

*Town of Hilton Head Island, South Carolina*



**Consolidated Municipal Budget  
Fiscal Year  
July 1, 2010 through June 30, 2011**

TOWN OF HILTON HEAD ISLAND, SC  
CONSOLIDATED MUNICIPAL BUDGET  
FISCAL YEAR ENDED JUNE 30, 2011

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**ELECTED OFFICIALS**

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**MAYOR**

The Honorable Thomas D. Peebles

**TOWN COUNCIL**

Kenneth (Ken) S. Heitzke, Mayor Pro Tempore

John D. Safay

Willie (Bill) Ferguson

William D. Harkin

George W. Williams, Jr.

Drew A. Laughlin

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**ADMINISTRATIVE STAFF**

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Stephen G. Riley  
Gregory DeLoach  
Curtis Coltrane  
Lavarn Lucas  
Susan Simmons  
Charles F. Cousins  
Scott Liggett

Town Manager  
Assistant Town Manager Administration  
Assistant Town Manager Community Services  
Fire Chief  
Director of Finance  
Director of Community Development  
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, 2009**

President

Executive Director

# FY 2011 Consolidated Municipal Budget

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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 goals for the upcoming fiscal year.

## 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 operating budget policies, operating reserve policy, financial reserves/bond ratings, disaster planning policies, major policy considerations, performance measurement policy, financial modeling tools, capital improvement program policies, debt management policies, revenue policies, reporting and analysis policies, investment policies, and fixed asset policies.

## 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

This section includes an introduction, Fiscal Year 2011 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), description of major governmental funds, description of restricted major governmental funds, description of other governmental funds, historical overview of revenues and expenditures (schedule), budget highlights, property tax analysis, millage rate historical analysis (chart), and staffing changes.

## General Fund

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

## Capital Projects Fund (CIP)

This section includes an overview and summary of major revenue sources, expenditures by category, a two-year revenue and expenditure comparison, the Town's capital plan for the upcoming year, and the ten-year Capital Improvement Plan.

## Debt Service Fund

This section includes a revenue analysis, expenditure analysis for the upcoming fiscal year, two-year revenue and expenditure comparison, calculation of legal debt limit, a list of outstanding debt issues, and the planned debt position for the next five years.

## Appendix

This section provides definitions of key terms used throughout this document.

Also, there is a chart of all funds used by the Town to manage its financial resources. The chart reflects the anticipated revenues, expenditures, and fund balance for all funds.

# Town Manager's Letter

Town Council Members  
Town of Hilton Head Island  
One Town Center Court  
Hilton Head Island, SC 29928

June 22, 2010

Dear Council Members:

We respectfully present the Fiscal Year 2011 Budget for the Town of Hilton Head Island, South Carolina, to the Town Council for review. This year the budget proved to be particularly challenging due to the continued slow down in the real estate market and an overall sluggish economy. The effect on the Town's budget is less revenue from building permits, bed taxes and fees, hospitality taxes, and business licenses. This budget represents an annual funding plan which responds to the needs of the Town while maximizing a limited resource of funds.

## Budget Summary

The Fiscal Year 2011 budget represents a funding plan designed to meet the needs of the Town's citizens. The total consolidated budget amount is \$74,299,720.

The General Fund budget maintains the current level of high quality service, but overall, expenditures have been reduced due to less revenues being received by the Town because of the down turn in the economy. Expenditures in this fund are programmed at \$32.3 million for Fiscal Year 2011 compared to the same as last fiscal year.

The Capital Projects Fund (CIP) focuses on beach maintenance, existing facility and road improvements, accounting for 85% of the capital budget. The largest component is \$12.9 million earmarked for beach maintenance. Expenditures in this fund are programmed at \$24.0 million for Fiscal Year 2011 compared to \$23.1 million last fiscal year.

The Debt Service Fund budget expenditures are programmed at \$18.1 million for Fiscal Year 2011 compared to \$17.4 million budgeted last fiscal year.

Funding to maintain the high quality services provided to the citizens of the Town will continue to be a challenge because revenues are not projected to grow at the same rate as the demand for services.

### Millage Rate

The millage rate for Fiscal Year 2011 will not increase. The chart below reflects the millage rates by fund for Fiscal Years 2010 and 2011.

	<u>FY 2010</u>	<u>FY 2011</u>
General Fund	11.78	11.78
Debt Service Fund	6.01	6.01
Capital Projects Fund (CIP)	0.75	0.75
<b>Total Millage Rate</b>	<b><u>18.54</u></b>	<b><u>18.54</u></b>

### Financial Plan

As outlined above, the Town's budget consists of three separate fiscal accounting funds. These funds are created to provide for 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 improvements and debt service.
- 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, and fire stations; vehicle replacement; drainage improvements; and park development.
- The Debt Service Fund accounts for the accumulation of resources and the payment of debt.

The following table shows the amount and percent of change to these three funds over last fiscal year:

**Comparison of the Fiscal Year 2010 Revised Budget with the Fiscal Year 2011 Budget**

	General Fund	Capital Projects Fund	Debt Service Fund	Consolidated Municipal Budget
FY 2010 Revised Budget	\$ 32,371,738	\$ 23,126,263	\$ 17,395,940	\$ 72,893,941
FY 2011 Budget	\$ 32,266,100	\$ 23,938,000	\$ 18,095,620	\$ 74,299,720
<b>Amount of Increase/(Decrease)</b>	<b>\$ (105,638)</b>	<b>\$ 811,737</b>	<b>\$ 699,680</b>	<b>\$ 1,405,779</b>
<b>Percent of Increase/(Decrease)</b>	<b>-0.33%</b>	<b>3.51%</b>	<b>4.02%</b>	<b>1.93%</b>

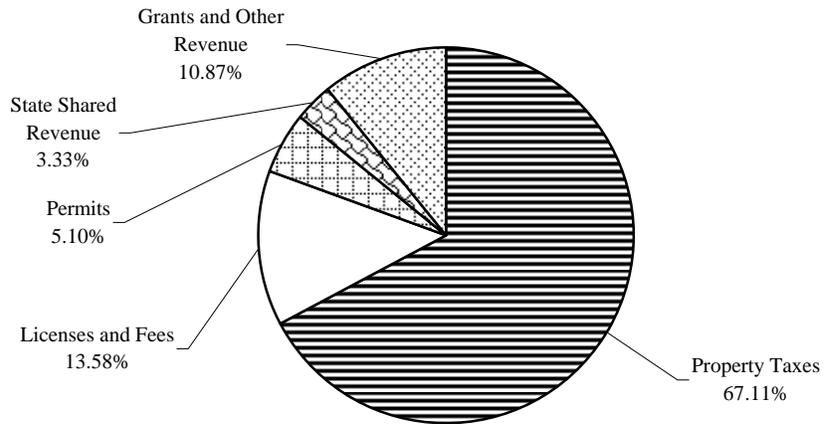
**Budgets by Fund as a Percent of the Total Budget**

	General Fund	Capital Projects Fund	Debt Service Fund	Consolidated Municipal Budget
FY 2010 Revised Budget	44.41%	31.73%	23.86%	100.00%
FY 2011 Budget	43.43%	32.22%	24.35%	100.00%

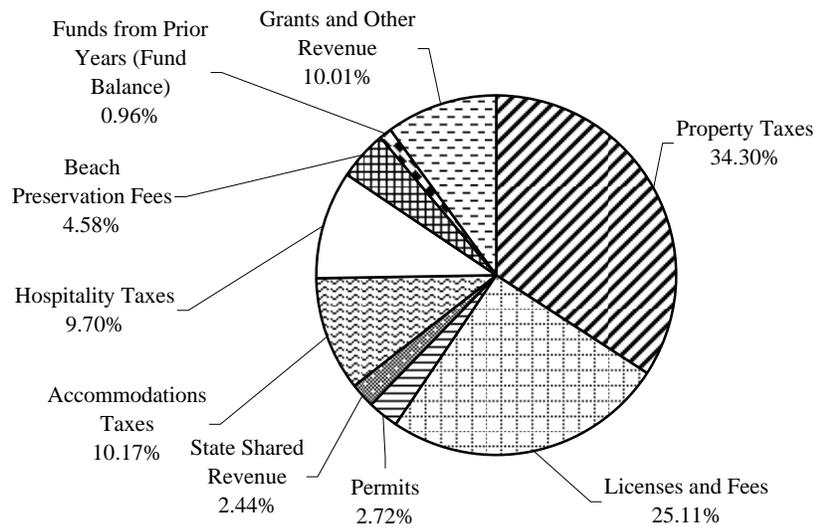
**General Fund**

A mix of property taxes, other fees and taxes, local accommodations tax for public safety, funds from prior years (fund balance) supports the General Fund budget of \$32,266,100. 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 2011 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 34% in Fiscal Year 2011. Additional funding is provided through, licenses and fees, local 1% accommodations tax, state 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 BUDGET**



**FISCAL YEAR 2011 GENERAL FUND BUDGET**



### General Fund - Major Revenues

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

Revenue Source	2007	2008	2009	2010		2011 Budget	% change	
				Revised Budget	Est. Actual		FY 2010 Budget	FY 2010 Est. Actual
Property Taxes	\$ 9,940,043	\$ 10,138,385	\$ 10,715,950	\$ 11,098,760	\$ 10,938,000	\$ 11,066,860	0%	1%
Business Licenses & Franchise Fees	8,261,098	8,722,029	8,067,195	7,847,630	8,021,500	8,101,500	3%	1%
Permit Fees	1,353,572	1,256,773	853,962	795,500	866,410	878,810	10%	1%
Funds from Prior Years (Fund Balance)	-	215,125	412,362	1,191,508	621,446	310,770	-74%	-50%
Local Accommodations Tax	2,207,972	2,319,342	2,150,536	1,946,330	1,913,230	1,952,360	0%	2%
Transfers In:								
State Accommodations Tax	1,091,939	1,268,346	1,266,741	1,020,890	1,020,890	1,329,400	30%	30%
Beach Preservation Fee	855,360	855,112	1,355,973	1,461,940	1,461,940	1,478,080	1%	1%
Hospitality Tax	1,672,160	2,004,206	2,214,864	2,854,630	2,854,630	3,128,630	10%	10%

### General Fund - Expenditures

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

	2007	2008	2009	2010		2011 Budget	% change	
				Revised Budget	Est. Actual		FY 2010 Budget	FY 2010 Est. Actual
Personnel	\$ 18,337,353	\$ 20,466,198	\$ 21,015,183	\$ 21,058,430	\$ 20,871,092	\$ 21,038,800	0%	1%
Operating	5,808,179	5,821,521	5,571,790	6,253,203	5,673,897	6,209,970	-1%	9%
Public Safety	2,718,766	2,991,808	3,109,612	3,079,140	3,061,340	3,145,200	2%	3%
Grants	1,022,898	1,087,502	1,358,178	1,316,940	1,413,940	1,343,660	2%	-5%
Capital Outlay	281,655	505,383	261,836	324,655	292,445	189,100	-42%	-35%
Debt	70,650	70,650	-	339,370	339,370	339,370	0%	0%
<b>Total</b>	<b>\$ 28,239,501</b>	<b>\$ 30,943,062</b>	<b>\$ 31,316,599</b>	<b>\$ 32,371,738</b>	<b>\$ 31,652,084</b>	<b>\$ 32,266,100</b>	<b>0%</b>	<b>2%</b>

Overall operating expenditures are programmed to remain essentially the same as last fiscal year's budget.

**Capital Projects Fund - CIP**

The Capital Projects Fund Budget (CIP) budget reflects revenues and expenditures for Fiscal Year 2011 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.

This appropriation of \$23.9 (excluding transfers out) million is primarily funded by hospitality taxes, stormwater fees, TIF (tax increment financing) funds, beach preservation fees, and property taxes. Beach maintenance is the largest element of the FY 2011 capital improvement plan. The largest project in this category is \$12.5 million programmed for the Port Royal fill project.

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

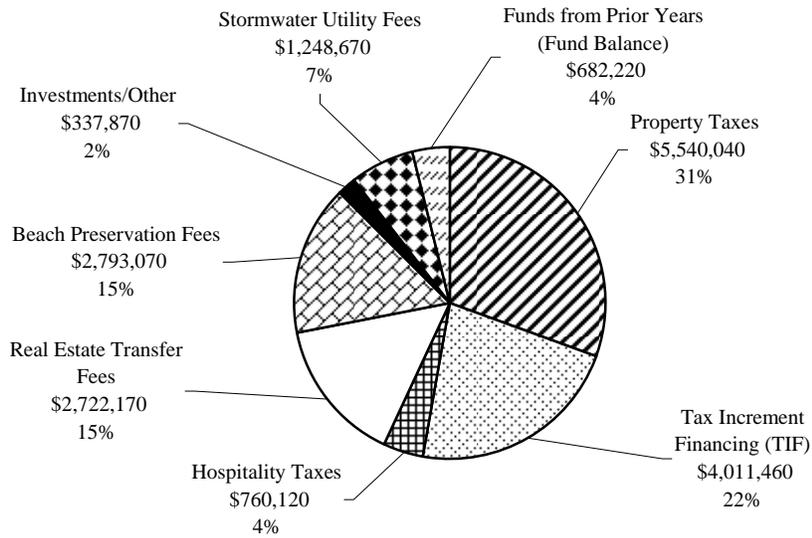
Project Category	2007	2008	2009	2010		2011 Budget	% change	
				Revised Budget	Est. Actual		FY 2010 Budget	FY 2010 Est. Actual
New Facilities	\$ 1,545,272	\$ 428,789	\$ 4,344,044	\$ 2,112,243	\$ 876,464	\$ 989,000	-53%	13%
Park Development	1,507,577	1,847,015	1,447,812	1,426,589	693,586	412,000	-71%	-41%
Land Acquisition *	9,980,434	4,925,773	8,452,181	-	1,087,555	-	0%	-100%
Beach Maintenance	18,405,499	888,643	934,747	2,724,367	1,331,945	12,925,000	374%	870%
Existing Facilities	906,859	1,647,571	5,376,667	7,101,490	4,746,001	4,122,000	-42%	-13%
Roadway Improvements	1,722,723	10,553,294	4,797,316	5,030,501	1,028,910	3,240,000	-36%	215%
Pathway Improvements	745,364	2,611,428	985,889	1,824,435	1,096,076	580,000	-68%	-47%
Drainage Improvements	843,471	857,617	822,502	2,906,638	880,335	1,670,000	-43%	90%
Transfers Out	6,808,935	3,972,401	4,527,205	-	5,172,437	37,500	0%	-99%
Debt Service/Issue Costs/Misc.	629,620	222,500	115,084	-	91,325	-	0%	-100%
<b>Total</b>	<b>\$ 43,095,754</b>	<b>\$ 27,955,031</b>	<b>\$ 31,803,447</b>	<b>\$ 23,126,263</b>	<b>\$ 17,004,634</b>	<b>\$ 23,975,500</b>	<b>4%</b>	<b>41%</b>

\*This budget is amended by Town Council as land purchases are accomplished.

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.

Sources of funding for debt service in FY 2011 are as follows:



Debt service costs for Fiscal Year 2011 are as follows:

	Interest	Principal	Total
Certificates of Participation	\$ 171,910	\$ 1,130,000	\$ 1,301,910
General Obligation Bonds	2,859,400	5,110,000	7,969,400
Revenue Bonds	1,547,350	3,245,000	4,792,350
TIF Bonds	606,470	3,405,000	4,011,470
Other Charges	-	-	20,490
<b>Grand Total</b>	<b>\$ 5,185,130</b>	<b>\$ 12,890,000</b>	<b>\$ 18,095,620</b>

### Summary

The development of the budget this fiscal year proved to be challenging, but the Town has diversified financial resources with which to sustain our Town programs. Through this budget process, we are able to demonstrate that such a successful community can create a budget that continues the Town's progressive focus. The sluggish economy has reduced the amount of available funds, making it a challenge for Town staff to continue to provide the highest quality of service to the Town's full time residents. This fact coupled with the demands of a substantial number of visitors each year has had a significant impact on this financial plan, it still provides for the needs of the Town Council's community-oriented agenda. Thanks to all the departments for holding the line in this budget.

Sincerely,



TOWN OF HILTON HEAD ISLAND

Stephen G. Riley, AICP  
Town Manager

# TOWN VISION

## “WORLD CLASS RESIDENTIAL AND RESORT COMMUNITY” MEANS:

- Great Natural Beauty
- World-Class Beach
- Pristine Waterways
- Preserving our Low Country Character and Heritage
- Well-Planned Community
- Thriving Resort and Local Economy
- Vibrant Activities Center
- Exceptional Recreational and Leisure Opportunities
- Hilton Head Island’s Spirit and Pride

## Goals

### TOWN OF HILTON HEAD ISLAND 2015 OUR GOALS

- Sustainable Town – Protecting Hilton Head Island Character, Stimulating Economic Investment
- Top Quality Services, Financially Sound Town
- Clean, Safe, Accessible Waterways
- Unique Amenities for Residents and Guests
- Strengthen Community Sprit and Pride
- Effective Regional Transportation System

## Policy Agenda 2011: Targets for Action

### TOP PRIORITY

- Economic Development Policy, Strategy and Direction
- Town Vision: Task Force to Develop Recommendations to Council
- Strategic Growth Area Plan for Coligny Activity Center
- Port Royal Beach Erosion Project: Determine Funding Source
- Promotion of Heritage Golf Tournament
- Marshland Road: Determine Funding to Repave Road

### HIGH PRIORITY

- LMO: Rewrite to Reflect Community Expectations
- Redevelopment Policy, Strategy, and Direction
- Residential Recycling Direction and Implementation
- Dredging: Policy Direction, Town’s Role and Participation
- Recreational Center and Aquatic Facilities Direction
- Major Event / Public Art Event Level of Support

## MODERATE PRIORITY

- Commercial Appearance Standards Evaluation and Direction
- Development of Mitchelville Master Plan
- Stormwater Utility Fee Direction
- Dirt Streets Program: Funding and Relations to County
- Hickory Forest Beach Erosion Direction and Funding
- Chaplin Linear Park and Boardwalk Funding
- Prioritize Pathway Links Along William Hilton Parkway
- Arts Group Collaboration
- Historic Group Collaboration

## Management Agenda 2011

## TOP PRIORITY

- Airport Master Plan: Completion, Policy Direction
- Airport Trees: LMO Amendments to Accomplish Tree Topping and Removal
- Mainland Transportation Agreement
- I-26 / I-95 Advocacy for Widening
- Bridge Annexation

## HIGH PRIORITY

- Comprehensive Plan Update
- Sign and Outdoor Merchandising Regulation and Direction
- Business License Issue: Consider Changes to Classification and Fee Schedule
- Fire Station 6 Direction
- CIP Funding Strategy, Development, and Policy Direction
- Service Benchmarking: Evaluation and Direction
- Create WI-FI at Town-owned Properties

# About Hilton Head Island

## History<sup>1</sup>

### **Early History**

The written history of Hilton Head Island began with the Spaniards in 1526 as they explored the coastal waters from Key West to the St. Lawrence, naming it "La Florida." They found Indian settlements and evidence of agriculture. (With the arrival of the Europeans, the Indians fate was signed, so that by the year 1662, most of the Indians were gone due to European abuse and disease. But, they left a rich legacy of names and archaeological treasures still being unearthed today.)

Captain Jean Ribaut, a French Huguenot, led an expedition to the area in 1562. He built a fort, named Port Royal, near the present town of Port Royal in Beaufort County.

In 1566, the Spanish again prevailed and established a Fort named Santa Elena on Parris Island (St. Helena), in what is now Beaufort County. From here they explored westward into the new world.

As the scale of power tipped in Europe, England's Elizabeth I sent Sir Francis Drake, in 1586, to drive the Spanish from "La Florida." English development did not commence until 1663, when then King Charles II granted the Coastal Area to 8 Lord Proprietors. They named their territory "Carolina."

### **Hilton Head Discovered**

English Captain William Hilton, in August of 1663, while exploring the Port Royal Sound, sighted the high bluffs of the Island and named it for himself, "*Hilton Head*." The word "Head" refers to the headlands visible to them as they sailed the uncharted waters. He lingered several days, making note of the trees, crops, and also the *sweet water* and *clear sweet air*.

The first English development in the Low Country began in 1698. Indian attacks, sponsored by the Spanish, continued to harass the settlers in the area.

In 1717, Col. John Barnwell was granted a thousand acres on the NW corner of Hilton Head Island by the Lord Proprietors. He became the first white settler. By 1766, 25 families lived on Hilton Head Island.

In 1742, the SC colonial half-galley Beaufort, commanded by Captain David Cutler Braddock, was stationed in the cove at the southern point of the Island to guard against Spanish intrusions. The point and the cove have carried the name Braddock ever since.

### **Revolutionary War**

As talk of Revolution escalated in the Colonies, Hilton Head Island sided with the Colonists. Daufuskie Island, just 1 mile south of the Island, was occupied by the Tories. During the Revolution, the British frequently raided Hilton Head Island and hostilities continued for weeks after Cornwallis surrendered at Yorktown.

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<sup>1</sup> Information obtained from the Beaufort County Public Library

## **Revolutionary War (continued)**

During the war, the British burned Plantations on the Island and captured slaves who were later sold in the West Indies. After the war, the Island made a healthy recovery. This became the "Golden Age," as the crops of cotton, indigo, and rice flourished.

Houses on the Island during this prosperous period between the Revolutionary and the Civil War were not the pillared mansions of romantic novels. Although large and airy, the majority were not the owner's main house. Lavish Townhouses were kept in Beaufort or Savannah, or even Charleston. Many of these homes are still in use today.

The War of 1812 once again disrupted life on the Island as the British invaded and burned most of the houses near deep water. When the War was over, the Island's booming economy returned and the good life resumed.

## **Civil War**

South Carolina was among the richest of States, and Hilton Head Island was responsible for several millionaires. South Carolina was the 1st State to secede from the Union on December 20, 1860. The Civil War began April 12, 1861, with Confederates firing on Fort Sumter in Charleston harbor. In January, 1861, General Robert E. Lee was assigned command of the coasts of South Carolina, Georgia, and East Florida. By October of 1861, 77 Union ships sailed from Virginia to Port Royal. On board were 13,000 troops, 1,500 horses, 500 surf boats, and 1,000 laborers to build a town and fortress for the blockade of the South.

In November, 1861, after surviving a hurricane off Cape Hatteras, the small armada circled Port Royal Sound, firing at all settlements in the area. By noon of that day, on November 7th, the Confederates knew the battle for the area was lost, and fled before the invading forces of the Union. Victory that day for the Union meant freedom for 1,000 slaves. The Yankees were here to stay until the War's end. Fort Mitchel was built in 1862. It was named for General Ormsby Mitchel, a well liked leader, who died of malaria that year.

Eventually, Union Forces reached 50,000 on the Island. The blockade of Savannah was accomplished, preventing the Confederacy from exporting cotton and importing supplies from Europe. Hilton Head was Headquarters for the *South Atlantic Blockading Squadron*. The Island became the transfer point for prisoners of war and the wounded as well as Union Soldiers on their way to battle and tons of supplies. Black males on the Island and in the surrounding area were pressed into service, becoming the first Black troops for the Union. The money they earned as soldiers enabled them, after the War, to buy land on Hilton Head Island. General Mitchel, before his death, began construction of adequate housing for several thousand homeless Blacks who had gathered on the Island since the War began. Mitchelville was the first town developed specifically for the freedmen. It had almost 1,500 residents.

During this time, their children attended schools and they lived in this housing for the duration of the War. After Lee's surrender at Appomattox, the Federal troops departed for the North. Only Mitchelville inhabitants remained. With the passage of time Mitchelville disappeared, and the Island was left to nature and only a few islanders. Hilton Head Island was again forgotten. Small communities of former slaves sprang up on the Island. These communities consisted of farmers, fishermen, basket weavers and fishnet makers. Summer was for farming, winter was for harvesting oysters and in the fall the "blue crab" was caught. Island navigators piloted boats between Savannah and the Island.

## **Civil War (continued)**

"Gullah", a blend of slave, native, cadence, and Elizabethan English was spoken here. This rich culture, developed over the years of slavery, survives to this day. Old spirituals and songs were made up and used by slaves as codes for meeting times and places and as messages for freedom. The songs and stories also spoke of storms and other events in the lives of the slaves. As interest in the history of African-Americans on Hilton Head grows, more evidence of their lifestyle is being preserved. The Gullah culture continues as community leaders encourage its preservation.

By 1890, Northerners again came, this time to hunt and fish the abundant game. 1,000 acres in Leamington Plantation were sold to the North Carolina Hunt Club. Money was scarce and the Islanders bartered for goods and services. In 1931, more land was acquired for hunting purposes, including those remaining lands owned by the Federal Government. By now, the native island population was around 300. Access to the Island was by water only.

During World War II, the Leamington Lighthouse was the site of Camp McDougal, used by the Shore Patrol. Gun emplacements for target practice out over the Atlantic are still visible south of the Marriott Hotel (formerly known as the Hyatt) as the sands shift with the tides. These join Indian relics and landmarks of the Revolution and Civil War that are found throughout the Island.

## **Modern Age**

1950 marks the beginning of the Modern Age of Hilton Head Island. Electricity arrived in 1951, and the first telephone was installed in 1960. In the fifties, the Fraser family and Fred Hack led a group of Georgia natives in the purchase of 19,000 of the Island's 25,000 acres. These farsighted men ended the use of land for timbering and hunting, and began selling the land to developers. They brought a system of land use that became the prototype of many other successful developments by focusing on preserving the natural environment.

Dirt roads gave way to paved ones. Beautiful bridges replaced Ferry boats accessing the Island. Residential Plantations were developed, often around original Plantation boundaries.

Rapid growth of the Island began in 1970, and the population has grown from 2,500 then to some 35,000+ in recent years. In 1970, The Island Packet, our present daily Newspaper, was first published as a 12 page tabloid. In 1975, the Island Hospital was built, and the Town population was then 6,500. The Town was incorporated on May 18, 1983. The Articles of Incorporation provide for a Council-Manager form of government. The legislative authority rests with a Mayor and six (6) council members.

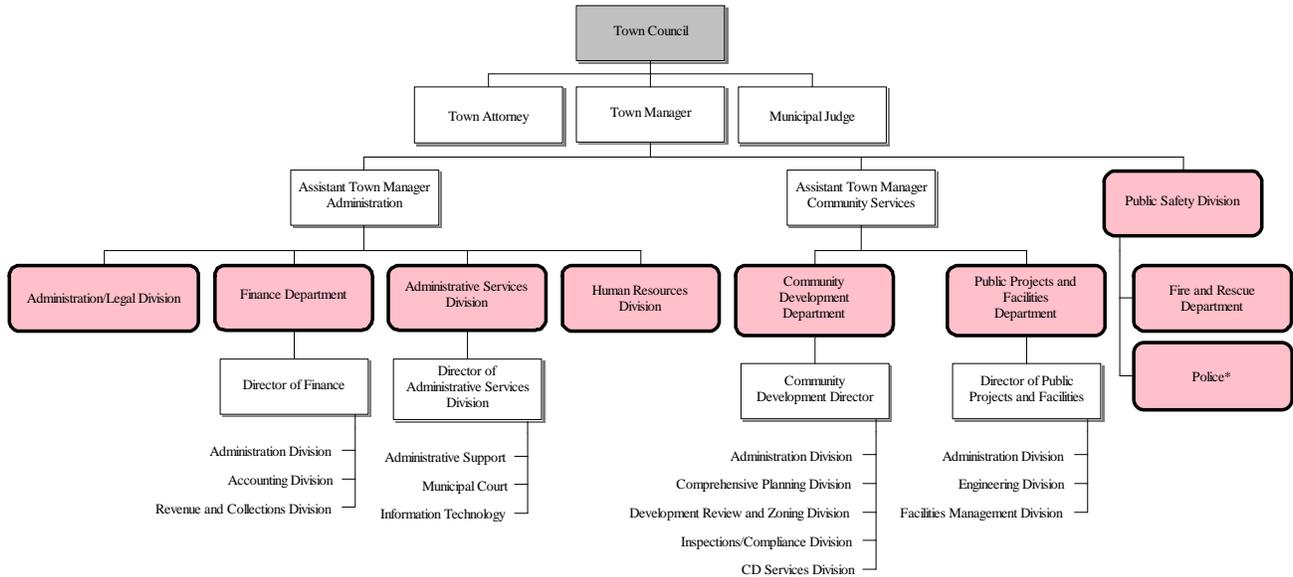
## **Geography/Industry**

Hilton Head Island is a barrier island on the Atlantic coast of South Carolina. The Island is located about 45 miles from Savannah, Georgia and about 85 miles from Charleston, South Carolina. Approximately 54 miles in square area, the Island is about 12 miles long and 5 miles wide. A four-lane bridge over the Intercoastal Waterway connects the Island with the mainland. The Town has jurisdiction over the entire Island except for Mariner's Cove, Blue Heron Point, and Windmill Harbor.

Tourism is the largest industry in the Island's economy. There are approximately 2.5 million visitors annually. The Island hosts a major sports event in the Verizon Heritage Golf Tournament. The Island has established world class accommodations, and the tourism industry continues to grow with a peak summer population of approximately 247,860.

# General Information

## Town Organizational Chart

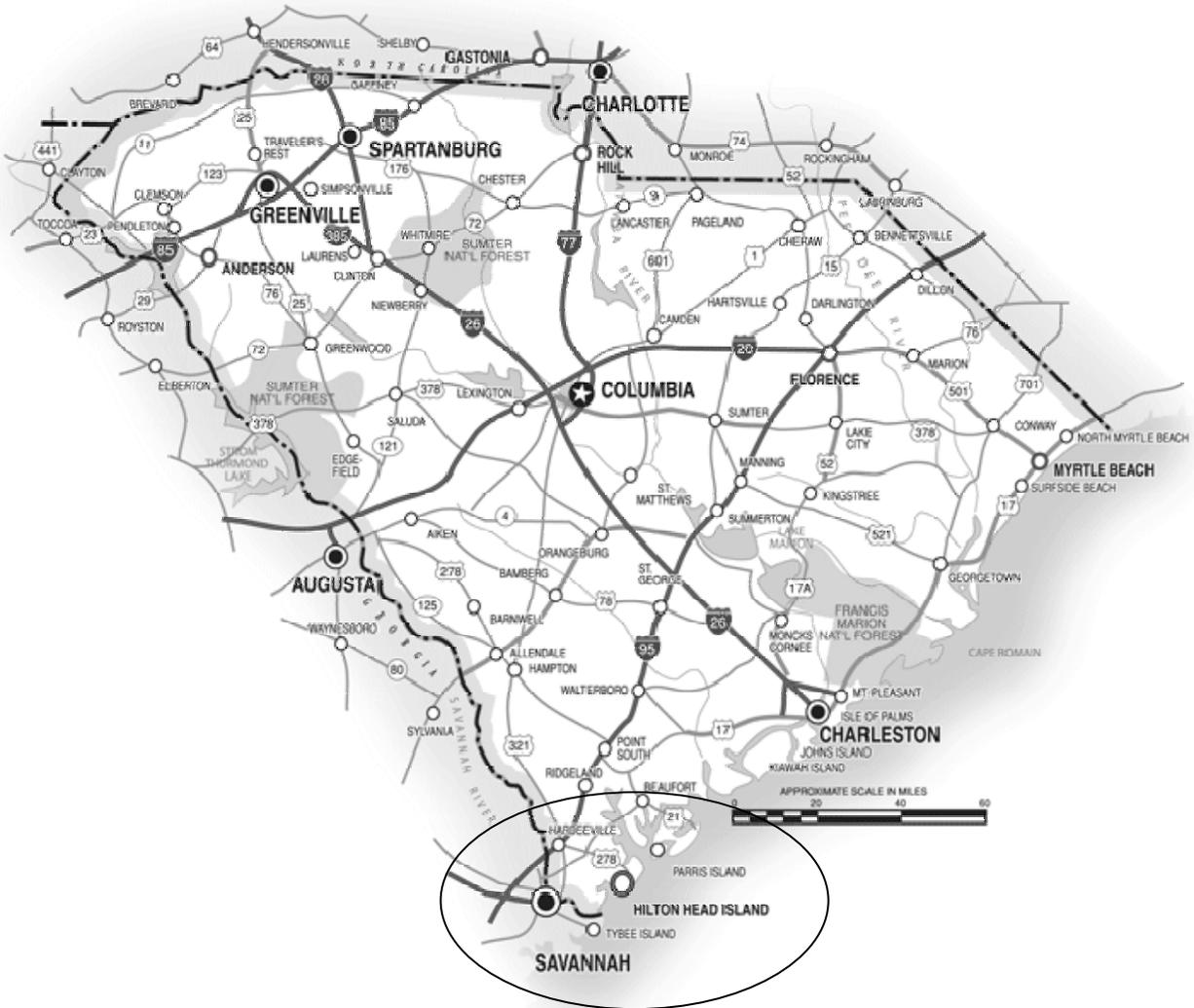


## Budget Calendar and Map

### Budget Calendar

January 22, 2010	Budget kick-off departmental budget packages distributed
February 19, 2010	Department budget package due to Finance
March 19, 2010	Proposed budget is submitted to the Town Manager for review
March 22–April 16, 2010	Town Manager reviews the proposed budget with ESC and Senior Management
May 4, 2010	Town Manager delivers the proposed budget to the Town Council for first reading of ordinance
May 4–June 2, 2010	Town Council workshops
June 15, 2010	Public hearing; revised first reading of the budget ordinance by Town Council
June 22, 2010	Second and final reading of budget

Where is Hilton Head Island?



## Hilton Head Island at a Glance

### Demographic Information

Population	
1997	31,141
1998	31,452
1999	31,767
2000	33,862
2001	34,001
2002	34,531
2003	34,499
2004	35,180
2005	38,931
2006	39,700
2007	40,500
2008 (estimate)	40,172
2009 (estimate)	40,453
Median Age	46.0
Number of Households	14,408
Average Family Size	2.32
Per Capita Income	\$36,621
Racial Composition	
White	85.33%
Black or African American	8.26%
American Indian, Alaskan Native	0.14%
Asian	0.55%
Other	5.72%
Hispanic Ethnicity	11.48%
<b>Land Use</b>	
Land Area	54 sq. miles
Miles of Beach	13
<b>Tourism</b>	
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) 11.78

Capital Projects Fund (CIP) .75

Voter Approved Debt 6.01

Total Millage Rate 18.54

#### Bond Ratings:

Moody's Investor Service Aa<sup>1</sup>

Standard and Poor's AA+

Fitch AA

FY 2011 Budget \$74,299,720

Total Town Staff (FTEs) 256.60

#### 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<sup>2</sup>**

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<sup>3</sup>**

	2005	2006	% change	2007	% change	2008	% change	2009	% change
<b>Homes Sold</b>	1,314	758	-42.3%	694	-8.4%	538	-22.5%	550	2.2%
Average Price	\$ 927,752	\$ 999,051	7.7%	\$ 1,018,686	2.0%	\$ 852,501	-16.3%	\$ 725,504	-14.9%
Days on Market	94	103	9.6%	128	24.3%	161	25.8%	233	44.7%
<b>Villas Sold</b>	1,954	791	-59.5%	627	-20.7%	476	-24.1%	510	7.1%
Average Price	\$ 349,583	\$ 398,854	14.1%	\$ 395,179	-0.9%	\$ 393,936	-0.3%	\$ 261,202	-33.7%
Days on Market	61	95	55.7%	118	24.2%	147	24.6%	239	62.6%
<b>Lots Sold</b>	370	196	-47.0%	73	-62.8%	34	-53.4%	47	38.2%
Average Price	\$ 439,756	\$ 515,836	17.3%	\$ 515,938	0.0%	\$ 438,244	-15.1%	\$ 434,755	-0.8%
Days on Market	82	93	13.4%	133	43.0%	189	42.1%	346	83.1%

<sup>2</sup> Hilton Head Island Chamber of Commerce

<sup>3</sup> hhsleinfo.com

# 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.] In order to provide a meaningful comparison of actual results with the budget, the CAFR presents the Town's operation on a GAAP basis and shows fund expenditures and revenues on a budget basis for all of the Town's major funds.

### **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 does not report any 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 are considered government 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 operating expenditures associated with administrative services, sheriff/other public safety, fire, community services, and public projects and facilities.

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

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

**Fund Financial Statements (CAFR) (continued)**

*Tax Increment Financing (TIF) 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.* 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 Fees 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.* 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.

*Stormwater Utility Fee 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. Beaufort 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.

**Fund Financial Statements (CAFR) (continued)**

*Real Estate Transfer Fee 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.

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.

The Town reports the Community Development Block Grants, Palmetto Electric Franchise Fees, and the Home Grant Special Revenue funds as non-major governmental 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.

**Measurement Focus and Basis of Accounting**

All funds of the Town are maintained during the year using the modified accrual basis of accounting.

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.

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.

### **Measurement Focus and Basis of Accounting (continued)**

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.

### **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.

Unrated investments (overnight funds) are invested in a money market "account" vs. a true "fund." That is, the funds are held by Wachovia 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 can not 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. The Town's road network is deeded to the County and is not included in the Town's 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
Dams	30-50 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 age. In accordance with GASB no liability is recorded for non-vesting accumulative rights to receive sick pay benefits.

The sick leave termination benefit for employees who have a minimum of five years consecutive employment and are terminated for non-disciplinary reasons is computed based on a percentage of actual sick leave. The sick leave termination benefit is paid as a taxable lump-sum bonus at termination. Employees who were department heads or who were older than age 55 on July 1, 2000, were grandfathered under the prior plan of receiving their sick leave as a retirement benefit. The grandfathered employees are eligible for the greater of the sick leave termination benefit or the sick leave retirement benefit.

### **Long-Term Obligations**

In the government-wide financial statements, 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 Refundings**

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 refundings are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts and deferred losses on advance refundings 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 Refundings of Debt Reported by Proprietary Funds.

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

## **Budgetary Accounting**

Annual appropriated budgets are adopted for the General Fund, Debt Service Fund, and Capital Projects Fund. The State Accommodations Fund budget is adopted by Town Council some time after the start of the fiscal year. The FY 2011 budget also includes special revenue fund budgets as well. Special revenue funds are used to fund expenditures in the three major funds. The Town's special revenue funds are tax increment financing (TIF), beach preservation fees, hospitality tax, stormwater fee, Palmetto Electric franchise fees, and real estate transfer fees (RETF.)

The Town Manager submits to Town Council a proposed operating budget for the General Fund, Debt Service Fund, and Capital Projects Fund (CIP) 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, and Capital Projects Fund (CIP).

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.

Budgets are prepared and adopted on a basis consistent with generally accepted accounting principles. 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 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.

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 (balanced budget).

### **Expenditures**

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

## **Expenditures (continued)**

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 next three years shall be all-inclusive and will be reviewed and updated annually.

## **Capital Improvement Plan (CIP)**

The Town will develop a ten-year Capital Improvements Plan and update it annually.

As part of the annual operating budget, the Town will adopt an annual capital improvement budget based on the multi-year CIP.

The Town will make all capital improvements in accordance with the adopted Capital Improvement Plan.

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

The CIP will contain multi-year projections of expenditures.

The annual budget will implement the first year of the CIP.

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.



## Debt Management Policies (continued)

### *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.

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 \$922,170,000, the legal debt margin for the Town of Hilton Head Island is \$73,773,600. Town Council has imposed an 80% cap which further limits this to \$59,018,880. The Town has \$3,155,000 in bonds issued at June 30, 2009, which are applicable to this cap, leaving \$55,863,880 available.

### *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.

## Disaster Planning Reserves/Policies

To protect the Town's assets against catastrophic events the following reserves have been established:

### *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 Town 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.

## **Disaster Planning Reserves/Policies (continued)**

### *Advertising Reserve*

The Town will set aside 2% of the 2% local hospitality tax and 5% of the 1% local accommodations tax revenues collected annually into a disaster advertising reserve account. These funds are held in reserve for disaster management communications oriented programs. The fund will be used to provide post disaster advertising, a communications link to emergency agencies, and media programs to provide public notice. Funds may be distributed upon authorization by the Town Manager. The total amount of funds to be deposited in the reserve for this purpose will not exceed \$1 million. Annual interest earned on funds in the reserve will also be deposited into the account.

### *General Reserve*

Once the Disaster Advertising Reserve reaches \$1 million, the Town will set aside 2% of the 2% local hospitality tax and 5% of the 1% local accommodations tax revenues collected annually into a disaster general reserve account. These funds may be used for pre-disaster planning and post disaster recovery efforts (non-communication related activities or debt service payments). The total amount of funds held in reserve for this purpose will not exceed 15% of the General Fund's annual operating revenue.

### *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.

### *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:

- 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.

## **Disaster Planning Reserves/Policies (continued)**

- 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.

In the event of a disaster the Town will adopt the following ordinances/resolutions:

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 with Phillips and Jordan 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 services, consulting, supplies, repairs, utilities, 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.

### **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.

## **Approach to the Budget Review Process (continued)**

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 Deputy Town Manager 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 Finance Department staff consolidates: the General Fund revenue budget and departmental expenditure budgets; the Capital Projects Fund/CIP budget; the Debt Service Fund budget; as well as the three-year financial forecast creating the proposed operating budget (business plan) for the upcoming fiscal year.

### **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.

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.

**Budget Transfers, Amending the Budget and Encumbrances (continued)**

- 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 fifteen percent (15%) 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

## Introduction

The Fiscal Year 2011 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.

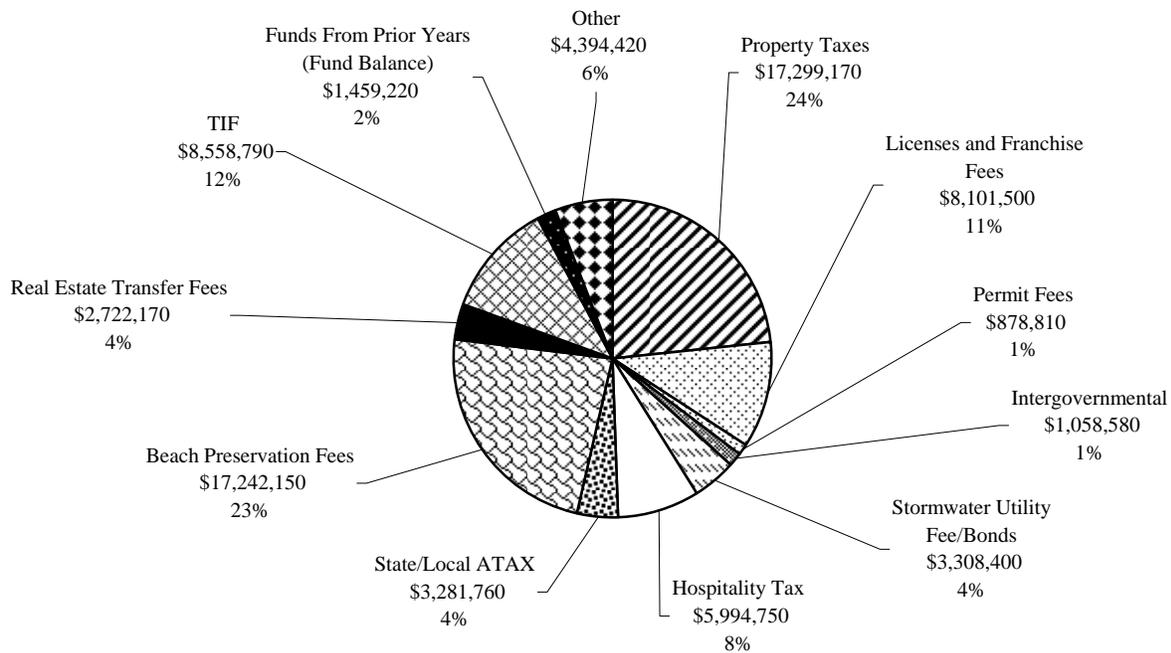
## Fiscal Year 2011 Combined Budget

The combined Fiscal Year 2011 budgeted expenditures for the three major funds is \$74,299,720. This represents an increase of \$1.4 million or 1.9% compared to the Fiscal Year 2010 budget. The General Fund budget decreased by (\$105,638) or (0.33%), the Debt Service Fund budget increased by \$699,680 or 4.0%, and the Capital Projects Fund (CIP) budget increased by \$811,737 or 3.5%.

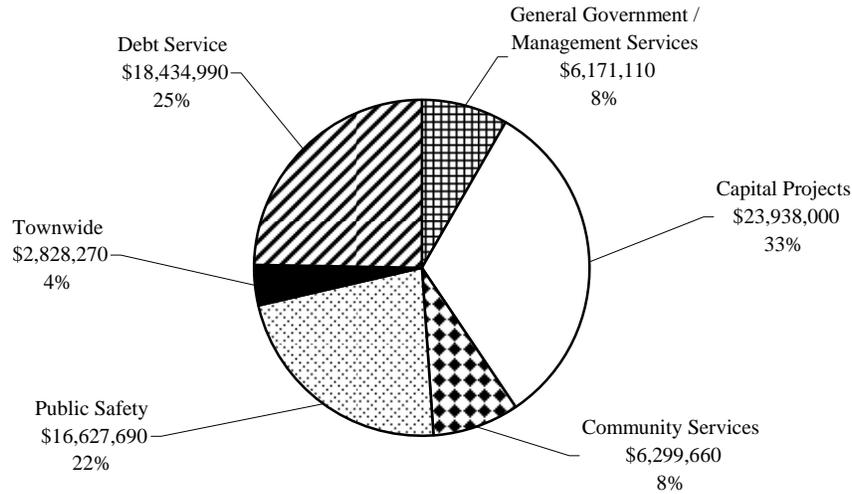
The Fiscal Year 2011 budget is balanced, prudent and responsive to community needs. Projected revenues will be sufficient to support program expenditures. The Town will use: General Fund \$310,770, the Debt Service Fund \$682,220 and the Capital Projects Fund \$428,730 (excludes transfer to the General Fund), in reserve funds (fund balance) to balance those respective budgets. Sufficient reserve funds exist in all funds.

The Town’s budget is structured on the basis of individual funds. This approach represents the financial structure of the Town as a municipal corporation. Each fund is a distinct financial entity with its own revenues and expenditures.

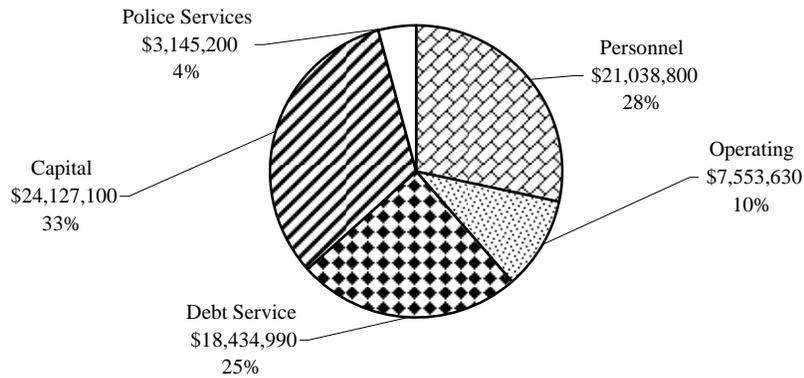
### ALL FUNDS - WHERE THE MONEY COMES FROM



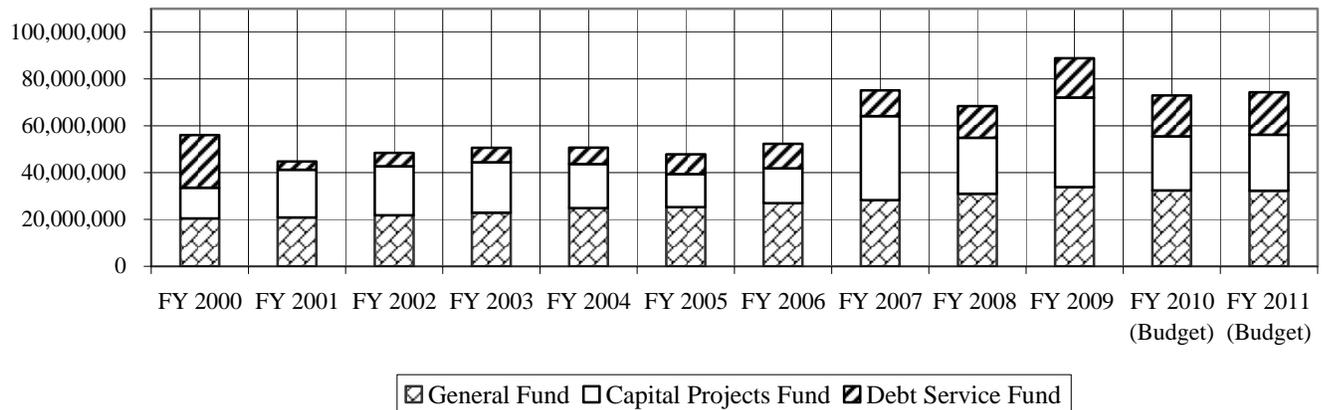
## ALL FUNDS - WHERE THE MONEY GOES BY PROGRAM



## ALL FUNDS - WHERE THE MONEY GOES BY CATEGORY



## Trend Analysis of Expenditures by Fund



Note: FY 2000 through FY 2009 are actual, and FY 2010 and FY 2011 are budget figures. Also, FY 2004 and FY 2005 exclude debt refunding.

## Revenues and Expenditures - General Fund, Debt Service Fund, and Capital Projects Fund (CIP) Analysis - Historical, Estimated Actual, and Budget

	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Revised Budget	FY 2011 Budget
<b>Revenues</b>					
Property Taxes	\$ 15,305,712	\$ 15,431,982	\$ 16,189,800	\$ 17,433,460	\$ 17,299,170
Other Taxes/Fees *	8,840,891	9,144,367	8,592,108	8,001,611	2,002,360
Business Licenses and Franchise Fees	8,261,098	8,722,028	8,067,195	7,847,630	8,101,500
Permits	1,353,573	1,256,773	853,962	795,500	878,810
Intergovernmental	1,268,534	1,312,571	1,309,391	1,415,126	1,058,580
Investment Income	2,771,343	1,632,421	506,991	158,990	220,000
Miscellaneous	3,224,459	4,741,416	3,684,239	3,049,207	2,668,790
<b>Total</b>	<b>\$ 41,025,610</b>	<b>\$ 42,241,558</b>	<b>\$ 39,203,686</b>	<b>\$ 38,701,524</b>	<b>\$ 32,229,210</b>
<b>Expenditures</b>					
General Government	\$ 1,360,932	\$ 1,551,674	\$ 1,100,621	\$ 1,176,845	\$ 1,167,920
Management Services	3,651,665	3,940,411	4,563,007	4,902,084	4,919,290
Community Services	5,771,519	6,964,349	6,157,872	6,307,581	6,299,660
Public Safety	15,428,220	16,921,361	16,836,081	16,650,537	16,522,490
Townwide	1,745,509	2,018,190	2,397,182	2,680,666	2,828,270
Capital	35,868,205	23,255,954	27,422,994	23,440,918	24,127,100
Debt Service	11,661,646	13,800,058	16,922,725	17,735,310	18,434,990
<b>Total</b>	<b>\$ 75,487,696</b>	<b>\$ 68,451,997</b>	<b>\$ 75,400,482</b>	<b>\$ 72,893,941</b>	<b>\$ 74,299,720</b>
<b>Sub-Total Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ (34,462,086)</b>	<b>\$ (26,210,439)</b>	<b>\$ (36,196,796)</b>	<b>\$ (34,192,417)</b>	<b>\$ (42,070,510)</b>
<b>Other Financing Sources (Uses)</b>					
Bond Issue/Other	19,303,951	22,414,397	(50,000)	-	1,375,000
Operating Transfers In	24,612,718	13,676,941	22,593,584	26,366,121	39,273,790
<b>Total Other Financing Sources (Uses)</b>	<b>43,916,669</b>	<b>36,091,338</b>	<b>22,543,584</b>	<b>26,366,121</b>	<b>40,648,790</b>
<b>Total Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ 9,454,583</b>	<b>\$ 9,880,899</b>	<b>\$ (13,653,212)</b>	<b>\$ (7,826,296)</b>	<b>\$ (1,421,720)</b>

\* For FY 2011 Stormwater Fees and Hospitality Taxes are reflected as transfers in and recorded in separate funds.

### Budget Highlights

Some of factors impacting the budget are:

#### **Revenues:**

- Property tax revenue for all three funds will decrease by \$134,290 because prior period tax collections are anticipated to be less than in previous fiscal years due to fewer delinquent tax accounts.
- It is anticipated revenue from business licenses will increase by \$163,220. (General Fund)
- Franchise fee revenue will increase by \$90,650. (General Fund)
- Revenue from building and development permits will increase by \$83,310. This is due to an increase in permit activity over the past fiscal year. (General Fund)

## Budget Highlights (continued)

### ***Revenues (continued):***

- \$6.0 million of hospitality tax revenue will be used to fund various General Fund expenditures, debt service payments, and various capital projects.
- \$17.2 million of beach preservation fee revenue will be used to fund various General Fund expenditures, debt service payments, and various capital projects.
- \$8.6 million of TIF funds will be used to fund various project management expenditures in the General Fund, debt service payments, and various capital projects.
- \$3.3 million of stormwater fee revenue will be used to fund various General Fund expenditures, debt service payments, and various capital projects.

### ***Expenditures:***

#### **Personnel**

Salaries – \$64,954 more than last fiscal year (less than 1% increase)

Overtime – \$16,500 less than last fiscal year (3% reduction)

Retirement – \$3,424 less than last fiscal year

Benefits – \$73,400 more than last fiscal year (4% increase)

Workers Compensation – \$141,580 less than last fiscal year (33% reduction)

#### **Operating**

Legal/Professional Services – \$152,136 more than last fiscal year (18% increase)

Travel/Meetings & Conferences – \$81,810 less than last fiscal year (25% reduction)

Utilities – \$55,810 less than last fiscal year (9% reduction)

Maintenance Contracts – \$28,980 more than last fiscal year (1% increase)

Other Operating – \$86,729 less than last fiscal year (4% reduction)

#### **Public Safety**

Sheriff's Office – \$50,000 more than last fiscal year (2% increase); additional funding for increased bar patrols

Shore Beach Services – \$24,000 more than last fiscal year (15% increase); one-time purchase of 10 AEDs

Stipend – \$7,940 less than last fiscal year (5% reduction)

## Budget Highlights (continued)

### *Expenditures (continued):*

#### **Grants**

Recreation Association – \$616,940; same as last fiscal year

Coastal Discovery Museum – \$75,000; same as last fiscal year

Sea Turtle Project – \$35,600; an increase of \$3,100 for the (one-time) purchase of one beach vehicle

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 is a new grant that will be funded with Sunday Liquor Permit Fees

#### **Debt Service**

\$699,680 increase over last fiscal year; the primary reason for the increase in principal payments between FY 2010 and FY 2011 is the principal payment for the 2004B Bonds increased by \$1.4 million (FY 2010 \$815,000 FY 2011 \$2,230,000) and was partially offset by other debt service payment reductions.

#### **Major Capital Projects**

Drainage system rehabilitation – \$933,000

Arrow Road/Dunnagan's Alley roundabout – \$880,000

Apparatus and vehicle replacement – \$555,000

Fire Station 1 replacement – \$2,750,000

Port Royal fill project – \$12,500,000

## 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 1<sup>st</sup> through December 31<sup>st</sup> of each year. On January 15, unpaid taxes are considered delinquent and penalties begin to accrue.

## Property Taxes - All funds (continued)

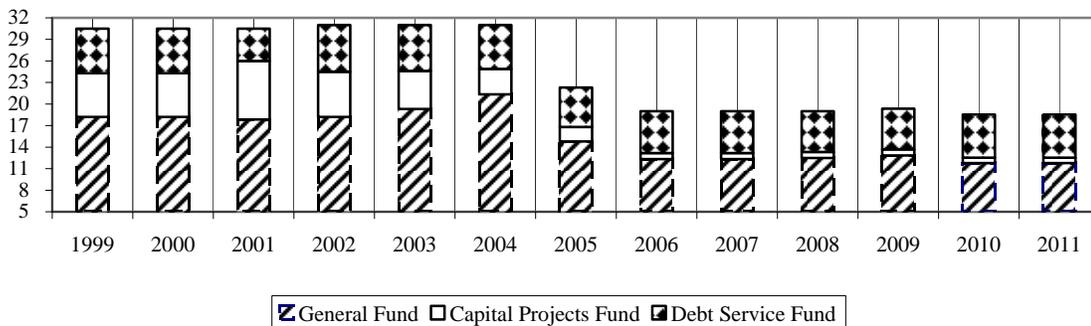
Property taxes are levied for the purposes of funding the provision of municipal services, the Capital Improvements Program (CIP), and the retirement of debt. For Fiscal Year 2011, 11.78 mills will be paid to the General Fund (64% of levy), .75 mills to the Capital Projects Fund (4% of levy), and 6.01 mills (32% of levy) will be used for the retirement of debt.

In 2006 the South Carolina legislature enacted a new code section which placed limitations on annual millage rate increases. The code section reads as follows:

A local governing body may increase the millage rate imposed for general operating purposes above the rate imposed for such purposes for the preceding tax year only to the extent of the increase in the average of the twelve monthly consumer price indexes for the most recent twelve-month period consisting of January through December of the preceding calendar year, plus, beginning in 2007, the percentage increase in the previous year in the population of the entity as determined by the Office of Research and Statistics of the State Budget and Control Board. However, in the year in which a reassessment program is implemented, the rollback millage, as calculated pursuant to Section 12-37-251(E), must be used in lieu of the previous year's millage rate.

Based on this legislation the Town's allowable population percentage increase is 0.0% and the consumer price index percentage increase is -0.4%, for a combined allowable millage rate increase of 0.0%. Therefore the millage rates by fund will remain the same as last fiscal year,

**Millage Rate - Historical Analysis**



## Town Staffing

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Variance</u>
<b><u>General Government</u></b>					
Town Council	7.00	7.00	7.00	7.00	-
Town Manager	4.00	5.00	5.00	5.00	-
<b><u>Management Services</u></b>					
Administration/Legal	27.50	26.50	26.50	26.50	-
Finance	19.00	19.00	19.00	19.00	-
<b><u>Community Services</u></b>					
Community Development	36.00	36.00	32.00	30.00	(2.00)
Public Projects and Facilities	21.00	21.00	21.00	22.00	1.00
<b><u>Public Safety</u></b>					
Fire and Rescue	147.60	147.60	147.10	147.10	-
<b>TOTAL</b>	<b><u><u>262.10</u></u></b>	<b><u><u>262.10</u></u></b>	<b><u><u>257.60</u></u></b>	<b><u><u>256.60</u></u></b>	<b><u><u>(1.00)</u></u></b>

# 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 2011 (General Fund)

Department	Personnel	Operating	Capital/Debt	Grants	Total Expenses
Town Council	\$ 85,080	\$ 331,300			\$ 416,380
Town Manager	727,240	24,300			751,540
Administration/Legal	2,227,680	1,013,820	83,900		3,325,400
Finance	1,407,380	270,410			1,677,790
Community Development	2,578,150	154,890			2,733,040
Public Projects and Facilities	1,757,030	1,809,590			3,566,620
Fire and Rescue	12,117,950	1,259,340	105,200		13,482,490
Sheriff/Other Public Safety		3,145,200			3,145,200
Non-Departmental (Townwide)	138,290	1,346,320	339,370	1,343,660	3,167,640
<b>Totals</b>	<b>\$ 21,038,800</b>	<b>\$ 9,355,170</b>	<b>\$ 528,470</b>	<b>\$ 1,343,660</b>	<b>\$ 32,266,100</b>

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

	2007	2008	2009	2010		2011 Budget	% change	
				Revised Budget	Est. Actual		FY 2010 Budget	FY 2010 Est. Actual
<b>Revenues</b>								
Property Taxes	9,940,043	10,138,385	10,715,950	11,098,760	10,938,000	11,066,860	0%	1%
ATAX Local 1%	2,207,972	2,319,342	2,150,536	1,946,330	1,913,230	1,952,360	0%	2%
<b>Business Licenses:</b>								
Business Licenses - Town	3,561,197	3,806,168	3,426,852	3,362,959	3,400,000	3,434,000	2%	1%
Business Lic. - MASC	4,107,460	4,326,864	4,032,206	3,947,821	4,000,000	4,040,000	2%	1%
<b>Franchise Fees:</b>								
Cable	573,207	566,940	586,852	515,350	600,000	606,000	18%	1%
Beach Fee	19,234	22,057	21,285	21,500	21,500	21,500	0%	0%
<b>Permit Fees:</b>								
Construction	544,563	383,502	194,387	150,000	190,990	190,000	27%	-1%
Development	13,361	9,024	10,883	15,500	3,650	3,600	-77%	-1%
Other	795,648	864,247	648,692	630,000	671,770	685,210	9%	2%
Intergovernmental	1,000,434	1,105,671	1,054,891	895,590	845,884	788,580	-12%	-7%
<b>Grants:</b>								
Beaufort County - Hazmat	-	13,561	11,677	10,000	11,677	11,680	17%	0%
Beaufort County - E911	93,676	96,336	113,563	211,780	211,780	216,020	2%	2%
DEHC	11,867	6,641	5,556	-	6,000	6,000	0%	0%
FEMA	15,117	-	-	-	-	-	0%	0%
Low Country Recycling	-	-	-	-	-	-	0%	0%
USAR	14,133	-	-	-	-	-	0%	0%
LEPEC	-	-	-	-	-	-	0%	0%
SC Regional Task Force	-	35,000	-	-	-	-	0%	0%
SCMIT Fire Grant	-	602	-	-	-	-	0%	0%
<b>Miscellaneous Revenue:</b>								
Beach Services	193,048	167,779	188,060	135,000	183,729	185,000	37%	1%
Donations	5,192	10,305	6,125	1,000	1,000	1,000	0%	0%
Lease	35,989	-	-	-	-	-	0%	0%
Municipal Court	419,312	465,065	407,422	410,000	412,099	416,220	2%	1%
Other	175,894	217,924	298,663	200,000	150,000	150,000	-25%	0%
Public Safety - EMS	1,228,826	1,292,928	1,210,300	1,317,910	1,200,000	1,200,000	-9%	0%
Public Safety - Dispatch	185,000	200,494	206,205	200,000	183,928	190,000	-5%	3%
Town Codes	3,274	4,637	3,446	4,000	1,853	2,000	-50%	8%
Victim's Assistance	47,118	75,228	70,045	70,000	71,028	71,000	1%	0%
<b>Transfers In:</b>								
ATAX State	1,091,939	1,268,346	1,266,741	1,020,890	1,020,890	1,329,400	30%	30%
Beach Preservation Fee	855,360	855,112	1,355,973	1,461,940	1,461,940	1,478,080	1%	1%
Electricity Franchise Fee	64,616	69,157	85,904	79,330	79,330	80,630	2%	2%
Hospitality Taxes	1,672,160	2,004,206	2,214,864	2,854,630	2,854,630	3,128,630	10%	10%
Stormwater Utility Fee	224,020	-	303,830	313,360	313,360	389,730	24%	24%
Sunday Liquor Permits	-	-	-	-	-	37,500	0%	0%
TIF	219,210	-	226,260	193,790	193,790	184,330	-5%	-5%
Investments	651,586	402,416	87,069	112,790	88,580	90,000	-20%	2%
<b>Total Revenues</b>	<b>29,970,456</b>	<b>30,727,937</b>	<b>30,904,237</b>	<b>31,180,230</b>	<b>31,030,638</b>	<b>31,955,330</b>	<b>2%</b>	<b>3%</b>

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

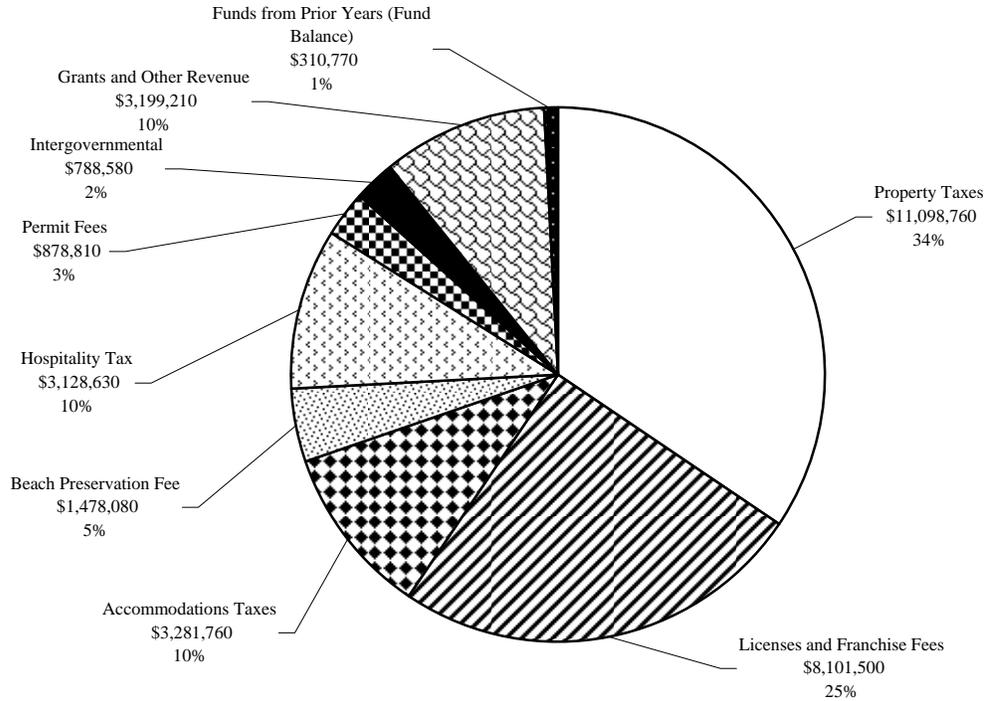
	2007	2008	2009	2010		2011 Budget	% change	
				Revised Budget	Est. Actual		FY 2010 Budget	FY 2010 Est. Actual
<b>Expenditures</b>								
<b>General Government:</b>								
Town Council	354,811	429,407	355,705	444,695	412,261	416,380	-6%	1%
Town Manager	385,681	534,469	744,916	732,150	734,933	751,540	3%	2%
<b>Total General Government</b>	<b>740,492</b>	<b>963,876</b>	<b>1,100,621</b>	<b>1,176,845</b>	<b>1,147,194</b>	<b>1,167,920</b>	<b>-1%</b>	<b>2%</b>
<b>Management Services:</b>								
<b>Finance</b>								
Administration	115,909	188,035	189,314	351,950	217,963	231,890	-34%	6%
Accounting	563,763	629,475	660,880	564,049	596,202	656,230	16%	10%
Revenue and Collections	517,128	478,151	566,623	689,310	658,938	789,670	15%	20%
<b>Total Finance</b>	<b>1,196,800</b>	<b>1,295,661</b>	<b>1,416,817</b>	<b>1,605,309</b>	<b>1,473,103</b>	<b>1,677,790</b>	<b>5%</b>	<b>14%</b>
<b>Administration/Legal</b>								
Legal	528,345	616,719	430,531	470,650	444,124	471,090	0%	6%
Administrative Support	167,370	182,793	215,541	210,525	200,453	237,830	13%	19%
Municipal Court	339,040	392,536	402,796	415,160	402,124	413,720	0%	3%
Information Technology	1,584,301	1,534,237	1,598,223	1,692,360	1,644,753	1,656,070	-2%	1%
Human Resources	620,440	587,798	603,514	631,980	548,654	546,690	-13%	0%
<b>Total Administration/Legal</b>	<b>3,239,496</b>	<b>3,314,083</b>	<b>3,250,605</b>	<b>3,420,675</b>	<b>3,240,108</b>	<b>3,325,400</b>	<b>-3%</b>	<b>3%</b>
<b>Total Management Services</b>	<b>4,436,296</b>	<b>4,609,744</b>	<b>4,667,422</b>	<b>5,025,984</b>	<b>4,713,211</b>	<b>5,003,190</b>	<b>0%</b>	<b>6%</b>
<b>Community Services:</b>								
<b>Community Development</b>								
Administration	374,624	397,850	545,247	555,737	538,198	551,340	-1%	2%
CD Services	-	-	380,358	337,030	331,809	341,680	1%	3%
Natural Resources	184,132	209,938	-	-	-	-		
Inspections/Compliance	1,236,651	1,308,838	759,928	673,363	671,831	679,850	1%	1%
Development, Review and Zoning	554,181	635,470	835,876	870,099	791,287	793,660	-9%	0%
Comprehensive Planning	379,011	434,925	379,968	372,500	347,569	366,510	-2%	5%
<b>Total Community Development</b>	<b>2,728,599</b>	<b>2,987,021</b>	<b>2,901,377</b>	<b>2,808,729</b>	<b>2,680,694</b>	<b>2,733,040</b>	<b>-3%</b>	<b>2%</b>
<b>Public Projects and Facilities</b>								
Administration	233,245	313,303	232,327	231,710	227,305	232,420	0%	2%
Engineering	717,222	609,123	646,190	754,732	734,322	828,280	10%	13%
Facilities Management	2,092,453	2,340,794	2,377,977	2,512,410	2,446,043	2,505,920	0%	2%
<b>Total Public Projects and Facilities</b>	<b>3,042,920</b>	<b>3,263,220</b>	<b>3,256,494</b>	<b>3,498,852</b>	<b>3,407,670</b>	<b>3,566,620</b>	<b>2%</b>	<b>5%</b>
<b>Total Community Services</b>	<b>5,771,519</b>	<b>6,250,241</b>	<b>6,157,871</b>	<b>6,307,581</b>	<b>6,088,364</b>	<b>6,299,660</b>	<b>0%</b>	<b>3%</b>

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

	2007	2008	2009	2010		2011 Budget	% change	
				Revised Budget	Est. Actual		FY 2010 Budget	FY 2010 Est. Actual
<b>Public Safety:</b>								
<b>Fire</b>								
Administration	399,992	496,021	494,929	347,640	338,352	346,140	0%	2%
Operations	8,106,317	9,035,671	9,296,805	9,035,760	9,149,685	8,946,780	-1%	-2%
Bureau of Fire Prevention	428,029	488,865	509,256	515,920	501,037	520,210	1%	4%
Logistics/Maintenance	798,863	998,698	749,216	711,899	668,800	584,430	-18%	-13%
Communications	979,622	1,017,265	1,085,246	1,163,945	1,154,607	1,160,970	0%	1%
Training	651,218	679,290	605,888	661,350	593,247	628,920	-5%	6%
Emergency Management	175,750	52,803	219,496	231,690	211,018	224,400	-3%	6%
E911 Communications	77,633	193,047	199,145	230,740	227,608	255,180	11%	12%
Support Services	718,807	742,722	723,914	863,208	859,590	815,460	-6%	-5%
<b>Total Fire &amp; Rescue</b>	<b>12,336,231</b>	<b>13,704,382</b>	<b>13,883,895</b>	<b>13,762,152</b>	<b>13,703,944</b>	<b>13,482,490</b>	<b>-2%</b>	<b>-2%</b>
<b>EMS Bad Debt Write-Off</b>	420,038	334,171	-	-	-	-		
<b>Sheriff/Other Public Safety</b>								
Police Services Contract	2,389,038	2,658,356	2,743,135	2,699,520	2,715,880	2,752,310	2%	1%
Beach Services	170,561	178,031	184,394	165,060	165,060	189,060	15%	15%
Stipend	107,947	105,700	124,950	158,760	124,600	150,820	-5%	21%
Victims' Rights	51,220	49,721	57,130	55,800	55,800	53,010	-5%	-5%
<b>Total Sheriff/Other Public Safety</b>	<b>2,718,766</b>	<b>2,991,808</b>	<b>3,109,609</b>	<b>3,079,140</b>	<b>3,061,340</b>	<b>3,145,200</b>	<b>2%</b>	<b>3%</b>
<b>Total Public Safety</b>	<b>15,475,035</b>	<b>17,030,361</b>	<b>16,993,504</b>	<b>16,841,292</b>	<b>16,765,284</b>	<b>16,627,690</b>	<b>-1%</b>	<b>-1%</b>
<b>Townwide (non-departmental):</b>								
Personnel	7,299	12,662	25,203	34,700	26,660	138,290	299%	419%
Operating	715,312	811,422	1,013,801	1,329,026	1,158,061	1,346,320	1%	16%
Grants	1,022,898	1,194,106	1,358,177	1,316,940	1,413,940	1,343,660	2%	-5%
Capital Outlay	-	-	-	-	-	-		
Debt Service	70,650	70,650	-	339,370	339,370	339,370	0%	0%
<b>Total Townwide (non-departmental)</b>	<b>1,816,159</b>	<b>2,088,840</b>	<b>2,397,181</b>	<b>3,020,036</b>	<b>2,938,031</b>	<b>3,167,640</b>	<b>5%</b>	<b>8%</b>
<b>Total Expenditures</b>	<b>28,239,501</b>	<b>30,943,062</b>	<b>31,316,599</b>	<b>32,371,738</b>	<b>31,652,084</b>	<b>32,266,100</b>	<b>0%</b>	<b>2%</b>
<b>Net change in fund balances</b>	<b>1,730,955</b>	<b>(215,125)</b>	<b>(412,362)</b>	<b>(1,191,508)</b>	<b>(621,446)</b>	<b>(310,770)</b>		
<b>Fund balance - beginning</b>	<b>14,695,783</b>	<b>16,426,738</b>	<b>16,274,131</b>	<b>15,861,769</b>	<b>15,861,769</b>	<b>15,240,323</b>		
<b>Prior period adjustment</b>	-	<b>62,518</b>	-	-	-	-		
<b>Fund balance - ending</b>	<b>16,426,738</b>	<b>16,274,131</b>	<b>15,861,769</b>	<b>14,670,261</b>	<b>15,240,323</b>	<b>14,929,553</b>		

## General Fund Revenues

General Fund Revenues (excluding use of funds from prior years) in Fiscal Year 2011 are projected to be 31,955,330 or 2.0% more than the FY 2010 budget.

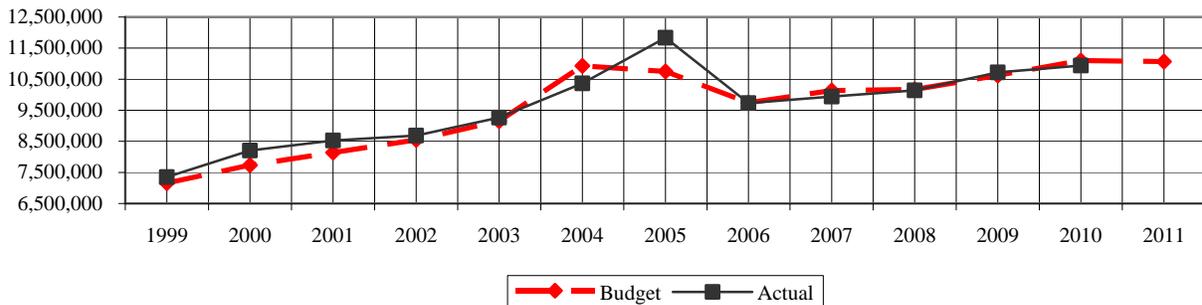


## Property Taxes

Property taxes will be \$31,900 **less** than the FY 2010 Budget. This is due to less revenue being received for prior year delinquent taxes. The budget assumes collection of the majority of property tax revenues billed in FY 2010.

- The value of a mill is expected to increase from \$911,235 to \$922,170 an increase of 1.2%.
- The millage rate for the General Fund will remain the same as last fiscal year (11.78).

Revenue - Property Taxes



## General Fund Revenues (continued)

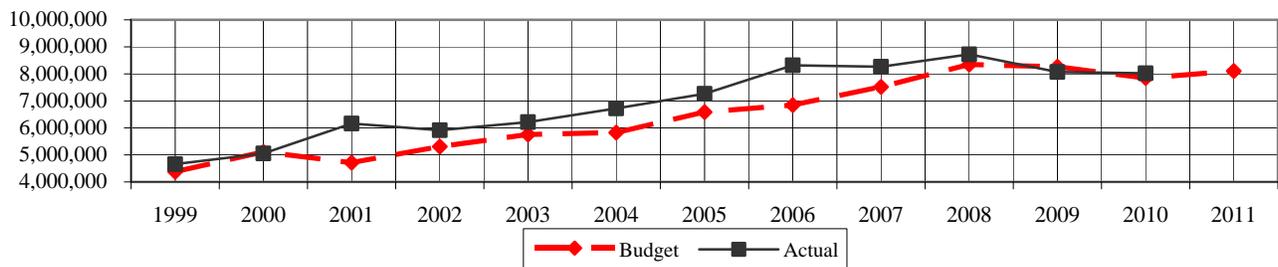
### Licenses and Franchise Fees

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 2011 budget of \$7.4 million in business license receipts is 4.0% more than the Fiscal Year 2010 budget of \$7.3 million and 1.0% greater than the FY 2010 estimated actual revenue. Due to a slow down in the economy the FY 2011 budget reflects a conservative estimate of revenues to be received from this source.

Franchise fee revenue is anticipated to be \$627,500 in Fiscal Year 2011, an 18.0% increase over the Fiscal Year 2010 budget and 1.0% higher than the FY 2010 estimated actual revenue. The FY 2011 budget reflects a conservative estimate of revenues to be received from this source.

**Revenue - Business License and Franchise Fees**



### Permit Fees

#### **Permit Fees (new construction) – \$160,000**

Permit fee revenue from new construction will be \$40,000 **more** than the FY 2010 Budget and (\$990) **less** than the FY 2010 estimated actual revenues that will be received.

#### **Permit Fees (development) - \$3,600**

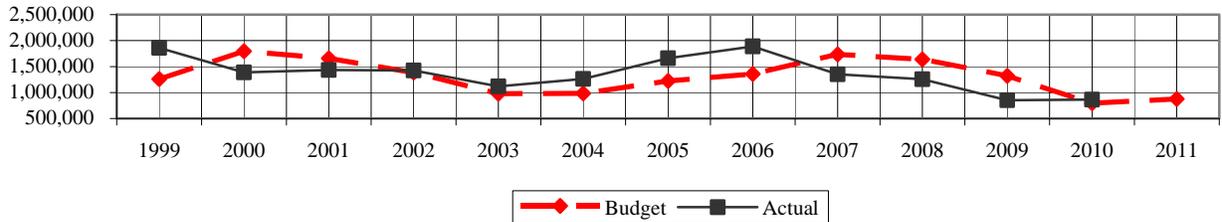
Revenue from permit fees associated with development will be (\$11,900) **less** than the FY 2010 Budget and \$50 **less** than the FY 2010 estimated actual revenues that will be received.

#### **Permit Fees (other) - \$685,210**

Revenue from other permit fees will be \$55,210 **more** than the FY 2010 Budget and \$13,440 **more** than the FY 2010 estimated actual revenues that will be received.

## General Fund Revenues (continued)

### Revenue - Permit Fees



### Transfer In – Accommodation Tax Local 1%

The 1% local accommodations tax will generate \$1.9 million in revenue. This figure is essentially the same as the prior fiscal year budget and 2.0% 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 renourishment; 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.

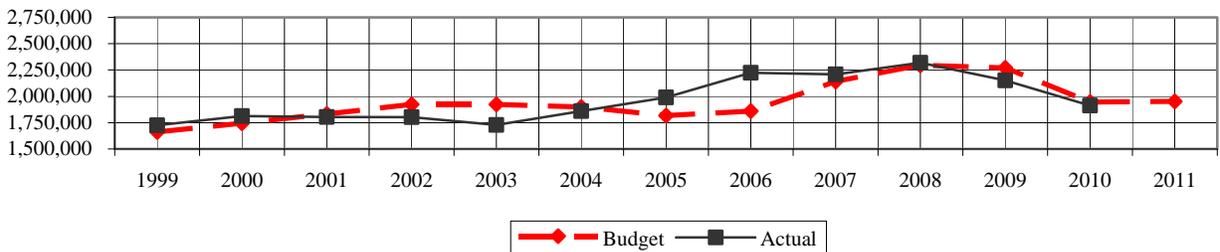
The local accommodations tax is the third largest single revenue source for the General Fund. This tax is imposed on the gross proceeds derived from the rental of any rooms (excluding meeting rooms), campground spaces, recreational vehicle spaces, lodging or sleeping accommodations furnished to transients 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."

General Fund Revenues (continued)

**Transfer In - Accommodation Tax Local 1% (continued)**

- Festival fund*** – The Town sets aside five (5) percent of this local accommodations tax for the promotion of festivals created after January 21, 1998, 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 whose membership consists of representatives from the lodging, restaurant, golf, tennis and related hospitality industry. 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's Accommodations Tax Advisory Committee prior to April 1 of each calendar year. The accommodations tax advisory committee will review and make recommendations to the Town Council by May 15 of each calendar year. Funds are distributed to the designated organization on a quarterly basis no later than thirty (30) days after the end of the quarter.
- 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.

**Revenue - ATAX Local 1%**



## 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 \$1.3 million in funds to the General Fund. This represents a 30.0% increase over the Fiscal Year 2010 budget. The significant increase is due the anticipation of additional revenues from increased enforcement efforts.

### **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 \$3.1 million in funds to the General Fund. This represents a 10.0% increase over the Fiscal Year 2010 budget. The increase will be used to offset the downturn in revenues from other sources.

### **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 \$1.5 million in funds to the General Fund. This represents a 1.0% increase over the Fiscal Year 2010 budget.

### **Transfer In – Sunday Liquor Permit Fees**

These fees are derived from the sale of permits to sell alcohol on Sunday. Funds from this source are rebates 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. This is a new grant that is being funded in FY 2011.

## General Fund Revenues (continued)

### EMS

Funds received through Fire and Rescue for medical services rendered will be approximately \$1.2 million. This represents a 9.0% decrease over the Fiscal Year 2010 budget.

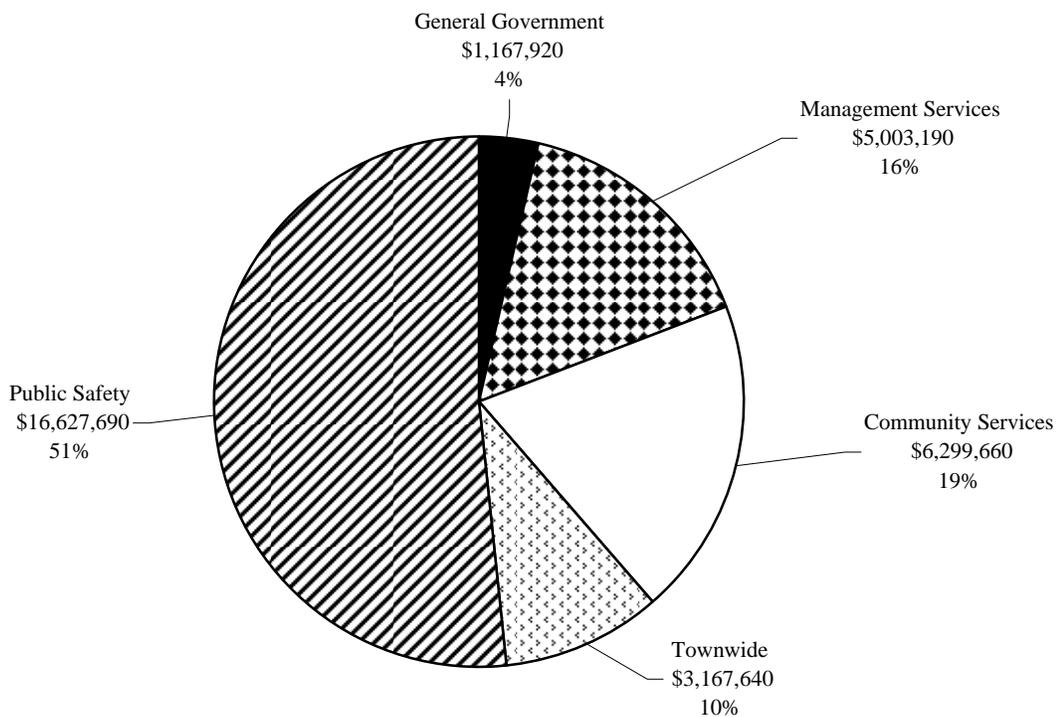
### Funds from Prior Years (Fund Balance)

At the end of FY 2009 the Town had \$14.0 million in undesignated funds held in reserve. In FY 2011 the Town will use approximately \$310,770 of these funds to balance the budget.

## General Fund Expenditures

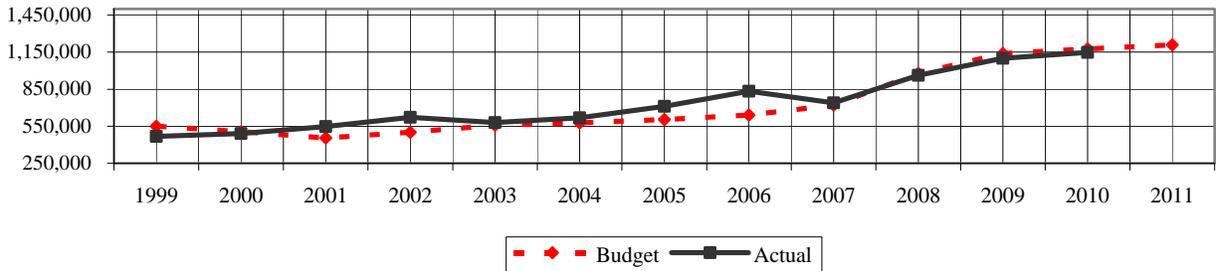
The Fiscal Year 2011 budgeted expenditures are programmed at \$32,266,100.

### **General Fund Expenditures by Program**

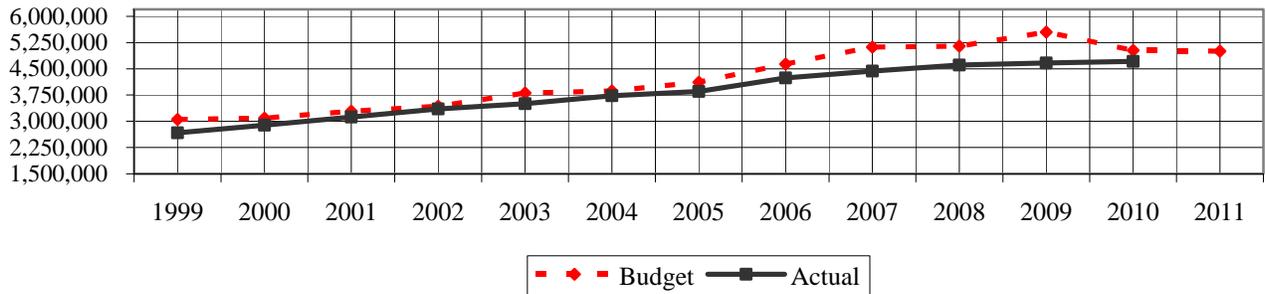


## Trend Analysis - Expenditures by Program

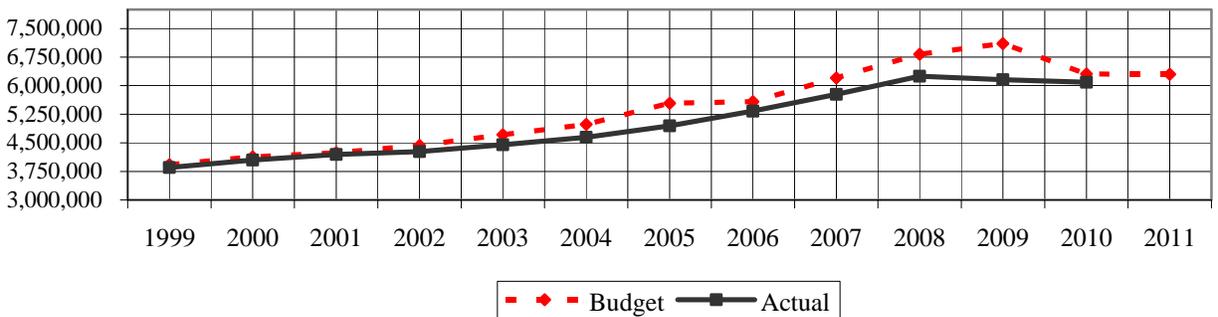
### Expenditures - General Government (Town Council, Town Manager)



### Expenditures - Management Services (Administration/Legal, Administrative Services, Finance, Human Resources)

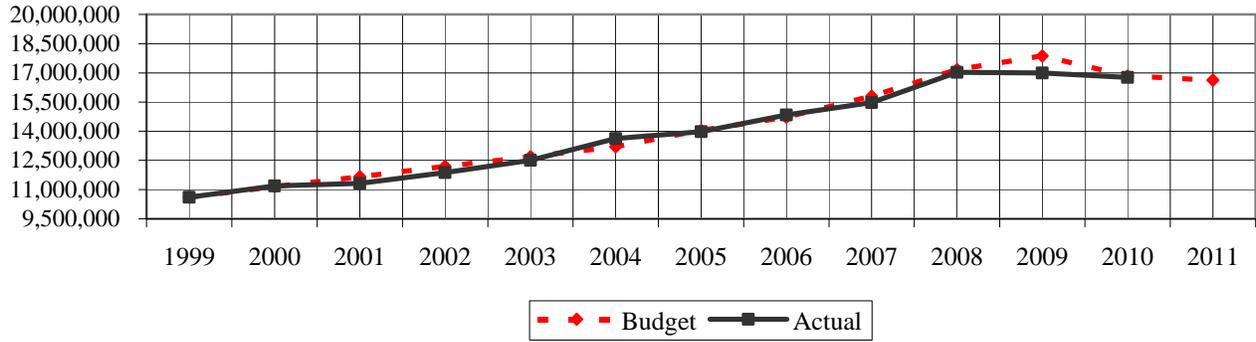


### Expenditures - Community Services (Community Development, Public Projects and Facilities)



Trend Analysis - Expenditures by Program (continued)

**Expenditures - Public Safety  
(Fire and Rescue, Sheriff, Other Public Safety)**



# 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

**2010 Accomplishments**

- Dedication of Coligny Beach Park Phase I
- Continuation of overhead power line burial project
- Adoption of Dune Accretion & Storm Protection ordinance
- Voter approval of \$17 million bond referendum to fund continuation of Town land-acquisition program.

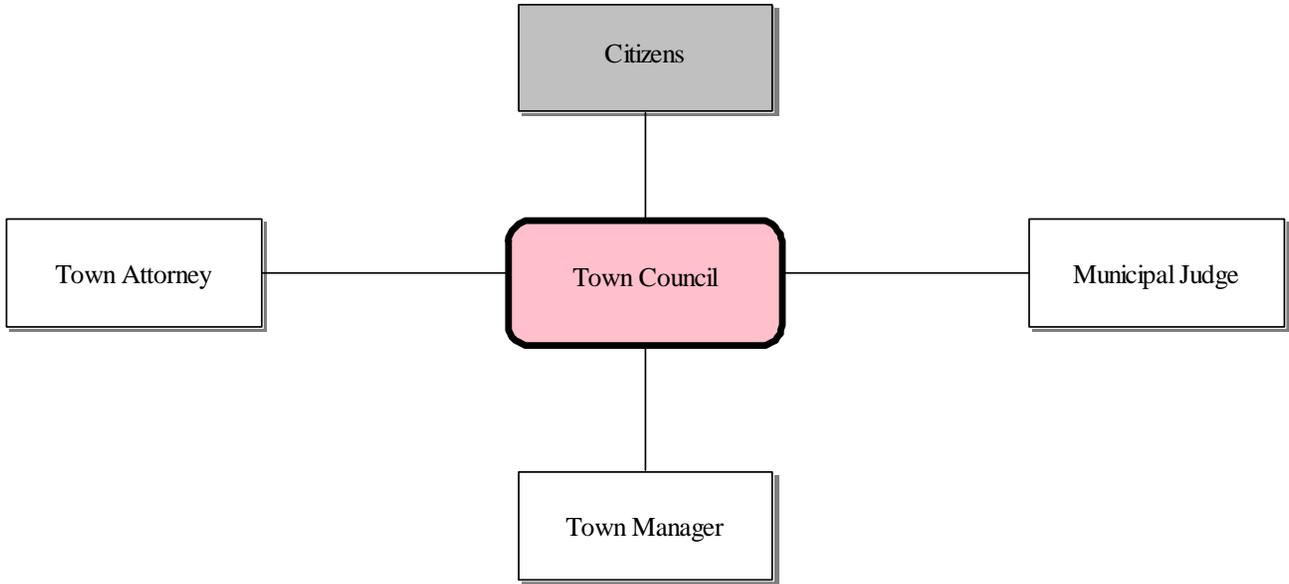
**2011 Top Priorities**

- Economic Development Policy, Strategy and Direction
- Town Vision: Task Force to Develop Recommendations to Council
- Strategic Growth Area Plan for Coligny Activity Center
- Port Royal Beach Erosion Project: Determine Funding Source
- Promotion of Heritage Golf Tournament
- Marshland Road: Determine Funding to Repave Road

**2011 High Priorities**

- LMO: Rewrite to Reflect Community Expectations
- Redevelopment Policy, Strategy, and Direction
- Residential Recycling Direction and Implementation
- Dredging: Policy Direction, Town's Role and Participation
- Recreational Center and Aquatic Facilities Direction
- Major Event/Public Art Event Level of Support

Program: General Government  
 Department: Town Council



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

Expenditures by Program/Category

Town Council	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2010 Budget	Budget \$ Change	Budget % Change
<b>Summary By Category</b>								
Personnel	\$ 71,269	\$ 74,346	\$ 72,978	\$ 84,980	\$ 85,035	\$ 85,080	\$ 100	0.12%
Operating	283,542	355,061	282,727	359,715	327,226	331,300	(28,415)	-7.90%
Capital Outlay	-	-	-	-	-	-	-	N/A
<b>Total</b>	<b>\$ 354,811</b>	<b>\$ 429,407</b>	<b>\$ 355,705</b>	<b>\$ 444,695</b>	<b>\$ 412,261</b>	<b>\$ 416,380</b>	<b>\$ (28,315)</b>	<b>-6.37%</b>
<b>Positions</b>	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.

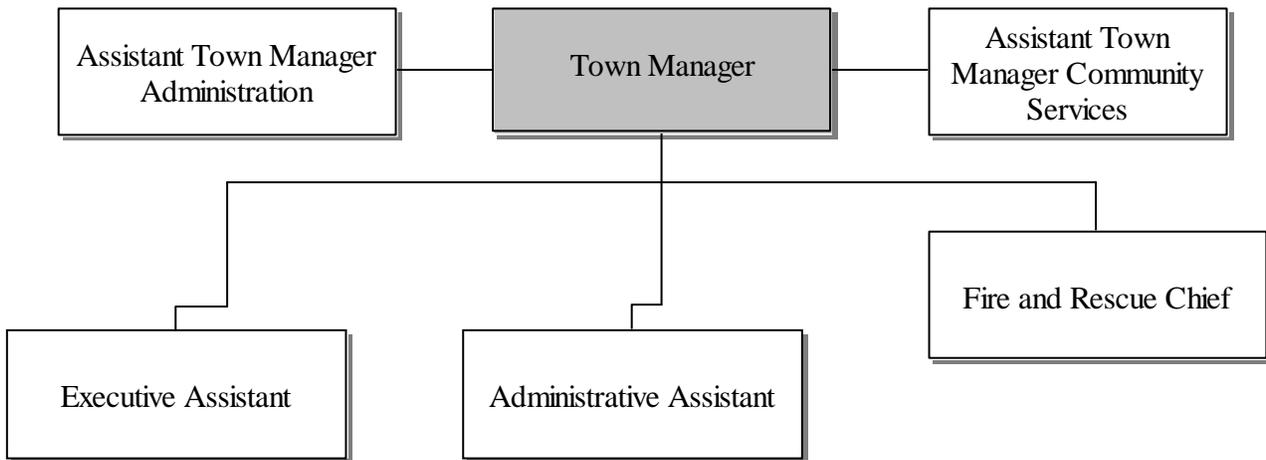
### **2010 Accomplishments**

- Dune Accretion and Storm Protection Ordinance
- Update Comprehensive Plan
- Creation of OCIL Zoning District
- Reduced CIP & Operating costs mid-year 2009. Kept costs in check for FY10. Reduced staff by six positions. Continue to monitor revenues & expenses.
- Completed Coligny Beach Park Phase I
- Incorporating "green" initiatives in Town operations
- Continuation of PUD infrastructure agreements for Storm Water Utility Management
- Airport LMO amendments

Program: General Government  
Department: Town Manager

**2011 Goals**

- Assist Town Council, Departments & Divisions to achieve their goals
- Mainland Transportation Agreement
- I-26/I-95 Advocacy for widening
- Bridge Annexation
- Sign & Outdoor Merchandising Regulation and Direction
- Complete Fire Station 5 construction and start Fire Station 6
- Business License Classification and Fee Schedule study
- Create Wi-Fi



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.

Program: General Government  
 Department: Town Manager

Expenditures by Program/Category

<b>Town Manager</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Budget</b>	<b>Budget \$ Change</b>
<b>Summary By Category</b>							
Personnel	\$ 356,103	\$ 501,697	\$ 723,054	\$ 700,640	\$ 713,433	\$ 727,240	\$ 26,600
Operating	29,578	32,772	21,862	31,510	21,500	24,300	(7,210)
Capital Outlay	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 385,681</b>	<b>\$ 534,469</b>	<b>\$ 744,916</b>	<b>\$ 732,150</b>	<b>\$ 734,933</b>	<b>\$ 751,540</b>	<b>\$ 19,390</b>
<b>Positions</b>	4.0	4.0	5.0	5.0	5.0	5.0	-

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 and Latin Community. 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.

**2010 Accomplishments**

- Oversaw the State's Legislative Agenda and strategies and provided assistance to support the Town's positions on 2009-2010 State Legislation.
- Assisted with the development and implementation of the Town Council Policy Agenda 2009 and Management Agenda 2009.
- Permitted over 42 special events on the Island.
- 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 the audit of Hargray Communications to ensure the Town was receiving the full amount of the franchise fee for cable services on the Island.

Program: Management Services  
 Division: Administration/Legal

**2010 Accomplishments**

- Assisted with the five year renewal of the Shore Beach Services, Inc. Franchise Agreement.
- Assisted with preparations for major disaster by assisting with procurement process to secure Debris Management Oversight and Debris Removal Contract and adopting new ordinance to enable FEMA reimbursement should a disaster occur.
- Assisted with the drafting and adoption of a bar closing and nuisance ordinance.
- Continued education of residents/guests regarding light ordinance and the effect of lights on sea turtles with the goal to achieve an enhanced and successful turtle nesting season.
- Worked with the deputy sheriffs to teach trial advocacy for jury trials so deputies are more experienced in jury trials.

**2011 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 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Average review of contracts within 3 days	75	75	75
Workers compensation compliance	98.0%	98.0%	98.0%

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

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Average response to FOIA Requests within 10 days	35	50	50

**Goal 2:** To oversee the State Legislative Agenda and strategies and provide assistance to support the Town’s positions on 2009-2010 State Legislation.

**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 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
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

Program: Management Services  
 Division: Administration/Legal

2011 Goals, Objectives, and Performance Measures (continued)

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

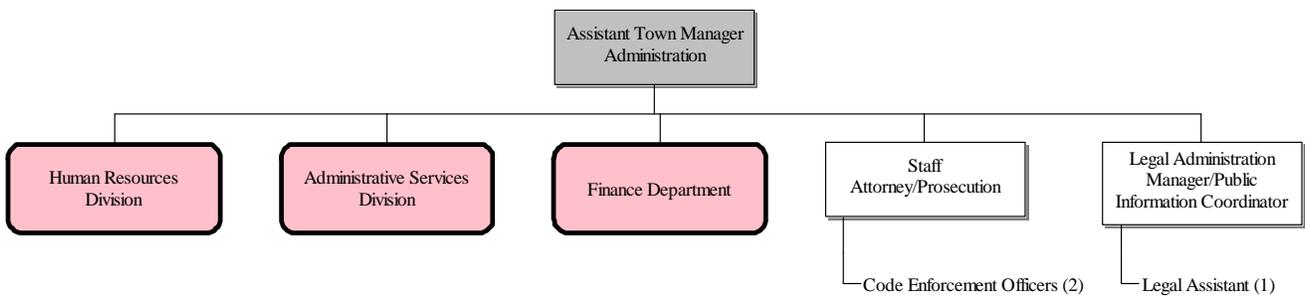
**Objective:** To review applications, advise applicants of ordinance requirements and required documentation distribute application to key staff and BCSO liaison, coordinate meetings, draft correspondence/permits, obtain necessary signatures, and notify parties of approved events.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Number of special event applications processed	44	45	46
Number of non-special events reviewed and processed	20	20	20

**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 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Attorney prosecutions	75	60	60
Attorney assist Deputy with prosecution	35	25	25
Attorney assist Code Enforcement with prosecution	22	20	20



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

Program: Management Services  
 Division: Administration/Legal

Expenditures by Program/Category

<b>Administration</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Budget</b>	<b>FY 2010 Estimate</b>	<b>FY 2011 Budget</b>	<b>Budget \$ Change</b>	<b>Budget % Change</b>
<b>Summary By Category</b>								
Personnel	\$ 502,509	\$ 591,169	\$ 408,260	\$ 413,910	407,544	\$ 417,190	\$ 3,280	0.79%
Other	25,836	25,550	22,271	56,740	36,580	53,900	(2,840)	-5.01%
Capital Outlay	-	-	-	-	-	-	-	N/A
<b>Total</b>	<b>\$ 528,345</b>	<b>\$ 616,719</b>	<b>\$ 430,531</b>	<b>\$ 470,650</b>	<b>\$ 444,124</b>	<b>\$ 471,090</b>	<b>\$ 440</b>	<b>0.09%</b>
<b>Positions</b>	6.0	6.0	5.0	5.0	5.0	5.0	-	0.00%

Program: Management Services  
Division: Administrative Services

### Mission/Core Services

#### *Administrative Support (Town Clerk)*

Manage Town Library, Voter Registration and Absentee Ballot Office, and coordinate elections with Beaufort County. Administer Records Management Program and provide Town receptionist services.

#### *Municipal Court*

Provide administrative and clerical support for the Municipal Court to include assisting in the processing of 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.

### 2010 Accomplishments

1. Designed and contracted for installation of a Metro Ethernet Fiber wide area network to support Town wide connectivity. This initiative vastly improves the overall bandwidth for the transfer of data between Town facilities. This replaced the older T1 lines and produced a five year cost savings of \$100,000.
2. Developed strategy and concept of operation for the implementation of a Town wide digital records management system.
3. Adopted a locally developed software system for Mobile Damage Assessment for the rapid collection, compilation and reporting of field damage assessments following a major hurricane event. This system has been adopted as the model for all communities in Beaufort County.

Program: Management Services  
 Division: Administrative Services

**2011 Goals, Objectives, and Performance Measures**

**Goal:**

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.

	<u>FY 2009 Actual</u>	<u>FY 2010 Projected</u>	<u>FY 2011 Budget</u>
Daily full system backups performed	272	272	272
Number of system failures	0	0	0
System failure recovered within 24 hours	0	0	0

**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.

	<u>FY 2009 Actual</u>	<u>FY 2010 Projected</u>	<u>FY 2011 Budget</u>
Respond to critical calls in 1 hour	95%	95%	95%
Help Desk (DP) requests completed:			
Within 30 days	3	3	3
Within 60 Days	0	0	0

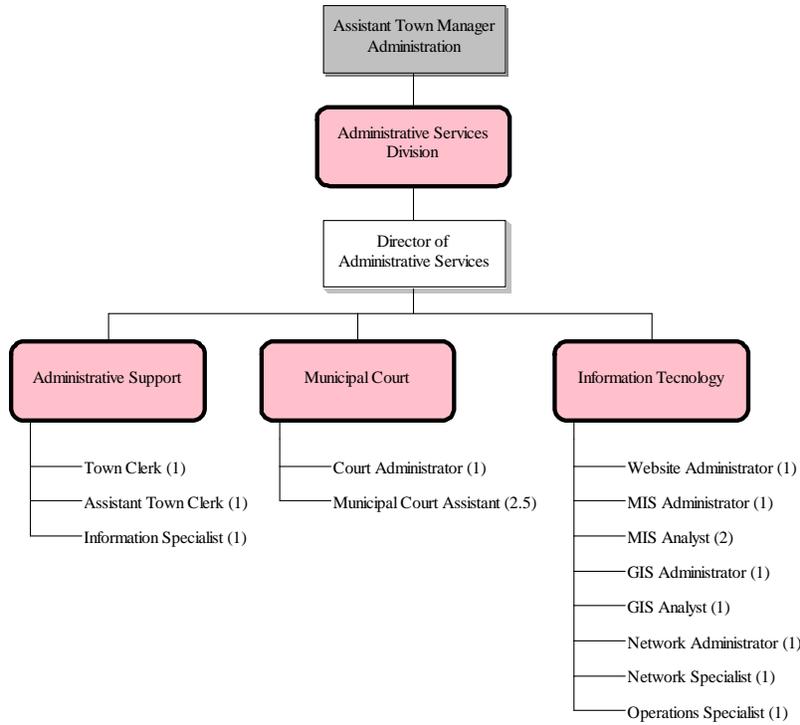
**Goal:**

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.

	<u>FY 2009 Actual</u>	<u>FY 2010 Projected</u>	<u>FY 2011 Budget</u>
Number of cases docketed	10,030	10,200	10,230
Number of cases disposed	8,780	8,780	8,960
Number of search warrants issued	30	30	40
Number of arrest warrants issued	600	612	730
Number of bench warrants issued	1,400	1,450	1,500

Program: Management Services  
 Division: Administrative Services



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

Expenditures by Program/Category

Admin. Services	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2011 Budget	Budget \$ Change	Budget % Change
<b>Program Summary</b>								
Administrative Support	\$ 167,370	\$ 182,793	\$ 215,541	\$ 210,525	\$ 200,453	\$ 237,830	\$ 27,305	12.97%
Municipal Court	339,040	392,536	402,796	415,160	402,124	413,720	(1,440)	-0.35%
Information Technology	1,584,301	1,534,236	1,598,222	1,692,360	1,644,753	1,656,070	(36,290)	-2.14%
<b>Total</b>	<b>\$ 2,090,711</b>	<b>\$ 2,109,565</b>	<b>\$ 2,216,559</b>	<b>\$ 2,318,045</b>	<b>\$ 2,247,330</b>	<b>\$ 2,307,620</b>	<b>\$ (10,425)</b>	<b>-0.45%</b>
<b>Summary By Category</b>								
Personnel	\$ 1,239,448	\$ 1,314,579	\$ 1,409,484	\$ 1,403,130	\$ 1,388,290	\$ 1,414,730	\$ 11,600	0.83%
Other	687,072	694,055	702,659	791,015	745,140	808,990	17,975	2.27%
Capital Outlay	164,191	100,931	104,416	123,900	113,900	83,900	(40,000)	-32.28%
<b>Total</b>	<b>\$ 2,090,711</b>	<b>\$ 2,109,565</b>	<b>\$ 2,216,559</b>	<b>\$ 2,318,045</b>	<b>\$ 2,247,330</b>	<b>\$ 2,307,620</b>	<b>\$ (10,425)</b>	<b>-0.45%</b>
<b>Positions</b>	17.5	17.5	17.5	17.5	17.5	17.5	-	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 and selection processes designed to attract qualified employees.

***Total Rewards Management***

Develop, implement and administer classification, compensation and benefit programs that support the organization's strategic objectives and values.

***Talent Management***

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

***Employee Relations***

Develop, implement and administer human resource policies, processes, and technology and work life initiatives to enhance organization effectiveness.

**2010 Accomplishments**

- Achieved 2010 Workers' Compensation premium cost reduction of over 24% through effective WC program management and continuing emphasis on employee safety
- Effectively managed comprehensive administrative staff retirement plan study, leading to decision to retain 401(k) program for impacted employees
- Managed multiple Policy and Supervisor Manual online updates, addressing changes/clarifications in federal law and Town policy and eliminating labor-intensive hard copy update process.
- Supported key organization redesign, succession planning and recruitment initiatives, resulting in improved quality, reduced cost and increased productivity
- Supported development and delivery of townwide training initiatives designed to effectively support employee business, financial and wellness needs while addressing budget constraints.

Program: Management Services  
 Division: Human Resources

**2010 Accomplishments (continued)**

- Contributed to development of Pandemic Plan, arranged for on-site H1N1 vaccines, expanded post-disaster facility use agreements, and developed process to facilitate post-disaster use of staff
- Developed and implemented compensation and benefit program enhancements, addressed/resolved key issues, expanded benefit education, and facilitated employee self-service initiatives.

**2011 Goals, Objectives, and Performance Measures**

**Goal 1:** To attract and retain high quality staff capable of achieving Town goals.

**Objective:** Effectively manage recruitment process.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
# of external hires	22	14	15
% of external offers accepted	81.5%	77.8%	83.3%
Time to fill positions (requisition approval to offer acceptance)	31 days	30 days	33 days
Cost per hire (exc. Staff/HR time)	\$1,100	\$1,186	\$1,200

**Objective:** Retain employees capable of achieving Town goals.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Overall turnover rate	6.3%	3.6%	5.2%
Voluntary turnover rate	6.3%	2.8%	4.4%
Involuntary turnover rate	.0%	.8%	.8%
# terminating during first year	6	1	2

**Goal 2:** To offer a competitive total rewards program.

**Objective:** Maintain competitive compensation and benefit programs.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Merit budget (within 1% of nat'l avg)	Yes	No	Yes
# of resignations due to salary	0	1	1
Benefits as % of salary	33.61%	32.85%	34.21%

Program: Management Services  
 Division: Human Resources

**2010 Goals, Objectives, and Performance Measures (continued)**

**Goal 3:** To support development and maintenance of organizational productivity and employee effectiveness.

**Objective:** Facilitate effective succession planning and organization design process.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
# of promotions and transfers	9	3	7
Internal hire rate	29%	17.7%	31.8%
# of positions created/re-evaluated	10	10	8
# of organization redesigns supported	3	4	2

**Objective:** Provide effective interdepartmental talent development initiatives.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
# of interdepartmental training hours	2,892	2,500	2600
# of tuition reimbursement participants	14	18	18
# of certification/degree bonuses given	14	12	12

**Objective:** Monitor employee wellness; encourage participation in wellness initiatives.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Non-FMLA sick leave (% of work hrs)	2.2	2.1	2.2
# of reported employee injuries	46	15	20
# of lost work days due to injury	26	31	29
% using medical preventive care benefit	28	25	30
% using dental preventive care benefit	35	30	35
% participating in Health Fair	35	35	39

Program: Management Services  
 Division: Human Resources

**2010 Goals, Objectives, and Performance Measures (continued)**

**Goal 4:** To effectively facilitate planning, projects, processes or activities that support supervisors and employees in achieving Town goals.

**Objective:** Maintain effective employee job performance.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
% of employees who met or exceeded job performance expectations	88%	86%	86%

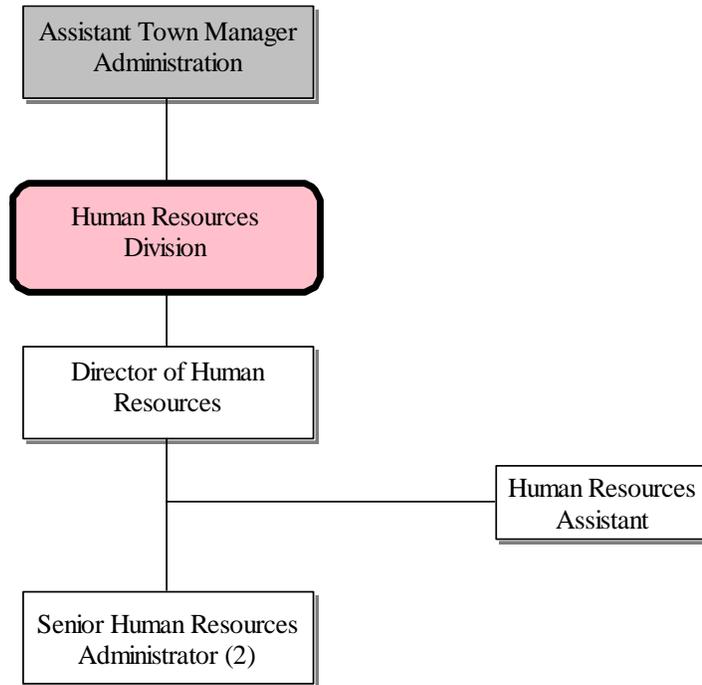
**Objective:** Maintain positive employee relations.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
# of formal employee complaints (i.e., grievances, EEO charges, lawsuits)	2	1	1

**Objective:** Deliver cost-effective, high quality support.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Ratio of HR FTE's to total FTE's	1/64	1/62.75	1/62.50

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 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2011 Budget	Budget \$ Change	Budget % Change
<b>Summary By Category</b>								
Personnel	\$ 444,175	\$ 461,721	\$ 453,239	\$ 455,530	441,004	\$ 395,760	\$ (59,770)	-13.12%
Other	176,265	126,077	150,275	176,450	107,650	150,930	(25,520)	-14.46%
Capital Outlay	-	-	-	-	-	-	-	N/A
<b>Total</b>	<b>\$ 620,440</b>	<b>\$ 587,798</b>	<b>\$ 603,514</b>	<b>\$ 631,980</b>	<b>\$ 548,654</b>	<b>\$ 546,690</b>	<b>\$ (85,290)</b>	<b>-13.50%</b>
<b>Positions</b>	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, Stormwater 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

**2010 Accomplishments**

- The Town was awarded the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association for the twentieth year and the Distinguished Budget Presentation Award for the fifth year.
- Implemented “green” policies for record retention and management.
- 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.
- Completed digital archiving of all Revenue and Collections account records.
- Mailed 5,943 business license renewals for CY 2010.

**2011 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 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Standard & Poor’s Bond Rating	AA+	AA+	AA+
Moody’s Investors Bond Rating	Aa <sup>1</sup>	Aa <sup>1</sup>	Aa <sup>1</sup>
Fitch Bond Rating	AA	AA	AA
Debt percent of Legal Debt			
Margin without a Referendum	15.4%	14.3%	14.3%
Adequate funds available to fund CIP Projects	100%	100%	100%

Program: Management Services  
 Department: Finance

**2011 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.

	<u>FY 2009 Actual</u>	<u>FY 2010 Projected</u>	<u>FY 2011 Budget</u>
GFOA Certificate of Achievement for Excellence in Financial Reporting (CAFR) received	Yes	Yes	Yes
GFOA Distinguished Budget Presentation Award received	Yes	Yes	Yes

**Goal:** Provide effective management of funds received by the Town.

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

	<u>FY 2009 Actual</u>	<u>FY 2010 Projected</u>	<u>FY 2011 Budget</u>
Business license renewals processed	5,300	5,200	5,200
New business licenses processed	1,010	636	500
Hospitality tax receipts processed	1,825	1,850	1,700
Bed tax (ATAX/Beach Preservation Fees) receipts processed	2,037	2,050	2,000
Beach passes issued	750	750	800
Miscellaneous receipts processed	2,000	2,100	2,450

Program: Management Services  
 Department: Finance

**2011 Goals, Objectives, and Performance Measures (continued)**

**Goal:** Provide a high level of customer service.

**Objective:** Upon submission of all required documentation a new business licenses will be issued in a timely and accurate manner.

	<u>FY 2009 Actual</u>	<u>FY 2010 Projected</u>	<u>FY 2011 Budget</u>
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	90%	95%	95%

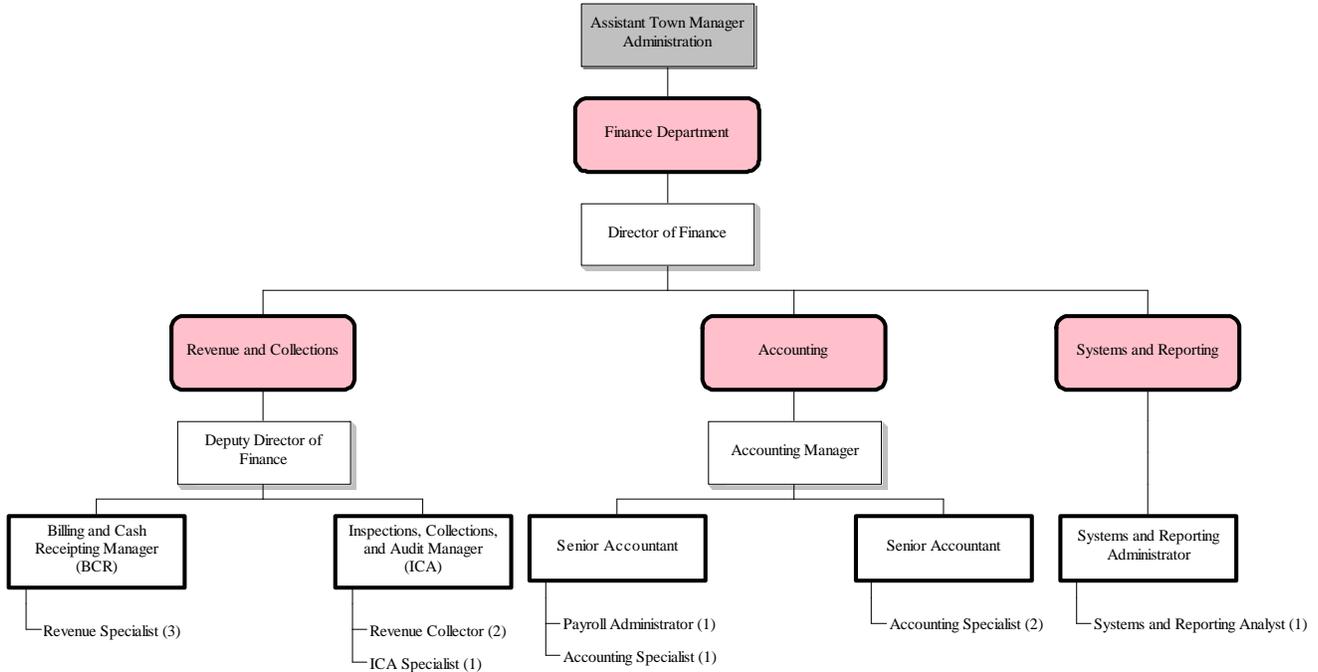
**Goal:** Ensure business license compliance and enforcement of Town Code.

**Objective:** Conduct business license site visits/contacts.

	<u>FY 2009 Actual</u>	<u>FY 2010 Projected</u>	<u>FY 2011 Budget</u>
Business license site visits/contacts *	300	2,100	2,100

\* This measure was changed from number of field visits to number of contacts with businesses in the community.

Program: Management Services  
 Department: Finance



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

Expenditures by Program/Category

	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2011 Budget	Budget \$ Change	Budget % Change
<b>Administration</b>								
<b>Program Summary</b>								
Administration	\$ 115,909	\$ 188,035	\$ 189,314	\$ 351,950	\$ 217,963	\$ 231,890	\$ (120,060)	-34.11%
Accounting	563,763	629,475	660,880	564,049	596,202	656,230	92,181	16.34%
Revenue and Collections	517,128	478,151	566,623	689,310	658,938	789,670	100,360	14.56%
<b>Total</b>	<b>\$ 1,196,800</b>	<b>\$ 1,295,661</b>	<b>\$ 1,416,817</b>	<b>\$ 1,605,309</b>	<b>\$ 1,473,103</b>	<b>\$ 1,677,790</b>	<b>\$ 72,481</b>	<b>4.52%</b>
<b>Summary By Category</b>								
Personnel	\$ 1,065,293	\$ 1,176,854	\$ 1,285,236	\$ 1,439,940	1,342,993	\$ 1,407,380	\$ (32,560)	-2.26%
Other	131,507	118,807	131,581	165,369	130,110	270,410	105,041	63.52%
Capital Outlay	-	-	-	-	-	-	-	N/A
<b>Total</b>	<b>\$ 1,196,800</b>	<b>\$ 1,295,661</b>	<b>\$ 1,416,817</b>	<b>\$ 1,605,309</b>	<b>\$ 1,473,103</b>	<b>\$ 1,677,790</b>	<b>\$ 72,481</b>	<b>4.52%</b>
						*		
<b>Positions</b>	17.0	17.0	19.0	19.0	19.0	19.0	-	0.00%

\* For FY 2011 the vacant systems and reporting analyst position (Administration) is unfunded.

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***

- Oversee 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.
- Oversee natural resource protection of the Island including tree and wetland regulations and water quality preservation.
- Selectively participate 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.
- Participate in Town Council's Targets and Actions involving special projects dealing with land management, development and managing growth.
- Provide flood hazard determination to homeowners, insurance, legal and banking representatives.
- Maintain public records of flood elevation information.
- Manage 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.

***Development, Review and Rezoning***

- Manage and coordinate 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.
- Provide for periodic review and update of the Land Management Ordinance.
- Continue environmental monitoring for water quality and created wetlands, and Land Management Ordinance effectiveness for tree protection.

Program: Community Services  
Department: Community Development

### Core Services (continued)

#### *Comprehensive Planning*

- Guide the revision and implementation of the Comprehensive Plan focusing on redevelopment strategies, Capital Improvement Program projects, Land Management Ordinance amendments and grants and other revenue sources.

#### *Inspections/Compliance*

- Deliver prompt, efficient and courteous service in the management and coordination of the building permitting process. Receive and review applications, documentation and plans for compliance with current building code regulations as they apply to both single family and commercial structures. Collect permit fees and impact fees for both the Town and the County. Issue building permits and certificates of occupancy.
- Conduct seminars for the public pertaining to building code regulations.

#### *Community Development Services*

- Maintain accurate records and statistics of construction on Hilton Head Island. Respond to Freedom of Information requests in addition to requests for statistical reports.
- Communicate 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.

### 2010Accomplishments

- Inspectors have been deputized to write tickets, thereby improving code enforcement.
- Inspectors have been undergoing LMO training for better comprehension of what a development site goes through prior to building construction.
- Floodplain management permitting procedure is now a separate approval in the building permit process, thereby allowing for more thorough checking of the floodplain requirements.
- An Internet permit has been developed for HVAC units, allowing the public to apply on-line.
- Process improvements for better customer service involving XDPR, Pre-application tracking, & commercial permit review.
- Switched certificate of compliance responsibility from Engineering Division to CD Department, thereby shortening the process and minimizing the number of staff who are involved with the project.
- Switched fire plans review for new construction over to the Bureau of Fire Prevention. This switch will provide better customer service and clearer requirements for the building owner.
- Creating plans review checklists for better consistency.

Program: Community Services  
Department: Community Development

**2010 Accomplishments (continued)**

- Improved information on the web for permit applications and Frequently Asked Questions.
- Have created an internal tracking report for applications to ensure completion of the application.
- Accepting cd's with digital site plans for early approval for disaster permitting.
- Accepting hardcopy site plans for early approval for disaster permitting.
- Commencing laserfiching of records for records retention. This will reduce the cost of microfilming the records and reduce the amount of hardcopies kept in the department.
- Clarified procedure for demolition of abandoned buildings and have commenced a demolition program.
- Continued with public education on newly adopted codes by drafting articles in the quarterly newsletter (department) and by conducting classes for contractors and architects.
- Code amendments include: OCIL Amendments, Shoreline Protection Amendments, 2009 General LMO Amendments, Natural Resource LMO Amendments, Temporary Housing Amendments, Tree Replacement Fund Amendment
- Comprehensive Plan Amendment re: density & Shelter Cove mall area
- Draft of new Comprehensive Plan being reviewed by boards/commissions and due for adoption prior to June
- Draft of new Hazards Mitigation Plan being reviewed by boards/commissions and due for adoption prior to June
- New Disaster Recovery Plan being drafted
- Adopted Beach Management Plan
- Shelter Cove Mall Development Agreement & lease approved by Town Council

**2011 Goals and Objectives**

**Goal:** Determine Economic Development Policy, Strategy & Direction.

**Objective:** Coordinate with Priority Investment and Economic Development Elements of the Comprehensive Plan. Determine Town's Role.

**Goal:** Develop a Strategic Growth Plan for Coligny Activity Center.

**Objective:** Determine best urban design and capital improvement projects for public facilities in Coligny area and association with neighboring businesses and residential areas.

Program: Community Services  
Department: Community Development

2011 Goals and Objectives (continued)

**Goal:** Re-write the LMO for more flexibility and concentration on redevelopment.

**Objective:** Determine methods for more flexibility via alternative means involving zoning issues and site design.

**Goal:** Manage and coordinate efforts to implement the Redevelopment Strategies, coordinate identified Capital Improvement Program projects, and seek various funding sources to implement these strategies and to guide disaster recovery.

**Objective:** Continue planning and design of Dunnagan's Alley area and Mathews Drive area and determine schedule for construction.

**Goal:** Recreational Center and Aquatic Facilities Direction.

**Objective:** Coordinate with Island Recreation Association for RFQ for Consulting Services for construction of addition to Island Recreation Center. Determine location and design for SHARE Center.

**Goal:** Commercial Appearance Standards, Evaluation & Direction.

**Objective:** Determine code changes based on ICC standards and determine areas of Island for implementation.

**Goal:** Airport Trees: LMO Amendments to Accomplish Tree Topping & Removal.

**Objective:** Draft LMO amendments for Council approval.

**Goal:** Complete revision of the Comprehensive Plan Design Element during 2010 and determine strategy for updating the LMO.

**Objective:** Coordinate with Design Review Board and various architectural groups and draft element.

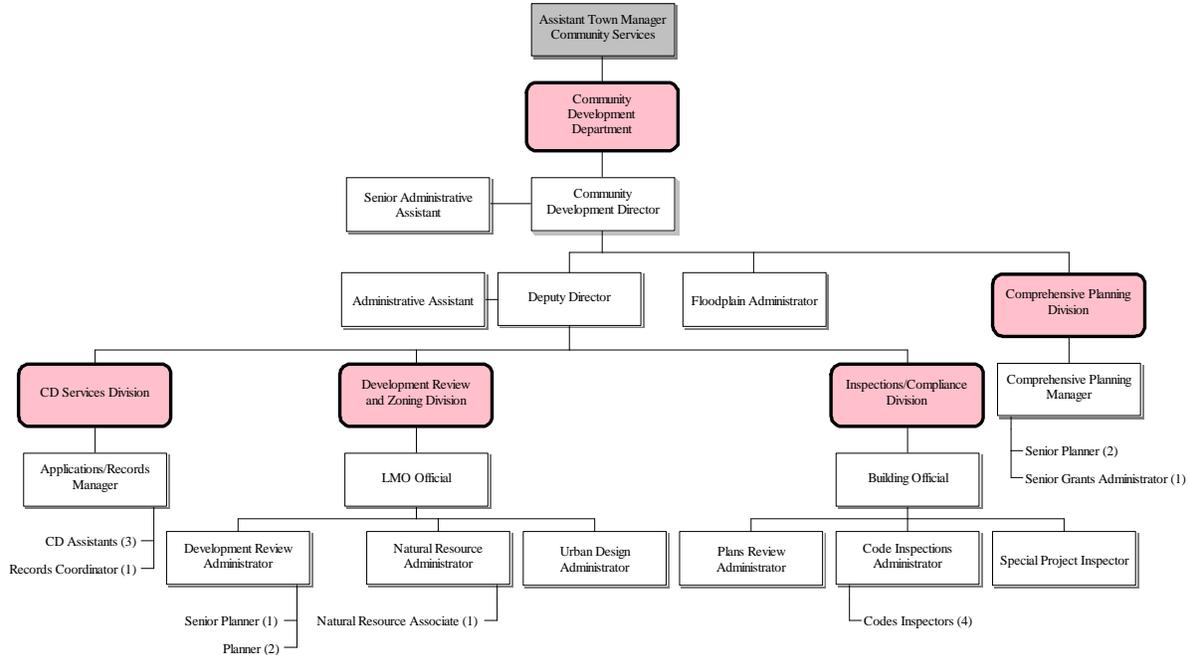
**Goal:** Sign & Outdoor Merchandising Regulation & Direction.

**Objective:** Coordinate with Sign Consultant and draft new LMO regulations.

**Goal:** To evaluate the recommendations of the Matrix Management Report for the development and permitting process and implement those recommendations that will provide efficiency and service to our customers.

**Objective:** To enhance the level of service while streamlining the process of permitting and inspection.

Program: Community Services  
 Department: Community Development



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

Expenditures by Program/Category

Community Development	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2011 Budget	Budget \$ Change	Budget % Change
<b>Program Summary</b>								
Administration	\$ 374,624	\$ 397,850	\$ 545,247	\$ 555,737	\$ 538,198	\$ 551,340	\$ (4,397)	-0.79%
Comprehensive Planning	379,011	434,925	379,968	372,500	347,569	366,510	(5,990)	-1.61%
Development, Review & Zoning	554,181	635,470	835,876	870,099	791,287	793,660	(76,439)	-8.79%
Inspections/Compliance	1,236,651	1,308,838	759,928	673,363	671,831	679,850	6,487	0.96%
CD Services	-	-	380,358	337,030	331,809	341,680	4,650	1.38%
Natural Resources	184,132	209,938	-	-	-	-	-	N/A
<b>Total</b>	<b>\$ 2,728,599</b>	<b>\$ 2,987,021</b>	<b>\$ 2,901,377</b>	<b>\$ 2,808,729</b>	<b>\$ 2,680,694</b>	<b>\$ 2,733,040</b>	<b>\$ (75,689)</b>	<b>-2.69%</b>
<b>Summary By Category</b>								
Personnel	\$ 2,572,308	\$ 2,836,559	\$ 2,795,626	\$ 2,672,110	\$ 2,577,313	\$ 2,578,150	\$ (93,960)	-3.52%
Operating	156,291	150,462	105,751	136,619	103,381	154,890	18,271	13.37%
Capital Outlay	-	-	-	-	-	-	-	N/A
<b>Total</b>	<b>\$ 2,728,599</b>	<b>\$ 2,987,021</b>	<b>\$ 2,901,377</b>	<b>\$ 2,808,729</b>	<b>\$ 2,680,694</b>	<b>\$ 2,733,040</b>	<b>\$ (75,689)</b>	<b>-2.69%</b>
<b>Positions</b>	36.0	36.0	36.0	32.0	32.0	30.0	(2.0)	-6.25%

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 re-nourishment, and drainage.

***Engineering Services***

Provide general oversight and project management for design and construction of secondary road and drainage improvements, Review and approve all plans for development to ensure compliance with the Stormwater Management Standards of the Land Management Ordinance. Conduct field inspections of completed projects and issue certificates of compliance for same. Maintain Town roads, street signs and mile markers.

***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 Committee and Recycling Association. Maintain Fire and Rescue buildings and grounds to include distribution of cleaning supplies.

**2010 Accomplishments**

**ENGINEERING SERVICES**

- Completed phases 2 and 3 of the William Hilton Parkway median curbing improvements
- Completed three new pathway projects on the south end of the island (New Orleans, Avocet and Lagoon)
- Established a private property debris ordinance and revised the nuisance abatement ordinance to better position the Town for FEMA re-imbusement
- Established new contracts for disaster debris removal and monitoring
- Wrote a new Debris Management Plan
- Established a unit cost contract for unspecified services related to storm drainage maintenance
- Executed storm water maintenance agreements with tow major PUD (Indigo Run and Palmetto Hall)

Program: Community Services  
Department: Public Projects and Facilities

**2010 Accomplishments (continued)**

**ENGINEERING SERVICES (CONTINUED)**

- Completed approximately 50 storm water maintenance projects
- Added a new engineering technician position to address increasing storm water management demands
- Completed four new intersection improvement projects on US 2878 (Bus.)
- Completed the design and permitting of pathway and intersection improvements along Mathews Drive north
- Designed and built a new pathway near Jarvis Park to accommodate the new Children's Center
- Re-ranked the CIP projects according to new prioritization scheme
- Completed the design and permitting for the realignment of Summit Drive (Construction pending funding agreement with County)
- Completed the design and permitting for the dredging of Miller's Pond
- Completed Beach Tilling in accordance with permit requirements
- Completed the rehabilitation of the Sea Pines Groin project
- Completed the design and permitting of the Port Royal beach renourishment project
- Reviewed land development projects to ensure compliance with the LMO

**FACILITIES MANAGEMENT**

- Completed Facilities Building/Fire Training Center
- Completed new Fire Station 5
- Converted Temporary Station 5 at 18 Hospital back to original condition
- Temporary Fire Station 1 at Smokehouse building
- Fire/Rescue classroom renovation
- Old Facilities building (Mathews Dr.) demo
- Town Hall drainage installation, flooring repairs, and gutter replacement
- Pathway repairs and rejuvenation
- Jarvis Park landscaping facelift and bathhouse renovation
- Folly Field, Driessen Beach Parks paintings and fixtures replacement
- Replacement/installation of new plantings in 8 median areas

Program: Community Services  
Department: Public Projects and Facilities

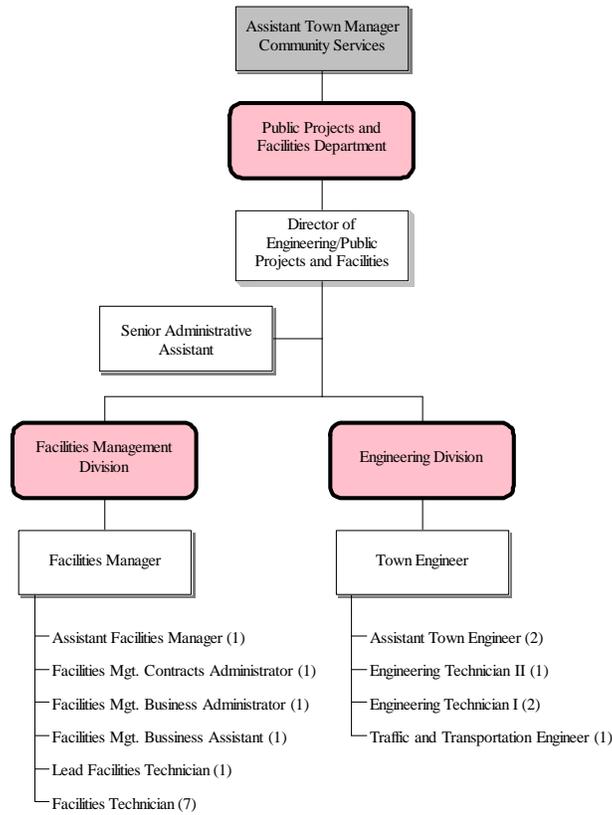
**2011 Objectives**

**ENGINEERING SERVICES**

- Provide analysis and recommendation for the FY-2011 storm water utility fee
- Ensure timely review of all land development projects for compliance with the roadway and storm water management standards of the LMO
- Address LMO revisions to provide sustainable development projects and clean, safe waterways
- Determine funding sources and assist in coordination of SCDOT road paving projects – William Hilton Parkway, Marshland Road, et al.
- Modify the Dirt Road program based on changes to County policies and Town ordinances
- Prioritize CIP projects, with specific attention to the pathway connectivity along William Hilton Parkway
- Provide recommendations to determine policy and the Town’s role in private dredging projects
- Provide in-house design of infrastructure projects where practical, to save on consulting costs

**FACILITIES MANAGEMENT**

- 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.
- Execute a comprehensive in house inspection and maintenance program for Town owned properties and facilities utilizing the VFA and iMaint automated maintenance programs.
- Support and manage the escalating demands and costs of maintenance of all Town facilities to include the 7 Fire Stations and Fire/Rescue Headquarters.



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

## Expenditures by Program/Category

Public Projects & Facilities	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2011 Budget	Budget \$ Change	Budget % Change
<b>Expenditures:</b>								
<b>Program Summary</b>								
Administration	\$ 233,245	\$ 313,303	\$ 232,327	\$ 231,710	\$ 227,305	\$ 232,420	\$ 710	0.31%
Engineering	717,222	609,123	646,190	754,732	734,322	828,280	73,548	9.74%
Facilities Management	2,092,453	2,340,794	2,377,977	2,512,410	2,446,043	2,505,920	(6,490)	-0.26%
<b>Total</b>	<b>\$ 3,042,920</b>	<b>\$ 3,263,220</b>	<b>\$ 3,256,494</b>	<b>\$ 3,498,852</b>	<b>\$ 3,407,670</b>	<b>\$ 3,566,620</b>	<b>\$ 67,768</b>	<b>1.94%</b>
<b>Summary By Category</b>								
Personnel	\$ 1,408,918	\$ 1,660,556	\$ 1,610,107	\$ 1,719,530	\$ 1,654,012	\$ 1,757,030	\$ 37,500	2.18%
Operating	1,634,002	1,602,664	1,646,387	1,779,322	1,753,658	1,809,590	30,268	1.70%
Capital Outlay	-	-	-	-	-	-	-	N/A
<b>Total</b>	<b>\$ 3,042,920</b>	<b>\$ 3,263,220</b>	<b>\$ 3,256,494</b>	<b>\$ 3,498,852</b>	<b>\$ 3,407,670</b>	<b>\$ 3,566,620</b>	<b>\$ 67,768</b>	<b>1.94%</b>
<b>Positions</b>	20.0	21.0	21.0	21.0	21.0	22.0	1.0	4.76%

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 clean up and lock-out service; assisting the elderly when no one else will provide assistance...Fire and Rescue is truly the community "Safety Net."
- 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.).
- Administer 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 building maintenance for all Fire and Rescue facilities.

**2010Accomplishments**

- Redeployed existing personnel to reduced fire engine "Out of Service" occurrences at Station 1 by 42.5%, Station 2 by 47%, Station 3 by 3.8%, Station 4 by 10.5%, Station 5 by 52.9% and Station 6 by 38.7% as compared to 2008.
- Conducted 2,318 Fire Safety Inspections, installed 20 Knox boxes, presented 644 Public Education programs, taught 320 CPR/First Aid students, installed 121 car seats and assumed the responsibility for Fire Code Plans review for new and renovated construction projects from the Town's Community Development Department.
- Completed purchase of 8 new Crimson pumpers, all equipped with on-board class A and B foam injection systems and standardized equipment loads to provide a more reliable pumper fleet that is more fuel efficient with less carbon emissions.
- Provided 225 scheduled vehicle maintenance inspections throughout the year on 87 Town owned vehicles.
- Made improvement to EMS patient data collection which provided \$95,000 more income for EMS billing over a 4 month period as compared to the same time frame in 2008.

Program: Public Safety  
 Department: Fire and Rescue

**2010 Accomplishments (continued)**

- Completed construction of the new Training Facility. Achieved South Carolina Fire Academy Regional Training status in August 2009.
- Fire & Rescue personnel completed 35,603 training hours in 2009.
- Adopted a Continuity of Operations (COOP) Plan and created a Pandemic Influenza Plan as well as developed an All-hazards public information folder (Citizen’s Guide to Emergency Preparedness) and distributed over 3000 copies.
- Collected approximately 144K lbs of recyclable materials from fire stations and other Town facilities and also collected approximately 12,000 lbs. of E-Waste and approximately 50,000 lbs. of Household Hazardous Waste during the Spring Hazmat Round-up.

**2011 Goals, Objectives, and Performance Measures**

**BUREAU OF FIRE PREVENTION**

**Goal:** To increase sponsorship and participation in various community education programs (*THHI Goal - #5 Strengthen Community Spirit and Pride*); increase technical fire/life safety inspections for both existing & new structures; and intensify investigations of fires with suspicious or undetermined origins (*THHI Goal - #2 Top-Quality Services*).

**Objective:** 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.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Public Education Presentations <small>(above includes Company Pub Ed taught, Company public events, Risk Watch, Station Tours and Public Ed Officer Pub Ed taught)</small>	613	650	675
CPR/AED/First Aid Students	480	350 *	350*
File of Life Recipients	845	900	900
Total Fire safety Inspections <small>(above includes Total number of annual inspections, re-inspections and fire inspections for business licenses)</small>	2,756	2,900	3,000
Business License Inspections	463	500	500
Self inspections	538	800	800
Planning project reviews & inspections	87	90	90
Fire cause/origin investigations	33	30	30
Car Seat Inspections	129	150	150

\* 2010 & 2011 budget – this number is lower due to the scaling back the program to reduce overtime expenditures

Program: Public Safety  
 Department: Fire and Rescue

2011 Goals, Objectives, and Performance Measures (continued)

**COMMUNICATIONS**

**Goal:** Provide our community with an emergency answering point for reporting emergency and non-emergency events requiring police, fire, disaster, or EMS assistance.

**Objective:** To receive and process requests for services received by telephone.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Total telephone requests received:			
7-digit call for service line	7,119	7,500	8,000
911 calls for service line	32,535	34,000	37,000
Dispatch Administration	42,166	44,000	46,000
Dispatch other business	<u>118</u>	<u>100</u>	<u>250</u>
<b>TOTAL</b>	<b>81,938</b>	<b>85,600</b>	<b>91,250</b>

**EMERGENCY MANAGEMENT**

**Goal:** Prepare Town employees and community members to better protect themselves and others against the full range of potential threats facing the community through all-hazards planning, education and exercises.

*Supports: THHI Goal #1: Sustainable Town and THHI Goal #2: Top-Quality Services.*

**Objective:** Complete updating/development of necessary all-hazard plans.

**Objective:** Provide required training to Town employees/officials with emergency management responsibilities, and conduct annual exercises to ensure staff readiness.

**Objective:** Work in conjunction with personnel from Community Development to provide consistent and expanded information/disaster preparedness training to HHI community.

	FY 2009 ACTUAL	FY 2009 REVISED ACTUAL	FY 2010 PROJECTED	FY 2010 YEAR TO DATE	FY 2011 PROJECTED
EXERCISES PARTICIPATED IN	2	2	2	3	6
EXERCISE/COURSE/TRAINING PROGRAM ATTENDEES (STAFF)	15	18	15	120	80
DISASTER PREPAREDNESS PRESENTATIONS CONDUCTED	30	25	40	30	30
PRESENTATIONS/DISASTER TRAINING ATTENDEES (PUBLIC)	750	1,800	1,000	600	2,200

Program: Public Safety  
Department: Fire and Rescue

2011 Goals, Objectives, and Performance Measures (continued)

**LOGISTICS AND MAINTENANCE**

**Goal:** To provide a comprehensive maintenance support program to meet the needs of the Town of Hilton Head Island through a cost-effective program. (*THHI Goal - #2 Top-Quality Services, Financially-Sound Town*).

**Objectives:**

1. Advanced i-Maint training to improve the tracking, repairs and inventory of all Town of Hilton Head Island vehicles and equipment.
2. Receive delivery of new town vehicles, inspect and install equipment within a 3-6 day of delivery and place in service in a timely manner.
3. Complete annual fire pump and hose testing.
4. Outfit all F.A.O's with Voice commands modules for S.C.B.A (Self Contained Breathing Apparatus)
5. Remove existing and replace Fire & Rescue vehicles with newly designed lettering, stripping and emergency lighting.
6. Reorganize maintenance shop and storage areas due to displacement by new offices.
7. Collect and weigh recyclable material at all Fire & Rescue facilities.
8. Provide and maintain mechanically safe and sound vehicles and fire & rescue equipment.

**OPERATIONS**

**Goal:** Protect the lives and property of the community through timely emergency response. (*THHI Goal - #2 Top-Quality Services*).

**Objective:** To 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.

Program: Public Safety  
 Department: Fire and Rescue

2011 Goals, Objectives, and Performance Measures (continued)

**OPERATIONS (continued)**

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Emergency medical service response	4,250	4,300	4,350
EMS patient transports	3,600	3,700	3,800
Fire suppression and other responses	2,100	2,200	2,250
Actual number of fires	160	170	175
Incident response time (Percent < or = 5min)	90%	90%	90%
Minimum average daily staffing level	32	32	35

**SUPPORT SERVICES**

**Goal:** Maintain accurate and up-to-date Fire and EMS incident records; provide accurate street name and address data for the 911 dispatching system; maintain all communications systems required for effective emergency responses; maintain state of the art CAD and computer technology to ensure timely and accurate emergency response; provide a means for reducing environmental damage due to the uncontrolled release of hazardous materials; provide security access systems for fire station facilities; replace worn and damage fire fighter protective clothing; provide maintenance for Town vehicles; provided supplies and equipment needed to support daily and emergency operations. *(THHI Goal - #2 Top-Quality Services).*

**Objective:** Enhance reporting and management capabilities using existing records management systems; enhance emergency response information utilizing Mobile CAD technology, update the 2004 Fire and EMS Master Plans; create new addresses as needed and correct existing as required; participate in the County administered radio re-banding program for moving from analog to digital radio transmissions; maintain critical public safety computer systems on 24/7- 365 days a year basis and provide upgrades to systems as required; conduct one Household Hazardous Waste Round-Up; collection of recyclable materials at all F& R facilities; install the card access system at new fire station 1; provide fire fighters with protective garments that meet industry standards; continue to provide scheduled maintenance to Town owned vehicles and continue to maintain and distribute needed equipment and supplies.

Program: Public Safety  
 Department: Fire and Rescue

2011 Goals, Objectives, and Performance Measures (continued)

**SUPPORT SERVICES (continued)**

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
EMS forms completed	4,229	4,300	4,350
New addresses created	96	120	150
Existing addresses corrected	202	220	250
Pounds of hazardous materials collected	50,000	60,000	65,000
Pounds of recyclable material collected	14,400	16,000	17,000
FF Protective Clothing Sets	35	35	35
Security Card Access	2	3	1

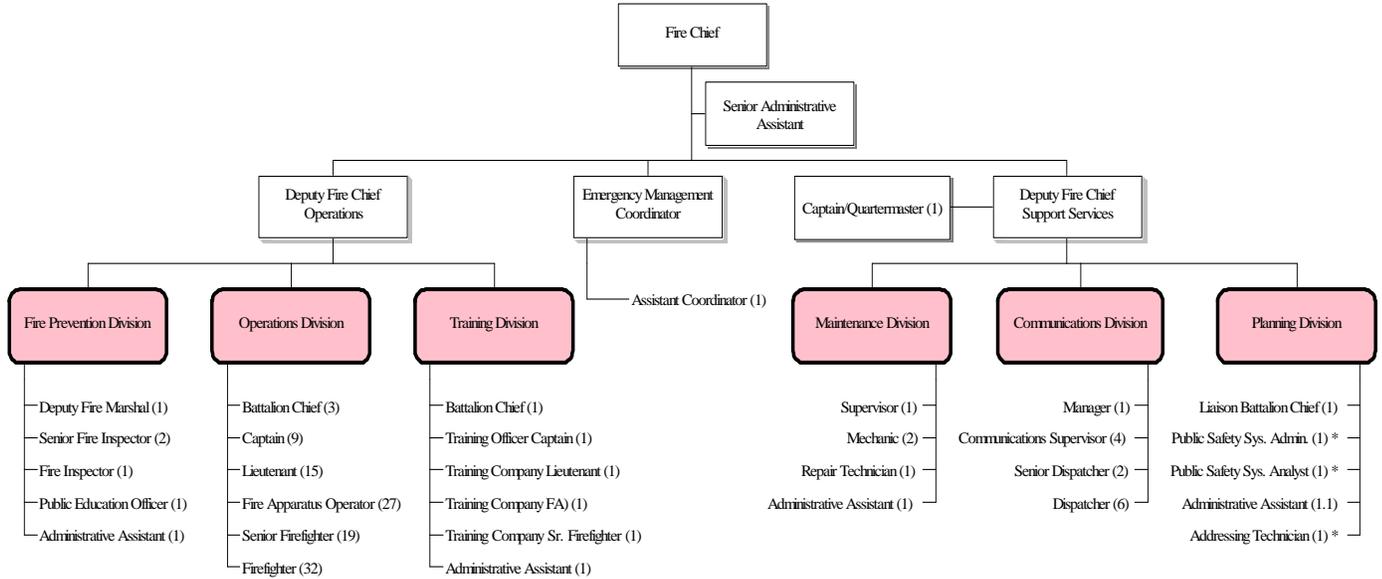
**TRAINING**

**Goal:** Strengthen management and line personnel ability to improve department operations and service quality, and meet future challenges and issues. (*THHI Goal - #2 Top-Quality Services*).

**Objective:** Provide development programs for managers and supervisors at least once per year; and a minimum of 20 hours of in-service training per month for all employees while on duty.

	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>	FY 2011 <u>Budget</u>
Total hours of Management and Leadership Programs	1,971	1,700	1,700
Total hours of in-service and technical training	35,780	35,000	35,000

Program: Public Safety  
 Department: Fire and Rescue



\* These positions are partially funded through Beaufort County.

**Expenditures by Program/Category**

Fire and Rescue	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2011 Budget	Budget \$ Change	Budget % Change
<b>Program Summary</b>								
Administration	\$ 995,780	\$ 882,995	\$ 714,426	\$ 579,330	\$ 549,370	\$ 570,540	(8,790)	-1.52%
Support Services	2,574,925	2,951,732	2,757,520	2,969,792	2,910,605	2,816,040	(153,752)	-5.18%
Operations	9,256,214	10,274,473	10,411,948	10,213,030	10,243,969	10,095,910	(117,120)	-1.15%
<b>Total</b>	<b>\$ 12,826,919</b>	<b>\$ 14,109,200</b>	<b>\$ 13,883,894</b>	<b>\$ 13,762,152</b>	<b>\$ 13,703,944</b>	<b>\$ 13,482,490</b>	<b>(279,662)</b>	<b>-2.03%</b>
<b>Summary By Category</b>								
Personnel	\$ 10,677,319	\$ 11,848,711	\$ 12,244,903	\$ 12,199,660	\$ 12,261,468	\$ 12,117,950	(81,710)	-0.67%
Operating	2,032,135	2,080,839	1,481,570	1,371,737	1,263,931	1,259,340	(112,397)	-8.19%
Capital Outlay/Debt	117,465	179,650	157,421	190,755	178,545	105,200	(85,555)	-44.85%
<b>Total</b>	<b>\$ 12,826,919</b>	<b>\$ 14,109,200</b>	<b>\$ 13,883,894</b>	<b>\$ 13,762,152</b>	<b>\$ 13,703,944</b>	<b>\$ 13,482,490</b>	<b>(279,662)</b>	<b>-2.03%</b>
<b>Positions</b>	147.3	147.6	147.6	147.1	147.1	147.1	-	0.00%

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.

Program: Public Safety  
 Department: Police

**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) Victim’s Advocate

**Expenditures by Program/Category**

Police	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2011 Budget	Budget \$ Change	Budget % Change
<b>Summary By Category</b>								
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating	2,718,766	2,991,808	3,109,609	3,079,140	3,061,340	3,145,200	66,060	2.15%
Capital Outlay	-	-	-	-	-	-	-	N/A
<b>Total</b>	<b>\$ 2,718,766</b>	<b>\$ 2,991,808</b>	<b>\$ 3,109,609</b>	<b>\$ 3,079,140</b>	<b>\$ 3,061,340</b>	<b>\$ 3,145,200</b>	<b>\$ 66,060</b>	<b>2.15%</b>
<b>Expenditure Detail</b>								
Police Service Contract	\$ 2,389,038	\$ 2,658,357	\$ 2,743,138	\$ 2,692,030	\$ 2,715,880	\$ 2,752,310	\$ 60,280	2.24%
Shore Enterprises	170,561	178,030	184,395	165,060	165,060	189,060	24,000	14.54%
Victims' Services	51,220	49,721	57,126	63,290	55,800	53,010	(10,280)	-16.24%
Stipend	107,947	105,700	124,950	158,760	124,600	150,820	(7,940)	-5.00%
<b>Total</b>	<b>\$ 2,718,766</b>	<b>\$ 2,991,808</b>	<b>\$ 3,109,609</b>	<b>\$ 3,079,140</b>	<b>\$ 3,061,340</b>	<b>\$ 3,145,200</b>	<b>\$ 66,060</b>	<b>2.15%</b>
<b>Positions*</b>	-	-	-	-	-	-	-	N/A

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

# Townwide

## Expenditures by Program/Category

Non-Departmental (Townwide)	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Budget	FY 2010 Estimate	FY 2011 Budget	Budget \$ Change	Budget % Change
<b>Personnel</b>								
Unemployment	\$ 6,860	\$ 12,134	\$ 12,239	\$ 19,800	\$ 12,000	\$ 15,000	\$ (4,800)	-24.24%
Retiree Medical	297	387	582	720	670	720	-	0.00%
COBRA	141	141	87	180	100	180	-	0.00%
Short Term Temp./Payroll	-	-	-	-	-	18,390	18,390	N/A
Workers' Comp. Deductibles	-	-	-	-	-	50,000	50,000	N/A
Employee Recog. Taxable	-	-	-	-	-	40,000	40,000	N/A
Palmetto Pass	-	-	12,295	14,000	13,890	14,000	-	0.00%
	<b>7,298</b>	<b>12,662</b>	<b>25,203</b>	<b>34,700</b>	<b>26,660</b>	<b>138,290</b>	<b>103,590</b>	<b>298.53%</b>
<b>Operating</b>								
Travel	-	297	368	280	384	500	220	78.57%
Professional Dues	-	-	-	17,500	17,500	17,500	-	0.00%
Professional Services	-	-	-	-	-	65,000	65,000	N/A
Short Term Temp./Agency	-	-	-	-	-	-	-	N/A
Palmetto Pass - Town Vehicles	-	-	-	-	-	4,500	4,500	N/A
Photocopying	8,186	10,674	9,406	12,000	9,246	11,000	(1,000)	-8.33%
Courier	17,258	20,570	19,835	20,000	16,380	20,000	-	0.00%
Insurance	264,500	273,317	263,303	294,850	294,850	306,850	12,000	4.07%
Accident Insurance Fund	-	-	-	-	-	20,000	20,000	N/A
Telephone	156,253	164,709	172,701	281,550	281,550	281,000	(550)	-0.20%
Cell Phones	35,840	37,327	34,364	58,730	58,730	55,000	(3,730)	-6.35%
Electricity	98,361	102,403	110,977	124,000	205,340	211,370	87,370	70.46%
Utilities	35,979	39,343	41,545	180,900	33,656	42,000	(138,900)	-76.78%
Postage	33,103	34,450	29,610	37,420	31,784	35,000	(2,420)	-6.47%
Equipment Maintenance	5,259	3,912	3,774	5,000	5,000	5,000	-	0.00%
Lease Payments	33,819	41,916	43,015	51,955	51,955	54,600	2,645	5.09%
Furniture/Fixtures < \$5,000	2,412	1,026	594	5,000	-	-	(5,000)	-100.00%
Security Cameras	-	106,604	-	-	-	-	-	N/A
Operating Supplies	4,438	65,532	24,836	32,000	32,000	27,000	(5,000)	-15.63%
Fuel	-	-	146,094	164,340	106,938	140,000	(24,340)	-14.81%
General Contingency	18,544	15,948	26,800	43,500	12,748	50,000	6,500	14.94%
<b>Total Operating</b>	<b>713,952</b>	<b>918,028</b>	<b>927,222</b>	<b>1,329,025</b>	<b>1,158,061</b>	<b>1,346,320</b>	<b>17,295</b>	<b>1.30%</b>
<b>Capital Outlay</b>								
Furniture/Fixtures ? \$5,000	1,363	-	-	-	-	-	-	0.00%
<b>Total Capital Outlay</b>	<b>1,363</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>Grants</b>								
Recreation Center	597,740	612,273	623,327	616,940	616,940	616,940	-	0.00%
Recreation Center - Capital	74,726	66,762	39,973	-	-	-	-	N/A
Coastal Discovery Museum	-	75,000	80,750	75,000	75,000	75,000	-	0.00%
Public Art - Community Found.	-	-	-	-	-	37,500	37,500	N/A
Coastal Discovery Museum - TW	-	-	-	32,500	32,500	35,600	3,100	9.54%
Disaster Advertising Reserve	-	22,075	200,000	230,000	300,000	188,620	(41,380)	-17.99%
Hospitality Promotion	91,757	68,729	146,429	104,000	104,000	104,000	-	0.00%
Beaufort HAZMAT/E911	11,283	526	15,000	-	15,000	-	-	N/A
DEHC Grant	6,960	7,568	-	-	-	-	-	N/A
Palmetto Breeze Grant	175,000	175,000	166,250	175,000	175,000	175,000	-	0.00%
USAR - RRT Grant	14,635	-	15,518	-	-	15,500	15,500	N/A
Drug Court	43,560	48,500	50,500	48,500	48,500	48,500	-	0.00%
Solicitor's Office	-	-	-	35,000	35,000	35,000	-	0.00%
FEMA Grant	64	-	-	-	-	-	-	N/A
LEPC/BC	7,171	11,069	12,094	-	12,000	12,000	12,000	N/A
<b>Total Grants</b>	<b>1,022,896</b>	<b>1,087,502</b>	<b>1,349,841</b>	<b>1,316,940</b>	<b>1,413,940</b>	<b>1,343,660</b>	<b>26,720</b>	<b>2.03%</b>
<b>Debt Service</b>								
Interest	-	-	-	267,420	267,420	267,420	-	100.00%
Principal	-	-	-	71,950	71,950	71,950	-	100.00%
	-	-	-	<b>339,370</b>	<b>339,370</b>	<b>339,370</b>	-	<b>100.00%</b>
<b>Total</b>	<b>\$ 1,745,509</b>	<b>\$ 2,018,192</b>	<b>\$ 2,302,266</b>	<b>\$ 3,020,035</b>	<b>\$ 2,938,031</b>	<b>\$ 3,167,640</b>	<b>\$ 147,605</b>	<b>4.89%</b>

# 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. In previous years the Town prepared a five-year financial model. Due to the downturn in the economy, it is very difficult to project revenue trends five years out so the model has been modified to three years.

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 – increased by 1.0% per year
- ATAX State – projected to be \$1,200,000 for each of the three fiscal years
- ATAX local public safety – increased by 1.0% per year
- Beach Preservation Fees – FY 2012 .10%, FY 2013 .13%, FY 2014 .14%
- Hospitality Taxes – no increase, the same as budgeted in FY 2011
- Electric Franchise Fees – FY 2012 2.6%, FY 2013 3.4%, FY 2014 3.4%
- TIF – FY 2012 3.5%, FY 2013 4.5%, FY 2014 4.5%
- Stormwater – FY 2012 3.5%, FY 2013 4.5%, FY 2014 4.5%
- Business License Fees – increased by 1.0% per year
- Franchise Fees – cable increased by 1.0% per year and beach fees no increase, the same as budgeted in FY 2011
- Permit Fees – new construction and other permit fees FY 2012 1.0%, FY 2013 1.5%, FY 2014 2.0%; development fees no increase
- Intergovernmental – no increase, the same as budgeted in FY 2011
- Grants/Donations – Beaufort County Hazmat and DEHC the same as FY 2010 and Beaufort County E-911 no increase, the same as budgeted in FY 2011
- Miscellaneous – increases specific to the type of revenue source
  - ✓ Beach Services, Donations, Municipal Court, Other, Public Safety - Dispatch, Town Codes, Victim's Assistance – no increase, the same as budgeted in FY 2011
  - ✓ Public Safety – EMS FY 2012 1.0%, FY 2013 2.0%, FY 2014 2.0%

**Revenue Assumptions (continued)**

- Investments – no increase, the same as budgeted in FY 2011

**Expenditure Assumptions**

***Personnel Expenditures***

- No new staffing additions are planned; Currently established positions will retain the same salary grade in future years
- Increase in salaries – FY 2012 3.5%, FY 2013 4.5%, FY 2014; 4.5%
- VantageCare – 10% increase year over year
- Medical, life and disability insurance - 5.0% increase per year
- Workers’ Compensation – 5.0% increase per year

***Operating Expenditures/Capital Outlay***

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

	2007	2008	2009	2010		2011	2012	Projected	
				Revised Budget	Est. Actual	Budget		2013	2014
<b><u>Revenues</u></b>									
Property Taxes	9,940,043	10,138,385	10,715,950	11,098,760	10,938,000	11,066,860	11,177,529	11,289,304	11,402,197
ATAx Local 1%	2,207,972	2,319,342	2,150,536	1,946,330	1,913,230	1,952,360	1,971,884	1,991,603	2,011,519
Business Licenses	7,668,657	8,133,032	7,459,058	7,310,780	7,400,000	7,474,000	7,548,740	7,624,227	7,700,470
Franchise Fees	592,441	588,997	608,137	536,850	621,500	627,500	633,560	639,681	645,862
Permit Fees	1,353,572	1,256,773	853,962	795,500	866,410	878,810	892,515	906,493	920,751
Intergovernmental Grants	1,000,434	1,105,671	1,054,891	895,590	845,884	788,580	850,000	850,000	850,000
Miscellaneous Revenue	2,293,653	2,434,360	2,390,266	2,337,910	2,203,637	2,215,220	2,236,000	2,260,240	2,284,965
Transfers In	4,127,305	4,196,821	5,453,572	5,923,940	5,923,940	6,628,300	6,519,861	6,510,253	6,539,401
Investments	651,586	402,416	87,069	112,790	88,580	90,000	90,000	90,000	90,000
<b>Total Revenues</b>	<b>29,970,456</b>	<b>30,727,937</b>	<b>30,904,237</b>	<b>31,180,230</b>	<b>31,030,638</b>	<b>31,955,330</b>	<b>32,158,108</b>	<b>32,404,227</b>	<b>32,692,086</b>
<b><u>Expenditures</u></b>									
General Government	740,492	963,876	1,100,621	1,176,845	1,147,194	1,167,920	1,194,108	1,228,373	1,264,282
Management Services	4,436,296	4,609,744	4,667,422	5,025,984	4,713,211	5,003,190	5,246,672	5,364,014	5,642,345
Community Services	5,771,519	6,250,241	6,157,871	6,307,581	6,088,364	6,299,660	6,608,649	6,822,970	7,047,044
Public Safety	15,475,035	17,030,361	16,993,504	16,841,292	16,765,284	16,627,690	17,094,023	17,730,101	18,408,040
Townwide	1,745,509	2,018,190	2,397,181	2,680,666	2,598,661	2,828,270	2,782,260	2,767,368	2,790,507
Debt Service	70,650	70,650	-	339,370	339,370	339,370	339,370	339,370	339,370
<b>Total Expenditures</b>	<b>28,239,501</b>	<b>30,943,062</b>	<b>31,316,599</b>	<b>32,371,738</b>	<b>31,652,084</b>	<b>32,266,100</b>	<b>33,265,082</b>	<b>34,252,196</b>	<b>35,491,588</b>
<b>Net change in fund balances</b>	<b>1,730,955</b>	<b>(215,125)</b>	<b>(412,362)</b>	<b>(1,191,508)</b>	<b>(621,446)</b>	<b>(310,770)</b>	<b>(1,106,974)</b>	<b>(1,847,969)</b>	<b>(2,799,502)</b>
<b>Fund balance - beginning</b>	<b>14,695,783</b>	<b>16,426,738</b>	<b>16,274,131</b>	<b>15,861,769</b>	<b>14,670,261</b>	<b>14,048,815</b>	<b>13,738,045</b>	<b>12,631,071</b>	<b>10,783,102</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>62,518</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>16,426,738</b>	<b>16,274,131</b>	<b>15,861,769</b>	<b>14,670,261</b>	<b>14,048,815</b>	<b>13,738,045</b>	<b>12,631,071</b>	<b>10,783,102</b>	<b>7,983,600</b>

# Capital Projects Fund (CIP)

Capital improvements are broken into two segments; one segment is integrated into the General Fund operating budget and the other segment is the Capital Projects Fund, Capital Improvements Program (CIP) budget. Located in the General Fund and to be funded with current operating funds are capital equipment 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 (including vehicles), are included in the Capital Projects Fund.

In accordance with State law, the proposed CIP for FY 2011 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 May.

Included in this section is the Town's capital expenditure plan with funding sources for the upcoming year. In addition, a ten-year capital plan is included that identifies anticipated capital expenditures with funding sources to be determined. The CIP is based on a variety of sources. Sources are Town Council's Policy and Management Agendas 2010 which included input from the public and the Town's Boards, Commissions and Committees. Other source documents include: The 2004 Comprehensive Plan update which incorporates the Initiative Area Plans; the Transportation Plan which includes pathways as well as roads; the Town-Wide Drainage Plan; the Fire & 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.

## Revenues

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.

## Revenues (continued)

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 \$692,270 during this fiscal year.
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 are expected to generate approximately \$270,000.
5. **Stormwater Utility (SWU) Fee** that are derived from the Stormwater Utility. The Utility collects approximately \$3.3 million from the Town. The Town also provides 5% to the Utility for administrative overhead. The fees (minus the administrative over-head), are used for drainage infrastructure maintenance and debt service on SWU Revenue Bonds.
6. **Beach Preservation Fee** are derived from an additional two percent (2%) Local Accommodations Tax levied by Town Council. This source will generate approximately \$3.9 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. Some of which is used to pay debt service on bonds associated with beach re-nourishment projects.
7. **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 \$4.6 million in revenue next fiscal year. Some of which is used to pay debt service on bonds for public safety projects.
8. **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 \$6.6 million in revenue next fiscal year.
9. **Palmetto Electric Franchise Fee** 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 \$2.9 million annually. **Projects associated with this funding source are expended from a different fund and therefore are not reflected as part of the Town's CIP program.**
10. **Real Estate Transfer Fee** which is .25 of 1% on each real estate transaction in the Town. This source will generate approximately \$1.9 million in revenue next fiscal year. These funds are dedicated to the Land Acquisition Program and its debt service.
11. **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 clean up of Town property.

## Revenues (continued)

Implementation of the Fiscal Year 2011 CIP will require about \$24.0 million during the fiscal year. The chart below reflects a comparison of the major budgeted revenue sources for FY 2010 and FY 2011:

Revenue Source	FY 2010	FY 2011	\$	%
	Revised Budget	Budget	Change	Change
Property Taxes	\$ 707,050	\$ 692,270	\$ (14,780)	-2.09%
Contributions	254,690	-	(254,690)	-100.00%
Sunday Permit Fees	519,536	270,000	(249,536)	-48.03%
Beaufort County	135,408	-	(135,408)	-100.00%
Beach Preservation Fees	2,934,994	12,971,000	10,036,006	341.94%
TIF	2,945,073	4,363,000	1,417,927	48.15%
Hospitality Tax	8,174,194	2,106,000	(6,068,194)	-74.24%
Stormwater Fees	1,573,000	1,670,000	97,000	6.17%
Bond Proceeds	-	1,375,000	1,375,000	0.00%
Funds from Prior Years (Fund Balance)	6,440,618	466,230	(5,974,388)	-92.76%

## Expenditures

In the **Pathways** category, there are 14 projects programmed during the next ten years. Of those 14 projects, 3 are funded for approximately \$580,000 million in FY 2011. Funded projects may involve land acquisition, legal work, design, concept and survey, and/or construction.

In the **Drainage Improvements** category, there are 5 projects (3 on-going maintenance projects) programmed during the next ten years; 4 projects are funded for approximately \$1.7 million in FY 2011; and all involve construction or repairs.

In the category of **Roadway Improvements**, there are 22 projects programmed during the next ten years; 16 of them are funded for approximately \$3.2 million in FY 2011.

In the category of **Park Development**, 9 projects (1 on-going maintenance project) are programmed during the next ten years, 2 projects are funded for approximately \$412,000 in FY 2011.

In the **Existing Facilities/Infrastructure** category, there are 7 projects (3 on-going maintenance/equipment purchase projects) programmed during the next ten years, 5 projects are funded for approximately \$4.1 million in FY 2011.

In the **New Facilities/Infrastructure** category, there are 11 projects (2 on-going maintenance projects) programmed during the next ten years, 9 projects are funded for approximately \$989,000 million in FY 2011.

**Expenditures (continued)**

In the **Beach Maintenance** category, there are 5 projects (3 on-going maintenance projects) programmed during the next ten years. Of this, 4 projects including the ongoing beach management and monitoring program are funded for approximately \$12,925,000 million in FY 2011.

In the category of **Land Acquisition**, using Council’s guidance, staff will continue to research and recommend pertinent acquisitions at no extra cost to the taxpayers.

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

Pathway maintenance per mile	\$ 6,500/year
Park litter and landscape (passive/beach)	\$25,000/year
Park janitorial (restrooms and supplies)	\$12,500/year
Roadways	dedded to the County

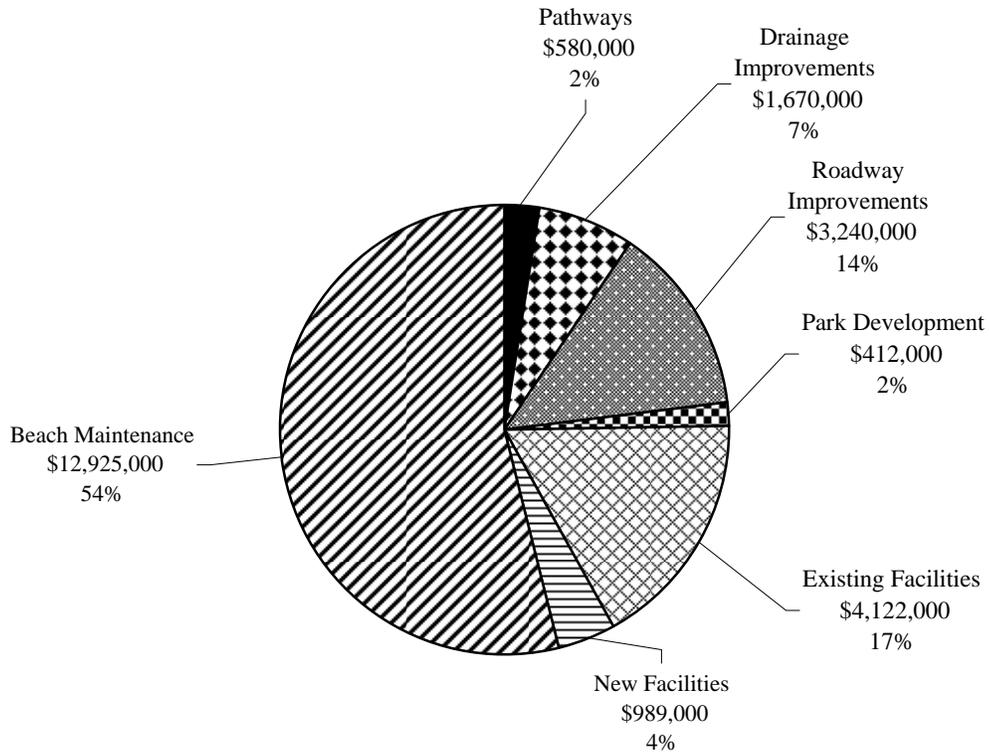
In FY 2011 the major impact items of the Town’s capital assets on the operating budget (General Fund) are as follows:

The FY 2011 General Fund operating budget associated with the upkeep of the Town’s facilities and parks essentially maintains the FY 2010 level of funding. The flat level of funding will have a minimal impact on the overall upkeep of Town property. This will merely delay some maintenance and improvements.

## Fiscal Year 2011 Capital Improvements Program (CIP)

The Capital Projects Fund (CIP) budget for Fiscal Year 2011 totals **\$23.9 million** and consists of the following category funding levels:

### Capital Projects Fund (CIP) Expenditures by Category



## Revenues and Expenditures by Category Analysis - Historical, Estimated Actual, and Budget

	2007	2008	2009	2010		2011 Budget	% change	
				Revised Budget	Est. Actual		FY 2010 Budget	FY 2010 Est. Actual
<b>Revenues</b>								
Property Taxes	674,477	691,104	709,774	707,050	684,060	692,270	-2%	1%
Investments	1,665,890	830,769	213,183	-	15,766	-	0%	-100%
Grants	98,246	61,843	52,525	30,419	18,131	-	-100%	-100%
Contributions	290,092	8,000	8,500	254,690	12,931	-	-100%	-100%
Sunday Permit Fees	268,100	206,900	254,500	519,536	123,362	270,000	-48%	119%
Capital Sales Tax	-	886,120	703,258	-	1,262	-	0%	0%
Hospitality Tax	5,108,528	5,232,837	4,826,318	4,140,000	7,174,194	-	-100%	-100%
Impact Fees - Roads	172,520	90,799	43,071	342,281	61,903	50,000	-85%	-19%
Impact Fees - Parks	40,806	33,445	15,675	-	11,891	-	0%	-100%
County	250,000	-	300,000	135,408	-	-	-100%	0%
Stormwater Fees	1,351,871	1,501,389	1,572,183	1,573,000	2,343,751	-	-100%	-100%
Sale of Property/Equip.	-	1,060,469	8,582	-	323,000	-	0%	-100%
Bond Proceeds	19,000,000	22,000,000	-	-	-	1,375,000	0%	0%
<b>Transfers In:</b>								
ATAX State	131,243	30,600	-	-	-	-	0%	0%
Real Estate Transfer Fees	3,184,853	65,896	3,098,194	-	8,717	-	0%	0%
Beach Preservation Fees	1,823,111	908,642	2,942,158	2,934,994	1,542,572	12,971,000	342%	741%
Tax Increment Financing	7,292,721	95,548	119,314	2,945,073	147,262	4,363,000	48%	2863%
Hospitality Tax	-	-	-	3,034,194	-	2,106,000	-31%	0%
Stormwater Fees	-	-	-	-	-	1,670,000	0%	0%
Miscellaneous	340,041	26,567	83,881	-	-	-	0%	0%
Lease	80,780	78,473	85,839	69,000	47,496	12,000	-83%	-75%
<b>Total Revenues</b>	<b>41,773,279</b>	<b>33,809,401</b>	<b>15,036,955</b>	<b>16,685,645</b>	<b>12,516,298</b>	<b>23,509,270</b>	<b>41%</b>	<b>88%</b>
<b>Expenditures</b>								
Pathway Improvements	745,364	2,611,428	985,889	1,824,435	1,096,076	580,000	-68%	-47%
Drainage Improvements	843,471	857,617	822,502	2,906,638	880,335	1,670,000	-43%	90%
Roadway Improvements	1,722,723	10,553,294	4,797,316	5,030,501	1,028,910	3,240,000	-36%	215%
Park Development	1,507,577	1,847,015	1,447,812	1,426,589	693,586	412,000	-71%	-41%
Existing Facilities	906,859	1,647,571	5,376,667	7,101,490	4,746,001	4,122,000	-42%	-13%
New Facilities	1,545,272	428,789	4,344,044	2,112,243	876,464	989,000	-53%	13%
Land Acquisition	9,980,434	4,925,773	8,452,181	-	1,087,555	-	0%	-100%
Beach Maintenance	18,405,499	888,643	934,747	2,724,367	1,331,945	12,925,000	374%	870%
Transfers Out	6,808,935	3,972,401	4,527,205	-	5,172,437	37,500	0%	-99%
Debt Service/Issue Costs/Misc.	629,620	222,500	115,084	-	91,325	-	0%	-100%
<b>Total Expenditures</b>	<b>43,095,754</b>	<b>27,955,031</b>	<b>31,803,447</b>	<b>23,126,263</b>	<b>17,004,634</b>	<b>23,975,500</b>	<b>4%</b>	<b>41%</b>
<b>Net change in fund balances</b>	<b>(1,322,475)</b>	<b>5,854,370</b>	<b>(16,766,492)</b>	<b>(6,440,618)</b>	<b>(4,488,336)</b>	<b>(466,230)</b>		
<b>Fund balance - beginning</b>	<b>25,597,413</b>	<b>24,274,938</b>	<b>30,133,566</b>	<b>13,367,074</b>	<b>13,367,074</b>	<b>8,878,738</b>		
<b>Prior period adjustment</b>	-	4,258	-	-	-	-		
<b>Fund balance - ending</b>	<b>24,274,938</b>	<b>30,133,566</b>	<b>13,367,074</b>	<b>6,926,456</b>	<b>8,878,738</b>	<b>8,412,508</b>		

## Capital Projects Fund (CIP) Expenditures by Funding Source - 2011

THOUSANDS OF DOLLARS												
Category	Roll Forward Balance	FY 2011 Budget	Impact Fees	FY 2011 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
<b>Summary</b>												
<b>RE-OCCURRING PROJECTS</b>												
Pathways		175		50				125				
Drainage Improvements	390	1,500				1,500						
Roadway Improvements	449	1,015		115			500	400				
Park Development	309	312		42					270			
Existing Facilities	490	1,097		496	46			486				69
New Facilities		-										
Beach Maintenance	587	425			425							
<b>SUBTOTAL</b>	<b>2,225</b>	<b>4,524</b>	-	<b>703</b>	<b>471</b>	<b>1,500</b>	<b>500</b>	<b>1,011</b>	<b>270</b>	-	-	<b>69</b>
<b>CARRY-OVER PROJECTS</b>												
Pathways	406	405	40				365					
Drainage Improvements	1,370	170				170						
Roadway Improvements	3,066	1,585					1,085	500				
Park Development	136	100						100				
Existing Facilities	793	3,025					1,375	275				1,375
New Facilities	777	899					639	260				
Beach Maintenance		12,500			12,500							
<b>SUBTOTAL</b>	<b>6,548</b>	<b>18,684</b>	<b>40</b>	-	<b>12,500</b>	<b>170</b>	<b>3,464</b>	<b>1,135</b>	-	-	-	<b>1,375</b>
<b>NEW PROJECTS</b>												
Pathways		-										
Drainage Improvements		-										
Roadway Improvements		640					210	430				
Park Development		-										
Existing Facilities		-										
New Facilities		90										90
Beach Maintenance		-										
<b>SUBTOTAL</b>		<b>730</b>	-	-	-	-	<b>210</b>	<b>430</b>	-	-	-	<b>90</b>
<b>TOTAL</b>	<b>8,773</b>	<b>23,938</b>	<b>40</b>	<b>703</b>	<b>12,971</b>	<b>1,670</b>	<b>4,174</b>	<b>2,576</b>	<b>270</b>	-	-	<b>1,534</b>

Note: the schedule above reflects the total CIP expenditures for FY 2011. However the funding sources for each project may be revised to reflect funding availability.

## Capital Projects Fund (CIP) Expenditures by Funding Source - 2011

<b>THOUSANDS OF DOLLARS</b>													
Category	Roll	FY 2011 Budget	Impact Fees	FY				TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
	Forward Balance			2011 Taxes	Beach Fee	SWU Fee							
<b>Pathways</b>													
<b>RE-OCCURRING PROJECTS</b>													
pathway rehabilitation		175		50					125				
<b>SUBTOTAL</b>		<b>175</b>	-	<b>50</b>	-	-	-	-	<b>125</b>	-	-	-	
<b>CARRY-OVER PROJECTS</b>													
Palmetto Bay Road	10												
Target Road	5												
Avocet Road	25												
Lagoon Road	4												
Mathews Drive (US 278 to Beach City Road)	300												
New Orleans Road	2												
US 278 (Gardner Drive to Mathews Drive)		80	40					40					
Dunnagan's Alley	60	325						325					
<b>SUBTOTAL</b>	<b>406</b>	<b>405</b>	<b>40</b>	-	-	-	-	<b>365</b>	-	-	-	-	
<b>NEW PROJECTS</b>													
<b>SUBTOTAL</b>		-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>406</b>	<b>580</b>	<b>40</b>	<b>50</b>	-	-	-	<b>365</b>	<b>125</b>	-	-	-	

Capital Projects Fund (CIP) Expenditures by Funding Source - 2011

Category	Roll Forward Balance	FY 2011 Budget	THOUSANDS OF DOLLARS									
			Impact Fees	FY 2011 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
<b>Drainage Improvements</b>												
<b>RE-OCCURRING PROJECTS</b>												
stormwater pump station maintenance		67				67						
drainage study updates	159											
drainage system rehabilitation	38	933				933						
New Debt Service (system upgrades / new projects / professional services)	193	500				500						
<b>SUBTOTAL</b>	<b>390</b>	<b>1,500</b>	-	-	-	1,500	-	-	-	-	-	-
<b>CARRY-OVER PROJECTS</b>												
Squire Pope Road	400											
Miller's Pond	970	170				170						
<b>SUBTOTAL</b>	<b>1,370</b>	<b>170</b>	-	-	-	170	-	-	-	-	-	-
<b>NEW PROJECTS</b>												
<b>SUBTOTAL</b>		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,760</b>	<b>1,670</b>	-	-	-	1,670	-	-	-	-	-	-

## Capital Projects Fund (CIP) Expenditures by Funding Source - 2011

<b>THOUSANDS OF DOLLARS</b>													
Category	Roll	FY 2011 Budget	Impact Fees	FY				TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
	Forward Balance			2011 Taxes	Beach Fee	SWU Fee							
<b>Roadway Improvements</b>													
<b>RE-OCCURRING PROJECTS</b>													
pedestrian/crosswalk refuges		90		90									
traffic signal mast arms	18	200					100	100					
roadway safety improvements	5	100						100					
intersection improvements	310	90						90					
F & R emergency access points	101	110						110					
private dirt road acquisitions	15	25		25									
directional/neighborhood signage		100					100						
roadway & median improv.		300					300						
<b>SUBTOTAL</b>	<b>449</b>	<b>1,015</b>	-	115	-	-	500	400	-	-	-	-	
<b>CARRY-OVER PROJECTS</b>													
Office Park Road	81												
Summit Drive	7												
Mathews Drive / Beach City Road Roundabout	1,363												
mainland transp.improv.	1,398	500						500					
Mathews Drive/Marshland Rd. roundabout	40	-											
Arrow Rd./Dunnagan's Alley roundabout	53	880					880						
Honey Horn entrance improvements	35	155					155						
intersection/crosswalk lighting	46												
Stoney secondary road south	43	50					50						
Summit Drive realignment		-											
<b>SUBTOTAL</b>	<b>3,066</b>	<b>1,585</b>	-	-	-	-	1,085	500	-	-	-	-	
<b>NEW PROJECTS</b>													
Mathews Drive/ Marshland Rd. connectivity		110					110						
US 278 gateway improvements at Windmill Harbor		200						200					
Leamington/Fresh Market Shoppes/US 278		230						230					
Nassau Street extension		100					100						
<b>SUBTOTAL</b>		<b>640</b>	-	-	-	-	210	430	-	-	-	-	
<b>TOTAL</b>	<b>3,515</b>	<b>3,240</b>	-	115	-	-	1,795	1,330	-	-	-	-	

Capital Projects Fund (CIP) Expenditures by Funding Source - 2011

<b>THOUSANDS OF DOLLARS</b>												
Category	Roll Forward Balance	FY 2011 Budget	Impact Fees	FY 2011			TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
				Taxes	Beach Fee	SWU Fee						
<b>Park Development</b>												
<b>RE-OCCURRING</b>												
park upgrades	309	312		42					270			
<b>SUBTOTAL</b>	<b>309</b>	<b>312</b>	-	42	-	-	-	-	270	-	-	-
<b>CARRY-OVER PROJECTS</b>												
Compass Rose	77											
Recreation Center enhancements	49	100						100				
Rock's/Remy's Tract	10	-										
<b>SUBTOTAL</b>	<b>136</b>	<b>100</b>	-	-	-	-	-	100	-	-	-	-
<b>NEW PROJECTS</b>												
		-										
<b>SUBTOTAL</b>		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>445</b>	<b>412</b>	-	42	-	-	-	100	270	-	-	-

Capital Projects Fund (CIP) Expenditures by Funding Source - 2011

Category	Roll Forward Balance	FY 2011 Budget	THOUSANDS OF DOLLARS									
			Impact Fees	FY 2011 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
<b>Existing Facilities &amp; Infrastructure</b>												
<b>RE-OCCURRING PROJECTS</b>												
rehabilitation and renovation of fixed capital assets	209	251		251								
clean up, maintenance of properties & demolition of structures		291		222								69
apparatus and vehicle replacement	281	555		23	46				486			
<b>SUBTOTAL</b>	<b>490</b>	<b>1,097</b>	-	<b>496</b>	<b>46</b>	-	-		<b>486</b>	-	-	<b>69</b>
<b>CARRY-OVER PROJECTS</b>												
Fire Station 2 repair	12											
Honey Horn stabilization	66											
security cameras	105											
Fire Station 1 replacement	81	2,750					1,375					1,375
Fire Station 6 replacement	282											
Fire Station 2 replacement		275						275				
Town Hall renovations	247											
<b>SUBTOTAL</b>	<b>793</b>	<b>3,025</b>	-	-	-	-	<b>1,375</b>		<b>275</b>	-	-	<b>1,375</b>
<b>NEW PROJECTS</b>												
		-										
<b>SUBTOTAL</b>		-	-	-	-	-	-		-	-	-	-
<b>TOTAL</b>	<b>1,283</b>	<b>4,122</b>	-	<b>496</b>	<b>46</b>	-	<b>1,375</b>		<b>761</b>	-	-	<b>1,444</b>

## Capital Projects Fund (CIP) Expenditures by Funding Source - 2011

<b>THOUSANDS OF DOLLARS</b>												
Category	Roll	FY 2011 Budget	FY					TIF	Hospitality	Sunday	County	Grants / Other
	Forward Balance		Impact Fees	2011 Taxes	Beach Fee	SWU Fee	Tax		Liquor Fees	SCDOT Bond		
<b>New Facilities &amp; Infrastructure</b>												
<b>RE-OCCURRING PROJECTS</b>												
		-										
<b>SUBTOTAL</b>		-	-	-	-	-	-	-	-	-	-	-
<b>CARRY-OVER PROJECTS</b>												
Fire and Rescue T1 upgrade	37											
sewer projects	518	439					439					
Dispatch Center equipment upgrade	9	50						50				
Fire/medical systems and equipment replacement		80						80				
Public safety systems equipment upgrade	2	30						30				
Mobile computing AVL upgrade		30						30				
Fire and Rescue computer systems CAD upgrade	-	70						70				
Coligny/Pope Avenue area improvements	100	100					100					
Dunnagan's Alley/Arrow Road initiative	111	100					100					
<b>SUBTOTAL</b>	<b>777</b>	<b>899</b>	-	-	-	-	<b>639</b>	<b>260</b>	-	-	-	-
<b>NEW PROJECTS</b>												
site infrastructure emergency Town Hall at F&R Training Center		90										90
<b>SUBTOTAL</b>		<b>90</b>	-	-	-	-	-	-	-	-	-	<b>90</b>
<b>TOTAL</b>	<b>777</b>	<b>989</b>	-	-	-	-	<b>639</b>	<b>260</b>	-	-	-	<b>90</b>

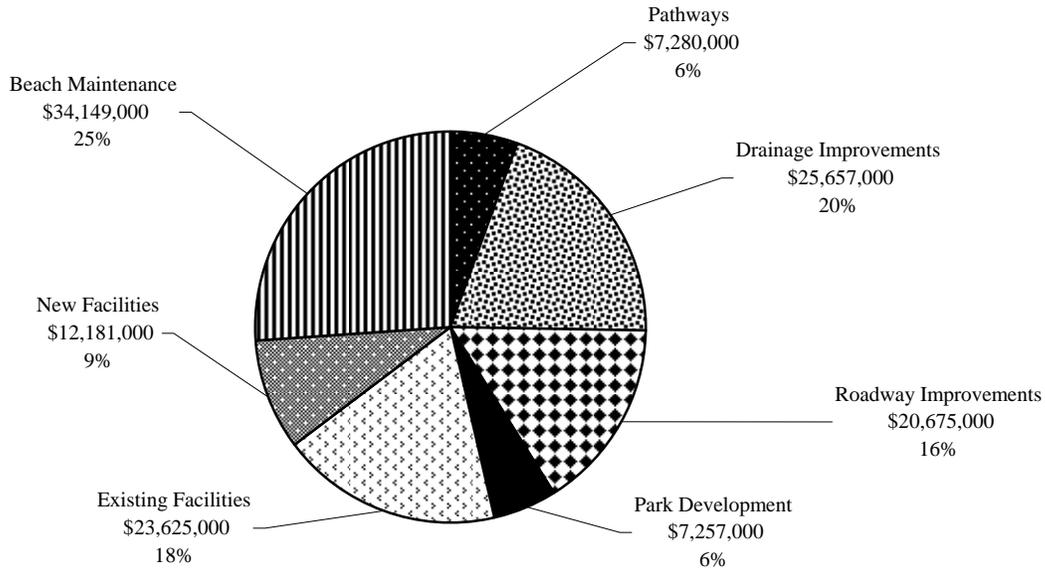
Capital Projects Fund (CIP) Expenditures by Funding Source - 2011

<b>THOUSANDS OF DOLLARS</b>												
Category	Roll	FY 2011 Budget	Impact Fees	FY		SWU Fee	TIF	Hospitality Tax	Sunday		County Bond	Grants / Other
	Forward Balance			2011 Taxes	Beach Fee				Liquor Fees	SCDOT		
<b>Beach Maintenance</b>												
<b>RE-OCCURRING PROJECTS</b>												
beach renourishment	173											
shoreline management plan	158											
beach management and monitoring	249	325			325							
beach parks/access rehabilitation	7	75			75							
dunes refurbishment and maintenance		25			25							
<b>SUBTOTAL</b>	<b>587</b>	<b>425</b>	-	-	<b>425</b>	-	-	-	-	-	-	-
<b>CARRY-OVER PROJECTS</b>												
Port Royal fill project		12,500			12,500							
<b>SUBTOTAL</b>		<b>12,500</b>	-	-	<b>12,500</b>	-	-	-	-	-	-	-
<b>NEW PROJECTS</b>												
		-										
<b>SUBTOTAL</b>		<b>-</b>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>587</b>	<b>12,925</b>	-	-	<b>12,925</b>	-	-	-	-	-	-	-

## Ten-Year Capital Improvements Program (CIP)

The anticipated capital expenditures over the next ten years are anticipated to be **\$130.8 million**. The estimated expenditures by program are as follows:

### Ten-Year Capital Improvements Program Expenditures by Program



#### THOUSANDS OF DOLLARS

Category	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016-2020
<b><u>Total Capital Improvement Program</u></b>						
Pathways	580	515	1,135	420	470	4,160
Drainage Improvements	1,670	2,520	2,883	2,140	2,589	13,855
Roadway Improvements	3,240	6,320	3,765	6,005	370	975
Park Development	412	520	1,025	2,600	1,700	1,000
Existing Facilities	4,122	3,827	3,456	824	1,786	9,610
New Facilities	989	2,471	383	655	843	6,840
Beach Maintenance	12,925	441	458	475	475	19,375
<b>Total</b>	<b>130,824</b>	23,938	16,614	13,105	13,119	55,815

## CIP Expenditures by Category 2011-2020

Category	<b><u>THOUSANDS OF DOLLARS</u></b>					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2014	FY 2016-2020
<b><u>Pathways</u></b>						
pathway rehabilitation	175	180	185	195	200	1,050
US 278 (Gardner Drive to Mathews Drive)	80	150				
Dunnagan's Alley	325					
US 278 (Wexford Circle to Fresh Market Shoppes)		20	350			
Leg O' Mutton		30	200			
Pembroke Drive		55	350			
Gardner Drive		50		200		
Archer Road		30	50			
Singleton Beach Road				25	200	
Jonesville Road					70	350
US 278 (south side phased)						1,775
US 278 (Gum Tree to Squire Pope Road)						300
US 278 (Squire Pope Road to Jenkins Island)						385
US 278 (Jenkins Island to Bridge)						300
<b>Total</b>	<b>580</b>	<b>515</b>	<b>1,135</b>	<b>420</b>	<b>470</b>	<b>4,160</b>

Category	<b><u>THOUSANDS OF DOLLARS</u></b>					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016-2020
<b><u>Drainage Improvements</u></b>						
stormwater pump station maintenance	67	76	77	78	84	435
drainage system rehabilitation	933	1,774	1,806	1,562	2,005	10,920
New Debt Service (system upgrades / new projects / professional services)	500	500	500	500	500	2,500
Miller's Pond	170					
Arrow Road		170	500			
<b>Total</b>	<b>1,670</b>	<b>2,520</b>	<b>2,883</b>	<b>2,140</b>	<b>2,589</b>	<b>13,855</b>

## CIP Expenditures by Category 2011-2020

### THOUSANDS OF DOLLARS

Category	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016-2020
<b><u>Roadway Improvements</u></b>						
mainland transportation improvements	500	600				
Mathews Dr./Marshland Rd. roundabout		1,150				
Mathews Dr./Chaplin area connectivity	110	500				
Arrow Road/Dunnagan's Alley roundabout	880					
US 278 gateway improvements at Windmill Harbor	200	300	400	2,000		
Leamington/Fresh Market Shoppes	230	1,125				
pedestrian crosswalks and refuges	90	220	150			
traffic signal mast arms	200	375	400			
roadway safety improvements	100	100	100			
Nassau Street extension	100	500				
intersection improvements	90	100				
F&R emergency access points	110	110	170	185	175	150
private(dirt) rd. acquisition	25					
directional/neighborhood signage	100	100	50	50	50	
Honey Horn entrance improvements	155					
Stoney Secondary Road (south)	50	40	600			
Summit Drive realignment and refurbishment		400				
roadway median improvements	300	700	1,250			
South Forest Beach Road improvements			270	1,650		
Lemoyne Avenue reconstruction			75	800		
Fifth Street extension			300	1,320		
Lagoon Road improvements					145	825
<b>Total</b>	<b>3,240</b>	<b>6,320</b>	<b>3,765</b>	<b>6,005</b>	<b>370</b>	<b>975</b>

## CIP Expenditures by Category 2011-2020

Category	<b>THOUSANDS OF DOLLARS</b>					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016-2020
<b><u>Park Development</u></b>						
Park Upgrades	312	200	200	200	200	1,000
Recreation Center enhancements	100					
Rock's/Remy's Tract		20				
Chaplin Linear Park		100		900		
Rowing and Sailing Center		150		1,500		
Yacht Cove Community Park		50			1,000	
Collier Beach Park			400			
Chaplin Linear Park Boardwalk			400			
Ford Shell Ring Park			25		500	
<b>Total</b>	<b>412</b>	<b>520</b>	<b>1,025</b>	<b>2,600</b>	<b>1,700</b>	<b>1,000</b>

Category	<b>THOUSANDS OF DOLLARS</b>					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016-2020
<b><u>Existing Facilities</u></b>						
rehabilitaion and renovation of fixed capital assets	251	251	251	251	251	1,255
clean up, maintenance of properties & demolition of structures	291	291	291	291	291	1,455
apparatus and vehicle replacement	555	385	414	282	1,244	6,900
Fire Station 1 replacement	2,750					
Fire Station 6 replacement		2,750				
Fire Station 2 replacement	275		2,500			
Town Hall renovations		150				
<b>Total</b>	<b>4,122</b>	<b>3,827</b>	<b>3,456</b>	<b>824</b>	<b>1,786</b>	<b>9,610</b>

## CIP Expenditures by Category 2011-2020

### THOUSANDS OF DOLLARS

Category	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016-2020
<b><u>New Facilities</u></b>						
sewer projects	439	696	58	100	33	100
dispatch center equipment upgrade	50	50	50	50	50	250
Fire/medical systems and equipment replacement	80		25	405	760	630
Public safety systems equipment upgrade	30	50		100		360
Mobile computing AVL upgrade	30	75				
Fire and Rescue computer systems CAD upgrade	70					
Coligny/Pope Avenue area initiative	100					
Dunnagan's Alley/Arrow Rd. area initiative	100	1,600				
site infrastructure emergency Town Hall at F&R Training Center	90					
Public Safety WAN/PN			250			
law enforcement center						5,500
<b>Total</b>	<b>989</b>	<b>2,471</b>	<b>383</b>	<b>655</b>	<b>843</b>	<b>6,840</b>

### THOUSANDS OF DOLLARS

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016-2020
<b><u>Beach Maintenance</u></b>						
beach management and monitoring	325	341	358	375	375	1,875
beach parks/access rehabilitation	75	75	75	75	75	375
dunes refurbishment and maintenance	25	25	25	25	25	125
Port Royal fill project	12,500					
beach renourishment						17,000
<b>Total</b>	<b>12,925</b>	<b>441</b>	<b>458</b>	<b>475</b>	<b>475</b>	<b>19,375</b>

# 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

	2007	2008	2009	2010		2011 Budget	% change	
				Revised Budget	Est. Actual		FY 2010 Budget	FY 2010 Est. Actual
<b><u>Revenues</u></b>								
Property Taxes	4,691,193	4,602,493	4,734,076	5,627,650	5,474,350	5,540,040	-2%	1%
Investments	453,867	399,235	206,739	46,200	130,000	130,000	181%	0%
Bond Premium	-	414,398	-	-	-	-	-	-
Federal Reimbursement - BABS	-	-	-	-	-	207,870	100%	100%
<b><u>Transfers In:</u></b>								
Hospitality Taxes	800,000	720,803	758,236	756,510	756,507	760,120	0%	0%
Real Estate Transfer Fees	2,777,588	3,560,130	2,331,090	2,723,120	2,723,118	2,722,170	0%	0%
Stormwater Fees	1,247,348	1,247,392	1,250,275	1,247,940	1,247,940	1,248,670	0%	0%
Beach Preservation Fees	363,141	2,851,107	2,676,584	2,812,810	2,812,810	2,793,070	-1%	-1%
Tax Increment Financing	-	-	3,964,162	3,987,540	3,987,540	4,011,460	1%	1%
Capital Projects Fund	2,865,407	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>13,198,544</b>	<b>13,795,558</b>	<b>15,921,162</b>	<b>17,201,770</b>	<b>17,132,265</b>	<b>17,413,400</b>	<b>1%</b>	<b>2%</b>
<b><u>Expenditures</u></b>								
Administrative	166,892	248,738	23,535	20,490	20,490	20,490	0%	0%
Principal	5,640,000	8,010,000	11,220,000	12,185,000	11,980,000	12,890,000	6%	8%
Interest	5,154,484	5,267,567	5,679,190	5,190,450	5,015,702	5,185,130	0%	3%
<b>Total Expenditures</b>	<b>10,961,376</b>	<b>13,526,305</b>	<b>16,922,725</b>	<b>17,395,940</b>	<b>17,016,192</b>	<b>18,095,620</b>	<b>4%</b>	<b>6%</b>
<b>Net change in fund balances</b>	<b>2,237,168</b>	<b>269,253</b>	<b>(1,001,563)</b>	<b>(194,170)</b>	<b>116,073</b>	<b>(682,220)</b>		
<b>Fund balance - beginning</b>	<b>8,349,223</b>	<b>10,586,391</b>	<b>10,884,048</b>	<b>9,882,485</b>	<b>9,882,485</b>	<b>9,998,558</b>		
<b>Prior period adjustment</b>	-	28,404	-	-	-	-		
<b>Fund balance - ending</b>	<b>10,586,391</b>	<b>10,884,048</b>	<b>9,882,485</b>	<b>9,688,315</b>	<b>9,998,558</b>	<b>9,316,338</b>		

## Debt Service Fund Expenditures

The Fiscal Year 2011 budgeted debt service expenditures are as follows:

### Debt Service Payments

	Interest	Principal	Total
<b><u>Certificates of Participation</u></b>			
2004A - Certificates of Participation	\$ 152,455	\$ 1,010,000	\$ 1,162,455
2005 - Certificates of Participation	19,453	120,000	139,453
<b>Total Certificates of Participation</b>	<b>\$ 171,908</b>	<b>\$ 1,130,000</b>	<b>\$ 1,301,908</b>
<b><u>General Obligation Bonds</u></b>			
Series 1996A - General Obligation Bonds	\$ -	\$ -	\$ -
Series 1996B - General Obligation Refunding Bonds	-	-	-
Series 1999A - General Obligation Referendum Bonds (portion remaining)	-	-	-
Series 1999B - General Obligation Bonds	-	-	-
Series 2004A - General Obligation Bonds	611,250	450,000	1,061,250
Series 2004B - General Obligation Refunding Bonds	62,125	2,230,000	2,292,125
Series 2005A - General Obligation Refunding Bonds	967,315	1,470,000	2,437,315
Series 2008A - General Obligation Refunding Bonds	477,650	630,000	1,107,650
Series 2009 - General Obligation Refunding Bonds	147,151	-	147,151
Series 2010 - General Obligation Bonds (BABS)	593,910	330,000	923,910
<b>Total General Obligation Bonds</b>	<b>\$ 2,859,401</b>	<b>\$ 5,110,000</b>	<b>\$ 7,969,401</b>
<b><u>Revenue Bonds</u></b>			
2002 Stormwater Bonds	\$ 660,665	\$ 585,000	\$ 1,245,665
2004 Hospitality Tax Bonds	416,623	340,000	756,623
2006 Beach Preservation Fee Bonds	470,073	2,320,000	2,790,073
2004 TIF Bonds	188,325	810,000	998,325
2008 TIF Bonds	418,136	2,595,000	3,013,136
<b>Total Revenue Bonds</b>	<b>\$ 2,153,822</b>	<b>\$ 6,650,000</b>	<b>\$ 8,803,822</b>
<b>Grand Total</b>	<b>\$ 5,185,131</b>	<b>\$ 12,890,000</b>	<b>\$ 18,075,131</b>

## Calculation of the Legal Debt Limit

<b>Assessed Value as of December 2009 (estimated 2010 assessed value)</b>		<b>\$ 922,170,000</b>
<b>Debt Limit - Eight Percent (8%) of Assessed Value, without voter's approval</b>		<b>73,773,600</b>
<b>Council Imposed 80% Cap</b>		<b>59,018,880</b>
<b>Amount of Debt Applicable to Debt Limit:</b>		
General Obligation Bonds 1996A	\$	-
General Obligation Refunding Bonds 1996B		-
General Obligation Bonds 1999B		-
General Obligation Bonds 2004B (Refunding of Series 1998B)		3,155,000
<b>Total Amount Applicable to Debt Limit</b>		<b>3,155,000</b>
<b>Legal Debt Margin without a Referendum</b>		<b>\$ 55,863,880</b>

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

	Issue Amt.	Outstanding
<b><u>Certificates of Participation</u></b>		
2004A - Certificates of Participation	\$ 9,060,000	\$ 4,240,000
2005 - Certificates of Participation	1,055,000	490,000
<b>Total Certificates of Participation</b>	<b>\$ 10,115,000</b>	<b>\$ 4,730,000</b>
<b><u>General Obligation Bonds</u></b>		
Series 1996A - General Obligation Bonds	\$ 1,425,000	paid off
Series 1996B - General Obligation Refunding Bonds	11,180,000	paid off
Series 1999A - General Obligation Bonds (portion remaining)	2,050,000	paid off
Series 1999B - General Obligation Bonds	6,000,000	refunded 2010
Series 2004A - General Obligation Bonds	15,000,000	12,605,000
Series 2004B - General Obligation Bonds (Refunded portion of Series 1998B)	5,365,000	3,155,000
Series 2005A - General Obligation Bonds (Refunded portion of Series 1999A & 2001A)	24,265,000	22,930,000
Series 2008A - General Obligation Bonds (Refunded portion of Series 1998A)	12,215,000	11,425,000
Series 2009 - General Obligation Refunding Bonds	5,005,000	5,005,000
Series 2010 - General Obligation Bonds (BABS)	12,000,000	12,000,000
<b>Total General Obligation Bonds</b>	<b>\$ 94,505,000</b>	<b>\$ 67,120,000</b>
<b><u>Revenue Bonds</u></b>		
2002 Stormwater Bonds	\$ 17,000,000	\$ 14,325,000
2004 Hospitality Tax Bonds	10,775,000	8,965,000
2006 Beach Preservation Fees Bonds	19,000,000	12,520,000
2004 TIF Bonds	8,000,000	4,455,000
2008 TIF Bonds	22,000,000	14,055,000
<b>Total Revenue Bonds</b>	<b>\$ 76,775,000</b>	<b>\$ 54,320,000</b>
<b>Grand Total</b>	<b>\$ 181,395,000</b>	<b>\$ 126,170,000</b>

### 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, 2009 \$1,140,806 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.

## Outstanding Debt Issues (continued)

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.

During that time, 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. 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 (9) 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.

3. **Series 2004A General Obligation Referendum Bonds; \$15,000,000, Dated May 1, 2004**

On May 12, 2004, the Town issued \$15,000,000 general obligation bonds for general land acquisition.

4. **Series 2004B General Obligation Bonds; \$5,365,000, Dated October 1, 2004**

On October 26, 2004, the Town issued \$5,365,000 in general obligation bonds. The bonds were issued for the purpose of refunding the 2007 through 2011, inclusive, maturities of the \$6,000,000 General Obligation Bonds, Series 1998B, and to call the 1998B Bonds for redemption on December 1, 2006; and to pay for the cost of issuance.

5. **Series 2005A General Obligation Bonds; \$24,265,000, Dated March 1, 2005**

On March 15, 2005, the Town issued \$24,265,000 in general obligation bonds. The bonds are being used for the purpose of refunding the 2010 through 2024, inclusive, maturities of the \$12,000,000 General Obligation Bonds, Series 1999A, and to call the 1999A Refunded Bonds for redemption on December 1, 2009; refunding the 2010 through 2021, inclusive, maturities of the \$20,000,000 General Obligation Bonds, Series 2001A, and to call the 2001A Refunded Bonds for redemption on March 1, 2009; and to pay for the cost of issuance.

6. **Series 2008A General Obligation Bonds; \$12,215,000, Dated March 20, 2008**

On March 20, 2008, the Town issues \$12,215,000 obligation bonds to refund the remaining Series 1998A General Obligation Bonds dated April 1, 1998 and to pay for the cost of issuance.

## Outstanding Debt Issues (continued)

### **7. 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 refunding bonds to refund the General Obligation Bonds dated November 1, 1999. The anticipated amount of economic savings by refunding the bonds is \$845,592.

### **8. Stormwater Revenue Bonds; \$17,000,000, Dated December 1, 2002**

On December 1, 2002, the Town issued \$17,000,000 revenue bonds to fund stormwater management projects.

### **9. Hospitality Tax Revenue Bonds; \$10,775,000, Dated June 1, 2004**

On June 1, 2004, the Hilton Head Island Public Facilities Corporation, a non-profit entity and component unit of the Town, entered into a Certificate of Participation with Wells Fargo Bank, N.A. for \$10,775,000 secured by revenues collected from Hospitality Tax. The monies will be used for public safety capital improvement projects.

The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated 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, 2008, \$924,654 was the fair value of the amount held in the reserve fund.

### **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 unit 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 Tax. 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, 2008, \$2,046,834 was the fair value amount held in the reserve fund.

### **11. 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.

## Outstanding Debt Issues (continued)

### **12. Tax Increment Financing Bonds; \$22,000,000, Dated April 17, 2008**

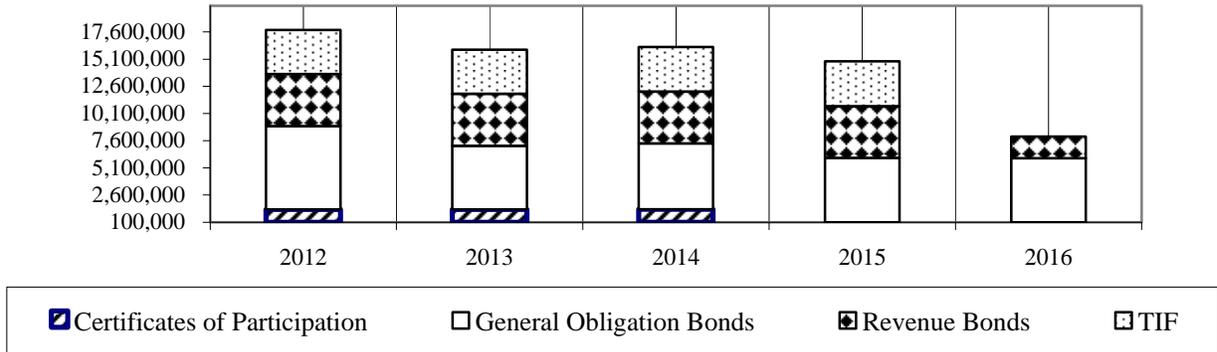
On April 17, 2008 the Town issued \$22,000,000 tax increment bonds to fund capital redevelopment projects related to the Tax Increment Financing District.

The Town is required to maintain an additional security fund of \$1,000,000 to pay debt service in the event TIF Fund revenues are not sufficient. The Town is required to maintain the additional security fund until TIF tax revenues collected in each of two successive fiscal years are not less than 110% of the combined maximum annual debt service on the 2004 and 2008 TIF Bonds. At June 30, 2008 \$1,000,000 was the fair value of the amount held in the additional security fund

## Planned Debt Service for the Next Five Years

	2012	2013	2014	2015	2016
<b><u>Certificates of Participation</u></b>					
2004A - Certificates of Participation	\$ 1,157,155	\$ 1,156,105	\$ 1,167,855	\$ -	\$ -
2005 - Certificates of Participation	134,689	129,925	135,161	-	-
<b>Total Certificates of Participation</b>	<b>\$ 1,291,844</b>	<b>\$ 1,286,030</b>	<b>\$ 1,303,016</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>General Obligation Bonds</u></b>					
Series 2004A - General Obligation Bonds	1,051,500	1,040,925	1,035,725	1,029,475	1,022,175
Series 2004B - General Obligation Bonds	939,337	-	-	-	-
Series 2005A - General Obligation Bonds	2,432,415	2,432,196	2,431,634	2,431,590	2,427,765
Series 2008A - General Obligation Bonds	1,104,413	1,104,600	1,104,662	1,097,137	1,092,837
Series 2009 - General Obligation Bonds	147,151	280,734	490,466	492,296	483,476
Series 2010 - General Obligation Bonds	907,750	981,810	976,250	967,677	963,052
<b>Total General Obligation Bonds</b>	<b>\$ 6,582,566</b>	<b>\$ 5,840,265</b>	<b>\$ 6,038,737</b>	<b>\$ 6,018,175</b>	<b>\$ 5,989,305</b>
<b><u>Revenue Bonds</u></b>					
2002 Stormwater Bonds	\$ 1,244,608	\$ 1,241,924	\$ 1,242,205	\$ 1,240,705	\$ 1,233,830
2004 Hospitality Tax Bonds	754,732	755,733	756,133	755,553	753,765
2006 Beach Preservation Fee Bonds	2,785,554	2,786,216	2,781,330	2,767,500	-
2004 TIF Bonds	999,730	999,275	996,960	997,669	-
2008 TIF Bonds	3,040,935	3,065,610	3,097,161	3,125,291	-
<b>Total Revenue Bonds</b>	<b>\$ 8,825,559</b>	<b>\$ 8,848,758</b>	<b>\$ 8,873,789</b>	<b>\$ 8,886,718</b>	<b>\$ 1,987,595</b>
<b>Grand Total</b>	<b>\$ 16,699,969</b>	<b>\$ 15,975,053</b>	<b>\$ 16,215,542</b>	<b>\$ 14,904,893</b>	<b>\$ 7,976,900</b>

### Debt Service by Funding Type



# 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.

**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.

**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.

**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.

**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.

**Expenditure** – 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 Principals.

**Fund Balance** – Equals the equity in each fund.

**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.

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

**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.

**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** – 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** – 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** – Disbursements for salaries, wages, and all related fringe benefits.

**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)** – Is 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.

**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.

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

# FY 2011 Financial Structure - all funds

The chart below reflects all Funds used by the Town to manage its financial resources. Budgets are formally adopted by Town Council for the General Fund, Debt Service Fund, and Capital Projects Fund (CIP).

	General	Tax Increment Financing District	State Accom. Tax	Real Estate Transfer Fee	Beach Preservation Fee	Hospitality Tax	Stormwater Fee	Debt Service	Capital Projects	Electric Franchise Fee	Total Governmental Funds
<b>Revenues:</b>											
Real and Personal Property Taxes	\$ 11,066,860	\$ 6,576,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,540,040	\$ 692,270	\$ -	\$ 23,876,130
Accommodations Tax	1,952,360	-	3,467,150	-	-	-	-	-	-	-	5,419,510
Hospitality Tax	-	-	-	-	-	4,600,000	-	-	-	-	4,600,000
Business Licenses/Franchise Fees	8,101,500	-	-	-	-	-	-	-	-	-	8,101,500
Permits	878,810	-	-	-	-	-	-	-	-	-	878,810
Other Fees:											
Impact	-	-	-	-	-	-	-	-	50,000	-	50,000
Real Estate Transfer	-	-	-	1,946,560	-	-	-	-	-	-	1,946,560
Beach Preservation	-	-	-	-	3,947,900	-	-	-	-	-	3,947,900
Electric Franchise	-	-	-	-	-	-	-	-	-	2,880,600	2,880,600
Stormwater	-	-	-	-	-	-	3,325,450	-	-	-	3,325,450
State Shared Funds	788,580	-	-	-	-	-	-	-	270,000	-	1,058,580
Contributions/Donations	1,000	-	-	-	-	-	-	-	-	-	1,000
Grants	233,700	-	-	-	-	-	-	-	-	-	233,700
Miscellaneous Revenue	2,214,220	-	-	-	-	-	-	207,870	12,000	-	2,434,090
Investment Income	90,000	8,750	10,000	-	100,000	27,600	-	130,000	-	-	366,350
Total revenues	<u>25,327,030</u>	<u>6,585,710</u>	<u>3,477,150</u>	<u>1,946,560</u>	<u>4,047,900</u>	<u>4,627,600</u>	<u>3,325,450</u>	<u>5,877,910</u>	<u>1,024,270</u>	<u>2,880,600</u>	<u>59,120,180</u>
<b>Expenditures:</b>											
General Government											
Town Council	416,380	-	-	-	-	-	-	-	-	-	416,380
Town Manager	751,540	-	-	-	-	-	-	-	-	-	751,540
	<u>1,167,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,167,920</u>
Administration											
Finance	1,677,790	-	-	20,000	-	-	-	-	-	-	1,697,790
Administration/Legal	3,325,400	-	-	-	-	-	-	-	-	-	3,325,400
	<u>5,003,190</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,023,190</u>
Community Services											
Community Development	2,733,040	-	-	-	-	-	-	-	-	-	2,733,040
Public Projects and Facilities	3,566,620	-	-	-	-	-	-	-	-	-	3,566,620
	<u>6,299,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,299,660</u>
Public Safety											
Fire and Rescue	13,482,490	-	-	-	-	-	-	-	-	-	13,482,490
Sheriff/Other Public Safety	3,145,200	-	-	-	-	-	-	-	-	-	3,145,200
	<u>16,627,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,627,690</u>
Townwide	2,828,270	-	-	-	-	-	-	-	-	-	2,828,270
Capital Projects	-	-	-	-	-	-	-	-	23,938,000	2,200,000	26,138,000
Accommodations Tax Grants	-	-	1,481,540	-	-	-	-	-	-	-	1,481,540
Visitor and Convention Bureau	-	-	-	-	-	-	-	-	-	-	-
Debt Service	339,370	-	-	-	-	-	-	18,095,620	-	-	18,434,990
Total expenditures	<u>32,266,100</u>	<u>-</u>	<u>1,481,540</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,095,620</u>	<u>23,938,000</u>	<u>2,200,000</u>	<u>78,001,260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,939,070)</u>	<u>6,585,710</u>	<u>1,995,610</u>	<u>1,926,560</u>	<u>4,047,900</u>	<u>4,627,600</u>	<u>3,325,450</u>	<u>(12,217,710)</u>	<u>(22,913,730)</u>	<u>680,600</u>	<u>(18,881,080)</u>
<b>Other financing sources (uses):</b>											
Transfers In:											
Accommodations Tax - State	1,329,400	-	-	-	-	-	-	-	-	-	1,329,400
Accommodations Tax - Local	-	-	-	-	-	-	-	-	-	-	-
Hospitality Tax	3,128,630	-	-	-	-	-	-	760,120	2,106,000	-	5,994,750
Real Estate Transfer	-	-	-	-	-	-	-	2,722,170	-	-	2,722,170
Beach Preservation	1,478,080	-	-	-	-	-	-	2,793,070	12,971,000	-	17,242,150
Electric Franchise	80,630	-	-	-	-	-	-	-	-	-	80,630
TIF	184,330	-	-	-	-	-	-	4,011,460	4,363,000	-	8,558,790
Sunday Liquor Permits	37,500	-	-	-	-	-	-	-	-	-	37,500
Stormwater	389,730	-	-	-	-	-	-	1,248,670	1,670,000	-	3,308,400
Transfers Out:											
Accommodations Tax	-	-	(1,329,400)	-	-	-	-	-	-	-	(1,329,400)
Hospitality Tax	-	-	-	-	-	(5,994,750)	-	-	-	-	(5,994,750)
Real Estate Transfer	-	-	-	(2,722,170)	-	-	-	-	-	-	(2,722,170)
Beach Preservation	-	-	-	-	(17,242,150)	-	-	-	-	-	(17,242,150)
Electric Franchise	-	-	-	-	-	-	-	-	-	(80,630)	(80,630)
TIF	-	(8,558,790)	-	-	-	-	-	-	-	-	(8,558,790)
Sunday Liquor Permits	-	-	-	-	-	-	-	-	(37,500)	-	(37,500)
Stormwater	-	-	-	-	-	-	(3,308,400)	-	-	-	(3,308,400)
Stormwater Bonds	-	-	-	-	-	-	-	-	-	-	-
Hospitality Tax Bonds	-	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-	-	1,375,000	-	1,375,000
Total other financing sources (uses)	<u>6,628,300</u>	<u>(8,558,790)</u>	<u>(1,329,400)</u>	<u>(2,722,170)</u>	<u>(17,242,150)</u>	<u>(5,994,750)</u>	<u>(3,308,400)</u>	<u>11,535,490</u>	<u>22,447,500</u>	<u>(80,630)</u>	<u>1,375,000</u>
Net change in fund balances	<u>(310,770)</u>	<u>(1,973,080)</u>	<u>666,210</u>	<u>(795,610)</u>	<u>(13,194,250)</u>	<u>(1,367,150)</u>	<u>17,050</u>	<u>(682,220)</u>	<u>(466,230)</u>	<u>599,970</u>	<u>(17,506,080)</u>
Fund balance - beginning	15,240,323	5,680,420	2,276,575	1,707,963	12,715,854	-	-	9,998,558	8,878,738	724,861	57,223,292
Fund balance - ending	<u>\$ 14,929,553</u>	<u>\$ 3,707,340</u>	<u>\$ 2,942,785</u>	<u>\$ 912,353</u>	<u>\$ (478,396)</u>	<u>\$ (1,367,150)</u>	<u>\$ 17,050</u>	<u>\$ 9,316,338</u>	<u>\$ 8,412,508</u>	<u>\$ 1,324,831</u>	<u>\$ 38,342,213</u>

\* The FY 2011 budget reflects projects funded through Beach Preservation Fees, Stormwater Fees, and Hospitality Taxes on a "cash basis". The Town plans to issue bonds in FY 2011 to fund these projects thereby spreading the costs over the life of the projects.