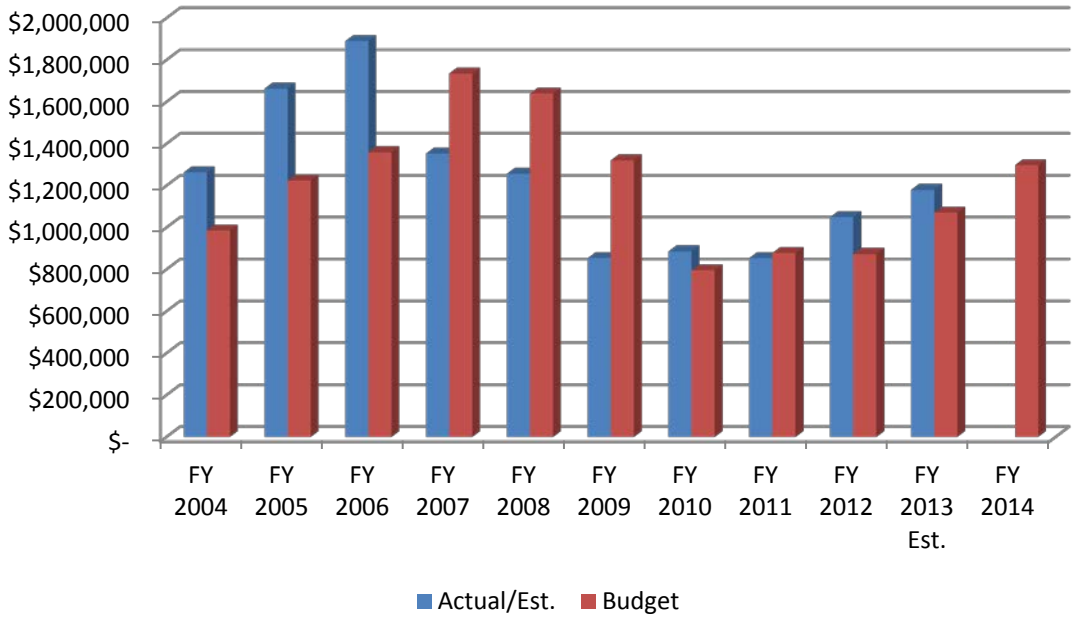
Permit fee revenue from new construction will be $139,300 more than the fiscal year 2013 budget of $277,600.

Permit Fees (development) - $11,899

Revenue from permit fees associated with development will be $5,699 more than the fiscal year 2013 budget of $6,200.

Permit Fees (other) - $869,000

Revenue from other permit fees will be $81,950 more than the fiscal year 2013 budget of $787,050.



Local Accommodation Tax

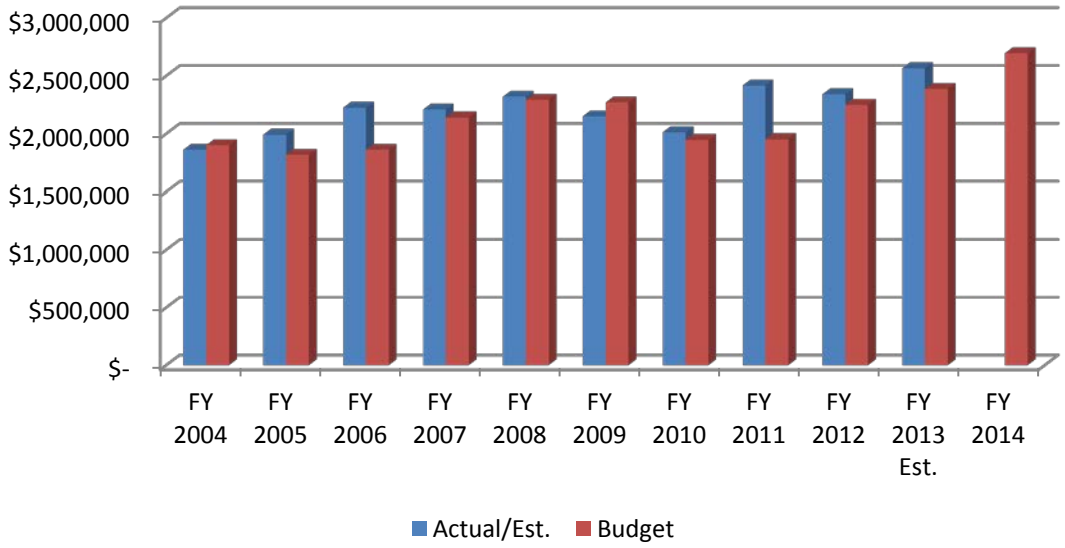
The 1% local accommodations tax will generate $2.7 million in revenue. This figure is 13% higher than the 2013 fiscal year budget and 5.0% higher than this year's projected actual revenue. These funds may be used for tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums; cultural, recreational, or historic facilities; beach access and re-nourishment; highways, roads, streets, and bridges providing access to tourist destinations; advertisements and promotions related to tourism development; water and sewer infrastructure to serve tourism-related demand; and, the operation and maintenance of those items previously enumerated, and police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

General Fund Revenues (continued)

Accommodation Tax Local 1% (continued)

The local accommodations tax is the third largest single revenue source for the General Fund. This tax is imposed on the gross proceeds derived from the rental of any rooms (excluding meeting rooms), campground spaces, recreational vehicle spaces, lodging or sleeping accommodations furnished to transients by any hotel, inn, condominium, motel, "bed and breakfast," residence or any other place in which rooms, lodging or sleeping accommodations are furnished to transients for consideration within the town. The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person or persons for a period of ninety (90) days or more are not considered "proceeds from transients."

- ***Event Management and hospitality training program fund –*** The Town sets aside five (5) percent of this local accommodations tax for special events production, volunteerism and hospitality training and shall select one (1) organization to manage and direct such fund expenditures. To be eligible for selection the organization must be local, organized as a nonprofit (501c), and be mission driven to promote tourism development. The organization must employ a full-time executive director and provide an annual audited financial report in accordance with Generally Accepted Accounting Principles. The organization must not otherwise be designated as the official tourism agency by the town or any other governmental agency. The agency is required to submit an annual budget to the Town of Hilton Head Island prior to April 1 of each calendar year for inclusion in the town's proposed annual budget. Town Council shall consider the budget and award the organization a reimbursable grant on a June 30 fiscal year basis.
- ***Reserve fund –*** The Town sets aside, in a separate account, five (5) percent of the one (1) percent local accommodations tax, as a reserve fund for disaster management communications-oriented programs. These funds are used to provide for post disaster advertising, a communications link to emergency agencies, and media programs to provide public notice. Funds are distributed upon authorization by the Town Manager.



General Fund Revenues (continued)

Transfer In – Accommodation Tax (State)

The 2% State accommodations tax is imposed on the gross proceeds derived from the rental of any rooms (excluding meeting rooms), campground spaces, recreational vehicle spaces, lodging or sleeping accommodations furnished to transients by any hotel, inn, condominium, motel, "bed and breakfast," residence or any other place in which rooms, lodging or sleeping accommodations are furnished to transients for consideration within the town. The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person or persons for a period of ninety (90) days or more are not considered "proceeds from transients."

It is anticipated that this line item will provide $1.1 million in funds to the General Fund. This represents an increase of $3,678 or .3% over the fiscal year 2013 budget.

Transfer In – Hospitality Tax

A uniform tax equal to 2% percent is imposed by the Town on the gross sales of prepared meals and beverages sold in establishments and also on the gross sales price of sales of prepared meals and beverages sold in establishments licensed for on-premises consumption of alcoholic beverages, beer or wine.

These funds are used to support the Public Safety function of Town Government. It is anticipated that this line item will provide approximately $3.5 million in funds to the General Fund. This is $663,238 more than the amount budgeted in fiscal year 2013 mainly due to a shift of non-project capital outlay expenditures and related hospitality tax transfer funding from the Capital Projects Fund to the General Fund.

Transfer In – Beach Preservation Fee

A uniform fee of 2% is imposed on the gross proceeds derived from the rental of any rooms (excluding meeting rooms), campground spaces, recreational vehicle spaces, lodging or sleeping accommodations furnished to transients by any hotel, inn, condominium, motel, "bed and breakfast," residence or any other place in which rooms, lodging or sleeping accommodations are furnished to transients for consideration within the town. The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person or persons for a period of ninety (90) days are not considered "proceeds from transients."

It is anticipated that this line item will provide $1,094,557 in funds to the General Fund. This represents a 12% increase over the fiscal year 2013 budget. This increase is mainly due to a shift in non-project capital outlay expenditures and related beach fee transfer for beach park maintenance from the Capital Projects Fund to the General Fund.

Transfer In – Electricity Fees

A 3% fee is imposed on the total gross revenue received by Palmetto Electric Cooperative from its members for the provision of electric power and energy each franchise year. These funds are used for the undergrounding (placement underground) of all existing and future non-transmission lines owned by Palmetto Electric Cooperative.

This line item will provide $85,576 in funds to the General Fund. These funds are used to reimburse the General Fund for project management costs associated with the burial of power lines.

General Fund Revenues (continued)

Transfer In – Stormwater Fees

A fee is charged annually to property owners within Town limits to pay for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of Stormwater systems and programs within the Town limits in concert with Beaufort County and other water resource management programs.

It is anticipated that this line item will provide $74,258 in funds to the General Fund. These funds are used to reimburse the General Fund for project management costs.

Transfer In – Sunday Liquor Permit Fees

These fees are derived from the sale of permits to sell alcohol on Sunday. The state collects funds from businesses that apply for these permits and remits the Towns portion of the permit revenue quarterly from the State.

It is anticipated that this line item will provide $37,500 to the General Fund to fund the Public Art – Community Foundation Grant.

As one of the programs more properly classified in the General Fund, rather than the Capital Projects Fund (expenditures represent repairs and maintenance or equipment rather than capital construction), the Town will transfer in $280,900 from Sunday Liquor Permit Fees to fund the Island Recreation Center.

EMS

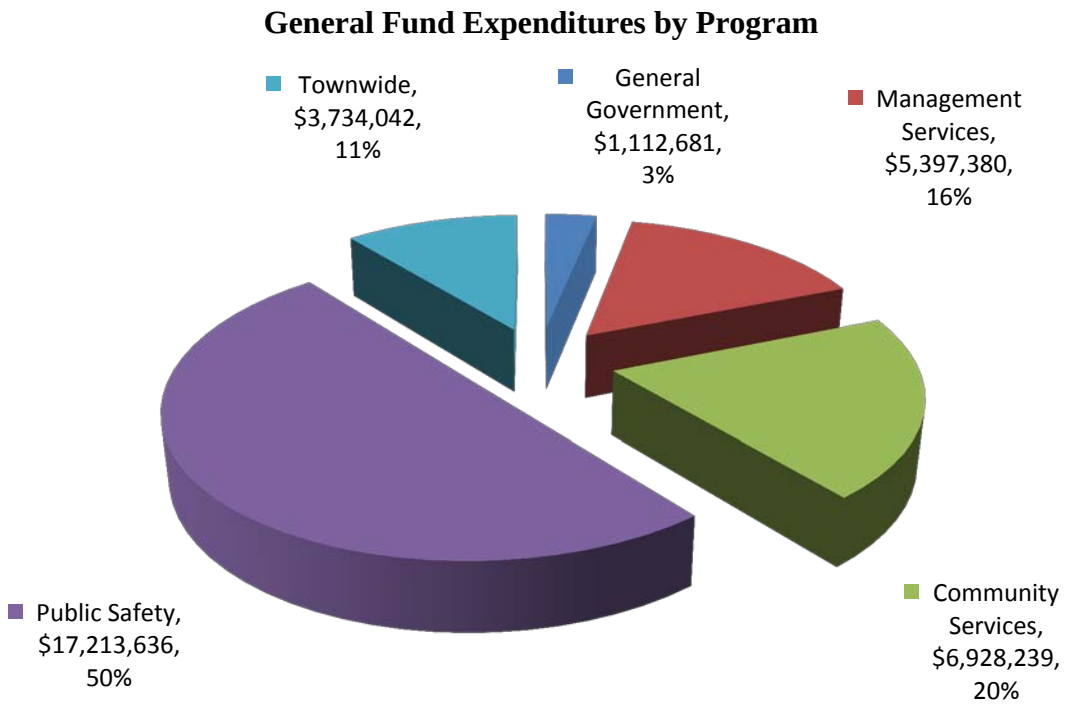
Funds received through Fire and Rescue for medical services rendered will be approximately $1.4 million. This represents no change from the fiscal year 2013 budget.

Funds from Prior Years (Fund Balance)

At the end of fiscal year 2012, the Town had approximately $3.0 million in unassigned fund balance. In fiscal year 2014, the Town will use approximately $765,933 of these funds to balance the budget.

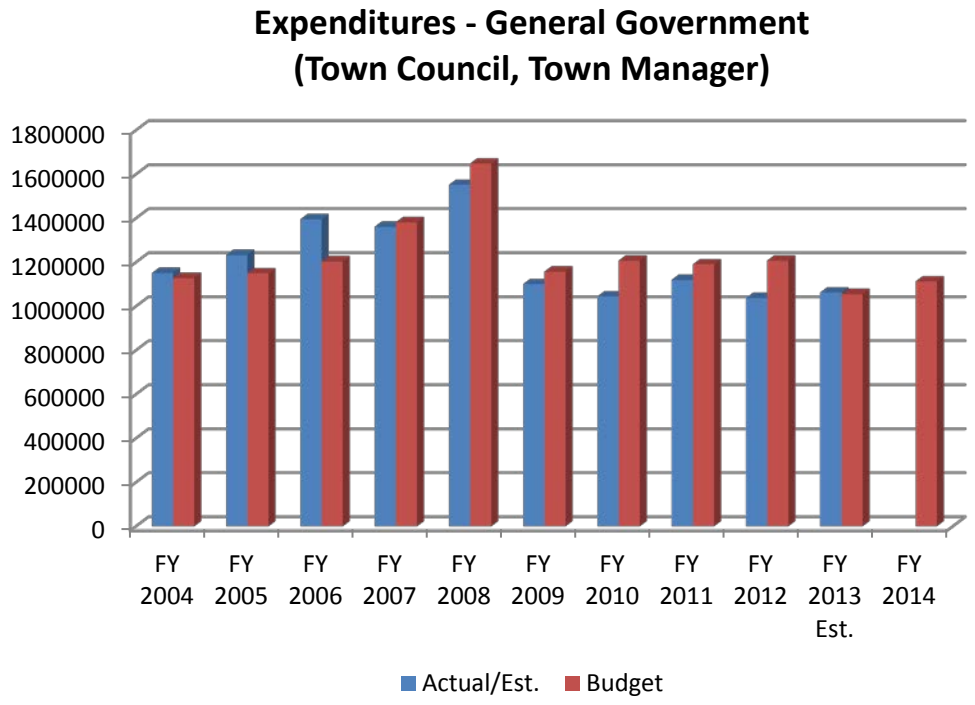
General Fund Expenditures

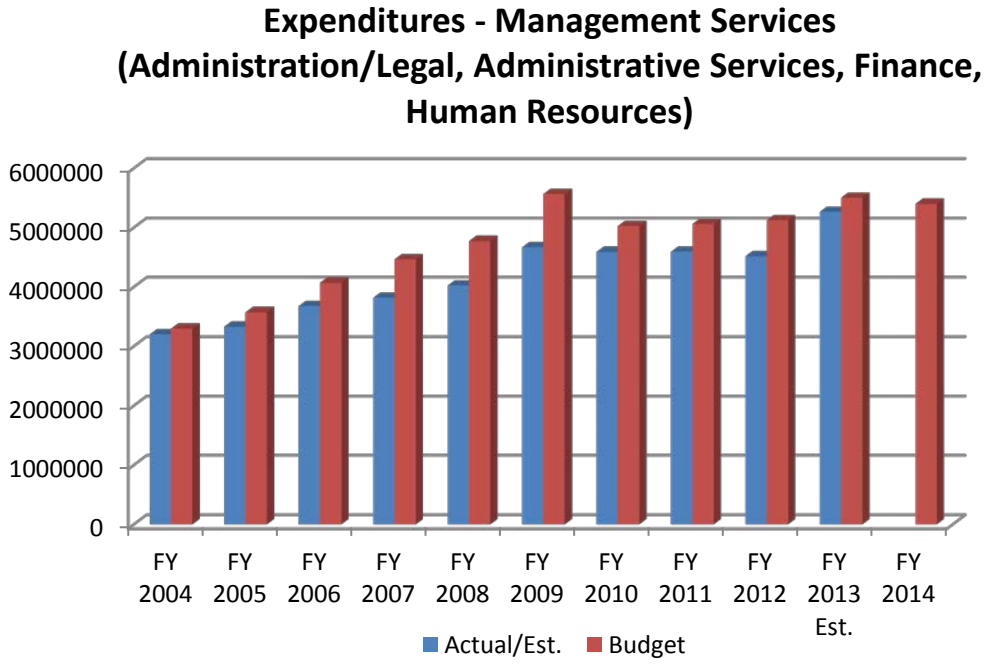
Overall, expenditures are programmed at $34.4 million for fiscal year 2014 compared to $33.4 million last fiscal year, an increase of $923,584 or 2.76%; however, approximately $802,000 is not a total increase but rather a change in which of the governmental funds the Town will report the expenditures. The Town's primary programmatic increases are initial funding of $156,044 for the Hilton Head Island Economic Development Corporation under Townwide grants and $170,000 under Public Projects and Facilities (PPF) – Engineering to recognize the need for a formal budget for Town-owned roads.



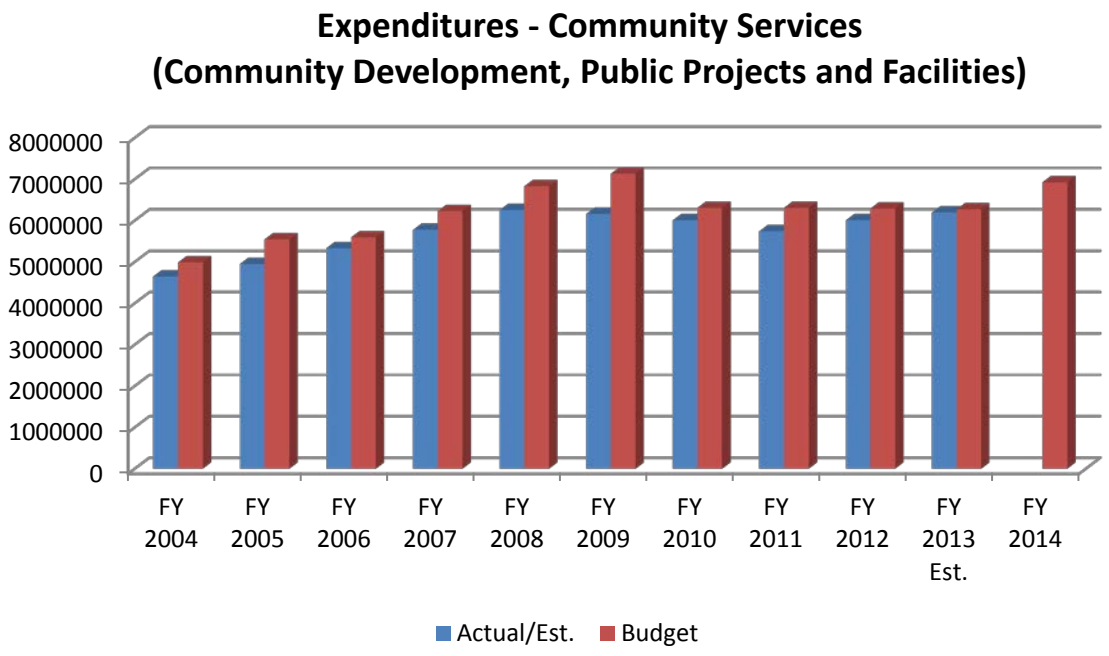
Trend Analysis - Expenditures by Program

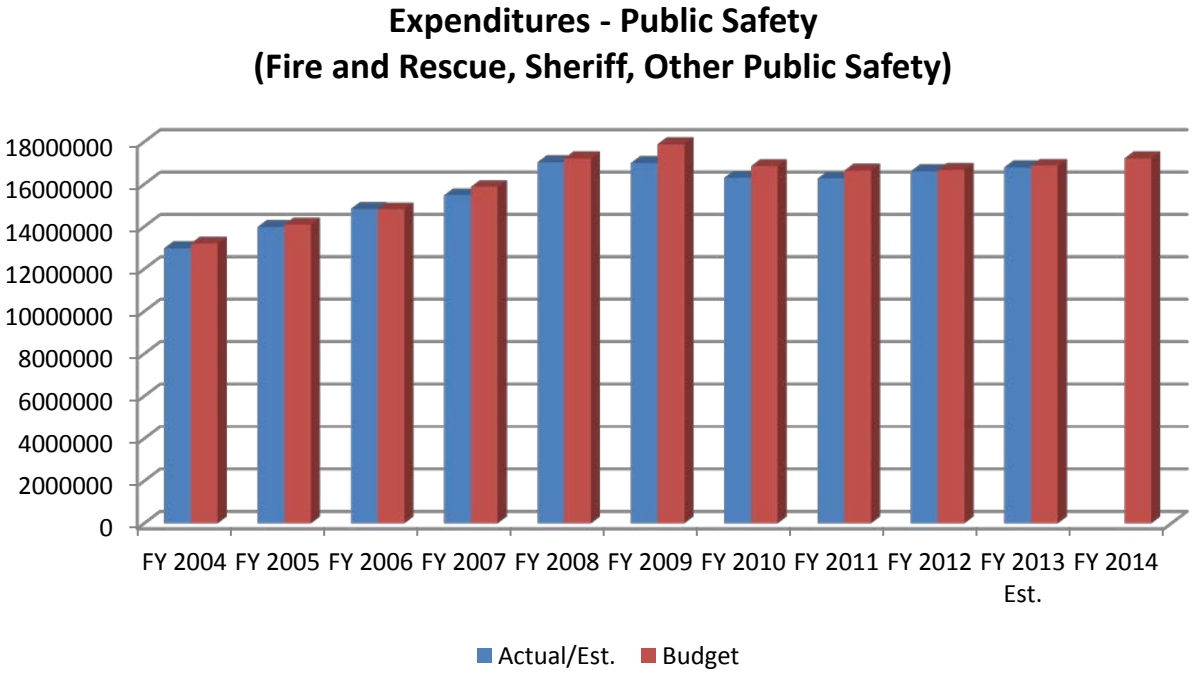
The following charts depict the trends in expenditures by program. For explanations of significant changes, refer to the Consolidated Budget Highlights section of the Consolidated Budget Summary.



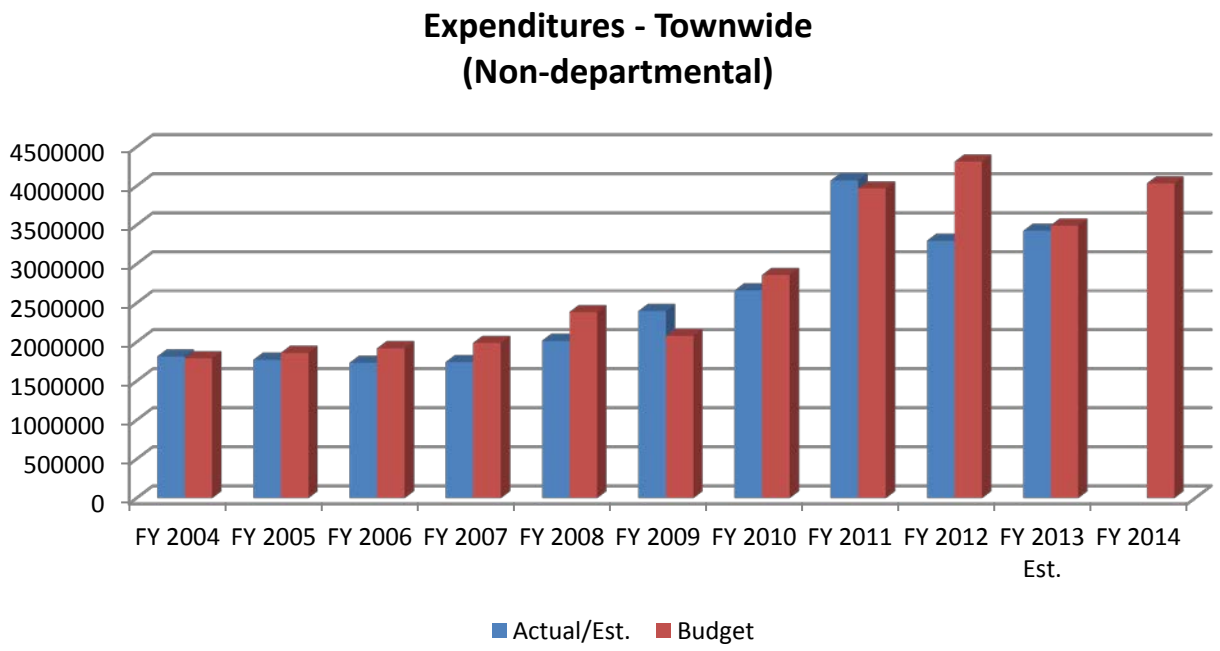


Trend Analysis - Expenditures by Program





Trend Analysis - Expenditures by Program



Department Budgets

Program: General Government
Department: Town Council

Mission

To provide the leadership and policy guidance to assure that Hilton Head Island is and remains a high quality community that exceeds the expectations of its residents and visitors.

Core Services

Open Town Government

Develop innovative ways to make participation in local government activities possible for all residents and foster a sense of engagement among the citizenry by effectively communicating a common identity, actively seeking insight into the needs of the community, aligning Town services with citizen expectations, and continuing to strive for excellence as a highly-effective performing municipal corporation.

Financial Stability and Economic Development

Promote services in the most cost-effective manner. Protect the high level of service quality and financial stability that the Town has become known for by encouraging redevelopment, diversifying tax and revenue sources, ensuring the long-term viability of financial strategies, and implementing "new urbanism" techniques.

Community and Environmental Vitality

Preserve the Town's character while promoting a sense of pride for its citizens. Continue to provide support to neighborhood communities and individual homeowners and business owners in maintaining and improving aesthetics, safety, accessibility, and mobility throughout the Town. Lead by example in the stewardship of natural resources by preserving existing environmentally sensitive land sites. Minimize impacts on natural resources and protect trees, waterways, wetlands, and water quality while planning for the conservation of resources.

World-Class Leisure and Recreational Opportunities for Residents and Guests

Support renourishment and maintenance of quality beaches, including access and parking. Support maintenance and development of quality parks and recreational facilities. Support events that attract people to the Town while influencing accommodations and facilities of high standard and quality.

Promoting Unity while Supporting Diversity in the Community

Honor the strength of diversity in our community through open dialogue and gathering together to communicate, understand, and celebrate our differences and similarities.

Program: General Government
Department: Town Council

Calendar Year 2012 Achievements

- Goal 1 – Reinvigorate the Economy
  - Economic Development: Report, Resolution to create organization
  - Major Reinvestments by Businesses
    - Sonesta $30 million
    - Weston $17 million
    - The Beach-house $5 million
    - Omni $20 million
    - Sea Pines Plantation Club $400,000
      (Demolition) Potential Multi
      Million Investment) $8 million
  - Shelter Cove Mall Renovation: Plan, Agreement
  - Harris Teeter: Opening ($5 million and $1 million for out parcels)
  - Heritage Golf Tournament: Sponsors, Attendance
  - Walmart Expansion
  - Sign Ordinance: Adoption
  - Low-country Economic Alliance: Town Participation; More Dialogue; Medical Billing Business-Opening; Appointment of Private citizen
- Goal 2 – Enrich Lives of Residents and Guests
  - Chaplin Linear/Park and Boardwalk Concept Plan: Acceptance
  - Senior Center: Relocation Decision: Design Completion
  - Aquatic Center: Alternative Analysis Completed
  - 2nd Piece – Public Art at Chaplin Park
  - Dunnagan's Alley Pathway Project: Completed
  - Pathway along William Hilton Parkway Project (Mathews Drive to Gardner Drive): Completion
- Goal 3 – Revitalize the Building Environment
  - Coligny Area Development: Concept Plan Adoption; Economic Study Completed, Focus on Town Project
  - Shelter Cove Mall Redevelopment: Plan, Agreement
  - Streamlining Permitting Process: Implemented, Software Funded, Cell Towers Process Modified

Program: General Government
Department: Town Council

Calendar Year 2012 Achievements, continued

- Goal 4 – Preeminence for Environmental Stewardship
    - Land Acquisition
        - RBC Building
        - Life Span Building
        - Old Wild Horse Road Property
        - Mitchelville (with Beaufort County
    - Stormwater Utility Agreements
        - Sea Pines
        - Wexford
        - Palmetto Dunes
        - Leamington
        - Long Cove
    - Beach Recycling: Expansion
    - Town Xeriscape Garden: Completion
    - Miller Pond Project: Completion
    - Port Royal Shoreline Restoration and Stabilization Project: Completed
- Goal 5 – Enhance Town Government Service
    - Heart Safe Community – Award for Cardiac Care Program
    - Witnessed Cardiac Arrest Save Rate: 78%
    - Law Enforcement Center: Completion
    - Fire Reaccreditation
    - ISO 3: Retained
    - Debris Management Plan (including private road clearing)
    - Mayor-Council Salary: Increase
    - Streamline Permit Process
    - Webpage Improvement/User Friendly
    - Beaufort County Sheriff Contract Renewal
    - Off Island Transport Protocols and Guidelines for Trauma and Stroke

Program: General Government
Department: Town Council

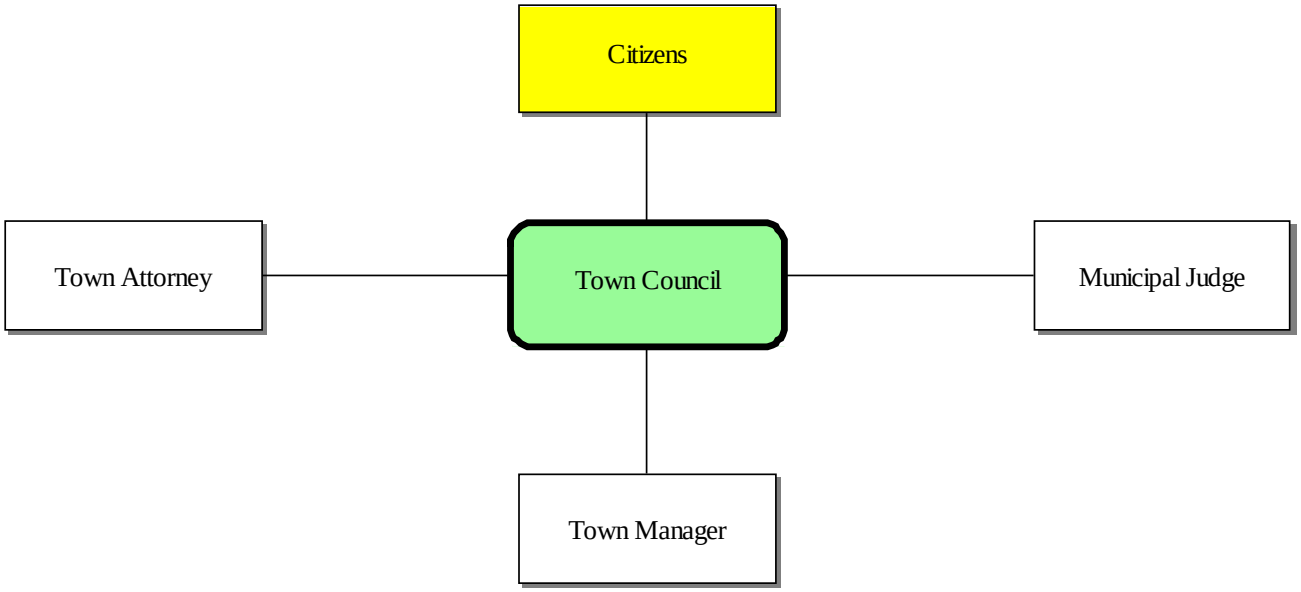
Calendar Year 2013 Top Priorities

- Economic Development Organization: Creation and Operation
- Coligny Area Development Projects: Direction and Funding
- Arts Collaboration: Framework and Strategy for Fostering Collaboration among Arts Organizations
- Arts Center of Coastal Carolina: Short-Term Financial Direction
- Chaplin Linear Park and Boardwalk: Development and Permitting

Calendar Year 2013 High Priorities

- LMO Modifications
- Aging Office Buildings & Commercial Centers: Policy Direction and Town Tools
- Education Strategy: Identification of Needs and Direction
- Recreation Center Expansion: Direction on Future Phases
- Mainland Transportation Agreement: Dirt Road Policy Direction, Flyover Funding, and Future Town Acceptance of Private Roads Direction and Funding
- Solid Waste Contract: Direction

Program: General Government
Department: Town Council



Note: The salaries and benefits associated with the Town Manager and Municipal Judge are budgeted in the Town Manager's and the Municipal Court's budgets respectively.

Expenditures by Program/Category

Town Council	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget	Budget $ Change	Budget % Change
Summary By Category								
Personnel	$ 70,963	$ 74,259	$ 79,451	$ 84,978	$ 102,257	$ 109,360	$ 24,382	28.69%
Operating	221,638	410,241	227,817	361,750	349,250	360,750	(1,000)	-0.28%
Total	**$ 292,601**	**$ 484,500**	**$ 307,268**	**$ 446,728**	**$ 451,507**	**$ 470,110**	**$ 23,382**	**5.23%**
Positions	7.0	7.0	7.0	7.0	7.0	7.0	-	0.00%

Program: General Government
Department: Town Manager

Mission

To provide professional leadership for the implementation of all policies and objectives set by Town Council and coordinate all municipal operations to provide effective and efficient delivery of services to Hilton Head Island's residents and visitors.

Core Services

Hilton Head Island has a Council-Manager form of government. In this form of government, Council hires a "Manager." The Manager has executive powers, while Council has legislative (policy setting) powers.

The Town Manager is the chief executive officer and head of the administrative branch of the municipal government. He is responsible to the council for the proper administration of all affairs of the municipality.

The Town Manager provides overall management of Town departments in a way that empowers employees to exceed citizen/ customer expectations.

The Town Manager provides support and recommendations to Mayor and Town Council; provides effective communication between Town Council, staff, residents, and other customers; and meets with Department Heads to ensure implementation of Town Council's goals and objectives.

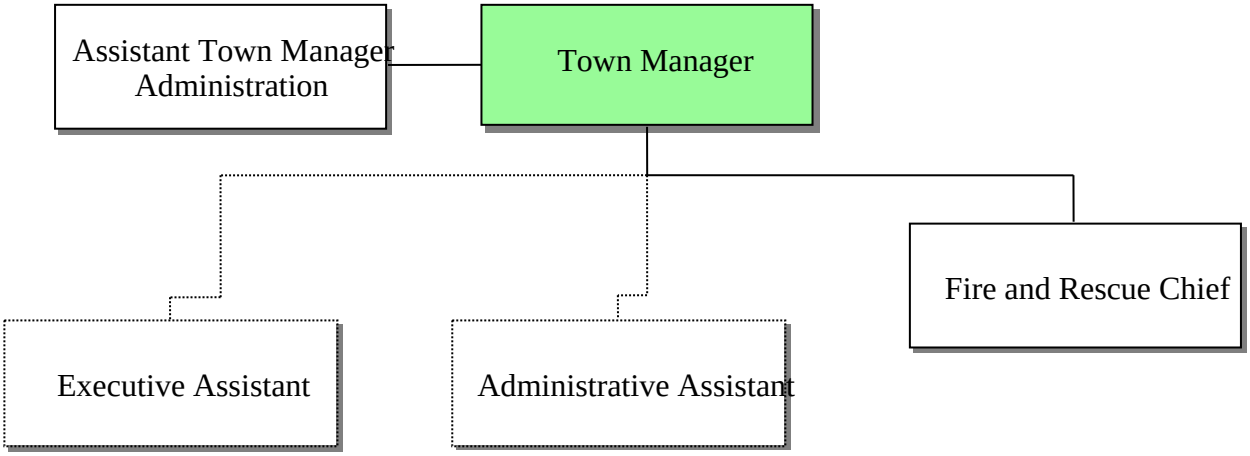
FY 2013 Accomplishments

- Worked successfully with Town Council, Departments and Divisions in setting and achieving goals.

Calendar Year 2013/FY 2014 Goals

- Assist Town Council, Departments and Divisions to achieve their goals
- Shelter Cove Area Public Projects
- TIF District Extension
- Airport Issues: Resolution
- Reassessment and Tax Rate: Public Information and Direction
- Main Beach Re-nourishment (2015): Permitting, Design
- Old Welcome Center Direction
- Employee Compensation and Benefits: Review
- Finances Online: Development

Program: General Government
Department: Town Manager



Note: The two assistants are budgeted in the Town Manager's Department; however, they are direct reports to the Administration Department's Legal Administrative Manager. The Fire and Rescue Chief's salary is budgeted in the Fire and Rescue Department.

Expenditures by Program/Category

Town Manager	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget	Budget $ Change	Budget % Change
Summary By Category								
Personnel	$ 731,153	$ 614,911	$ 550,499	$ 583,968	$ 576,059	$ 607,571	$ 23,603	4.04%
Operating	20,723	20,419	24,344	25,000	34,723	35,000	10,000	40.00%
Total	**$ 751,876**	**$ 635,330**	**$ 574,843**	**$ 608,968**	**$ 610,782**	**$ 642,571**	**$ 33,603**	**5.52%**
Positions	5.0	5.0	5.0	4.0	4.0	4.0	0.0	0.00%

Program: Management Services
Division: Administration/Legal

Mission

To provide administrative leadership, supervision, support and direction to the Finance Department, Human Resources Division, Administrative Services Division, Code Enforcement, and Legal Division. To provide sound legal advice and services to the Town Manager, Town Staff, Town Council, and Boards and Commissions of the Town of Hilton Head Island. Prosecute misdemeanor offenses in Municipal Court. Provide support and assist with the Town's Community Information Initiatives. Provide support and assist with the Town's Special Event Process. Promote Town news and publish Town-related articles in various Island publications. Provide support and assist with the Town's State Legislative Agenda.

Core Services

Administration

Assist Town Manager with Town-wide oversight. Manage Community Information Program to include Mayor/Town Manager correspondence; media relations; promotion of Town news; newsletter publication; magazine articles; speech writing; liaison with Beaufort County Sheriff's Office. Provide assistance with the Town's State Legislative Agenda. Provide assistance with the Town's Special Event Process. Manage Finance Department, Human Resources Division, and Administrative Services and Legal Division.

Legal Services

Provide effective legal representation for the Town, providing continuing legal updates to Town Staff, draft and review contracts, draft and review ordinances and resolutions, review and process Freedom of Information Act requests, update Town Codes, and manage overall Code Enforcement Program. Prosecute misdemeanor offenses of criminal domestic violence, simple possession of illegal drugs, and driving under the influence in Municipal Court when defendants request a jury trial. Represent the Town in all appeals of Municipal Court cases. Advise BCSO deputies and Code Enforcement Officers as needed regarding criminal offenses committed on Hilton Head Island.

Program: Management Services
Division: Administration/Legal

FY 2013 Accomplishments

- Oversaw the State's Legislative Agenda and its strategies and provided assistance to support the Town's positions on 2011-2012 State Legislation.
- Assisted with the development and implementation of the Town Council Policy Agenda 2012 and Management Agenda 2012.
- Assisted with the promotion of the Heritage Golf Tournament.
- Permitted over 50 Special Events on the Island.
- Processed over 250 Freedom of Information Requests, 53 Subpoenas, and 160 Contracts.
- Assisted with providing resources, materials, information on Town policies and procedures, and applicable State laws to incoming Town Council members.
- Assisted with the recruitment and appointments of Board and Commission members.
- Assisted with Public Information Enhancement promotion for the Town.
- Assisted with the development of the Mayor's Youth Community Service Award Program.
- Assisted with the dissemination of Town information in newspaper articles, magazines, and television to keep the community informed on Town issues and projects.
- Assisted with drafting ordinance for the adoption of the new Redistricting Plan and coordinated efforts to seek approval by the U.S. Department of Justice.
- Assisted with the renewal of a 3-year term Agreement for police services with the Beaufort County Sheriff's Office.
- Assisted in drafting new Memorandum of Understanding with Island Recreation Association for the operation of the Island Recreation Center, Shelter Cove Community Park, Chaplin Community Park, and tennis courts.
- Coordinated an Island wide canvas over one month period to ensure all contractors and subcontractors working in the Town have a current business license and all necessary permits for the work they are performing. Assisted with developing new method of enforcement method whereby building inspectors now verify that all contractors and subcontractors have a current business license and all required permits when they conduct any inspection.
- Continued education of residents/guests regarding Light Ordinance and the effects of lights on sea turtles in an effort for an enhanced and successful turtle nesting season.
- Worked with deputy sheriffs, revenue collectors, and town code enforcement offices to teach trial advocacy to assist them in presenting better cases before the municipal judge and juries.

Program: Management Services
Division: Administration/Legal

Calendar Year 2013/ FY 2014 Goals, Objectives, and Performance Measures

Goal 1: To provide competent legal advice and counsel in a timely manner to Town officials and administration.

Objective: To review, draft and negotiate contracts and agreements between the Town and other entities or persons in a timely manner.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Average review of contracts within 3 days	150	125	125
Workers compensation compliance	98.0%	99.0%	99.0%

Objective: To respond to Freedom of Information (FOIA) requests within 10 days.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Average response to FOIA Requests within 10 days	250	350	350

Goal 2: To oversee the State Legislative Agenda and strategies and provide assistance to support the Town's positions on 2013-2014 legislative issues.

Objective: (1) To monitor Town's priority legislation, (2) to support Town Council Intergovernmental Relations Committee; and (3) to draft letters of support or opposition to legislators.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Review and Distribute MASC Legislative Alerts	30	30	30
Draft Committee Agendas and attend meetings	9	9	9
Letters of support or opposition	20	20	20

Goal 3: To provide administrative support for the Town's Special Event application process.

Objective: To review applications, advise applicants of ordinance requirements and required documentation distribute application to key staff and BCSO liaison, coordinate meetings, draft correspondence/permits, obtain necessary signatures, and notify parties of approved events.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Number of special event applications processed	50	55	55
Number of non-special events reviewed and processed	15	20	20

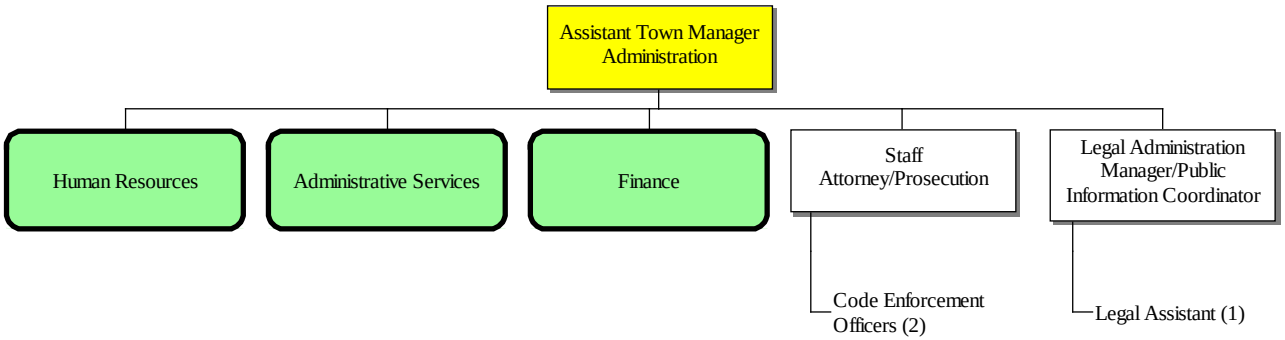
Program: Management Services
Division: Administration/Legal

Calendar Year 2013/ FY 2014 Goals, Objectives, and Performance Measures, continued

Goal 4: To provide competent legal presentation on behalf of the Town in prosecuting trials in Municipal Court.

Objective: To prosecute Driving Under the Influence, Criminal Domestic Violence, and SPM jury trials in Municipal Court in a timely manner.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Attorney prosecutions	121	75	75
Attorney assists Deputy with prosecution	19	25	25
Attorney assists Code Enforcement with prosecution	15	15	15



Note: The Assistant Town Manager's salary and benefits are budgeted in the Town Manager's Department.

Expenditures by Program/Category

Administration/Legal	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget	Budget $ Change	Budget % Change
Summary By Category								
Personnel	$ 400,868	$ 381,159	$ 398,375	$ 422,987	362,090	$ 437,059	$ 14,072	3.33%
Operating	28,010	21,664	26,021	36,400	34,780	38,300	1,900	5.22%
Total	**$ 428,878**	**$ 402,823**	**$ 424,396**	**$ 459,387**	**$ 396,870**	**$ 475,359**	**$ 15,972**	**3.48%**
Positions	5.0	5.0	5.0	5.0	5.0	5.0	-	0.00%

Program: Management Services
Division: Administrative Services

Mission/Core Services

Records Administration (Town Clerk)

Administer Town records, perform duties of Town Clerk and provide Town receptionist services.

Municipal Court

Provide administrative and clerical support for the Municipal Court to include assisting in the processing dispositions for criminal offenses, traffic and ordinance violations on Hilton Head Island.

Information Technology

Manage Town's Wide-Area-Network (WAN) to include all required hardware and software that support basic connectivity/services. Oversee all aspects of contracting and purchasing. Manage risk management, fixed assets and logistics for emergency management. Design and maintain the Town's Website/Intranet to include all associated electronic online government services. Provide technical support for all enterprise level software to include the design and maintenance of the Town's Geographic Information System. Provide computer training and support for audio visual systems to include those that support Council Chambers and the Municipal Court.

FY 2013 Accomplishments

1. Completed secondary server site at Facilities Management.
2. Continued our efforts on a multi-year project to digitize all town records and the implementation of an enterprise records management system.
3. Created Wi-Fi hot spots for public free use at Honey Horn Park and Shelter Cove Community Park and key areas within Town Hall.
4. Completed several enhancements to the Town's Website that improved access for citizens to information and documents.

Calendar Year 2013/FY 2014 Goals, Objectives, and Performance Measures

Goal (IT):
To provide for cost-effective state of the art management information systems and support services to enhance employee productivity throughout the Town.

Objective: To maintain the host system back-up and recovery process to ensure recovery media is available in the event of a system failure or disaster.

	FY 2012 Actual	FY 20013 Projected	FY 2014 Budget
Daily full system backups performed	272	272	272
Number of system failures	0	0	0
System failure recovered within 24 hours	0	0	0

Calendar Year 2013/FY 2014 Goals, Objectives, and Performance Measures, continued

Objective: To respond to critical Munis, microcomputer and LAN calls within 1 hour and to complete all departmental Help Desk requests in a timely manner.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Respond to critical calls in 1 hour	95%	95%	98%
Help Desk (DP) requests completed:			
Within 30 days	3	3	3
Within 60 Days	0	0	0

Goal (Municipal Court):
To administer effective and impartial justice for citizens in order to provide due process and enhance public safety.

Objective: To review probable cause affidavits, issue arrest/search/bench warrants, issue orders, research case law, hold trials and hearings, set dockets, review case load for dockets and completed State mandated training. This activity is comprised of Judiciary and support staff involved mainly with judicial processes related to misdemeanors, including traffic and non-traffic offenses as well as non-compliant parking violations.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Number of cases docketed	10,100	8,016	9000
Number of cases disposed	8,700	8,363	9000
Number of search warrants issued	30	33	35
Number of arrest warrants issued	600	349	350
Number of bench warrants issued	1,400	576	600

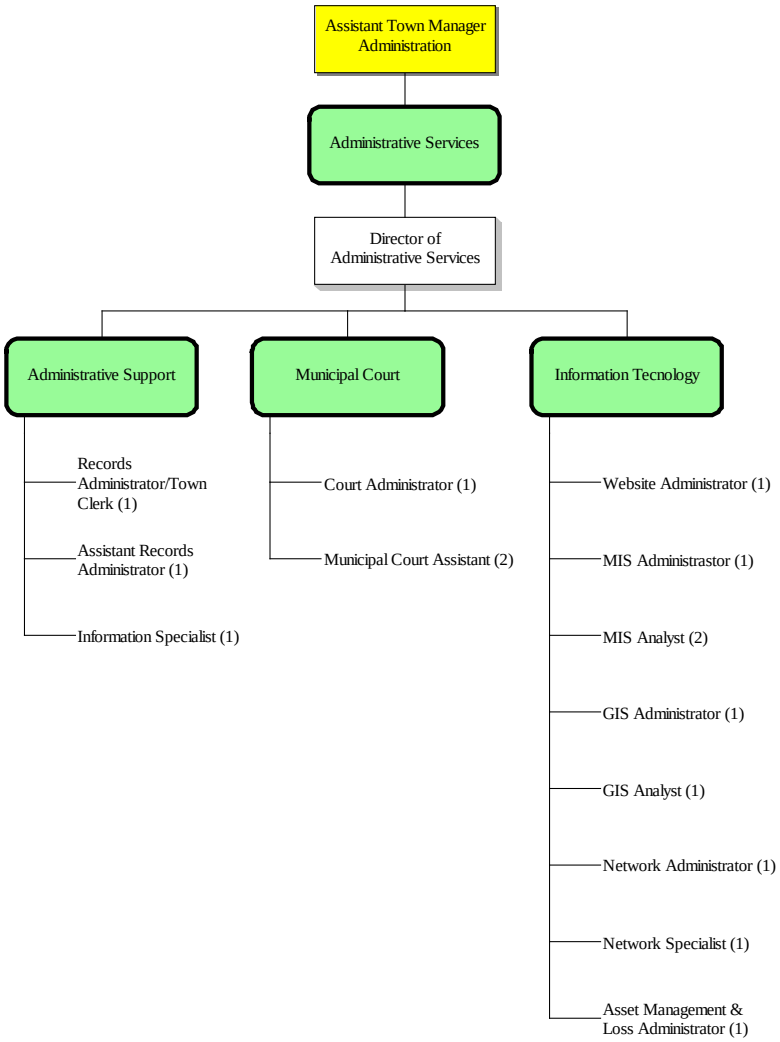
Goal (Records Administration):
To administer the town's records management program:

Objective: To effectively and efficiently apply economical management methods relating to the creation, retention, and disposal of official town records from all Departments. To ensure that all records received for processing are converted to micro film ~~not~~ no later than 12 months from the date received.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Number of Plans Processed	2,500	2,500	3,000

Number of Freedom of Information Act requests received and processed within two days in January 2013 were 100. Figures for FYs 2011 and 2012 were not recorded and are not available.

Program: Management Services
Division: Administrative Services



Note: The Assistant Town Manager's salary and benefits are budgeted in the Town Manager's Department. Also the Municipal Judge's salary and benefits are budgeted in the Municipal Court budget but the position is reflected in the Town Council's org chart.

Program: Management Services
Division: Administrative Services

Administrative Services	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget	Budget $ Change	Budget % Change
Program Summary								
Administrative Support	$ 193,428	$ 219,840	$ 209,676	$ 240,590	$ 186,546	$ 224,116	$ (16,474)	-6.85%
Municipal Court	398,821	400,235	371,047	399,248	394,592	408,405	9,157	2.29%
Information Technology	1,605,930	1,573,292	1,576,388	2,333,477	2,232,310	1,938,722	(394,755)	-16.92%
Total	**$ 2,198,179**	**$ 2,193,367**	**$ 2,157,111**	**$ 2,973,315**	**$ 2,813,448**	**$ 2,571,243**	**$ (402,072)**	**-13.52%**
Summary By Category								
Personnel	$ 1,391,264	$ 1,396,601	$ 1,324,436	$ 1,468,002	$ 1,327,125	$ 1,464,696	$ (3,306)	-0.23%
Operating	713,714	731,785	711,834	907,562	888,572	888,047	(19,515)	-2.15%
Capital Outlay	93,201	64,981	120,841	597,751	597,751	218,500	(379,251)	-63.45%
Total	**$ 2,198,179**	**$ 2,193,367**	**$ 2,157,111**	**$ 2,973,315**	**$ 2,813,448**	**$ 2,571,243**	**$ (402,072)**	**-13.52%**
Positions	17.5	17.5	17.0	17.0	17.0	17.0	-	0.00%

Program: Management Services
Division: Human Resources

Mission

To provide high quality and cost-effective human resource programs and services designed to attract, retain and develop diverse employees committed to the achievement of the Town's strategic objectives.

Core Services

Recruitment and Selection

Develop, implement and administer recruitment and selection activities including advertising, screening, interviewing, assessment/testing, background checking, new hire selection, and offer determination designed to attract qualified employees.

Total Rewards Management

Develop, implement and administer compensation, benefit and work life programs to encourage employee retention and support the organization's strategic objectives and values.

Talent Management

Develop, implement and administer activities and programs to facilitate succession planning, performance management, employee training, and leadership development to ensure that workforce performance meets current and future needs.

Organization Effectiveness

Develop, implement and administer human resource policies, procedures, processes, and technology initiatives to enhance organization effectiveness and employee engagement.

Program: Management Services
Division: Human Resources

FY 2013 Accomplishments

- Facilitated implementation of workforce, compensation and benefit changes in response to economic conditions and business needs; supported process of evaluating/modifying Mayor and Town Council member compensation
- Implemented significant retirement program enhancements to include optimized investment choice, employer/employee fee reductions, service guarantees, new plan features, Investment Policy Statement, and expanded financial education and counseling; facilitated Town and employee response to significant PORS changes
- Supported key organization redesigns, succession planning and position modifications, resulting in improved performance quality, increased productivity, increased spans of control, and reduced cost
- Supported development and delivery of town wide training initiatives designed to effectively support employee business, technology, financial and wellness needs while addressing budget constraints; used in-house training resources where feasible
- Improved employment and onboarding processes to expedite the selection process, facilitate identification of qualified candidates, reduce cost, and support new hire success; significantly improved process for creating Firefighter candidate pool; supported selection process for Economic Development Corporation members and Economic Development Director
- Improved performance management process to provide increased supervisor training/support, clarification of performance expectations, more effective evaluation of results, and focused management of employee performance deficiencies
- Maintained cost-effective Workers' Compensation premiums through effective WC program management, use of deductible program, increased discounts/credits, and continuing emphasis on employee safety
- Managed HR programs to comply with new/changing federal laws, appropriately addressed changes in federal regulations, and monitored pending legislative impact. Developed/implemented technology/social media use policy. Completed audit of Town's compliance with Fair Labor Standards Act, focusing on confirmation of overtime exemption status for designated positions.
- Continued implementation of process and form changes designed to incorporate user-friendly enhancements and support "green" initiatives, resulting in improved customer service and understanding of HR processes; implemented expanded monthly HR Newsletter
- Continued delivery of employee wellness initiatives to include health fair, health screenings, flu shots, vision exams, skin cancer screenings, EAP overviews, lunch and learn sessions, etc. Developed comprehensive strategy for delivery of ongoing wellness initiatives.

Program: Management Services

Division: Human Resources

Calendar Year 2013/FY 2014 Goals, Objectives, and Performance Measures

Goal 1: Attract and retain high quality staff capable of achieving Town goals.

Objective: Effectively manage recruitment process.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
# of positions filled	39	43	40
# of external hires	25	25	25
% of external offers accepted	92.5%	83.3%	83.3%
Avg. time to fill positions (requisition approval to offer acceptance)	24.9 Days	24 Days	24 Days
Direct cost per hire (exc. staff time)	$655	$1385	$1168

Objective: Retain employees capable of achieving Town goals.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Overall turnover rate	12.7%	8.9%	10.2%
Voluntary turnover rate	8.1%	7.6%	8.5%
Involuntary turnover rate	4.7%	1.3%	1.7%
Turnover Rate during 1st year	3.3%	23.8%	21%
High performer loss (rating $\geq$ 3.25)	11	3	6

Goal 2: Offer competitive total rewards program.

Objective: Maintain competitive compensation programs.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Salary budget increase % vs. public sector Nat'l avg	.3% less	.3% more	.9% more
Salary budget increase % vs. private sector Nat'l avg (< 500 employees)	1.8% less	.8% less	Same
% high performers paid > range mid	45.8%	47%	47.5%
# of resignations due to salary	0	1	2

Calendar Year 2013/FY 2014 Goals, Objectives, and Performance Measures, continued

Objective: Maintain competitive benefit programs.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Benefits as % of salary	35.34%	36%	36.12%
Avg. Town medical cost vs. Nat'l avg	$2365 less	$2115 less	$2304 less
Eligible employee participation rate in 401k match plan	83%	84%	86%
# of resignations due to benefits	0	1	1

Goal 3: Develop and administer activities and programs to optimize workforce performance

Objective: Facilitate effective succession planning and career development

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
# of promotions	12	16	15
# of transfers	1	2	0
Internal placement rate	34.2%	41.8%	37.5%

Objective: Provide effective interdepartmental talent development initiatives.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
# of interdepartmental participant training hours	2293	2267	2300
% of employees participating in tuition reimbursement program	2.6%	4%	4%
# certification/degree bonuses given	4	3	4

Objective: Maintain effective employee job performance.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
% of employees meeting expectations	93%	95%	94%
% of employees with improved ratings	28%	26%	27%
# of Employee Recognition Awards	9	12	12

Program: Management Services
Division: Human Resources

Calendar Year 2013/FY 2014 Goals, Objectives, and Performance Measures, continued

Goal 4: Effectively facilitate planning, projects, processes and actions that support organization productivity and employee engagement

Objective: Optimize position and organization design

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
# of positions created/re-evaluated	11	10	13
# of organization redesigns supported	4	3	2

Objective: Maintain employee productivity and engagement.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Non-FMLA sick leave (% of work hrs.)	1.59%	1.60%	1.6%
Average length of service (in years)	10.67	11.0	11.5

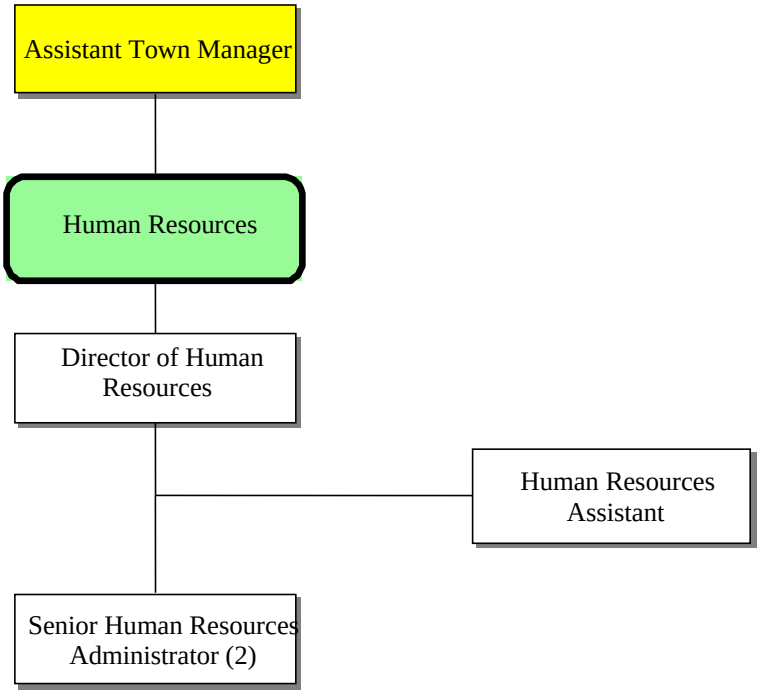
Objective: Support workplace safety

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
# of reported employee injuries	14	14	15
# of lost work days due to injury	67	49	75

Objective: Encourage participation in wellness initiatives

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
% using medical preventive care benefit	23%	29%	30%
% using dental preventive care benefit	47%	47%	47%
% eligible employees participating in Health Fairs	34%	45%	50%

Program: Management Services
Division: Human Resources



Note: The Assistant Town Manager's salary and benefits are budgeted in the Town Manager's Department.

Expenditures by Program/Category

Human Resources	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget	Budget $ Change	Budget % Change
Summary By Category								
Personnel	$ 446,030	$ 398,363	$ 403,054	$ 423,693	403,258	$ 419,484	$ (4,209)	-0.99%
Operating *	81,871	97,063	83,675	134,720	135,976	171,130	36,410	27.03%
Total	**$ 527,901**	**$ 495,426**	**$ 486,729**	**$ 558,413**	**$ 539,234**	**$ 590,614**	**$ 32,201**	**5.77%**
Positions	4.0	4.0	4.0	4.0	4.0	4.0	-	0.00%

Program: Management Services
Department: Finance

Mission

To provide sound financial management resulting in effective preservation of the Town and its fiscal assets; to comply with all governmental policies and procedures relative to accounting, auditing, financial reporting, asset management, debt administration, business licensing and associated revenue collections; and to provide accurate financial information and courteous and professional support to Town staff and its citizens to ensure a high level of customer satisfaction is maintained.

The Finance Department's mission incorporates the following principles:

Leadership – Strong financial leadership in all areas of activity undertaken by the Town.

Innovation – Progressive use of technology to promote the efficient use of resources.

Professionalism – Sound professional advice on all aspects of financial management.

Quality – Achievement and maintenance of a high quality service.

Core Services

Financial Administration

Provide strong financial leadership in all areas of activity undertaken by the Town. Promote the use of technology to ensure the efficient use of the Town's resources. Develop and manage the Town's financial policies and exercise budgetary controls over all expenditures. Provide effective cash and debt management for the Town ensuring strong bond ratings are maintained. Compile accurate comprehensive annual financial reports and budgets in compliance with governmental standards, practices and recommendations. Provide oversight of technological and systems improvements within the department. Ensure the department is committed to providing the highest quality customer services.

Accounting Services

Provide administration of the Town's general ledger, payroll, accounts payable, financial audits, State reporting and grants. Provide accounting functions for the Island Recreation Association and Coastal Discovery Museum. Responsible for maintaining the following funds: General, Tax Increment Financing District (TIF), Debt Service, Capital Projects, Accommodations Tax - State, Accommodations Tax – Local, Beach Preservation Fee, Hospitality Tax, Storm water Fee, Real Estate Transfer Fee (Land Bank), Home Grant and Electric Franchise Fee. Provide effective accounting support to staff and committees.

Revenue and Collections

Collection of Town-wide funds including business license fees, hospitality taxes, accommodations taxes, beach preservation fees, franchise fees, and beach passes. Perform Emergency Medical Services billing and collections. Oversee the processes associated with the Town's setoff debt collection program. Maintain the Town's business license database, and ensure compliance with the business license ordinance through on-site inspections. Perform audits of County tax records to ensure the accuracy of the Town's assessed property valuations.

Program: Management Services
Department: Finance

FY 2013 Accomplishments

- The Town was awarded the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association for the twenty fourth consecutive year and the Distinguished Budget Presentation Award for the eighth year.
- The Town received an unqualified opinion from the independent external auditors on the financial statements and did not receive any findings related to internal controls over financial reporting.
- The paperless records retention project has allowed the Finance Department to be environmentally responsible and allows faster and more efficient access to financial information.
- Continued reduction of bank merchant processing fees through migration to a new processing platform as well as negotiated lower discount rates.
- Efforts made towards our ATAX project resulted in more than $275,000 in collections.
- Implemented new EMS billing software, integrating with the Fire & Rescue RescueNet ePCR/Dispatch module, which will result in more efficient data entry.
- Completed the largest phase of the Munis accounting system changes to add the project field and clean-up other significant master data. This will allow better tracking of sources of funds, objects of expenditures and projects.

Calendar Year 2013/FY 2014 Goals, Objectives, and Performance Measures

Goal: Maintain strong credit rating of the Town.

Objective: To effectively manage the fiscal planning process for the bond issuance and funding of the ten-year Capital Improvement Program.

	FY 2012 Actual	FY 2013 Projected
Standard & Poor's Bond Rating	AA+	AA+
Moody's Investors Bond Rating	Aaa	Aaa
Fitch Bond Rating	AA+	AA+
Debt percent of Legal Debt Margin without a Referendum	6.75%	12.82%
Adequate funds available to fund CIP Projects	100%	100%

Calendar Year 2013/FY 2014 Goals, Objectives, and Performance Measures, continued

Goal: Ensure compliance with finance-related legal requirements and provide reporting in conformance with generally accepted accounting principles (GAAP).

Objective: To provide timely development of accurate, effective and informative financial reports and operating and capital budgets.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
GFOA Certificate of Achievement for Excellence in Financial	Yes	Yes	Yes
GFOA Distinguished Budget Presentation Award received	Yes	Yes	Yes

Goal: Provide a high level of customer service.

Objective: To process cash receipts in a timely and accurate manner.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Business license renewals processed	5784	5501	5600
New business licenses processed	1009	1396	1400
Bed TAX (ATAX/Beach Preservation Fees Permits)	725	908	980
Hospitality tax receipts processed	1998	1860	1950
Bed tax (ATAX/Beach Preservation Fees)receipts processed	2904	4160	4200
Beach passes issued	1207	1225	1300
Miscellaneous receipts processed	3463	2964	3000
EMS # calls billed	3228	3165	3300
EMS collections (payments)	$1,227,090	$ 975,000	$1,300,000
EMS charges billed	$1,502,078	$1,470,000	$1,535,000

Calendar Year 2013/FY 2014 Goals, Objectives, and Performance Measures, continued

Goal: Provide a high level of customer service.

Objective: Upon receipt of all required supporting documentation, to process the issuance of new business licenses in a timely and accurate manner.

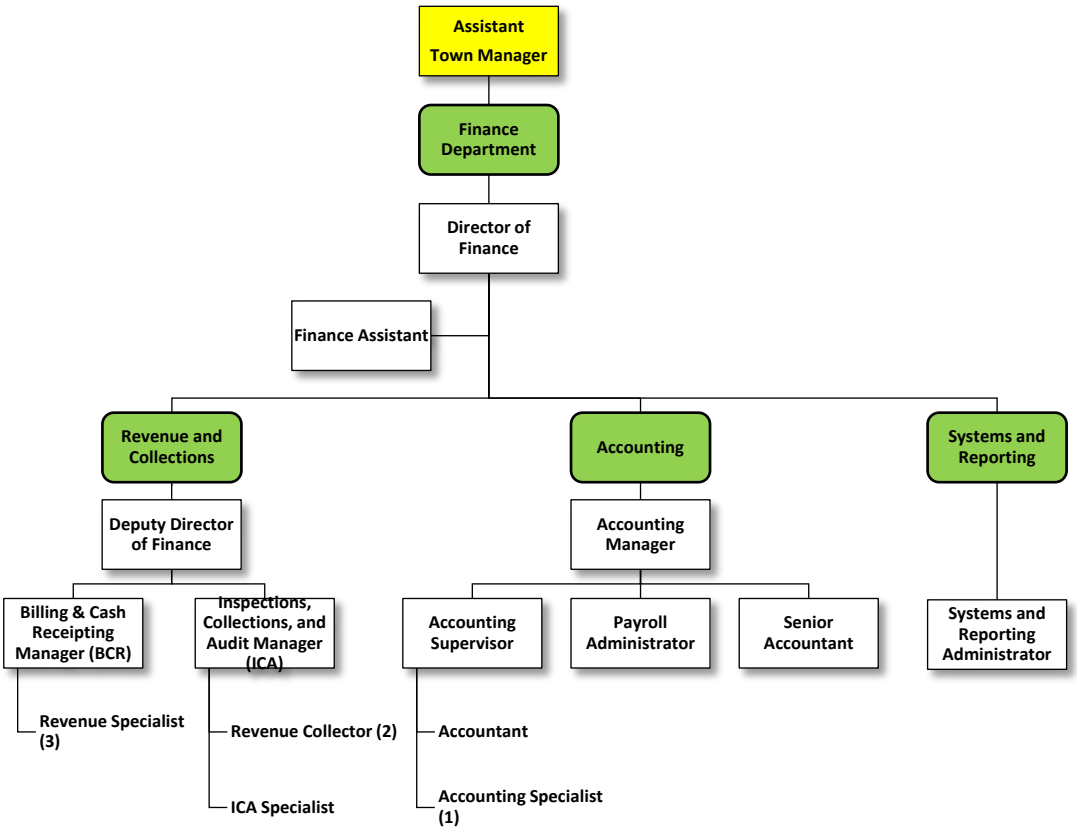
	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
New OOC/OOS business licenses issued within one (1) business day	99%	99%	99%
New home-based business licenses issued within five (5) days	99%	99%	99%
Store front business licenses issued within 15 days	99%	99%	99%

Goal: Ensure business license compliance and enforcement of Town Code.

Objective: Conduct business license site visits/contacts.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Business license site visits/contacts	3,519	5,500	5,500

Program: Management Services
Department: Finance



Note: The Assistant Town Manager's salary and benefits are budgeted in the Town Manager's Department.

Finance	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget	Budget $ Change	Budget % Change
Program Summary								
Administration	$ 213,968	$ 211,370	$ 247,858	$ 293,669	$ 284,952	$ 297,446	$ 3,777	1.29%
Accounting	565,988	589,794	538,530	601,147	557,672	606,582	5,435	0.90%
Revenue and Collections	659,308	700,325	569,734	808,789	672,319	856,136	47,347	5.85%
Total	**$ 1,439,264**	**$ 1,501,489**	**$ 1,356,122**	**$ 1,703,605**	**$ 1,514,943**	**$ 1,760,164**	**$ 56,559**	**3.32%**
Summary By Category								
Personnel	$ 1,339,918	$ 1,345,209	$ 1,246,454	$ 1,445,276	1,366,563	$ 1,503,414	$ 58,138	4.02%
Operating	99,346	156,280	109,668	258,329	148,380	256,750	(1,579)	-0.61%
Total	**$ 1,439,264**	**$ 1,501,489**	**$ 1,356,122**	**$ 1,703,605**	**$ 1,514,943**	**$ 1,760,164**	**$ 56,559**	**3.32%**
Positions	19.0	19.0	19.0	18.0	18.0	18.0	-	0.00%

Program: Community Services
Department: Community Development

Mission

To provide the highest quality planning services for both internal and external customers by: a) insuring the Comprehensive Plan is in accordance with state law and is being implemented; b) providing creative, flexible, fair and consistent administration of development and construction codes, permitting and inspection of structures, while maintaining records and assuring compliance with the provision of the National Flood Insurance Program for our customers; c) insuring a comprehensive and professional direction for the Island's environmental protection and preservation; and d) preserving and enhancing the Island's long-term sustainability.

Core Services

Administration

- Oversees the revision and implementation of the Comprehensive Plan and Land Management Ordinance to improve their effectiveness and ensure development and redevelopment activities are in compliance with both documents.
- Selectively participates in regional issues with Beaufort County, the Town of Bluffton and other agencies regarding growth management, development regulations, transportation planning, recreation planning, natural resource protection, and other issues with regional impacts.
- Participates in Town Council's Targets and Actions involving special projects dealing with land management, development and managing growth.
- Oversees Process Improvements within department and with other departments.
- Coordinates review board activity, meetings, agendas and packets.
- Promotes public education of department's projects and function.
- Assists with departmental record retention.

Development, Review and Rezoning

- Manages and coordinates efforts to implement the Land Management Ordinance by the review of all applications for Development Plans, Subdivisions, Variances, Special Exceptions, Appeals, Zoning Map Amendments, Public Project Reviews and Master Plan Amendments ensuring all applications are in compliance with the Comprehensive Plan.
- Oversees natural resource protection of the Island including beach, tree and wetland regulations, and water quality preservation.
- Continues environmental monitoring for water quality and created wetlands, and Land Management Ordinance effectiveness for tree prote
- Oversees Urban Design Program and Guidelines.
- Provides for periodic review and update of the Land Management Ordinance.

Core Services, Continued

Development, Review and Rezoning, continued

- Manages the Community Rating System assuring that construction within the Town is in compliance with FEMA regulations thereby providing savings on flood insurance premiums for the residents and businesses on the Island.

Comprehensive Planning

- Guides the revision and implementation of the Comprehensive Plan focusing on redevelopment strategies, Sustainable strategies, Capital Improvement Program projects, and Land Management Ordinance amendments.
- Provide support services and programs for economic development initiatives in the Town.
- Provides for grant research and writing to secure funding for various town projects and programs.
- Oversees Sustainable Practices Program and Implementation.

Building

- Delivers prompt, efficient and courteous service in the management, coordination and inspection of the building permitting process to be in compliance with current building code regulations as they apply to both single family and commercial structures.
- Enforces ICC building codes.
- Collects permit fees and impact fees for both the Town and the County.
- Provides flood hazard determination to homeowners, insurance, legal and banking representatives.
- Maintains public records of flood elevation information.
- Conducts seminars for the public pertaining to building code regulations.

Community Development Services

- Serves as front line for general information and permitting process. Approves smaller permits for site development.
- Maintains accurate records and statistics of construction on Hilton Head Island. Responds to Freedom of Information requests in addition to requests for statistical reports.
- Communicates with the construction/development community through a quarterly publication which addresses code issues, inspection issues and procedures for permitting and inspection, and planning/development issues.

Program: Community Services
Department: Community Development

FY 2013 Accomplishments

- Finalized and adopted development agreement for Shelter Cove redevelopment.
- Administered RFP and completed contract for Economic Evaluation and Financial Feasibility Report for Coligny Redevelopment. Plan was presented to Town Council.
- Developed a Chaplin Linear Park Conceptual Plan and received Town Council approval.
- Developed a Coligny Area Conceptual Plan and received Town Council approval.
- Completed a Design Charrette for bridge in Chaplin Linear Park.
- Distributed an RFQ for Coligny Redevelopment area design and selected a consultant.
- Distributed an RFQ for Chaplin Linear Park consulting design services and selected a consultant.
- Developed and drafted an Aquatic Center Phase 3 Plan with consultant and received Town Council approval.
- Distributed an RFP for permitting software and awarded contract and selected a consultant.
- Worked with consultant to evaluate LMO Rewrite drafts and seeking LMO Rewrite Committee input and approval.
- Drafted RFP for arts consultant for distribution.
- Drafted and adopted new regulations for signs, building heights, and cell towers.
- Updated Honey Horn Master Plan.
- Completed Jenkins Island Cell Tower Lease.
- Disaster Recovery Plan was accepted by Town Manager.
- Produced Sustainable Practices Action Plan.
- Training Program for boards was approved by state education advisory committee.
- Worked with SHARE to secure space in new Sheriff's Office building.
- Coordinated with Sheriff's Office to determine feasibility of purchase of building for new location.
- Awarded Tree City USA.

Calendar Year 2013/FY 2014 Goals and Objectives

Goal: Create an Economic Development Organization.

Objective: Establish a non-profit economic development corporation, determine funding, support services from town staff, operations, and potential projects to pursue.

Goal: Develop a Redevelopment Area Conceptual Plan for Coligny Area.

Objective: Determine best urban design and capital improvement projects for public facilities in Coligny area.

Goal: Determine a framework and strategy for Arts Collaboration.

Objective: Hire a consultant to draft a strategic plan for collaboration, organization and funding.

Goal: Implement CIP public projects for redevelopment of Shelter Cove.

Calendar Year 2013/FY 2014 Goals and Objectives, continued

Objective: Obtain public project approval, budget inclusion, and construction management.

Goal: Develop detailed plans for Chaplin Linear Park and commence construction.

Objective: Hire a consultant to design project and provide construction plans.

Goal: Re-write the LMO for more flexibility, simplicity and revitalization with concentration on redevelopment.

Objective: Complete a draft and seek review and approval.

Goal: Develop policies to address aging Office Buildings & Commercial Centers.

Objective: Determine regulatory or financial incentive-based strategy for ensuring these are properly maintained.

Goal: Determine future Recreation Center Expansion.

Objective: Hire a consultant to revise recreation center expansion plans as if aquatic center is located elsewhere.

Goal: Ensure efficiency in recreation organization, management and performance audit.

Objective: Hire a consultant to study the recreation center organization, management and funding.

Goal: Evaluate and get direction on commercial recycling program.

Objective: Determine steps and costs as based on residential recycling; seek approval from Town Council.

Goal: Implement Airport Master Plan.

Objective: Continue to coordinate with county and airport officials.

Goal: Examine Land Acquisition Program policies.

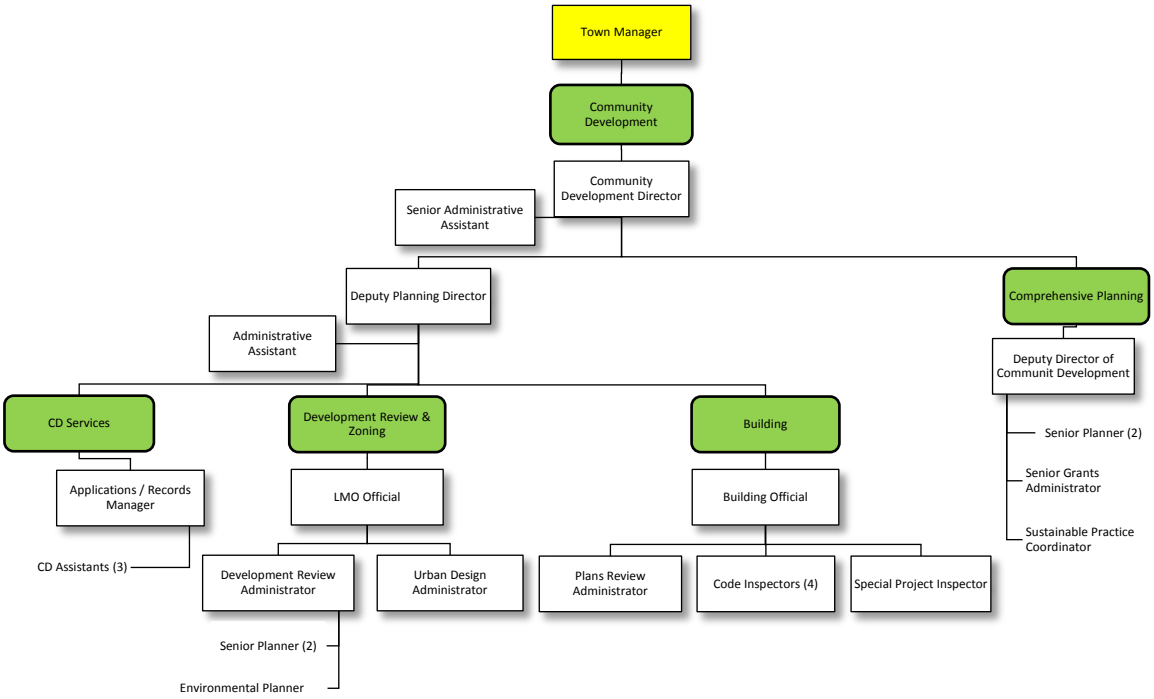
Objective: Determine if policy direction, acquisitions and funding should be changed in light of redevelopment and economic development opportunities.

Goal: Examine extending Tax Increment Financing District timeframe.

Program: Community Services
Department: Community Development

Calendar Year 2013/FY 2014 Goals and Objectives, continued

Objective: Determining feasibility of extension; coordinate with other taxing jurisdictions to determine their participation efforts, and draft documentation to authorize extension, and seek approval.



Program: Community Services
Department: Community Development

Expenditures by Program/Category

Community Development	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget	Budget $ Change	Budget % Change
Program Summary								
Administration	$ 541,225	$ 548,302	$ 593,454	$ 698,000	$ 571,200	$ 635,343	$ (62,657)	-8.98%
Building	667,371	603,692	614,999	640,594	657,571	636,721	(3,873)	-0.60%
Comprehensive Planning	356,859	367,135	347,178	367,445	395,082	498,782	131,337	35.74%
Development, Review & Zoning	791,780	674,375	633,069	852,652	785,375	649,629	(203,023)	-23.81%
CD Services	334,221	289,892	268,332	281,751	273,739	289,393	7,642	2.71%
Total	**$ 2,691,456**	**$ 2,483,396**	**$ 2,457,032**	**$ 2,840,442**	**$ 2,682,967**	**$ 2,709,868**	**$ (130,574)**	**-4.60%**
Summary By Category								
Personnel	$ 2,593,872	$ 2,421,688	$ 2,326,906	$ 2,463,521	$ 2,375,299	$ 2,385,756	$ (77,765)	-3.16%
Operating	97,584	61,708	130,126	376,921	307,668	324,112	(52,809)	-14.01%
Total	**$ 2,691,456**	**$ 2,483,396**	**$ 2,457,032**	**$ 2,840,442**	**$ 2,682,967**	**$ 2,709,868**	**$ (130,574)**	**-4.60%**
Positions	32.0	30.0	27.0	27.0	27.0	26.0	(1.0)	-3.70%

Program: Community Services
Department: Public Projects and Facilities

Mission

Lead, manage and supervise the operations of the Engineering and Facilities Management Divisions. Provide oversight of the Capital Improvements Program (CIP). Provide departmental support and assistance to the Town Manager, Staff and other Boards and Commissions as required. Provide services to the general public in a courteous and professional manner. Exceed their expectations.

Core Services

Administration

Provide overall administration of the Facilities Management and Engineering Division. Manage the Town's Capital Improvement Program for roads, parks, pathways, beach facilities, beach renourishment, and drainage.

Engineering Services

Provide general oversight and project management for design and construction of road, drainage, pathway and other infrastructure projects. Review and approve plans for land development to ensure compliance with the road and storm water management standards of the Land Management Ordinance. Conduct field inspections of development projects and issue certificates of compliance for same. Maintain the Town's roadways, traffic signals, street signs, mile markers and storm water infrastructure. Coordinate with other government agencies and utility providers regarding infrastructure maintenance and improvements.

Facilities Services

Operate and maintain Town beach parks. Manage parking permits, boat permits; maintain beach accesses, pathways, highway medians, transfer stations, buildings and grounds, and cleaning service bids. Provide parking enforcement and act as liaison for Town Beautification and Recycling initiatives. Maintain Fire and Rescue buildings and grounds to include distribution of cleaning supplies.

FY 2013 Accomplishments

ENGINEERING

PATHWAYS

- Completed the in-house design, permitting and construction of new pathway along William Hilton Parkway from Long Cove Club to the Fresh Market Shoppes
- Completed the in-house design of a new pathways serving Honey Horn and Jarvis Creek Park as well as traffic marking and access improvements on William Hilton Parkway
- Completed the in-house design of a new pathway along Gardner Drive
- Completed the in-house design of a new pathway along Pembroke Drive

FY 2013 Accomplishments, continued

ENGINEERING, CONTINUED

ROADWAYS

- Completed the design and permitting of a new roundabout at Mathews Drive and Marshland Road – to be constructed in the fall
- Completed the in-house design, permitting and construction of new crosswalks, refuges, and ancillary pathway improvements at William Hilton Parkway and Regency Drive, Chamber of Commerce Drive and Yacht Cove Drive, with an auxiliary left turn lane from William Hilton Parkway eastbound into the Circle K, opposite Yacht Cove Drive
- Installed the final phase of the "new-design" ground mounted street signs
- Completed the in-house design, permitting and construction of intersection improvements at Main Street and Hospital Center Boulevard
- Completed design, permitting and construction of the Mathews Connectivity road and parking improvements
- Completed the design and permitting of a of intersection improvements at William Hilton Parkway and Leamington (to be constructed in the fall).
- Continued work on acquisition of two dirt roads (Wiley and Outlaw Roads).
- Installed decorative traffic signal mast arms at William Hilton Parkway and Mall Boulevard and at Queen's Folly / King Neptune Roads
- Inspected and reported on all traffic signals as per the requirements of the Traffic Signal Maintenance Agreement with the SCDOT
- Completed the Traffic Monitoring & Evaluation Report as required by the LMO, and presented to the Planning Commission - optimized all signal timings
- Operated and maintained 22 signalized intersections, 2 flashing warning signals and 38 crosswalk / pedestrian signals, coordinated traffic signal infrastructure upgrades

STORM WATER

- Completed twenty storm drainage maintenance projects throughout the island.
- Acquired storm drainage maintenance rights within the Long Cove Club planned unit developments.
- Developed a new process whereby sub-POA may dedicate maintenance rights of qualifying drainage systems to the Town for maintenance.
- Managed on-call contracts for general drainage maintenance and improvements as well as pump maintenance and repairs and pipe lining services
- Re-writing storm water regulations within the LMO
- Conducted watershed planning (storm water inventory and modeling analysis) of watersheds in Port Royal, Hilton Head Plantation, and Point Comfort Area watersheds and began work in Sea Pines and Indigo Run

FY 2013 Accomplishments, continued

ENGINEERING, CONTINUED

BEACH

- Continued physical and environmental monitoring of the beach

DISASTER RECOVERY

- Maintained on-call contracts for debris removal and monitoring, as well as mutual aid agreements with the County and State for debris removal within their road rights of way
- Revised PUD debris agreements to address management of private property debris
- Conducted pre-season hurricane / debris management workshop

GENERAL

- Reviewed land development projects for compliance with the LMO and within allotted timeframes and guidelines and participate in the Community Development process improvement exercise.
- Worked with Community Development on LMO Re-write project
- Continued design and permitting of the Rowing and Sailing Center
- Completed the in-house design, permitting and construction of a new parking facility at the Island Recreation Center
- Managed several on-call professional services contracts for use by all Town staff
- Provided coordination and assistance on the TIF funded sewer projects
- Reviewed, approved and inspected development plans for compliance with the engineering standards of the LMO in the areas of traffic and storm water management
- Negotiated a new traffic signal agreement with the SCDOT

FACILITIES MANAGEMENT

EXISTING FACILITIES

- Completed the permitting, development, and DRB phases of the new Fire Station 6

TOWN HALL RENOVATIONS

- Complete renovation of conference rooms 1 and 3
- Various office renovations in Community Development wing

CLEAN UP MAINTENACE AND DEMO

- Demolition of the Welcome Center
- Demolition of 575 WHP (Old RBC building)
- Graded, seeded, and created viewing corridors at the old Tenna Jones property
- Irrigation replacement at Chaplin Park fields

FY 2013 Accomplishments, continued

FACILITIES MANAGEMENT, CONTINUED

PARK UPGRADES

- Jarvis Creek Park new playground equipment
- Chaplin Park additional picnic shelters
- Driessen's Beach Park new playground equipment
- Construction of a new maintenance road at Crossing's ball field

REHAB/RENOVATION

- Fire Training outdoor class shelter
- Renovated Honey Horn's oyster shell road
- Folly Field Park pump station upgrades

DUNES/BEACH PARK MAINTENACE

- Coligny Beach Park shower tower re-location
- Multiple Beach park boardwalk decking replacements
- Install of new urethane mortar system on various Parks flooring

PATHWAY MAINTENCE

- Completed annual pathway repairs projects
- Refurbished multiple pathway intersection paintings

WORK ORDER TOTALS

- Completed over 4,500 W/O's using in house staff.

Calendar Year 2013/FY 2014 Goals and Objectives

ENGINEERING

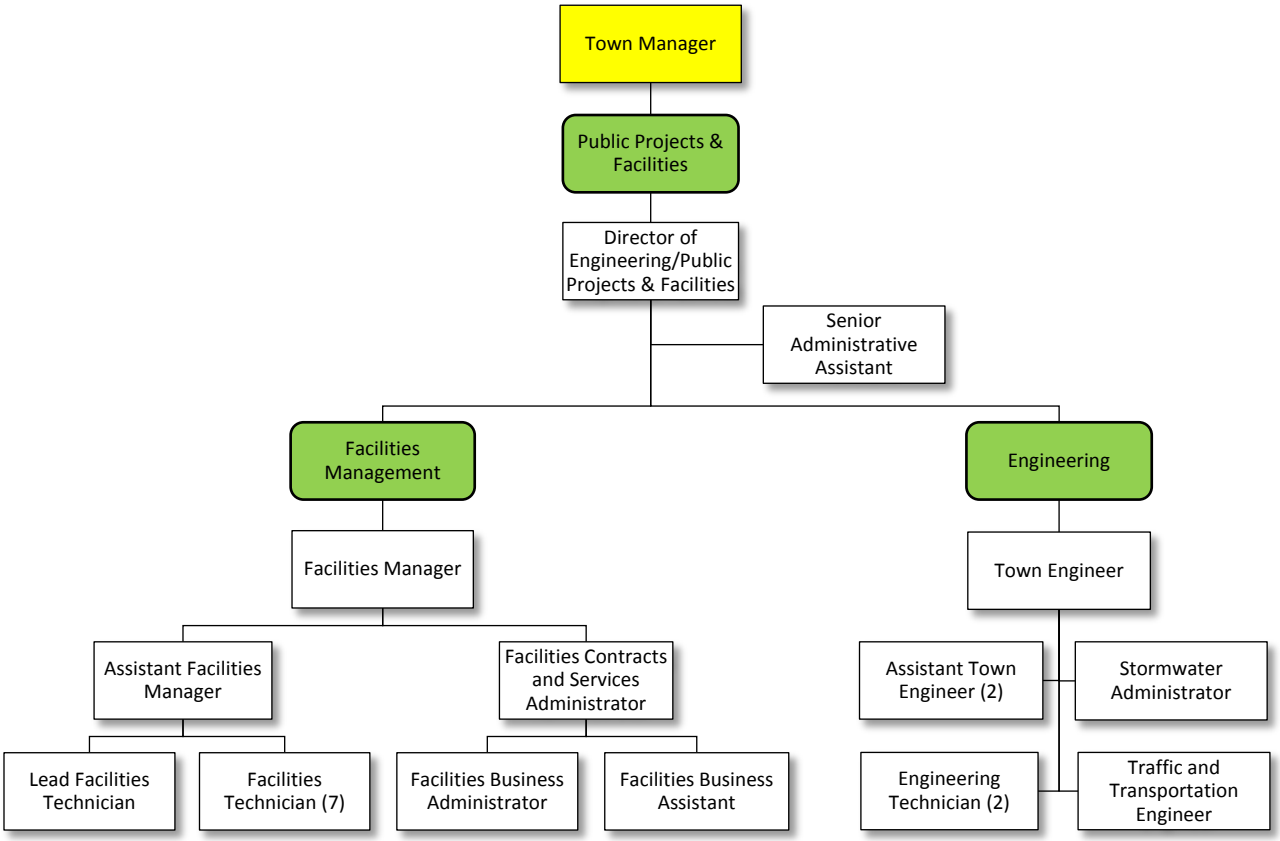
- Design and Manage Capital Improvement Projects in accordance with the policies and procedures of the Town and provide support as necessary to the CIP program.
- Ensure compliance with the storm water and transportation engineering standards of the Land Management Ordinance in the design and construction of land development projects.
- Revise the storm water and transportation engineering standards of the Land Management Ordinance to comport with Town philosophies and state regulations.
- Manage the storm water utility interests and infrastructure within the Town limits.
- Manage the closed loop traffic signal system, Town-maintained road network, and other traffic and transportation related activities in the best interest of the Town

Program: Community Services
Department: Public Projects and Facilities

Calendar Year 2013/FY 2014 Goals and Objectives, continued

FACITLTIES SERVICES

- Ensure effective and environmentally sensitive design of Facilities Management projects using "best management practices." Refine and implement the long-term maintenance program for the Town's infrastructure including cost allocation and fee structure.
- Continue the execution a comprehensive in house inspection and maintenance program for Town owned properties and facilities utilizing iMaint automated maintenance programs and quarterly inspection reports.
- Support and manage the escalating demands and costs of maintenance of all Town facilities to include the 7 Fire Stations and Fire/Rescue Headquarters.
- Provide Project Management as required for assigned Capital Improvement Projects
- Provide staff support as may be required for the expansion of the Town's recycling program



Program: Community Services
Department: Public Projects and Facilities

Expenditures by Program/Category *

Public Projects & Facilities	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget	Budget $ Change	Budget % Change
Expenditures:								
Program Summary								
Administration	$ 230,029	$ 232,326	$ 233,415	$ 242,160	$ 241,310	$ 249,972	$ 7,812	3.23%
Engineering **	719,746	643,071	654,347	722,590	707,404	873,716	151,126	20.91%
Facilities Management***	2,363,314	2,381,406	2,426,994	2,665,374	2,563,348	3,094,683	429,309	16.11%
Total	**$ 3,313,089**	**$ 3,256,803**	**$ 3,314,756**	**$ 3,630,124**	**$ 3,512,062**	**$ 4,218,371**	**$ 588,247**	**16.20%**
Summary By Category								
Personnel	$ 1,661,083	$ 1,544,773	$ 1,628,441	$ 1,667,958	$ 1,671,446	$ 1,709,972	$ 42,014	2.52%
Operating	1,652,006	1,712,030	1,686,315	1,962,166	1,840,616	2,481,399	519,233	26.46%
Capital Outlay						27,000	27,000	
Total	**$ 3,313,089**	**$ 3,256,803**	**$ 3,314,756**	**$ 3,630,124**	**$ 3,512,062**	**$ 4,218,371**	**$ 588,247**	**16.20%**
Positions*	21.0	21.0	22.0	20.0	20.0	19.0	1.0	-5.00%

* Does not include Stormwater Fund, an enterprise fund which is separately budgeted. The Town directly charged two positions in fiscal years 2012 and 2013 and will charge 3 positions in fiscal year 2014 to the Stormwater Fund. These stormwater positions still report to the Director of Public Projects and Facilities.

** Road maintenance for Town-owned roads was largely deferred as the Town planned to transfer ownership to the County. The Town recognizes that it will likely retain ownership of most of these roads. Minimal expenditures incurred in the past were charged to Facilities Management General Fund accounts or the Capital Projects Fund. Beginning in fiscal year 2014, Engineering will now budget an amount which allows for adequate maintenance of Town-owned roads.

*** Non-project capital outlay (vehicles, beach park maintenance, and non-capitalizable repairs/replacement/maintenance) is budgeted in the General Fund and not the Capital Projects Fund in fiscal year 2014. Contracted service increases are also impacting the increase in Facilities Management.

Program: Public Safety
Department: Fire and Rescue

Mission

To provide fire, rescue, emergency medical and emergency services to our community and our visitors through a cost effective and efficient delivery system designed to enhance a safe environment for the public.

Core Services

- Respond to emergencies such as fire, medical, hazardous material, a wide variety of rescues and natural disasters. Provide a wide variety of services to the public such as water cleanup and lockout service; assisting the elderly when no one else will provide assistance.
- Operate seven fire stations, a dispatch center and headquarters located near the Airport. Manage enhanced 911 emergency communications for Hilton Head Island, Hilton Head Island Airport and Daufuskie Island in addition to serving as backup communication center for Beaufort and Jasper County.
- Conduct fire safety inspections of multi-family dwellings and commercial buildings; provide public educational programs for all ages (i.e., CPR for the public, fire safety for the young and elderly, fire extinguisher use, First Aid, AED use and child car seat inspections, etc.).
- Participate in the Town-wide Safety Program including safety inspections for Town-owned facilities; conduct required fire and EMS employee training; administer the Town's Comprehensive Emergency Management Program; provide maintenance for all Town-owned vehicles and maintain all Fire and Rescue facilities and apparatus in a ready state for response.

FY 2013 Accomplishments

- **Induced Hypothermia Protocol & PIT Crew CPR Save Rate -** The combinations of these two actions have improved the outcomes in witnessed cardiac arrest patients who returned to Spontaneous Circulation (ROSC). This has resulted in a save rate of 40% in 2011, and 78% for 2012 through June well above the CDC survival rate of 30.6% for agencies with similar programs. (September 2012)

- **Replaced Patient Care Reporting Software -** Purchased replacement PCR application from Zoll Data. This new application is in the process of being configured with training and implementation to occur starting the week of November 5th. The application works more closely with existing NFIRS compliant RMS and provides compliance with state and NEMSIS data collection guidelines. (November 2012)

- **SC Homeland Security Grant – General Urban Search & Rescue (USAR) Equipment -** Received $76K for the purchase of additional USAR Regional Response Team equipment to bring the team into compliance as a FEMA Type 1 Team (October 2012)

Program: Public Safety
Department: Fire and Rescue

FY 2013 Accomplishments (continued)

- **SC Homeland Security Grant – Radiological Detection** - Received $136k for purchase of a radiological detection equipment to enhance regional Haz Mat response coinciding with FEMA Type 1 team specifications. Provides the ability to improve radiological detection capabilities. Equipment has been purchased and training is pending. (October 2012)

- **CFAI Fire Service Accreditation -** Received full accreditation for the period 2012 through 2017. Submitted Annual Compliance Report to maintain accreditation. Currently there are only 145 departments in the world (3 in SC) that are accredited. (February 2013)

- **Utility One (Air/Rehab) Unit** - Purchased, trained personnel, and deployed new apparatus to improve firefighter safety by providing rapid rehydration and cooling of personnel at an incident scene and to provide a ready source of breathing air in the field. (July 2012)

- **CAD Database Migration from Oracle to Microsoft SQL** - Provides a common database platform across all Fire & Rescue field data applications to allow for greater flexibility in retrieving data as well as greater ease of maintenance. (August 2012)

- **Wildland (Brush) Truck Replacement** - This vehicle reduces the overall fleet by one unit, while maintaining compliance with NIOSH, and eliminates two unreliable aged converted military surplus brush units from the fleet. (November 2012)

- **Response Time Improvements –** Since July 1 2012 to date, F&R responded to all emergencies within 2 minutes 26.8% of the time, to all emergencies within 3 minutes 53.2% of the time and to all emergencies within 5 minutes 85.2%. These response time numbers represent a slight improvement over the previous year of ~1%, 1.2%, and 1.3% respectively. (February 2013)

- **Dispatch Quality Assurance/Quality Improvement Program -** Developed a procedure to review all 911 phone calls requesting medical assistance to ensure they are handled in the best possible manner. The process helps identify any additional training that may be beneficial. (August 2012)

- **Reduced 911 Error Rates -** Corrected 431 migration errors and identified the root cause of the errors. Continued working with both Beaufort County and Hargray Telephone Company to prevent similar problems in the future. Corrected 235 numbers with no associated address. Successfully moved all the phone numbers in Windmill Harbor to the correct PSAP. Each correction represents one phone number that will display the correct phone number and address when used for calling 911. (On Going Project. Initiated in January 2012)

FY 2013 Accomplishments (continued)

- **Emergency Contact Updates -** Dispatch worked with the BFP to streamline the process for maintaining emergency contact information to avoid duplication, reduce work load, and to produce more timely and accurate information during emergency operations. (August 2012)

- **Reduced Marriott PBX errors** - By working with Hargray and Marriott specific locations were added to 220 phone numbers within Marriott's PBX. This enables the caller's location to properly display when calling 911. (July 2012)

- **Emergency Access Gate - Haig Point Embarkation into Wexford Plantation at Fairfax Lane -** Gate reduces response times into Wexford Plantation from the Palmetto Bay area and a secondary egress point. (January 2013)

- **Radio Frequencies Narrow Banding -** Completed the FCC Mandated narrow banding of all VHF and UHF frequencies to ensure continued communications and to avoid potential loss of frequency and heavy financial penalties. (November 2012)

- **Fire Service Instructors** - New instructor ratings were obtained in the areas of Hazardous Materials Operations, Intermediate and Advanced Incident Command Systems, Initial Company Operations, and Driver/Operator instruction.

- **Fire Service Legal Seminars** – Fire & Rescue hosted two legal seminars conducted by the Public Safety Training Council including a two-day seminar on Fire Department Administrative Investigations and a one-day seminar on Managing Fire Departments in the Digital Age. (December 2012)

- **HazCat Chemical Classification System** – Fire & Rescue hosted a two-day class on the HazCat Chemical Classification System. This system, essentially a portable chemistry laboratory, is used be specially-trained Hazardous Materials Technicians to classify unknown liquid and solid chemicals found at chemical spills or leaks. (July 2012)

- **Home Fire Sprinkler Demonstration** - Conducted burn demonstrations to demonstrate the effectiveness of home fire sprinkler systems. Viewed by over 200 people, the public has a better understanding of how fire grows, when the smoke alarm activates, and how little time there is to react so they better understand why F&R teaches that you must have working smoke detectors, crawl low in smoke, and why it is important to get out and stay out. The demonstrations also showed the need for residential fire sprinkler systems. (October 2012)

- **Computer Virtualization** - Completed virtualization of all Public Safety System applications, and operating systems, by installing virtual host servers and storage area network. Provides Fire & Rescue systems such as CAD, FireRMS®, & ePCR with improved disaster recovery, and disk to disk backups in geographically separate locations. (October 2012)

Program: Public Safety
Department: Fire and Rescue

FY 2013 Accomplishments (continued)

- **Informational Sharing & Outreach Effort** - Public Education continued to be stressed, and were supplemented by the 2nd Annual Report Fire & Rescue has issued in several years. The Emergency Management Division is frequently utilizing the Town's e-subscription service to advise the public of weather issues, and other items of concern. (Ongoing program)
- **Public AED Program** – To provide assistance and patient care coordination for civilian agencies wishing to participate in the Hilton Head Island Fire/Rescue Automated External Defibrillator (AED) Program. It is the objective of this program to establish guidelines for the provision of training, education, interagency cooperation, and supervision of civilians utilizing an AED within the parameters set forth by state law and the AED Program. (Ongoing program)
- **Fire Prevention Pancake Breakfast –** each October a fire prevention pancake breakfast is held to kick off Fire Prevention Week. The breakfast is held at a fire station and is open to the public at no charge. Fire safety brochures are on hand, safety messages are announced at regular intervals, a burn demonstration was done, and tours of the trucks and the station were conducted with over 800 people in attendance. (Ongoing program)
- **Fire Safety Inspections -** Fire & Rescue conducted 2281 Fire Safety Inspections to include 488 fire inspections for Business Licenses, 1183 existing building inspections and 553 fire inspections for new/renovated construction. In addition 80 construction plan reviews for new and renovated construction projects were completed. (Ongoing program)
- **Car Seat Inspections and Installation** – Fire & Rescue offers free car seat safety inspections / installations to the public and conducted 191 installations. (Ongoing program)
- **File of Life** – Fire & Rescue provides a program for citizens to record their vital medical information for easy access by medical personnel during emergencies. This program reached approximately 800 recipients. (Ongoing program)
- **Smoke Alarm Distribution** – Fire & Rescue installed 95 free smoke alarms in private residences since. (Ongoing program)
- **Rope Training Center Certification -** The Training Center was certified as a Rope Rescue Training Site by the South Carolina Fire Academy. Following this certification, the Training Division hosted the first South Carolina Fire Academy *High Angle Rope Rescue Operations* course taught in this region.
- **4 Gas Monitors** - The Department added new four-gas air monitors to each engine to provide first arriving personnel the ability to quickly evaluate the scene for hazardous atmospheres.
- **CPR, AED, and First Aid Training** – Fire & Rescue has taught public CPR, AED, and First Aid training for years. Fire & Rescue conducted public CPR / AED classes in FY2011with 322 students trained.

Program: Public Safety
Department: Fire and Rescue

CY 2013/FY 2014 Goals, Objectives, and Performance Measures

BUREAU OF FIRE PREVENTION

Town Council Guiding Principle: Providing a Serene, Safe, and Healthy Living Environment for Residents, Guests and Visitors

Town Council Goal: Enhance Town Government Service

Division Goal: To increase sponsorship and participation in various community education programs; increase technical fire/life safety inspections for both existing & new structures; and intensify investigations of fires with suspicious or undetermined origins**.**

Division Objectives: Reduction of preventable deaths, injuries and property loss through public education programs, increased fire inspections enforcing compliance with adopted fire codes for all commercial buildings and reduction of preventable and/or intentional fires.

Activity	FY 2012	FY 2013 Projected	FY 2014 Projected
Public Education Presentations above includes Company Pub Ed taught, Company public events, Risk Watch, Station Tours and Public Ed Officer Pub Ed taught)	484	560	560
CPR/AED/First Aid Students	322	375	375
Fire Extinguisher Training Students	275	280	280
Car Seat Installations	191	200	200
File of Life Recipients	1115	1200	1200
Smoke Detectors Installed	95	100	100
Plan Reviews	172	185	185
Total Fire safety Inspections(above includes Total number of annual inspections, re-inspections and fire inspections for business licenses)	2281*	2900	2900
Business License Inspections	488	560	560
Existing Building Inspections (Initial Inspections & Re-inspections)	1183*	1740	1740
New Renovated Construction Inspections	553	600	600
Planning project reviews & inspections	80	100	100
Fire cause/origin investigations	25	30	30

* Numbers are lower than previous years due to 2 fire inspection positions being unfilled.

Program: Public Safety
Department: Fire and Rescue

CY 2013/FY 2014 Goals, Objectives, and Performance Measures, continued

COMMUNICATIONS

Town Council Guiding Principle: Providing a Serene, Safe, and Healthy Living Environment for Residents, Guests and Visitors

Town Council Goal: Enhance Town Government Service

Division Goal: Provide our community with an emergency answering point for reporting emergency and non-emergency events requiring police, fire, EMS or disaster assistance and to dispatch the appropriate response units.

Division Objectives: To receive process and dispatch requests for services quickly and efficiently in order to protect the lives and property of the community.

To answer calls for service in less than five seconds ninety five percent of the time.

	FY 2012	FY 2013	FY 2014 Projected
Total telephone requests received:	66,275	45,385	58,550
7-digit call for service line	1,200	7,518	7,500
911 calls for service line	30,000	17,374	20,000
Dispatch administration	32,000	20,445	31,000
Dispatch other business	50	48	50

Program: Public Safety
Department: Fire and Rescue

2013 Goals, Objectives, and Performance Measures *(continued)*

EMERGENCY MANAGEMENT

Town Council Guiding Principle: Providing a Serene, Safe, and Healthy Living Environment for Residents, Guests and Visitors

Town Council Goal: Enhance Town Government Service

Division Goal: To continue positioning the Town of Hilton Head Island to respond efficiently to the full range of threats facing the community, seek to minimize the impacts of emergencies and disasters on the people, property, environment, and economy of the Town, and to prepare staff and residents to better protect themselves and others through an effective program of all-hazards planning, resource acquisition, training and public education/outreach.

Division Objectives: Develop, maintain, update, and expand the plans, procedures and agreements necessary to support the goal of the Emergency Management Division.

Identify necessary equipment and any resource shortfalls, and either purchase items in a cost effective manner or arrange for their availability through the development of agreements with outside entities

Develop a five year emergency management training and exercise program for Town staff members, making sure this is accomplished in a cost effective and minimally disruptive manner. Additionally, develop a comprehensive National Incident Management System training program to ensure the training relevant to positions are met.

Partner with other Town Departments and Divisions to administer a program of effective public education and outreach which promotes Town initiatives and resources, and provides pre-event information that will allow our citizens to prepare for all potential hazards facing the Town.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Projected
Plans & procedures updated / developed	2	8	5
Exercises participated in	8	13	10
Exercises / Training program staff attendees	60	100	100
Disaster Preparedness presentations conducted	12	15	20
Disaster presentations / training public attendees	360	450	1,000
Citizen's Guide to Emergency Preparedness folders distributed	1,000	2,000	2,500

* Emergency Management was reduced from 2 positions to 1 during FY2012.

Program: Public Safety
Department: Fire and Rescue

2013 Goals, Objectives, and Performance Measures *(continued)*

FLEET MAINTENANCE

Town Council Guiding Principle: Providing a Serene, Safe, and Healthy Living Environment for Residents, Guests and Visitors

Town Council Goal: Enhance Town Government Service

Division Goal: To provide a comprehensive and cost-effective maintenance and repair program to support the needs of the Town of Hilton Head Island.

Division Objectives: Operate and maintain a Fleet Management system to improve the tracking, repairs and inventory of all Town owned vehicles and equipment.

Complete fire pump, ladder and hose testing on an annual basis.

Inspect, maintain and repair all Town owned vehicles and equipment in a timely and cost-effective manner.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Projected
Total Maintenance Requests – All Types	1,286	1,330	1,330
Scheduled Maintenance (Preventative and Safety)	127	140	140
Unscheduled Maintenance (Vehicle Repairs)	1,043	1,075	1,070
Other Repairs (Mowers, powered equipment)	116	115	120

Program: Public Safety
Department: Fire and Rescue

2013 Goals, Objectives, and Performance Measures *(continued)*

OPERATIONS

Town Council Guiding Principle: Providing a Serene, Safe, and Healthy Living Environment for Residents, Guests and Visitors

Town Council Goal: Enhance Town Government Service

Division Goal: Protect the lives and property of the community through timely emergency response.

Division Objectives: To safely respond and effectively mitigate 100% of the daily calls for emergency medical, fire and special operation incidents while maintaining an average response time of 5 minutes 90% of the time for the first arriving fire truck or ambulance.

Provide an emergency response system that improves the quality of life by maintaining and enhancing the response capability and performance level of our members to reduced fire losses and civilian casualties.

Continue to enhance the knowledge and abilities of members in delivering or enhancing state of the art services and medical care with a high degree of knowledge and professionalism.

Proactively identify and reduce the impact of hazards on emergency incidents that have the potential to do harm to the environment through the utilization of knowledge, equipment and resources.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Total Emergency Incidents	5796	6052	6100
Emergency Medical Service (EMS) responses	4061	4165	4200
EMS patients transported	3198	3168	3200
EMS patients treated but not transported	194	175	200
Fire Suppression and other responses	1735	1805	1800
Actual number of fires	130	155	150
Incident response travel times for all calls (percent < or = 5 minutes)	86.31	90%	90%
Minimum average daily staffing level	32	32	32

Program: Public Safety
Department: Fire and Rescue

2013 Goals, Objectives, and Performance Measures *(continued)*

SUPPORT SERVICES

Town Council Guiding Principle: Providing a Serene, Safe, and Healthy Living Environment for Residents, Guests and Visitors

Town Council Goal: Enhance Town Government Service

Division Goal: Maintain accurate and up-to-date Fire and EMS incident records and data; provide complete and accurate street names and address data for the 911 dispatching system; maintain state of the art CAD and computer technology to ensure timely and accurate emergency response; provide adequate backups of data and operating systems in case of catastrophic failure, identify need and install emergency access gates to reduce emergency response times, provide a means for reducing environmental damage due to the uncontrolled release of hazardous materials; maintain safe fire fighter protective clothing and equipment; provided supplies and equipment needed to support routine and emergency operations.

Division Objectives: Enhance reporting and management capabilities using existing records management systems; enhance emergency response information utilizing Mobile CAD technology, create new addresses as needed and correct existing addresses as required; maintain critical public safety computer systems on 24/7- 365 days a year basis and provide upgrades to systems as required.

Conduct an annual Household Hazardous Waste Round-Up for the collection of hazardous materials and Electronic waste from the public.

Provide and maintain Personal Protective Equipment and uniforms that meet industry standards and continue to maintain and distribute needed equipment and supplies in a cost-effective manner.

	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
EMS incident reports completed	4047	4,200	4,300
Fire incident reports completed	5775	6170	6300
New Addresses created	49	50	50
Existing addresses corrected	109	100	100
FOIA Requests Processed	136	150	165
Pounds of hazardous materials collected	39,637	35,000	33,000
Pounds of e-waste collected	33,770	31,500	29,000
FF protective clothing sets purchased	14	10	8
Emergency Access Gates Installed	2	1	0
Security card access systems installed	1	0	1

Program: Public Safety
Department: Fire and Rescue

2013 Goals, Objectives, and Performance Measures *(continued)*

TRAINING

Town Council Guiding Principle: Providing a Serene, Safe, and Healthy Living Environment for Residents, Guests and Visitors

Town Council Goal: Enhance Town Government Service

Division Goal: Provide a comprehensive training program that will enhance the abilities of personnel in order to improve department operations and service delivery.

Division Objectives: Provide development programs, company drills, and a minimum of 20 hours of in-service training per month for all firefighters while on duty.

Provide development programs for supervisors at least twice per year while on duty.

Provide development programs for driver-operators at least once per quarter;

Assist all EMT-Basics and Paramedics with National Registry and DHEC-EMS certification and recertification as required for all EMTs and Paramedics

Hilton Head Island Fire & Rescue 2012 Training Summary Report

Training Hours/Type	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Fire/Rescue/Hazmat	29,856	25,200	25,200
Co. Drill	3,383	3,000	3,000
EMS	7,416	7,000	7,000
Administrative	934	800	800
Total Hours	41,589	36,000	36,000

Program: Public Safety
Department: Fire and Rescue

Skills Development and Evaluation Exercises*	FY 2012 Actual	FY 2013 Projected	FY 2014 Budget
Company Drills	94	90	90
Live Burn Training	24	24	24
Hazardous Materials Training	36	30	30
USAR Training	6	6	6
S.C. Fire Academy Classes	7	7	7
Fire & Rescue Classes	13	10	10
Driver/Operator Training/Testing	39	36	36
New Firefighter Orientation	13	8	8
Total	**232**	**211**	**211**

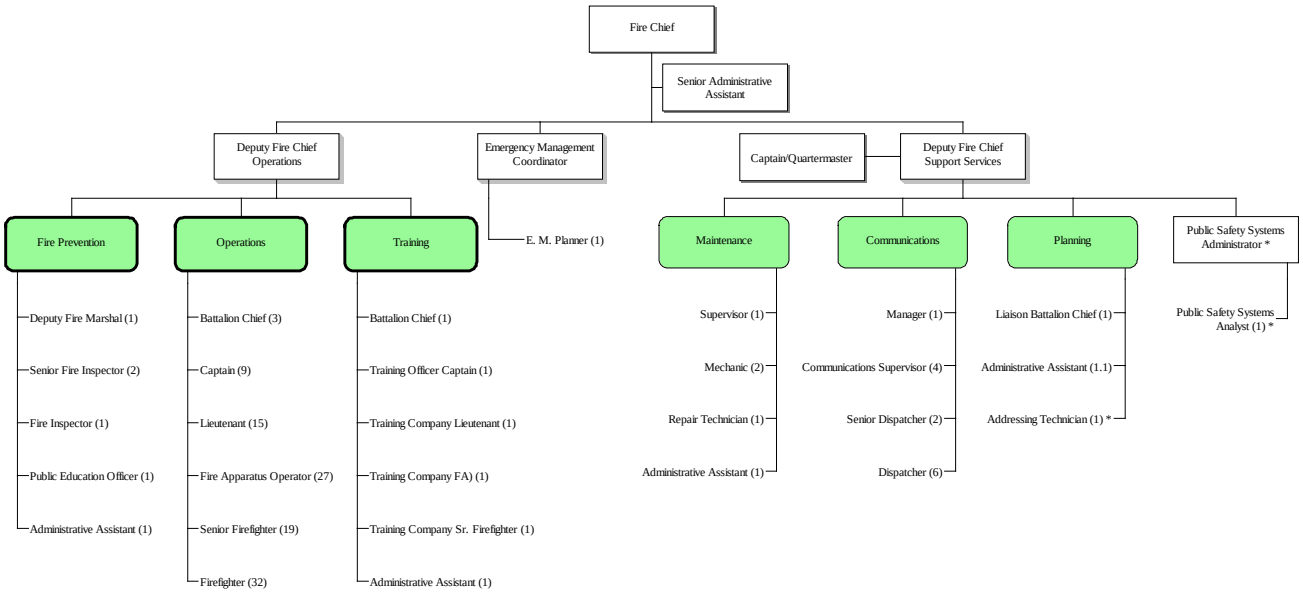
*Most of this training occurs at the Training Center, with a few exceptions.
Example - Brush Truck training took place primarily in the Sea Pines Forest Preserve.
Example - Firefighter Water Survival training took place at the Island Recreation Center pool

Didactic (Classroom) Training Classes	2012 Actual	2013 Projected	2014 Budget
Semi-Annual Officer's Training	6	6	6
Fire & Rescue Classes	6	6	6
South Carolina Fire Academy Classes	6	6	6
Medical Classes*	25	18	18
New Hire Orientation (2 weeks)	9	5	5
Total	**61**	**41**	**41**

* The reduction in medical classes is due to the normal fluctuations in the medical specialty certification cycle.

Training Hrs.	A-Shift	B-Shift	C-Shift	E8	HQ	External	Total
Fire	9,235.66	8,176.57	8,188.00	816.87	807.52	2,631.70	29,856.32
Co. Drill	1,126.00	974.33	1,093.58	86.05	103.00	-	3,382.96
EMS	2,375.53	2,132.69	2,432.38	180.13	295.17	-	7,415.90
Administrative	32.13	18.23	15.75	-	4.00	864.00	934.11
Total Hrs.	**12,769.32**	**11,301.82**	**11,729.71**	**1,083.05**	**1,209.69**	**3,495.70**	**41,589.29**

Program: Public Safety
Department: Fire and Rescue



* These positions are partially funded through Beaufort County.

Fire and Rescue	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget	Budget $ Change	Budget % Change
Program Summary								
Administration	$ 285,385	$ 285,915	$ 321,194	$ 368,372	$ 348,664	$ 368,491	$ 119	0.03%
Operations	8,835,082	8,964,000	9,068,353	9,114,381	9,133,042	9,132,565	18,184	0.20%
Communications	1,117,858	1,047,753	1,080,123	1,193,535	1,178,766	1,133,177	-60,358	-5.06%
E-911 Communications	229,093	232,346	232,093	270,277	261,648	273,704	3,427	1.27%
Emergency Management	206,416	218,785	160,818	141,507	130,396	135,524	-5,983	-4.23%
Prevention	498,575	521,577	491,236	521,103	543,069	565,001	43,898	8.42%
Logistics	665,746	530,085	570,639	539,790	512,764	561,077	21,287	3.94%
Support Services *	876,172	716,225	737,171	812,007	806,751	1,044,801	232,794	28.67%
Training	586,398	625,232	683,781	698,246	718,897	715,508	17,262	2.47%
	$ 13,300,725	**$ 13,141,918**	**$ 13,345,408**	**$ 13,659,218**	**$ 13,633,997**	**$ 13,929,849**	**$ 270,631**	**1.98%**
Summary By Category								
Personnel	$ 12,022,052	$ 12,040,017	$ 12,182,009	$ 12,204,834	$ 12,247,822	$ 12,270,605	$ 65,771	0.54%
Operating	$1,142,199	$1,033,096	$1,130,973	$1,374,744	$1,319,225	$1,345,444	-$29,300	-2.13%
Capital Outlay/Debt*	$136,474	$68,805	$32,426	$79,640	$66,950	$313,800	$234,160	294.02%
Total	**$ 13,300,725**	**$ 13,141,918**	**$ 13,345,408**	**$ 13,659,218**	**$ 13,633,997**	**$ 13,929,849**	**$ 270,631**	**1.98%**
Positions	147.1	147.1	147.1	145.1	145.1	145.1	0.0	0.00%

*** Non-project capital outlay (vehicles, F&R apparatus, fire/medical equipment, dispatch center equipment, etc.) is budgeted in fiscal year 2014 in the General Fund and not the Capital Projects Fund.

Program: Public Safety
Department: Police

Mission

To provide professional, effective and high quality police protection and law enforcement services for the Town of Hilton Head Island.

Core Services

To provide a safe and secure Town environment for the benefit of the citizenry of Hilton Head Island as contracted with Beaufort County and the Sheriff's Office. These services are provided in conjunction and harmony with the Town's fiscal policies of sound, economical management.

Ancillary Services

- Lab Services
- K-9 Support
- Special Response Team (SWAT)
- Crisis Negotiations
- Animal control
- Civil Service
- Warrant Service
- Records Management
- Command

Basic Law Enforcement Services

In addition to a Command Officer who meets and confers with the Town Manager or his designee as needed, for the purpose of maintaining the viability and vitality of the contractual agreement for police services, basic law enforcement services are as follows:

- Sheriff's patrol provided 24 hours a day, seven days a week to patrol Town boundaries.
- Traffic enforcement team to work traffic within Town boundaries.
- Marine/Beach patrol to provide specialized enforcement on the beaches and waterways within Town Boundaries.
- Criminal Investigators to investigate major criminal incidents occurring within Town boundaries.
- Evidence Technicians are primarily used to provide collection, cataloging, custody and preservation of evidence collected at crime scenes within Town boundaries.
- Drug Investigators to enforce narcotics laws within Town boundaries.
- Victim's Advocate to work with victims of crimes occurring within Town boundaries in compliance with state statutes.

Basic Law Enforcement Services (continued)

Police services are contracted through an agreement with Beaufort County. The basic law enforcement service personnel provided to the Town of Hilton Head Island as per the terms of the contract agreement follow.

- One (1) Command Officer
- One (1) Patrol Unit Supervisor (per unit)
- Four (4) staffed patrol units on duty 24 hours a day, seven days a week
- Four (4) person, two (2) unit traffic enforcement team
- Two (2) person marine/beach patrol team
- One (1) Evidence Technician
- Four (4) Criminal Investigators
- Two (2) Drug Investigators
- Three (3) Clerks
- One (1) Administrative Clerk
- One (1) Victim's Advocate

Expenditures by Program/Category

Police	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget	Budget $ Change	Budget % Change
Summary By Category								
Personnel	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
Operating	3,024,440	3,119,182	3,124,626	3,240,349	3,158,484	3,283,787	43,438	1.34%
Total	**$ 3,024,440**	**$ 3,119,182**	**$ 3,124,626**	**$ 3,240,349**	**$ 3,158,484**	**$ 3,283,787**	**$ 43,438**	**1.34%**
Expenditure Detail								
Police Service Contract	$ 2,661,045	$ 2,731,804	$ 2,763,628	$ 2,864,031	$ 2,784,199	$ 2,897,707	$ 33,676	1.18%
Shore Enterprises	184,192	212,568	192,058	201,825	201,825	205,638	3,813	1.89%
Victims' Services	54,253	53,010	57,640	59,493	57,460	65,442	5,949	10.00%
Stipend	124,950	121,800	111,300	115,000	115,000	115,000	-	0.00%
Total	**$ 3,024,440**	**$ 3,119,182**	**$ 3,124,626**	**$ 3,240,349**	**$ 3,158,484**	**$ 3,283,787**	**$ 43,438**	**1.34%**
Positions*	-	-	-	-	-	-	-	-

*Positions are part of contractual agreement with the Beaufort County Sheriff's Office.

Townwide

The town-wide budget is a compilation of miscellaneous expenditures not directly associated with a specific department. The budget for this "department" is developed jointly by Finance, Administrative Services, and Human Resources.

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Revised Budget	FY 2013 Estimated Actual	FY2014 Proposed Budget	FY 2015 Projected Budget	FY 2016 Projected Budget	FY 2017 Projected Budget
ITEMS OF EXPENDITURE									
Personnel									
Subtotal	14,158	153,154	185,616	203,380	133,165	162,824	171,596	179,405	187,856
Operating									
Travel	403	247	-	500	200	500	508	515	523
Professional Dues/Services	15,150	148,982	1,900	25,000	25,000	25,000	25,375	25,756	26,142
Short Term Temp./Agency	18,740	5,177	497	6,000	5,000	5,000	5,075	5,151	5,228
Professional Services		-	-	34,000	28,000	32,000	32,480	32,967	33,462
Photocopying	9,521	7,761	7,202	10,000	8,000	10,000	10,150	10,302	10,457
Courier	19,910	18,355	17,687	18,000	18,000	18,000	18,270	18,544	18,822
Palmetto Pass-Town Vehicles		4,575	6,100	5,000	6,500	6,500	6,598	6,696	6,797
Insurance	283,815	301,969	310,544	339,181	339,181	367,630	373,144	378,742	384,423
Telephone	243,756	229,991	217,589	222,000	222,000	222,000	225,330	228,710	232,141
Cell Phones	53,240	55,997	52,828	55,000	55,000	57,000	57,855	58,723	59,604
Electricity	241,340	254,792	275,503	302,000	302,000	324,000	328,860	333,793	338,800
Utilities - water and sewer	32,761	41,684	120,433	134,220	137,691	150,000	152,250	154,534	156,852
Utilities - propane	15,548	11,224	-	-	-	-	-	-	-
Utilities - SWU fee	51,902	62,678	-	-	-	-	-	-	-
Postage	32,545	31,790	28,220	32,000	32,000	32,000	32,480	32,967	33,462
Operating Supplies	358	44	-	-	-	-	-	-	-
Vehicle Fuel	133,415	165,496	186,582	205,000	200,000	220,000	223,300	226,650	230,049
Accident Insurance Fund 1	(508)	33,816	46,495	35,000	35,000	35,000	35,525	36,058	36,599
Equipment Maintenance	3,990	2,974	1,225	2,500	2,500	2,000	2,030	2,060	2,091
Furniture/Fixtures < $5,000	86	-	-	-	-	-	-	-	-
Lease Payments	43,348	51,325	49,627	54,600	54,600	59,800	60,697	61,607	62,532
Printer, Fax, Copier Supplies	21,951	20,641	21,416	22,000	22,000	22,000	22,330	22,665	23,005
Other Charges - lightning damage	4,251		8,749	-	-	-	-	-	-
General Contingency	17,200	15,997	4,273	95,727	20,000	50,000	50,750	51,511	52,284
Subtotal	1,242,722	1,465,515	1,356,868	1,597,728	1,512,672	1,638,430	1,663,006	1,687,952	1,713,271
Grants									
HHI Economic Development Corp.						156,044	158,385	160,760	163,172
Recreation Center	616,940	616,940	616,940	629,278	629,278	629,728	639,174	648,762	658,493
Recreation Center - Capital	-			-	-	280,900	150,000	152,250	154,534
Coastal Discovery - Museum	75,000	75,000	75,000	75,000	75,000	75,000	76,125	77,267	78,426
Sea Turtle Proj.	32,500	39,215	29,900	37,700	37,700	33,900	34,409	34,925	35,448
Disaster Advertising Reserve	300,000	274,790	-	-	3,000	-	-	-	-
Event Mgmt & Hosp Prom	100,500	94,387	72,860	133,060	125,000	118,060	119,831	121,628	123,453
Palmetto Breeze (LRTA)	175,000	175,000	175,000	175,000	175,000	175,000	177,625	180,289	182,994
Drug Court	48,500	48,500	48,500	48,500	48,500	48,500	49,228	49,966	50,715
Red to Green Grant	-	1,498	-	-	-	-	-	-	-
LEPC/BC	6,812	16,130	21,717	15,500	15,500	15,500	15,733	15,968	16,208
USAR - RRT	-	10,227	-	7,438	7,438	7,500	7,613	7,727	7,843
Solicitor's Office	35,000	35,000	35,000	35,000	35,000	35,000	35,525	36,058	36,599
Public Art - Commun. Foundation	-	35,768	37,500	37,500	37,500	37,500	38,063	38,633	39,213
Heritage Classic	-	1,000,000	500,000	346,761	346,761	320,156	324,958	329,833	334,780
E-911 Beaufort County	15,000			-	-	-	-	-	-
FEMA	-	31,806	-	-	-	-	-	-	-
Subtotal	1,405,252	2,454,261	1,612,417	1,540,737	1,535,677	1,932,788	1,826,666	1,854,066	1,881,877
TOTAL	2,662,132	4,072,930	3,154,901	3,341,845	3,181,514	3,734,042	3,661,268	3,721,423	3,783,004

General Fund Three-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.

The next few years continue to pose funding challenges for the Town. By using the three-year forecast the Town hopes to more proactively plan for upcoming changes in service level demands as well as identifying potential downturns in revenues and identifying solutions.

Revenue Assumptions

- Property Taxes – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
- ATAX State – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
- ATAX local 1% – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
- Transfers In from Other Funds:
  - ⇨ Beach Preservation Fees – – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
  - ⇨ Electric Franchise Fees – – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
  - ⇨ Hospitality Taxes – – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
  - ⇨ Stormwater Utility Fees — FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
  - ⇨ TIF – increase: – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
- Business License Fees – – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
- Franchise Fees
  - ⇨ Cable – – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
  - ⇨ Beach fees – – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
  - ⇨ Recycling — FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
- Permit Fees
  - ⇨ Construction fees – – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
  - ⇨ Development fees – – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
  - ⇨ Other permit fees — FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
- Intergovernmental – – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
- Public Safety EMS – – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%
- Investments – FY 2015 no increase; FY 2016 1.5%; FY 2017 1.5%

General Fund Three-Year Financial Model, continued

Expenditure Assumptions

Personnel Expenditures

- Currently established positions will retain the same salary grade in future years
- An Increase in personnel expenditures – FY 2014; 1.5% FY 2015; 1.5% FY 2016; 1.5%
- A compensation study is planned for 2014

Operating Expenditures/Capital Outlay

- Operating expenditures and capital outlay are projected to increase as determined by the individual departments.

				2013					
				Revised		2014		**Revised**	
	2010	2011	2012	Budget	Est. Actual	Budget	2015	2016	2017
Revenues									
Property Taxes	10,920,696	10,956,179	11,585,070	11,935,350	11,503,398	11,769,908	11,769,908	11,946,456	12,125,653
ATAX Local 1%	2,012,520	2,416,264	2,420,698	2,387,000	2,565,939	2,694,236	2,694,236	2,734,649	2,775,669
Business Licenses	7,103,499	6,900,424	7,144,326	7,265,875	7,330,573	7,530,739	7,530,739	7,643,700	7,758,356
Franchise Fees	781,451	733,786	1,040,053	845,975	902,872	902,100	902,100	915,632	929,366
Permit Fees	886,381	954,419	952,539	1,070,851	1,179,818	1,297,799	1,297,799	1,317,266	1,337,025
Intergovernmental	884,672	752,988	678,370	651,080	798,251	806,234	806,234	818,327	830,602
Grants	141,798	151,732	124,843	132,680	127,064	125,080	125,080	126,956	128,861
Miscellaneous Revenue	2,231,713	2,320,338	2,114,355	2,198,770	2,144,782	2,185,907	2,185,907	2,218,696	2,251,976
Transfers In	5,443,721	5,681,670	5,568,349	5,422,102	5,400,869	6,305,529	7,786,529	6,630,743	6,725,171
Investments	95,768	41,785	1,865	10,000	2,487	2,512	2,512	2,550	2,588
Total Revenues	**30,502,219**	**30,909,585**	**31,630,468**	**31,919,683**	**31,956,054**	**33,620,045**	**35,101,045**	**34,354,976**	**34,865,268**
Expenditures									
General Government	1,044,477	1,119,830	882,111	1,055,696	1,062,289	1,112,681	1,129,371	1,146,312	1,163,506
Management Services	4,590,452	4,593,226	4,424,359	5,694,720	5,264,495	5,397,380	5,472,423	5,513,679	5,622,176
Community Services	6,004,547	5,740,199	5,771,788	6,470,566	6,195,029	6,928,239	7,075,792	7,286,804	7,352,346
Public Safety	16,298,396	16,261,100	16,470,036	16,899,567	16,792,481	17,213,636	19,133,856	18,219,111	18,535,360
Townwide	2,662,132	4,072,930	3,154,901	3,341,845	3,181,514	3,733,592	3,660,812	3,720,960	3,782,534
Debt Service	-	-	-	-	-	-	-	-	-
Total Expenditures	**30,600,004**	**31,787,285**	**30,703,195**	**33,462,394**	**32,495,808**	**34,385,528**	**36,472,254**	**35,886,866**	**36,455,922**
Net change in fund balances	**(97,785)**	**(877,700)**	**927,272**	**(1,542,711)**	**(539,754)**	**(765,483)**	**(1,371,210)**	**(1,531,889)**	**(1,590,654)**
Fund balance - beginning	**15,861,767**	**15,763,982**	**14,886,282**	**15,813,554**	**15,813,554**	**15,273,800**	**14,508,317**	**13,137,108**	**11,605,219**
Fund balance - ending	**15,763,982**	**14,886,282**	**15,813,554**	**14,270,843**	**15,273,800**	**14,508,317**	**13,137,108**	**11,605,219**	**10,014,565**

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest payments.

Revenues and Expenditures Analysis – Historical, Estimated Actual, and Budget

				2013			% change	
	2010	2011	2012	Revised Budget	Est. Actual	2014 Budget	FY 2013 Budget	FY 2013 Est. Actual
Revenues								
Property Taxes	5,529,403	5,583,395	5,548,641	5,655,543	5,655,543	5,235,138	-7%	-7%
Investments	55,566	82,349	114,656	50,000	76,000	76,000	52%	0%
Bond Premium	34,061	-	228,064	-	-	-		
Issuance of Bonds	5,005,000	-	20,635,000	-	-	-		
Federal Reimbursement - BABS	-	207,868	191,713	189,634	189,634	185,938	-2%	-2%
Transfers In:								
Hospitality Taxes	756,508	760,132	2,115,452	1,638,313	1,632,312	1,631,213	0%	0%
Real Estate Transfer Fees	2,721,768	2,469,965	1,863,828	2,152,295	2,152,295	2,169,796	1%	1%
Beach Preservation Fees	2,812,310	2,785,750	2,853,015	3,113,854	3,108,645	3,103,968	0%	0%
Tax Increment Financing	3,987,538	4,011,252	4,040,446	4,064,885	4,064,439	4,094,121	1%	1%
Capital Projects Fund	-	-	1,100,000	1,061,140	1,061,140	-	-100%	-100%
Total Revenues	**20,902,154**	**15,900,711**	**38,690,815**	**17,925,664**	**17,940,008**	**16,496,174**	**-55%**	**-55%**
Expenditures								
Administrative	17,131	44,390	408,515	17,790	19,025	19,000	7%	0%
Payment to Escrow Agent	5,248,484	-	21,675,878	-	-	-		
Debt Issue Costs	127,144	-	-	-	-	-		
Principal	11,415,000	12,305,000	12,105,000	11,645,000	11,645,000	12,340,900	6%	6%
Interest	4,335,765	4,524,266	3,914,974	4,265,225	4,265,017	4,136,274	-3%	-3%
Total Expenditures	**21,143,524**	**16,873,656**	**38,104,367**	**15,928,015**	**15,929,042**	**16,496,174**	4%	4%
Net change in fund balances	**(241,370)**	**(972,945)**	**586,448**	**1,997,649**	**2,010,966**	**-**		
Fund balance - beginning	**9,882,485**	**6,974,490**	**6,001,545**	**6,587,993**	**6,587,993**	**8,598,959**		
Prior period adjustment	(2,666,625)	-	-	-	-	-		
Fund balance - ending	**6,974,490**	**6,001,545**	**6,587,993**	**8,585,642**	**8,598,959**	**8,598,959**		

Debt Service Fund Expenditures for Fiscal Year 2014

	Interest	Principal	Total
Certificates of Participation			
2004A - Certificates of Participation ($9,060,000)	$ 37,855	$ 1,130,000	$ 1,167,855
2005 - Certificates of Participation ($1,055,000)	5,161	130,000	135,161
Total Certificates of Participation	**$ 43,016**	**$ 1,260,000**	**$ 1,303,016**
General Obligation Bonds			
Series 2005A - General Obligation Referendum Refunding Bonds ($24,265,000)	786,634	1,645,000	2,431,634
Series 2008A - General Obligation Referendum Refunding Bonds ($12,215,000)	404,662	700,000	1,104,662
Series 2009 - General Obligation Refunding Bonds ($5,005,000)	140,466	350,000	490,466
Series 2010A - General Obligation Referendum Bonds (BABS) ($12,000,000)	531,250	445,000	976,250
Series 2011A - General Obligation Referendum Refunding Bonds ($12,385,000)	365,944	625,000	990,944
Series 2013A - General Obligation Referendum Bonds ($5,000,000)	170,000	28,900	198,900
Series 2013B - General Obligation Bonds ($4,000,000)	130,000	22,000	152,000
Total General Obligation Bonds	**$ 2,528,956**	**$ 3,815,900**	**$ 6,344,856**
Revenue/Special Obligation Bonds			
Series 2011A Special Obligation Bonds (Hospitality Tax) ($15,250,000)	584,719	415,000	999,719
Series 2011B Special Obligation Bonds (Hospitality Tax) ($8,250,000)	226,494	405,000	631,494
Series 2006 Beach Preservation Revenue Bonds ($19,000,000)	186,330	2,595,000	2,781,330
Series 2011A Special Obligation Bonds (Beach Preservation) ($11,000,000)	322,638	-	322,638
Series 2004 Tax Increment Financing Bonds ($8,000,000)	66,960	930,000	996,960
Series 2008 Tax increment Financing Bonds ($22,000,000)	177,161	2,920,000	3,097,161
Total Revenue/Special Obligation Bonds	**$ 1,564,302**	**$ 7,265,000**	**$ 8,829,302**
Grand Total	**$ 4,136,274**	**$ 12,340,900**	**$ 16,477,174**

Calculation of the Legal Debt Limit

Assessed Value as of December 2012 (estimated 2013 assessed value)		$ 911,898,478
Debt Limit - Eight Percent (8%) of Assessed Value, without voter's approval		72,950,278
Council Imposed 80% Cap		58,360,222
Amount of Debt Applicable to Debt Limit:		
Series 2009 - General Obligation Refunding Bonds ($5,005,000)	4,870,000	
Series 2013B - General Obligation Bonds ($4,000,000)	4,000,000	
Total Amount Applicable to Debt Limit		8,870,000
Legal Debt Margin without a Referendum		**$ 49,490,222**

Article Ten (X), Section Fourteen (14) of the South Carolina Constitution of 1895 as amended provides that a City or Town shall incur General Obligation Debt over the eight percent (8%) limit when approved by a majority vote of qualified electors of the political subdivision voting in a referendum authorized by law. There shall be no conditions or restrictions limiting the incurring of such indebtedness except:

a. Those restrictions and limitations imposed in the authorization to incur such indebtedness;

b. The provisions of Article Ten (X) Section 14; and

c. Such general obligation debt shall be issued within five years of the date of such referendum and shall mature within forty (40) years from the time such indebtedness shall be incurred.

Outstanding Debt Issues

	Original Issue Amt.	Principal Outstanding
Certificates of Participation		
2004A - Certificates of Participation ($9,060,000)	9,060,000	1,130,000
2005 - Certificates of Participation ($1,055,000)	1,055,000	130,000
Total Certificates of Participation	**$ 10,115,000**	**$ 1,260,000**
General Obligation Bonds		
Series 2005A - General Obligation Refunding Referendum Bonds ($24,265,000)	24,265,000	18,350,000
Series 2008A - General Obligation Refunding Referendum Bonds ($12,215,000)	12,215,000	9,470,000
Series 2009 - General Obligation Refunding Bonds ($5,005,000)	5,005,000	4,870,000
Series 2010A - General Obligation Referendum Bonds (BABS) ($12,000,000)	12,000,000	10,870,000
Series 2011A - General Obligation Refunding Referendum Bonds ($12,385,000)	12,385,000	11,945,000
Series 2013A - General Obligation Referendum Bonds ($5,000,000)	5,000,000	5,000,000
Series 2013B - General Obligation Bonds ($4,000,000)	4,000,000	4,000,000
Total General Obligation Bonds	**$ 74,870,000**	**$ 64,505,000**
Revenue/Special Obligation Bonds		
Series 2011A Special Obligation Bonds (Hospitality Tax) ($15,250,000)	15,250,000	14,600,000
Series 2011B Special Obligation Bonds (Hospitality Tax) ($8,250,000)	8,250,000	7,320,000
Series 2006 Beach Preservation Revenue Bonds ($19,000,000)	19,000,000	5,295,000
Series 2011A Special Obligation Bonds (Beach Preservation) ($11,000,000)	11,000,000	11,000,000
Series 2004 Tax Increment Financing Bonds ($8,000,000)	8,000,000	1,905,000
Series 2008 Tax increment Financing Bonds ($22,000,000)	22,000,000	5,955,000
Total Revenue/Special Obligation Bonds	**$ 83,500,000**	**$ 46,075,000**
Grand Total	**$ 168,485,000**	**$ 111,840,000**

1. **2004A Certificates of Participation; $9,060,000 (Tax-Exempt), Dated March 1, 2004**

   On March 1, 2004, the Hilton Head Island Public Facilities Corporation, a non-profit entity and component unit of the Town, entered into Certificates of Participation with Wells Fargo Bank, N.A. for $9,060,000 secured by Town properties.

   The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated tax exempt amount of certificates; (b) maximum annual debt service on certificate for any fiscal year; or (c) 125% of average annual debt on the certificates. At June 30, 2012 $1,003,579 was the fair value of the amount held in the reserve fund for the tax-exempt certificates. Ad Valorem tax revenues of the Debt Service Fund are used to repay these certificates of participation. These certificates will be fully repaid in fiscal year 2014.

2. **2005 Certificates of Participation; $1,055,000 (Tax-Exempt), Dated March 3, 2005**

   On March 3, 2005, the Hilton Head Island Public Facilities Corporation refunded taxable Certificates of Participation issued with Wells Fargo Bank, N.A. in 2004 with tax-exempt certificates. The Town issued $1,055,000 in tax-exempt Certificates of Participation bearing an interest rate of 3.97% to refund $1,450,000 of taxable Certificates of Participation with a variable interest rate.

Outstanding Debt Issues (continued)

The Town contributed approximately $450,000 from the Town's Debt Service thereby reducing the principal by $400,000 on this issue and the balance being used to fund the cost of issuance. The net proceeds of $1,002,362 (after payment of $52,638 in issuance costs) were used to purchase United States government securities. The certificates were refunded to reduce total debt service payments over the next nine years by $519,451 and resulted in an economic loss (difference between the present values of the old and new debt service payments) of approximately $17,760. These certificates will be fully repaid in fiscal year 2014.

3. **Series 2005A General Obligation Referendum Refunding Bonds; $24,265,000, Dated March 1, 2005**

On March 15, 2005, the Town issued $24,265,000 in general obligation bonds with an average interest rate of 4.38% to advance refund $9,155,000 general obligation bonds dated November 1, 1999 and $14,075,000 general obligation bonds dated March 1, 2001, at an aggregate average interest rate of 5.27%. The net proceeds of $24,654,307 including $822,369 in premiums (after payment of $433,062 in issuance costs) were used to purchase United States government securities. These general obligation bonds were refunded to reduce total debt service over the life of the bonds by $1,583,835 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $1,053,675.

Ad Valorem tax revenues of the Debt Service Fund are used to repay the first $1,384,500 annually. The remaining annual debt service requirement is funded by transfers of real estate fees to the Debt Service Fund.

4. **Series 2008A General Obligation Referendum Refunding Bonds; $12,215,000, Dated March 20, 2008**

On March 4, 2008, the Town issues $12,215,000 in general obligation bonds refunding the remaining amount of the $15,000,000 Series 1998A General Obligation Bonds dated April 1, 1998 and to pay for the cost of issuance. These general obligation bonds were refunded to reduce total debt service payments over the life of the bonds by $615,940 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $599,356.

Transfers from the Real Estate Transfer Fee Fund to the Debt Service Fund are used to repay these bonds.

5. **Series 2009 General Obligation Bonds; $5,005,000, Dated September 9, 2009**

On September 9, 2009, the Town issued $5,005,000 in general obligation bonds with an average interest rate of 2.72% to advance refund $4,900,000 general obligation bonds dated November 16, 1999 with an average interest rate of 5.56%. The net proceeds of $5,248,484 including a premium of $34,061 (after payment of $139,061 in issuance cost) and funds on hand were used to purchase United States government securities. These general obligation bonds were refunded to reduce total debt service payments over the life of the bonds by $902,336 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $845,592.

Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

Outstanding Debt Issues (continued)

6. **Series 2010A General Obligation Referendum Bonds (BABS); $12,000,000, Dated February 3, 2010**

   On February 3, 2010, the Town issued $12,000,000 in general obligation Referendum bonds to finance land acquisition. Voters approved up to $17,000,000 for the land acquisition in one or more issues. The Town increased its ad valorem tax rate by 1 mil as approved by this Referendum.

   Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

7. **Series 2011A General Obligation Referendum Refunding Bonds; $12,385,000, Dated August 3, 2011**

   On August 3, 2011, the Town issued $12,385,000 in general obligation bonds with an average interest rate of 4.76% to advance refund $11,210,000 general obligation bonds dated May 12, 2004, with an average interest rate of 3.28%. The net proceeds of $12,281,450, including a premium of $194,479 (after payment of $298,029 in issuance costs) and funds on hand were used to purchase United States government securities. These general obligation bonds were refunded to reduce total debt service payments over the life of the bonds by $740,894 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $579,041.

   Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

8. **Series 2011A Special Obligation Bonds (Hospitality Tax); $15,250,000, Dated October 26, 2011**

   On October 26, 2011, the Town issued $15,250,000 in special obligation bonds (hospitality tax) to finance capital projects.

   The Town is required to maintain a reserve for the hospitality tax special obligation bonds. The original required deposit was $1,061,140. The Town has allowed the investment to remain in the reserve. As of June 30, 2012, $1,070,015 was the fair value amount held in the reserve which is reported in the Debt Service Fund.

   Transfers from the Hospitality Tax Fund to the Debt Service Fund arte used to repay these bonds.

9. **Series 2011B Special Obligation Bonds (Hospitality Tax); $8,250,000, Dated October 26, 2011**

   On October 26, 2011 the Town issued $8,250,000 in special obligation bonds (hospitality tax) with an average interest rate of 3.32% to advance refund $8,625,000 in revenue bonds (hospitality tax) dated June 1, 2004 with an average interest rate of 4.86%. The net proceeds of $8,129,802 including a premium of $33,584 (after payment of $150,484 in issuance costs) and funds on hand were used to purchase United States government securities. These revenue bonds were refunded to reduce total debt service payments over the life of the bonds by $2,091,227 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $291,878.

   Transfers from the Hospitality Tax Fund to the Debt Service Fund are used to repay these bonds.

Outstanding Debt Issues (continued)

10. **Beach Preservation Fees Bonds; $19,000,000, Dated August 1, 2006**

On August 1, 2006 the Hilton Head Island Public Facilities Corporation, a non-profit entity and component of the Town, entered into a Certificate of Participation with Wells Fargo Bank, N.A. for $19,000,000 secured by revenues collected from Beach Preservation Fees. The monies will be used to undertake the re-nourishment of the beaches adjacent to certain areas within the Town; and such capital improvement projects that may be authorized by Town Council.

The Town is required to maintain a reserve for the beach preservation bonds. The original required deposit was 10% of the stated amount of the certificates or $1,900,000. The Town has allowed the investment income to remain in the reserve. At June 30, 2012, $1,900,419 was the fair value amount held in the reserve fund.

Beach preservation fees are transferred annually to the Debt Service Fund in an amount sufficient to repay the annual debt service.

11. **Series 2011A Special Obligation Bonds (Beach Preservation Fees); $11,000,000, Dated November 18, 2011**

On November 18, 2011 the Town issued $11,000,000 in special obligation bonds (beach preservation fee) to finance beach re-nourishment projects.

Beach preservation fees are transferred annually to the Debt Services Fund in an amount sufficient to repay the annual debt service.

12. **Series 2004 Tax Increment Financing Bonds; $8,000,000, Dated June 25, 2004**

On June 25, 2004, the Town issued $8,000,000 tax increment bonds for paying principal and interest on the tax increment bond anticipation note of $4,530,000 which matured June 25, 2004, and for financing redevelopment projects.

Tax Increment Financing Fund transfers to the Debt Service Fund are used to repay these bonds.

13. **Series 2008 Tax Increment Financing Bonds; $22,000,000, Dated April 17, 2008**

On April 17, 2008 the Town issued $22,000,000 tax increment bonds to fund capital redevelopment projects associated with the Town's TIF (Tax Increment Financing District).

Tax Increment Financing Fund transfers to the Debt Service Fund are used to repay these bonds.

14. **Series 2013A General Obligation Referendum Bonds; $5,000,000 Dated June 12, 2013**

On June 12, 2013, The Town issued $5,000,000 in general obligation referendum bonds for general land acquisition. This bond issue and the series 2010A comprise the total $17,000,000 authorized by the Referendum.

Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

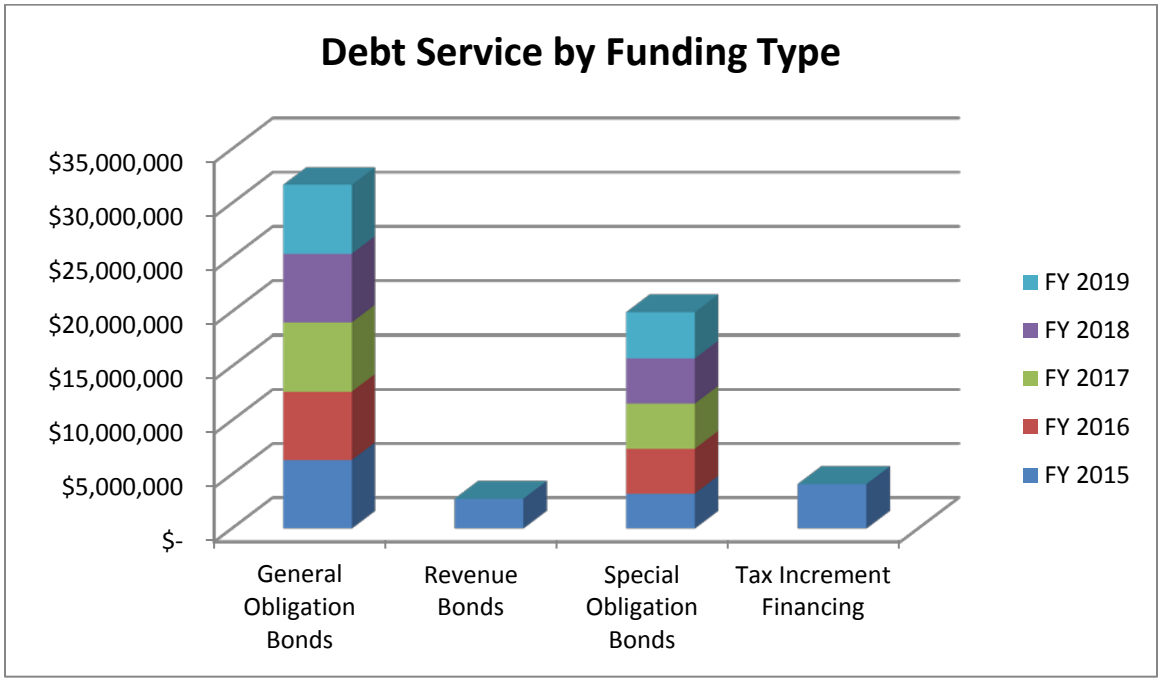
15. **Series 2013B General Obligation Bonds; $4,000,000 Dated June 12, 2013**

On June 12, 2013, the Town issued $4,000,000 in general obligation bonds for the purchase of land, building and upfit for the sheriff's office, SHARE Senior Center, and sewer projects.

Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

Planned Debt Service for the Next Five Years

	2015	2016	2017	2018	2019
General Obligation Bonds					
Series 2005A - General Obligation Refunding Referendum Bonds ($24,265,000)	2,431,590	2,427,765	2,426,265	2,415,390	2,410,015
Series 2008A - General Obligation Refunding Referendum Bonds ($12,215,000)	1,097,137	1,092,837	1,088,562	1,088,813	1,091,337
Series 2009 - General Obligation Refunding Bonds ($5,005,000)	492,296	483,476	488,820	488,370	487,645
Series 2010A - General Obligation Referendum Bonds (BABS) ($12,000,000)	967,678	963,053	955,343	951,542	945,445
Series 2011A - General Obligation Refunding Referendum Bonds ($12,385,000)	983,444	980,844	973,044	968,694	968,894
Series 2013A - General Obligation Referendum Bonds ($5,000,000)	208,845	219,287	230,252	241,764	253,852
Series 2013B - General Obligation Bonds ($4,000,000)	159,600	167,580	175,959	184,757	193,995
Total General Obligation Bonds	$ 6,340,590	$ 6,334,842	$ 6,338,245	$ 6,339,330	$ 6,351,183
Revenue/Special Obligation Bonds					
Series 2011A Special Obligation Bonds (Hospitality Tax) ($15,250,000)	1,001,419	997,919	999,319	1,001,119	1,002,469
Series 2011B Special Obligation Bonds (Hospitality Tax) ($8,250,000)	628,394	630,194	627,794	633,231	632,732
Series 2006 Beach Preservation Revenue Bonds ($19,000,000)	2,767,500	-	-	-	-
Series 2011A Special Obligation Bonds (Beach Preservation) ($11,000,000)	1,611,338	2,528,938	2,536,913	2,551,288	2,571,588
Series 2004 Tax Increment Financing Bonds ($8,000,000)	997,669	-	-	-	-
Series 2008 Tax increment Financing Bonds ($22,000,000)	3,125,291	-	-	-	-
Total Revenue/Special Obligation Bonds	$ 10,131,611	$ 4,157,051	$ 4,164,026	$ 4,185,638	$ 4,206,789
Grand Total	$ 16,472,201	$ 10,491,893	$ 10,502,271	$ 10,524,968	$ 10,557,972



Capital Projects Fund (CIP)

The capital improvements program (CIP) is broken into segments. Located in the General Fund and to be funded with current operating funds are capital equipment and apparatus/vehicle purchases costing $5,000 or more and software purchases which cost more than $50,000. All other items meeting the same criteria, but not being funded by General Fund operating funds, are included in the Capital Projects Fund. The Palmetto Electric Franchise Fee Fund grants/reimburses the majority of its funds to the Palmetto Electric Cooperative for power line burial; any capital infrastructure created by this program is an asset of the Cooperative not the Town. As required by proprietary fund accounting, the Stormwater Fund (Enterprise Fund) reports its own capital.

In accordance with State law, the proposed CIP for fiscal year 2014 was developed by staff for review and recommendation of the full Planning Commission. The pathways and parks section was also reviewed by the Parks & Recreation Commission. The Planning Commission annually recommends the proposed CIP to Town Council for adoption during their CIP Budget Workshop in June.

Included in this section is the Town's capital expenditure plan with funding sources for the upcoming year. Expenditures in this section are exclusive of projects associated with the Storm water Program or the Palmetto Electric Program. In addition, a ten-year capital plan is included that identifies anticipated capital expenditures with funding sources to be determined. The entire capital improvements program is based on a variety of sources. Sources are Town Council's Policy and Management Agendas 2012 which included input from the public and the Town's Boards, Commissions and Committees. Other source documents include: The 2011 Comprehensive Plan update which incorporates the Initiative Area Plans; the Transportation Plan which includes pathways as well as roads; the Fire and Rescue Master Plan, the recently approved Recreation Element; the adopted County-wide All Hazard Mitigation Plan, the Comprehensive Emergency Management Plan which will be updated as a part of the Disaster Recovery Commission's work program; the Beach Access Plan, the Beach Maintenance Monitoring reports; the Broad Creek Management Plan, and a recently initiated Space Needs Study of all Town facilities and properties to include Town Hall, all parks, Fire and Rescue stations and town-wide infrastructure.

The ***Stormwater Utility Program*** in which funds derive from stormwater utility fees assessed annually based on a rate per SFU (Single Family Unit) are committed to the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems and programs within the Town limits of Hilton Head Island in concert with Beaufort County and other water resource management programs. The fee generates approximately $3.6 million annually. The budget for this program is reflected in a separate enterprise fund.

The ***Palmetto Electric Program*** in which funds derive from the Town's negotiated franchise fee with Palmetto Electric Coop. These funds are committed to power line burials and hook ups which are estimated to cost approximately $30 million over 15 years. The fee generates approximately $2.7 million annually. The budget for this program is reflected in a separate fund.

Capital Project Fund Revenues and Other Sources

Previously, Town Council directed that we "minimize reliance on property tax while expanding alternative revenue sources." The CIP continues to be an excellent example of that approach. It consistently reduces reliance on ad valorem property taxes and shares the costs of infrastructure requirements with the beneficiaries. The CIP may incorporate as many as 22 different funding sources; a brief description of some of those sources is provided below.

1. ***Impact Fees*** are assessed against new developments to finance capital improvements necessary to support the growth in population.
   a. ***Traffic Impact Fees*** that are derived from development and applied to roads, pathways and additional traffic signals. Pathways may only be funded up to fifty percent with Traffic Impact Fees.
   b. ***Parks Impact Fees*** that were enacted Countywide to provide funding for emerging park needs.
2. ***Fund Balance*** which is un-obligated and obligated monies that are rolled over from previously approved, but incomplete, projects.
3. ***New Fiscal Year Taxes*** are ad valorem property taxes collected during the next fiscal year. The amount dedicated to the CIP is .75 mils and will generate approximately $686,425.
4. ***Sunday Liquor Sales Permit Fee*** that are derived from the sale of permits to sell alcohol on Sunday. These fees are rebates from the State and prior year revenues will provide approximately $1,019,500.
5. ***Beach Preservation Fee*** are derived from an additional two percent (2%) Local Accommodations Tax levied by Town Council. This source will generate approximately $5.1 million in revenue for the Town next fiscal year. These funds are dedicated to beach re-nourishment and related monitoring, dune refurbishment, maintenance and operations, and new beach parks and beach access facilities. The Town will expend $3.1 million of these funds to pay debt service on bonds associated with beach renourishment projects.
6. ***Hospitality Tax*** which is a two percent (2%) tax on the sale of prepared meals and beverages, sold in establishments with or without licenses for on-premise consumption of alcoholic beverages, beer or wine. This source will generate approximately $5.5 million in revenue next fiscal year. Some of which is used to pay debt service on bonds for public safety projects.
7. ***Tax Increment Financing (TIF)*** in which funds derive from increased assessed value above the baseline assessment when the TIF District was established. These funds may be used for public projects within the District. TIF will generate approximately $5.8 million in revenue next fiscal year.
8. ***Real Estate Transfer Fee*** which is .25 of 1% on each real estate transaction in the Town. This source will generate approximately $2.3 million in revenue next fiscal year. These funds are dedicated to the Land Acquisition Program and its debt service.
9. ***Lease Fund*** is derived from lease payments on Town-owned property. As the Town has acquired properties, some have existing leases that the Town chooses to honor until their expiration. Approximately $12,000 derived from those leases has been assigned to pay for maintenance and cleanup of Town property.

Capital Projects Fund Revenues and Other Sources (continued)

Implementation of the fiscal year 2014 CIP will require about $11.7 million during the fiscal year. The chart below reflects a comparison of the major budgeted revenue sources for fiscal years 2013 and 2014.

Revenue Source	FY 2013 Revised Budget	FY 2014 Budget	$ Change	% Change
Property Taxes	$ 638,209	$ 686,425	$ 48,216	7.55%
Sunday Permit Fees	733,646	1,019,500	285,854	38.96%
Beach Preservation Fees	1,971,302	2,102,000	130,698	6.63%
Tax Increment Financing	5,879,572	4,026,000	(1,853,572)	-31.53%
Hospitality Tax	3,803,456	2,921,000	(882,456)	-23.20%
Bond Proceeds	13,907,605	275,000	(13,632,605)	-98.02%
Impact Fees - Roads	1,100,941	692,000	(408,941)	-37.14%
Total	$ 28,034,731	$ 11,721,925	(16,312,806)	-58.19%

Capital Projects Fund Expenditures

In the ***Beach Maintenance*** category, there are 3 projects (3 on-going maintenance projects) programmed during the next ten years. Of this, 2 projects including the ongoing beach management and monitoring program are funded for approximately $1,702,000 in fiscal year 2014.

In the ***Existing Facilities/Infrastructure*** category, there are 8 projects (3 on-going maintenance / equipment purchase projects) programmed during the next ten years, 7 projects are funded for approximately $892,000 in fiscal year 2014.

In the category of ***Park Development***, 9 projects (1 on-going maintenance project) are programmed during the next ten years, 7 projects are funded for approximately $3,136,000 in fiscal year 2014.

In the ***New Facilities/Infrastructure*** category, there are 3 projects (2 on-going maintenance projects) programmed during the next ten years, 2 projects are funded for approximately $2,051,000 in fiscal year 2014.

In the ***Pathways*** category, there are 13 projects programmed during the next ten years (1 on-going maintenance project). Of those 13 projects, 9 are funded for approximately $1,260,000 in fiscal year 2014. Funded projects may involve land acquisition, legal work, design, concept and survey, and/or construction.

In the category of ***Roadway Improvements,*** there are 11 projects programmed during the next ten years; 11 of them are funded for approximately $2,273,000 in fiscal year 2014.

In the category of **Land Acquisition**, using Council's guidance, staff will continue to research and recommend pertinent acquisitions. This category is not budgeted until acquisitions are identified and funds encumbered or paid.

Impact on Operation and Maintenance Expenditures

The operating impact of these capital projects are calculated utilizing the following assumptions:

Pathway maintenance per mile	$ 6,500/year (Capital Projects Fund)
Park litter and landscape (passive/beach)	$25,000/year (General Fund)
Park janitorial (restrooms and supplies)	$12,500/year (General Fund)
Roadways	deeded to the County if possible Budgeted established in General Fund – Engineering in fiscal year 2014

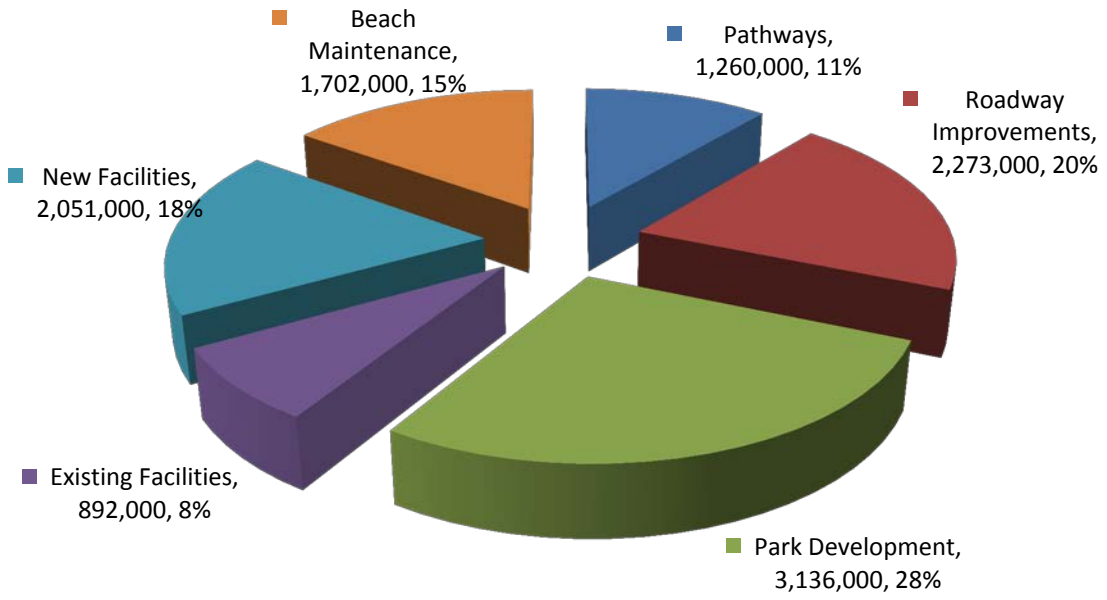
In fiscal year 2014, the major impact items of the Town's capital assets on the operating budget are as follows:

- The fiscal year 2014 General Fund operating budget associated with the upkeep of the Town's facilities and parks (including the shift of budgeting of non-project capital outlay from the Capital Projects Fund to the General Fund) essentially maintains the fiscal year 2013 level of funding. The flat level of funding will have a minimal impact on the overall upkeep of Town property.
- The Town established a budget in the General Fund – PP&F – Engineering in fiscal year 2014 for maintaining Town-owned roads recognizing the minimal likelihood that the County will accept the Town's roads into its inventory.

Fiscal Year 2014 Capital Improvements Program (CIP)

The Capital Projects Fund (CIP) budget for fiscal year 2014 totals $11.3 million and consists of the following category funding levels.

Capital Projects Fund (CIP) Expenditures by Category



Capital Projects Fund (CIP)

Revenues and Expenditures by Category Analysis – Historical, Estimated Actual, and Budget

				FY 2013		FY	% change	
	FY 2010	FY 2011	FY 2012	Revised Budget	Est. Actual	2014 Budget	FY 2013 Budget	FY 2013 Est. Actual
Revenues								
Property Taxes	695,844	696,763	692,417	638,209	692,417	686,425	8%	-1%
Investments	34,027	23,752	3,378	-	3,400	-	N/A	-100%
Grants	75,956	-	944,854	-	102,000	-	N/A	-100%
Contributions	7,500	7,500	100,000	20,000	20,000	-	-100%	-100%
Sunday Permit Fees	314,950	356,900	332,230	733,646	332,200	1,019,500	39%	207%
Capital Sales Tax	331,639	-	-	-	-	-	N/A	N/A
Hospitality Tax	4,708,807	-	-	-	-	-	N/A	N/A
Impact Fees - Roads	55,643	79,254	151,989	1,100,941	152,000	692,000	-37%	355%
Impact Fees - Parks	19,437	26,334	36,366	-	36,300	-	N/A	-100%
County	-	275,000	-	-	-	-	N/A	N/A
Sale of Property/Equip.	1,888,488	324,774	264,930	-	266,625	-	N/A	-100%
Premium on Bond Issuance	121,571	-	742,241	-	245,000	-	N/A	-100%
Hospitality Tax Bond Proceeds	-	-	15,250,000	4,947,000	-	275,000	-94%	N/A
Beach Preservation Fee Bond		-	11,000,000	-	-		N/A	N/A
General Obligation Bond Proceeds	12,000,000	-	-	8,960,605	9,000,000	-	-100%	-100%
Transfers In:								
Real Estate Transfer Fees	7,757	33,080	821	-	-	-	N/A	N/A
Beach Preservation Fees	1,541,701	606,267	608,882	1,971,302	1,971,302	2,102,000	7%	7%
Tax Increment Financing	973	376,744	3,436,996	5,879,572	5,879,572	4,026,000	-32%	-32%
Hospitality Tax	-	1,543,734	888,292	3,803,456	3,803,456	2,921,000	-23%	-23%
Stormwater Fees	-	-	-	40,000	40,000	-	N/A	N/A
Miscellaneous	2,000	(77,062)	2,336	-	-	-	N/A	N/A
Lease	45,645	19,200	44,824	12,000	149,245	12,000	0%	-92%
Total Revenues	**21,851,938**	**4,292,240**	**34,500,556**	**28,106,731**	**22,693,517**	**11,733,925**	**-58%**	**-48%**
Expenditures & Other Uses								
Expenditures:								
Beach Maintenance	1,331,073	568,574	11,357,778	1,429,581	398,331	1,702,000	19%	327%
Existing Facilities	4,959,040	2,997,296	1,426,274	4,847,391	1,178,778	892,000	-82%	-24%
Park Development	724,232	257,991	849,814	1,249,891	698,283	3,136,000	151%	349%
New Facilities	923,844	354,644	1,853,680	2,849,515	2,759,014	2,051,000	-28%	-26%
Pathway Improvements	934,823	548,128	510,075	1,995,405	1,171,735	1,260,000	-37%	8%
Drainage Improvements	(192,411)	-	-	-	-	-	N/A	N/A
Roadway Improvements	916,560	1,154,476	1,297,646	4,115,581	2,310,193	2,273,000	-45%	-2%
Land Acquisition	1,152,741	2,917,122	8,909,874	7,500,000	6,032,044	-	-100%	-100%
Debt Service/Issue Costs/Misc.	264,273	-	525,364	225,000	225,000	-	-100%	-100%
Total Expenditures:	**11,014,175**	**8,798,231**	**26,730,505**	**24,212,364**	**14,773,378**	**11,314,000**	-53%	-23%
Other Uses:								
Transfers Out	3,537,280	37,500	1,137,500	3,551,772	3,551,772	318,400	-91%	-91%
Total Expenditures & Other Uses	**14,551,455**	**8,835,731**	**27,868,005**	**27,764,136**	**18,325,150**	**11,632,400**	-58%	-37%
Net change in fund balances	**7,300,483**	**(4,543,491)**	**6,632,551**	**342,595**	**4,368,367**	**101,525**		
Fund balance - beginning	**13,367,074**	**20,532,570**	**13,841,517**	**20,474,068**	**20,474,068**	**24,842,435**		
Prior period adjustment	(134,987)	(2,147,562)	-	-	-	-		
Fund balance - ending	**20,532,570**	**13,841,517**	**20,474,068**	**20,816,663**	**24,842,435**	**24,943,960**		

Capital Projects Fund (CIP) Expenditures by Funding Source - FY 2014

	THOUSANDS OF DOLLARS									
			Source of Funds							
	Estimated FY 2013 Funding (Enc./Roll)	FY 2014 Budget	Impact Fees (Traffic/ Park)	FY 2014 Property Taxes	Beach Fee	Hospitality Bond	Hospitality Tax	TIF	Sunday Liquor Permit Fees	Lease
BEACH MAINTENANCE										
Beach Management & Monitoring		702			702					
Beach Renourishment - Ocean Point	158	1,000			1,000					
Beach Renourishment - FY 2016	690	-			-					
TOTAL	**848**	**1,702**	**-**	**-**	**1,702**	**-**	**-**	**-**	**-**	**-**
EXISTING FACILITIES & INFRASTRUCTURE										
Rehabilitation & Renovation of Fixed Cap. Assets		114		114						
Clean up, Maint. of Properties & Demo. Of Structures		291		279						12
Coastal Discovery Museum/Honey Horn		77		77						
Town Hall Renovations	243	100					100			
Fire Station 2 Replacement		275				275				
Facilities Surveillance Cameras	15	35					35			
Fire Station 6 Replacement	3,242	-								
TOTAL	**3,500**	**892**	**-**	**470**	**-**	**275**	**135**	**-**	**-**	**12**
PARK DEVELOPMENT										
Park Upgrades		466							466	
Chaplin Linear Park	90	750						750		
Chaplin Community Park Boardwalk to Collier Beach		400						400		
Recreation Center Enhancements	183	-						TBD		
Rowing and Sailing Center	18	885						885		
Collier Beach Park		400			400					
Chaplin Tennis Park		235							235	
TOTAL	**291**	**3,136**	**-**	**-**	**400**	**-**	**-**	**2,035**	**701**	**-**

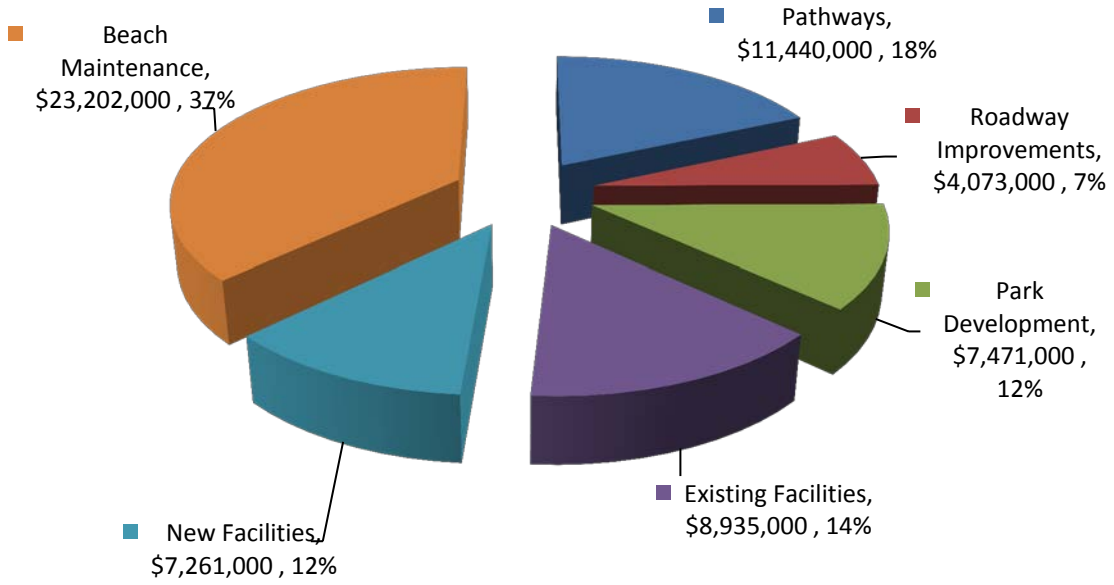
Capital Projects Fund (CIP) Expenditures by Funding Source - FY 2014

	THOUSANDS OF DOLLARS									
			Source of Funds							
	Estimated FY 2013 Funding (Enc./Roll)	FY 2014 Budget	Impact Fees (Traffic/ Park)	FY 2014 Property Taxes	Beach Fee	Hospitality Bond	Hospitality Tax	TIF	Sunday Liquor Permit Fees	Lease
NEW FACILITIES & INFRASTRUCTURE										
Coligny/Pope Avenue Area Initiative		1,991						1,991		
58 Shelter Cove Lane - Tenant Upfit (Town Use)		60		60						
58 Shelter Cove Lane - Tenant Upfit (BCSO)	78	-								
TOTAL	**78**	**2,051**	**-**	**60**	**-**	**-**	**-**	**1,991**	**-**	**-**
PATHWAYS										
Pathway Rehabilitation		195		55			140			
Pembroke Drive	42	480	240				240			
Gardner Drive	23	330	165				165			
US 278 (Shelter Cove/Chaplin to Mathews North)	115	30	15				15			
US 278 (Gardner Drive to Jarvis Park / Honey Horn)		120	60				60			
US 278 (Gum Tree Road to Squire Pope Road)		55	27				28			
US 278 (Village at Wexford to Arrow Road)		50	25				25			
US 278 (Fresh Market Shoppes to Shelter Cove/Chaplin)	155	-								
US 278 (Wexford Circle to Fresh Market Shoppes)	220	-								
Honey Horn Access Improvements	225	-								
TOTAL	**780**	**1,260**	**532**	**55**	**-**	**-**	**673**	**-**	**-**	**-**
ROADWAY IMPROVEMENTS										
F&R Emergency Access Points		210					210			
Honey Horn Drive Apron Improvements		125					125			
Traffic Signal Mast Arms	109	221					221			
Lemoyne Road Reconstruction & Extension	64	50	50							
Traffic Signal System Pre-emption		350					350			
Leamington/Fresh Market Shoppes	30	1,207					1,207			
Roadway Safety Improvements	15	110	110							
Mathews Dr./Chaplin Area Connectivity	570	-								
Marshland Roundabout	947	-								
Pedestrian Crosswalks	19	-								
Private (Dirt) Road Acquisition	81	-								
TOTAL	**1,835**	**2,273**	**160**	**-**	**-**	**-**	**2,113**	**-**	**-**	**-**
TOTAL FY 2014 BUDGET	**7,332**	**11,314**	**692**	**585**	**2,102**	**275**	**2,921**	**4,026**	**701**	**12**

Ten-Year Capital Improvements Program (CIP)

The anticipated capital expenditures over the next ten years are anticipated to be $62.4 million. The Town estimates the following expenditures by program.

Ten-Year Capital Improvements Program Expenditures by Program



Capital Projects Fund (CIP) Expenditures by Category 2014-2023

	THOUSANDS OF DOLLARS						
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019-2023	Total FY 2014-2023
Summary							
Beach Maintenance	1,702	500	17,500	500	500	2,500	23,202
Existing Facilities & Infrastructure	892	3,307	592	592	592	2,960	8,935
Park Development	3,136	1,235	1,200	700	200	1,000	7,471
New Facilities & Infrastructure	2,051	5,170	40	-	-	-	7,261
Pathways	1,260	3,320	1,730	2,900	530	1,700	11,440
Roadway Improvements	2,273	1,700	100	-	-	-	4,073
TOTALS (THOUSANDS OF DOLLARS)	**11,314**	**15,232**	**21,162**	**4,692**	**1,822**	**8,160**	**62,382**

Capital Projects Fund (CIP) Expenditures by Category 2014-2023

	THOUSANDS OF DOLLARS					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019-2023
BEACH MAINTENANCE						
Beach Management & Monitoring	702	500	500	500	500	2,500
Beach Renourishment - Ocean Point	1,000					
Beach Renourishment - FY 2016			17,000			
TOTAL	**1,702**	**500**	**17,500**	**500**	**500**	**2,500**
EXISTING FACILITIES & INFRASTRUCTURE						
Rehabilitation & Renovation of Fixed Cap. Assets	114	176	176	206	217	1,255
Clean up, Maint. of Properties & Demo. Of Structures	291	291	291	291	291	1,455
Coastal Discovery Museum/Honey Horn	77	75	75	45	34	TBD
Town Hall Renovations	100					
Fire Station 2 Replacement	275	2,500				
Facilities Surveillance Cameras	35	50	50	50	50	250
F&R Training Center Enhancemenss (Proposed Strategic Plan Recommendation)		215				
TOTAL	**892**	**3,307**	**592**	**592**	**592**	**2,960**
PARK DEVELOPMENT						
Park Upgrades	466	10	200	200	200	1,000
Chaplin Linear Park	750	1,160				
Chaplin Community Park Boardwalk to Collier Beach	400					
Recreation Center Enhancements	TBD	TBD	TBD			
Rowing and Sailing Center	885					
Collier Beach Park	400					
Chaplin Tennis Park	235					
Yacht Cove Community Park		40	1,000			
Ford Shell Ring Park		25		500		
TOTAL	**3,136**	**1,235**	**1,200**	**700**	**200**	**1,000**
NEW FACILITIES & INFRASTRUCTURE						
Coligny/Pope Avenue Area Initiative	1,991	5,130				
58 Shelter Cove Lane - Tenant Upfit (Town Use)	60					
Sewer Services Projects		40	40			
TOTAL	**2,051**	**5,170**	**40**	**-**	**-**	**-**

Capital Projects Fund (CIP) Expenditures by Category 2014-2023

	THOUSANDS OF DOLLARS					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019-2023
PATHWAYS						
Pathway Rehabilitation	195	200	210	220	230	1,300
Pembroke Drive	480					
Gardner Drive	330					
US 278 (Shelter Cove/Chaplin to Mathews North)	30	1,170				
US 278 (Gardner Drive to Jarvis Park / Honey Horn)	120		930			
US 278 (Gum Tree Road to Squire Pope Road)	55	10	550			
US 278 (Village at Wexford to Arrow Road)	50	250				
US 278 (Fresh Market Shoppes to Shelter Cove/Chaplin)		1,320				
US 278 (Jarvis Park/Honey Horn to Graves Bridge)		220		1,690		
Singleton Beach Road (US 278 to Chaplin Community Park)		40		300		
US 278 (Squire Pope Road to near Welcome Center)		110		600		
US 278 (Stoney Area to Jenkins Island)			40		300	
US 278 (JENKINS ISLAND TO BRIDGE)				90		400
TOTAL	**1,260**	**3,320**	**1,730**	**2,900**	**530**	**1,700**
ROADWAY IMPROVEMENTS						
F&R Emergency Access Points	210					
Honey Horn Drive Apron Improvements	125					
Traffic Signal Mast Arms	221	300	100			
Lemoyne Road Reconstruction & Extension	50	800				
Traffic Signal System Pre-emption	350					
Leamington/Fresh Market Shoppes	1,207					
Roadway Safety Improvements	110					
Private (Dirt) Road Acquisition		TBD	TBD	TBD	TBD	TBD
Stoney Secondary Road (South) (Spanish Wells spur to Kirby Lane)		600				
TOTAL	**2,273**	**1,700**	**100**	**-**	**-**	**-**
TOTALS (THOUSAND OF DOLLARS)	**13,328**	**17,247**	**23,178**	**6,709**	**3,840**	**8,160**

Stormwater Fund (Enterprise Fund)

This fund is used to account for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems and programs within the Town limits of Hilton Head Island in concert with Beaufort County and other water resource management programs. The total expense budget for fiscal year 2014 is $3.4 million including a transfer to the General Fund. The annual base fee per SFU will remain at $108.70 for fiscal year 2014.

Revenues and Expenses Analysis – Historical, Estimated Actual, and Budget

		FY 2013		FY	% change	
	FY 2012 Actual	Revised Budget	Est. Actual	2014 Budget	FY 2013 Budget	FY 2013 Est. Actual
Revenues						
Stormwater Fees	3,491,879	3,611,553	3,611,553	3,587,573	-1%	-1%
Investments	-	-	-	-	N/A	N/A
Total Revenues	**3,491,879**	**3,611,553**	**3,611,553**	**3,587,573**	**-1%**	**-1%**
Expenses						
Personnel:						
Total Personnel	**152,974**	**152,036**	**152,036**	**256,588**	**69%**	**69%**
Operating:						
Beaufort County SWU Admin. Fee	14,179	92,109	92,109	92,109	0%	0%
Public Education		26,500	26,462	25,000	-6%	-6%
MAP Update		58,978	-		-100%	N/A
Water Quality Monitorring	34,359	61,155	61,155	70,000	14%	14%
Professional Services		-	-	40,000	N/A	N/A
General Operating Expenses	-	7,400	7,401	17,800	141%	141%
Total Operating	**48,538**	**246,142**	**187,127**	**244,909**	**-1%**	**31%**
Projects:						
Capital & Infrastructure	1,218,168	1,290,179	622,851	480,000	-63%	-23%
Inventory & Modeling	86,382	838,795	335,392	312,000	-63%	-7%
Maintenance & Repairs	352,515	609,949	467,422	672,000	10%	44%
Pump Station Costs	174,183	551,570	521,117	227,000	-59%	-56%
Total Operating	**1,831,248**	**3,290,493**	**1,946,782**	**1,691,000**	**-49%**	**-13%**
Debt Service:						
Total Debt Service	**1,089,728**	**1,149,126**	**1,149,126**	**1,152,000**	**0%**	**0%**
Total Expenses	**3,122,488**	**4,837,797**	**3,435,071**	**3,344,497**		
Transfer Out	**235,330**	**276,130**	**276,130**	**74,258**	**-73%**	**-73%**
Total Expenses & Other Uses	**3,357,818**	**5,113,927**	**3,711,201**	**3,418,755**	**-33%**	**-8%**
Revenues Over/(Under) Expenses	**134,061**	**(1,502,374)**	**(99,648)**	**168,818**		

Stormwater Expenditures by Category 2014-2017

STORMWATER BUDGET SUMMARY	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2014	FY 2015	FY 2016	FY 2017
CATEGORY					
Salary, Benefits, Operating Expenses, and Debt Service	59	1,653	1,634	1,642	1,649
Capital & Infrastructure Upgrades and Improvements	668	480	425	540	325
Inventory & Modeling	503	312	360	339	411
Maintenance & Repairs	160	672	633	705	495
Pump Station Costs	30	227	176	176	196
TOTAL	**1,420**	**3,344**	**3,228**	**3,402**	**3,076**

STORMWATER BUDGET DETAIL	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2014	FY 2015	FY 2016	FY 2017
SALARY, BENEFITS, OPERATING EXPENSES AND DEBT SERVICE					
SALARY AND BENEFITS					
Total Salary and Benefits	**-**	**256**	**261**	**266**	**272**
OPERATING EXPENSES					
Beaufort County SWU Administration Fee *(withheld by County)*	-	92	92	92	92
Public Education	-	25	25	25	25
MAP Update	59	-	-	-	-
Water Quality Monitorring	-	70	70	70	70
Professional Services (Stormwater portion of *Haz-Mat Roundup)*	-	40	18	18	18
General Operating Costs	-	18	18	19	19
Total Operating Expenses	**59**	**245**	**223**	**224**	**224**
DEBT SERVICE *(matures fiscal year 2026)*					
Principal	-	805	825	850	875
Interest	-	344	322	299	275
Other Charges and Fees	-	3	3	3	3
Total Debt Service	**-**	**1,152**	**1,150**	**1,152**	**1,153**

Stormwater Expenditures by Category 2014-2017

STORMWATER BUDGET DETAIL	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2014	FY 2015	FY 2016	FY 2017
CAPITAL & INFRASTRUCTURE UPGRADES & IMPROVEMENTS					
HILTON HEAD PLANTATION - PUD					
Bear Creek Outfall - Riser-Barrel Rehab/Replacement	-	100	-	-	-
Golden Hind - Pipe Lining / Removal	-	10	250	-	-
Pipe Cleaning/TV/Lining/Replacement	-	-	-	-	50
INDIGO RUN - PUD					
Wiler's Creek Bank Stabilization	-	65	-	-	-
Colonial Dr. Flooding	-	40	-	-	-
Replace Gate at golf drainage system outfall lagoon	-	-	-	-	40
LONG COVE - PUD					
Friendfield Court Weir/Dam Rehab	-	65	-	-	-
Pipe Cleaning/TV/Lining/Replacement	-	-	-	-	35
PALMETTO DUNES - PUD					
Queens Folly Pipe rehab	-	-	-	35	-
Pipe Cleaning/TV/Lining/Replacement	-	-	-	-	50
Mooring Buoy Outfall pipe cleaning	-	25	-	-	-
PORT ROYAL PLANTATION - PUD					
Marketplace and Oak Creek - Culvert Upgrades	-	-	150	-	-
SEA PINES - PUD					
Pipe Cleaning/TV/Lining/Replacement	-	-	-	-	50
Baynard Cove Outfall structure gate screw/frame replacement	-	10	-	-	-
WEXFORD - PUD					
Wexford Club Drive Flooding	-	50	-	-	-
NON-PUD AREAS					
Nassau/Tanglewood - (tie to Coligny Re-development)	-	35	-	350	-
US 278 Flooding @ Panera - Engr/Coord Only (SCDOT Funding Construction)	-	5	-	-	-
Jarvis Bypass Channel	28	-	25	25	-
Bay Pines / Point Comfort - Design and Construction	-	-	-	50	100
Gum Tree Outfall Channel at Katie Miller	-	75	-	-	-
Crossing / Haig Point Channel Stabilization	-	-	-	-	-
Fish Haul Creek at Union Cemetery - Culvert Upgrade	-	-	-	80	-
Myrtle & Hickory Lane	570	-	-	-	-
Folly Field (Island Club to Fiddlers Cove)	70	-	-	-	-
TOTAL CAPITAL & INFRASTRUCTURE UPGRADES & IMPROVEMENTS	**668**	**480**	**425**	**540**	**325**
INVENTORY, MODELING, AND MASTER PLANNING					
Hilton Head Plantation	332	-	-	-	-
Indigo Run	-	67	-	168	-
Long Cove Club	-	66	-	-	-
Wexford	-	90	-	-	-
Unaffiliated Watersheds	24	89	41	165	-
Leamington	-	-	44	-	-
Palmetto Dunes	-	-	166	-	-
Palmetto Hall	-	-	-	-	161
Port Royal	146	-	-	-	-
Sea Pines	-	-	67	-	250
Shelter Cove	-	-	42	-	-
Spanish Wells	1	-	-	6	-
TOTAL INVENTORY, MODELING, AND MASTER PLANNING	**503**	**312**	**360**	**339**	**411**

Stormwater Expenditures by Category 2014-2017

STORMWATER BUDGET DETAIL	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2014	FY 2015	FY 2016	FY 2017
MAINTENANCE & REPAIRS					
HILTON HEAD PLANTATION - PUD					
Gen Maint - channel maint, vac-haul closed systems, etc.	17	75	50	50	50
INDIGO RUN - PUD					
Gen Maint - channel maint, vac-haul closed systems, etc.	-	20	20	20	20
Long Reach Hoe Work	20	-	-	-	-
LEAMINGTON - PUD					
Gen Maint - channel maint, vac-haul closed systems, etc.	-	15	15	15	15
LONG COVE CLUB - PUD					
Gen Maint - channel maint, vac-haul closed systems, etc.	-	15	15	15	15
PALMETTO HALL - PUD (Assume Responsibilities in FY 2015)					
Gen Maint - channel maint, vac-haul closed systems, etc.	4	-	15	15	15
PALMETTO DUNES - PUD					
Gen Maint - channel maint, vac-haul closed systems, etc.	-	15	20	20	20
Queens Folly Flooding at Queens Grant - Pipe Cleaning & Video	-	7	-	-	-
PORT ROYAL PLANTATION - PUD					
Gen Maint - channel maint, vac-haul closed systems, etc.	30	25	30	30	30
Channel Maintenance (S. Port Royal/Century/Scarborough)	-	100	-	-	-
SEA PINES - PUD					
Gen Maint - channel maint, vac-haul closed systems, etc.	-	10	50	60	60
Lawton Dr & Lawton Rd - Pipe and channel cleaning	-	20	-	-	-
Baynard Cove OF structure cleaning and repairs	-	20	-	-	-
SHIPYARD - PUD					
Gen Maint - channel maint, vac-haul closed systems, etc.	-	20	20	30	30
Cordillo parkway ditch along Townhouse Tennis	-	40	-	-	-
Galleon fairway flooding - adj pipe and repair control structure	-	-	-	20	-
WEXFORD - PUD					
Gen Maint - channel maint, vac-haul closed systems, etc.	-	20	20	20	20
Channel Maintenance (along Power Line Esmt)	-	-	40	-	-
Wexford Ditch Work	30	-	-	-	-
NON-PUD AREAS					
Gen Maint - channel maint, vac-haul closed systems, etc.	-	220	220	220	220
Mathews / Matilda - Bank Stabilization	-	30	-	-	-
Cordillo Parkway - Pope to Deallyon - Channel and culvert repairs	-	-	75	-	-
Mathews Drive Culvert Pinch Valves / Sediment Removal	-	-	10	-	-
New Orleans	10	-	-	-	-
Long Reach Hoe Work-Northridge System	25	-	-	-	-
Sea Cloisters	4	-	-	-	-
Marshland Rd. Shoulder Swale	-				
Cordillo Parkwy Channel/Pipe Cleaning	20	-	-	-	-
Arrow Rd. Rear Channel Maintanance (Target to Crossings)	-	20	20	100	-
Haig Point Bank Stabilization	-	-	5	90	-
TOTAL MAINTENANCE & REPAIRS	**160**	**672**	**633**	**705**	**495**
PUMP STATION COSTS (MAINTENANCE, REPAIRS and REPLACEMENT)					
Sea Pines Pump Station	-	43	30	30	50
Shipyard Pump Station	2	10	10	10	10
Wexford Pump Station	-	22	11	11	11
Jarvis Creek Pump Station	-	50	50	50	50
Wexford (Elect. Bldg. Roof, Debris Screen, Generator Permanent Mount)	28	27	-	-	-
Emergency Contingency for Pump Repairs	-	75	75	75	75
TOTAL PUMP STATION COSTS (MAINTENANCE, REPAIRS & REPLACEMENT)	**30**	**227**	**176**	**176**	**196**
TOTAL BUDGET	**1,420**	**3,344**	**3,228**	**3,402**	**3,076**

Stormwater Revenue Bonds; $13,810,000, Dated December 1, 2010

On December 1, 2010, the Town issued $13,810,000 in revenue bonds with an average interest rate of 2.78% to advance refund $13,740,000 revenue bonds dated December 1, 2002 with an average interest rate of 4.85%. The net proceeds of $14,894,433 (after payment of $202,091 in issuance costs) and funds on hand were used to purchase United States government securities which were placed in trust to remove the old debt from the books. The difference between the reacquisition price and the carrying value of the old debt resulted in a loss on refunding of $1,343,322. These revenue bonds were refunded to reduce total debt service payments over the life of the bonds by $2,837,355 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately $943,642.

Business Type Activities

Stormwater Revenue Bonds; $13,810,000
Dated December 1, 2010

	FY 2014	FY 2015	FY 2016	FY 2017-2021	FY 2022-2026
Interest	344,442	322,063	299,128	1,127,568	449,387
Principal	805,000	825,000	850,000	4,620,000	5,290,000
Total	1,149,442	1,147,063	1,149,128	5,747,568	5,739,387
Interest Rate	2.78%	2.78%	2.78%	2.78%	2.78%

Glossary of Terms

Account – A separate financial reporting unit. All budgetary transactions are recorded in accounts.

Accrual Basis of Accounting – A method of accounting where revenues are recorded when service is given and expenditures are recognized when the benefit is received.

Ad Valorem Tax – A tax levied on the assessed value (net of any exemptions) of real or personal property as certified by the property appraiser in each county. This is commonly referred to as property tax.

Adopted Budget – The financial plan of revenues and expenditures for a fiscal year as approved by the Town Council.

Amortization - The expiration of intangible assets due to the passage of time.

Appropriation – A specific amount of money authorized by the Town Council for the purchase of goods or services.

Assessed Property Value – A value established by the County's property appraiser for all real or personal property for use as a basis for levying ad valorem (property) taxes.

Balanced Budget – A budget in which planned funds or revenues available are equal to fund planned expenditures.

Beach Preservation Fees Fund – Used to preserve the general health, safety and welfare of the public within the Town of Hilton Head Island, by creating an additional fund to pay, in whole or in part, for the current and future preservation, maintenance, nourishment, re-nourishment, and improvement of the beaches of Hilton Head Island, and also those public facilities related to the use, preservation, maintenance, nourishment, re-nourishment, and improvement of the beaches.

Bonds – A certificate of debt issued by an entity, guaranteeing payment of the original investment, plus interest, by a specified future date.

Budget Amendment – A change to an adopted budget that may increase or decrease a department's or fund's total budget. The Town Council must approve budget amendments.

Budget Calendar – A budget calendar is a schedule of key dates which the Town follows in preparation, adoption and administration of the budget.

Budget Transfer – A budget transfer is a change to the allocation of budget funds within a department or between departments within a fund.

Build-out – That time in the life cycle of the Town when no incorporated property remains undeveloped. All construction from this point forward is renovation, retrofitting or land cleared through the demolition of existing structures.

Capital Improvement Program (CIP) – A plan of capital expenditures to be incurred each year over a period of ten future years, setting forth each capital project, the amount to be expended in each year and the method of financing those expenditures.

Capital Equipment (Assets) – Capital equipment is defined by the government as furniture/equipment with an initial cost of $5,000 or and an estimated useful life in excess of two years.

Glossary of Terms, continued

Capital Software (Assets) – Capital software is defined by the government as software with an initial cost of $50,000 or and an estimated useful life in excess of two years.

CAFR (Comprehensive Annual Financial Report) - Financial report that contains, at a minimum, three sections: 1) introductory, 2) financial, 3) statistical, and whose financial section provides information on each individual fund and component unit.

Contingency – A budgetary reserve to provide for emergency or unanticipated expenditures during the fiscal year. These funds, if not used, lapse at year end. This is not the same as fund balance.

Debt Service – The payment of principal and interest on borrowed funds such as bonds.

Defeasance – Netting of outstanding liabilities and related assets on the statement of financial position. Most refunds result in the defeasance of the refunded debt.

Deferred – Postponement of the recognition of an expense already paid or a revenue already received.

Department – A basic organizational unit of the Town which is functionally unique in its service provided.

Depreciation – The decrease in value of physical assets due to use and the passage of time.

Division – A sub-organizational unit of a Department which is functionally unique in its service provided.

Encumbrance – The commitment of appropriated (budgeted) funds to purchase goods or services. To encumber sets aside those funds for the future when the goods and services have been legally committed.

Enterprise Fund – Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

Expenditure (Governmental Fund)/Expense (Proprietary/Enterprise Fund) – The disbursement of appropriated funds to pay for goods and/or services.

Fines and Forfeitures – Consists of a variety of fees, fines and forfeitures collected by the state court system, including bail forfeitures, garnishments, legal defenders recoupment and juror/witness fees.

Fiscal Year – Any period of 12 consecutive months designated as the budget year. The fiscal year for the Town is July 1 through June 30.

Fixed Asset – Things the Town owns that cost a considerable amount and has a useful life exceeding two years.

Franchise Fee – Charges to utilities for exclusive/non-exclusive rights to operate within municipal boundaries. Examples are electricity, telephone, cable television, and solid waste.

FTE (Full-Time Equivalent) – A measurement equal to one person working a full-time schedule for one year.

Fund – A self-balancing accounting entity segregated to carry on specific activities or attain certain objectives to meet legal requirements or Generally Accepted Accounting Principles.

Fund Balance – Equals the equity in each fund.

Glossary of Terms, continued

GAAP – Generally Accepted Accounting Principles

General Fund – This is considered the Town's operating fund. This fund is used to account for all financial resources, property tax revenues (majority revenue source), as well as other general revenue sources that will be used to support services that are provided on a Town wide basis.

GFOA (Government Finance Officers Association) – An association of public finance professional that has played a major role in the development and promotion of GAAP for state and local governments since its inception in 1906.

Goal – A broad statement of intended accomplishments or a description of a general condition deemed desirable.

Governmental Funds – Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

Grant – A commitment of resources from one organization to another.

Hospitality Tax – A two percent (2%) tax on the sale of prepared meals and beverages, sold in establishments with or without licenses for on-premise consumption of alcoholic beverages, beer or wine.

Intergovernmental Revenue – Revenue received from or through the Federal, State, or County government.

Major Fund – Governmental fund or enterprise fund reported as a separate column in the basic fund financial statements and subject to a separate opinion in the independent auditor's report.

Mil – A taxation unit equal to one dollar of tax obligation for every $1,000 of assessed valuation of property.

Millage – The total tax obligation per $1,000 of assessed valuation of property.

Mission Statement – A statement that identifies the particular purpose and function of a department.

Non-Departmental (Town wide) – Refers to activities, revenues and expenditures that are not assigned to a particular department.

Objective – Something to be accomplished in specific, well-defined, measurable terms and that is achievable within a specific time frame.

Operating Expenditures/Expenses – Disbursements for goods and services purchased that are consumable in nature or equipment purchases that have a useful life of less than one year.

Operating Budget – A budget for general expenses as distinct from financial transactions or permanent improvements such as salaries and benefits, operating equipment/supplies, utilities, insurance, etc.

Ordinance – The formally adopted Town Council documents that provides the legal authority to levy taxes and expend funds.

Performance Measure – Data measurement used to determine how effective and/or efficient a program is in achieving its objectives.

Personnel Expenditures/Expenses – Disbursements for salaries, wages, and all related fringe benefits.

Glossary of Terms, continued

Property Tax – Taxes levied on all non-exempt real and personal property located within a county. Property taxes are computed by multiplying the total of all millage rates (for each taxing authority within a county) by the assessed value of the property.

Public Hearing – A special publicly noticed meeting conducted by the Town to consider and adopt the annual budget.

Real Estate Transfer Fees Fund – Real estate transfer fees are used to (a) acquire fee and less than fee interest in land while it is still available to be held in perpetuity as wildlife preserves or believed to be needed by the public in the future for active and passive recreation uses and scenic easements, to include the following types of land: ocean, harbor and pond frontage in the form of beaches, dunes and adjoining backlands; barrier beaches; fresh and saltwater marshes and adjoining uplands; land for bicycle paths; land protecting existing and future; public water supply, well fields, highway buffering and aquifer recharge areas; and land for wildlife preserves; and land for future public recreational facilities, (b) acquire already developed land or development rights in order to convert its use to a public use, to restore the property to open space, or to redefine that property in accordance with the Town's current comprehensive plan and dispose of it as soon as possible.

Real Property – Land and the buildings or structures erected upon such land.

Revenue – Monies received from all sources (with the exception of fund balances) that are used to fund expenditures in a given fiscal year.

Revised Budget – The adopted budget as formally amended by Town Council.

Tax Increment Financing (TIF) – a method of funding public investments in an area slated for redevelopment by capturing for a time, all or a portion of the increased tax revenue that may result when the redevelopment stimulates private investment. As private investments add to the tax base within the redevelopment area, the increased tax revenues are placed in a special fund that can only be used for public purposes permitted by law.

SFU or "Single-family unit" – Is the average impervious area of a single-family detached residential dwelling unit located within the Town.

Special Revenue Fund – Governmental fund type used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments.

Stormwater drainage system – Is the system of publicly or privately owned or operated rivers, creeks, ditches, drainage channels, pipes, basins, street gutters, and ponds within the Town through which or into which storm water runoff, surface water, or subsurface water is conveyed or deposited.

Taxable Value – The assessed value of real property.

Ten-Year Capital Plan (also known as a Capital Improvement Program (CIP)) – Is a plan of capital expenditures to be incurred each year over a period of ten future years, setting forth each capital project, the amount to be expended in each year and the method of financing those expenditures.

Unemployment Compensation – Amount used to make unemployment compensation payments to former employees.

Glossary of Terms, continued

Workers' Compensation – Premiums and deductible amounts paid for Workers' Compensation coverage.