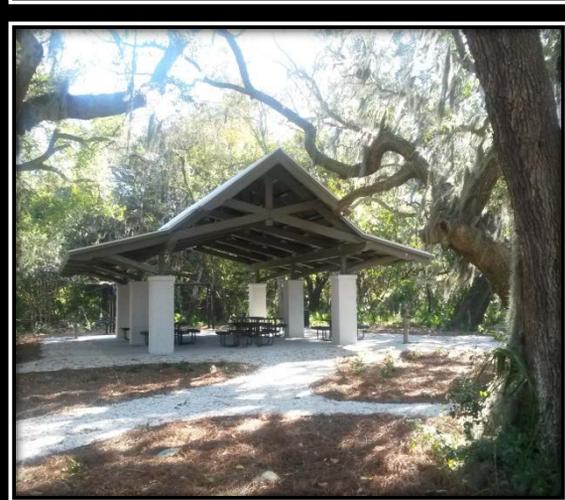


# TOWN OF HILTON HEAD ISLAND, South Carolina CONSOLIDATED MUNICIPAL BUDGET



*Fiscal Year July 1, 2015 through June 30, 2016*

**TOWN OF HILTON HEAD ISLAND, SC  
CONSOLIDATED MUNICIPAL BUDGET  
FISCAL YEAR ENDED JUNE 30, 2016**

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**ELECTED OFFICIALS**

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**MAYOR**

The Honorable David G. Bennett

**TOWN COUNCIL**

William D. Harkins, Mayor Pro Tempore

Wm. Lee Edwards

Marc A. Grant

Kimberly W. Likins

John J. McCann

Thomas W. Lennox

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**ADMINISTRATIVE STAFF**

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Stephen G. Riley  
Gregory DeLoach  
Bradley Tadlock  
Susan Simmons  
Charles F. Cousins  
Scott Liggett

Town Manager  
Assistant Town Manager  
Fire and Rescue 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, 2014**

A handwritten signature in cursive script, reading "Jeffrey R. Egan".

Executive Director

**The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Town of Hilton Head Island, South Carolina for its annual budget for the fiscal year beginning July 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.**

**This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.**

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# Reader's Guide

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

## Town Manager's Letter

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

## Town Vision

This section identifies Town Council's goals for calendar year 2015.

## About Hilton Head Island

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

## General Information

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

## Accounting and Financial Policies

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

## Budget Process Overview

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

## Consolidated Budget Summary - Governmental Funds

This section includes an introduction, fiscal year 2016 consolidated budget, where the money comes from (chart), where the money goes by program (chart), where the money goes by category (chart), trend analysis of expenditures by fund (chart), historical overview of revenues and expenditures (schedule), budget highlights, property tax analysis, millage rate historical analysis (chart), and staffing changes. The Town has three budgeted governmental funds.

### General Fund

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

# Reader's Guide, continued

## Consolidated Budget Summary - Governmental Funds, continued

### Debt Service Fund

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

### Capital Projects Fund

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

### Proprietary Fund

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

#### Stormwater Fund

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

### Appendix

1. Glossary of terms; this section provides definitions of key terms used throughout this document.
2. FY 2016 Financial Structure-All Funds. This statement provides estimated revenues, expenditures and fund balances of all funds including those for which budgets are not formally adopted.
3. FY 2016 Flow of Funds-All Funds. This statement is provided to assist the reader in understanding the transfers to and from budgeted and unbudgeted funds.

# Town Manager's Letter

June 16, 2015

Dear Council Members:

I am pleased to submit to you the fiscal year 2016 budget. The budget presents a balanced but optimistic approach as the Town's economy is following or exceeding the national upward trend. The budget presented is also cautious as the county-wide property reassessment continues to impact the Town's largest revenue source, the ad valorem taxes. Despite the challenges, the fiscal year 2016 budget ensures our continued long-term financial stability – enabling us to continue to meet customer needs responsively and responsibly well into the future. The budget honors our commitment to our community by maintaining service levels while maximizing a limited resource of funds.

## **Budget Summary - Governmental Funds**

The fiscal year 2016 budget represents a funding plan designed to meet the needs of the Town's citizens. The total consolidated budget amount is \$83,167,955\* representing the General, Capital Projects, and Debt Service Funds.

The General Fund budget maintains the current level of high quality service. Overall, General Fund expenditures are programmed at \$38.8 million for fiscal year 2016 compared to \$38.2 million last fiscal year, an increase of \$565,050 or 1.48%. The Town's primary programmatic decreases are a decrease in funding of \$402,608 for Roadway and Closed Loop Traffic Signal Maintenance under Community Services; and a \$267,429 decrease for capital outlay under Fire Rescue. These decreases are offset by an increase in funding in Public Projects and Facilities of \$359,087 for Facilities Management primarily related to the repair and replacement of Town-owned facilities; an increase of \$831,494 in Townwide Operating Expenditures; an increase of \$289,862 in Townwide Grants as well as a 3% average personnel increase, (\$549,739) allocated by department and then to employees on a merit basis.

The Town and the Island Recreation Association have an agreement wherein the Association operates the Island Recreation Center and S.H.A.R.E. Center for senior citizens. Similarly, the Coastal Discovery Museum operates the Town's property at Honey Horn. In prior years, the Town's funding for both operations had been reported in the General Fund while the funding for both organizations' capital needs (sometimes capital but also repair and maintenance) was reported in the Town's Capital Projects Fund. Since fiscal year 2014, the Town budgets both components for both organizations in the General Fund under Town-wide grants. The fiscal year 2016 funding request for the capital portion is \$179,500 for Island Recreation/S.H.A.R.E. and \$62,700 for Coastal Discovery Museum.

\*Without a net of Transfers to the General Fund and Debt Service Fund of \$1,515,836 from the Capital Projects Fund, the combined amount is \$84,683,791.

# Town Manager's Letter, continued

The Debt Service Fund's budgeted expenditures are programmed at \$11.2 million for fiscal year 2016 compared to \$16.7 million last fiscal year. There is a \$5.5 million or 32.9% decrease in expenditures over the previous fiscal year's budget due to a reduction in outstanding debt issues. Millage will not be decreased as the Town will be issuing new General Obligation Bonds in fiscal year 2016 for the Shelter Cove Park and the Island Recreation Association's building expansion.

In fiscal year 2014, the Town shifted the reporting of some budgeted expenditures from Capital Projects to the General Fund. The remaining expenditures in the Capital Projects Fund are programmed at \$34.7 million for fiscal year 2016 compared to a revised budget of \$16.8 million for fiscal year 2015. This is a \$17.9 million (106%) increase in budgeted expenditures which is summarized below and explained in detail in the Capital Projects Fund budget section.

- In Beach Maintenance, complete major beach renourishment for \$20.5 million is proposed in the fiscal year 2016 but only planning and permitting for the renourishment is proposed in the fiscal year 2015 budget.
- In Park Development, a significant expansion of the Hilton Head Island Recreation Association is proposed for fiscal year 2016.
- In Roadway Improvements, extension of Heritage Plaza Road is proposed for fiscal year 2016. This project is part of the TIF Extension commitments; the budget is a placeholder for the Coligny area improvements and actual construction will likely be deferred to future years.

## **Budget Summary - Proprietary Fund**

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

The Stormwater Fund expenses and transfers out are programmed at \$3.7 million for fiscal year 2016 compared to the \$4.9 million revised budget for fiscal year 2015. In fiscal year 2015, the Town brought forward a large non-recurring capital project and inventory and modeling contractual services which will not have comparable budgeted items in fiscal year 2016.

The Town continues to operate this fund on a "pay as you go" approach. The Town believes it will be able to complete critical projects under this approach, but some projects will be delayed until future fiscal years. With this approach, the Stormwater fee will remain at \$108.70 per SFU for the sixth consecutive year. A comprehensive rate study will be performed in fiscal year 2016 and rates are likely to increase in fiscal year 2017.

# Town Manager's Letter, continued

## Financial Plan for Budgeted Governmental Funds

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

The **General Fund** is the operating fund of the Town and accounts for all financial resources of the Town except those required for capital projects and debt service as well as the proprietary fund.

The **Debt Service Fund** accounts for the accumulation of resources and the payment of debt of governmental funds. (The proprietary fund has its own debt.)

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

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

### Comparison of the Fiscal Year 2015 Revised Budget with the Fiscal Year 2016 Budget

	General Fund	Debt Service Fund	Capital Projects Fund	Consolidated Budget
FY 2015 Revised Budget	\$ 38,222,204	\$ 16,716,756	\$ 16,826,768	\$ 71,765,728
FY 2016 Budget	\$ 38,787,254	\$ 11,215,701	\$ 34,680,836	\$ 84,683,791
Amount of Increase/(Decrease)	\$ 565,050	\$ (5,501,055)	\$ 17,854,068	\$ 12,918,063
Percent of Increase/(Decrease)	1.48%	-32.91%	106.11%	18.00%

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

	General Fund	Debt Service Fund	Capital Projects Fund	Consolidated Municipal Budget
FY 2015 Revised Budget	53.26%	23.29%	23.45%	100.00%
FY 2016 Budget	45.80%	13.24%	40.96%	100.00%

# Town Manager's Letter, continued

## Millage Rate

The millage rate for fiscal year 2016 will increase for the General Fund by 5.78%; the Capital Projects Fund and Debt Service Fund millage will not change; and total millage increases by 3.89%. The County is nearing completion of reassessment appeals. True growth is beginning to offset the downward effect of reassessment, resulting in a net gain of the value of a mil. In fiscal year 2015, the Town used \$840,326 in its budget for the value of a mil. In fiscal year 2016, the value of a mil is \$851,848, a 1.4% increase. The chart below presents the millage rates for fiscal years 2015 and 2016.

<u>Fund</u>	<u>FY 2015</u>	<u>FY 2016</u>
General Fund	14.37	15.20
Debt Service Fund	6.14	6.14
Capital Projects Fund	0.84	0.84
<b>Total Millage Rate</b>	<b>21.35</b>	<b>22.18</b>

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

<u>Millage Rate by Fund</u>	<u>FY 2015</u>	<u>FY 2016</u>
General Fund	14.37	15.20
Debt Service Fund	6.14	6.14
Capital Projects Fund	0.84	0.84
	<u>21.35</u>	<u>22.18</u>
Value of Home	350,000	350,000
Taxable Value (4% Primary Residence)	14,000	14,000
<b><u>Taxes Paid</u></b>		
General Fund	201.18	212.81
Debt Services Fund	85.96	85.96
Capital Projects Fund	11.76	11.76
	<u>298.90</u>	<u>310.53</u>

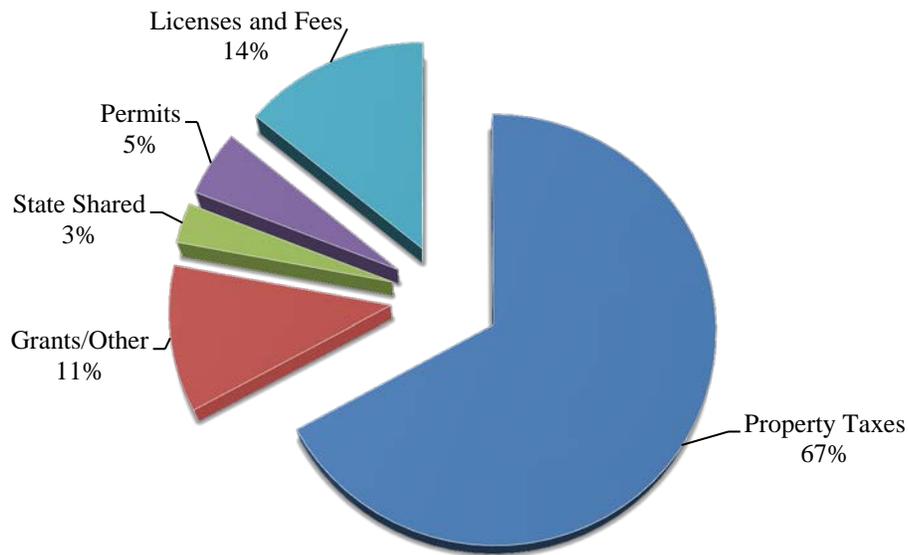
# Town Manager's Letter, continued

## General Fund

A mix of property taxes, business and franchise licenses, permitting fees, local accommodations tax for public safety and tourism facilities, state-shared funds, and funds from prior years (fund balance) supports the General Fund budget of \$38,787,254. As one of our financial planning goals, we continue to look at the mix of revenues for the General Fund.

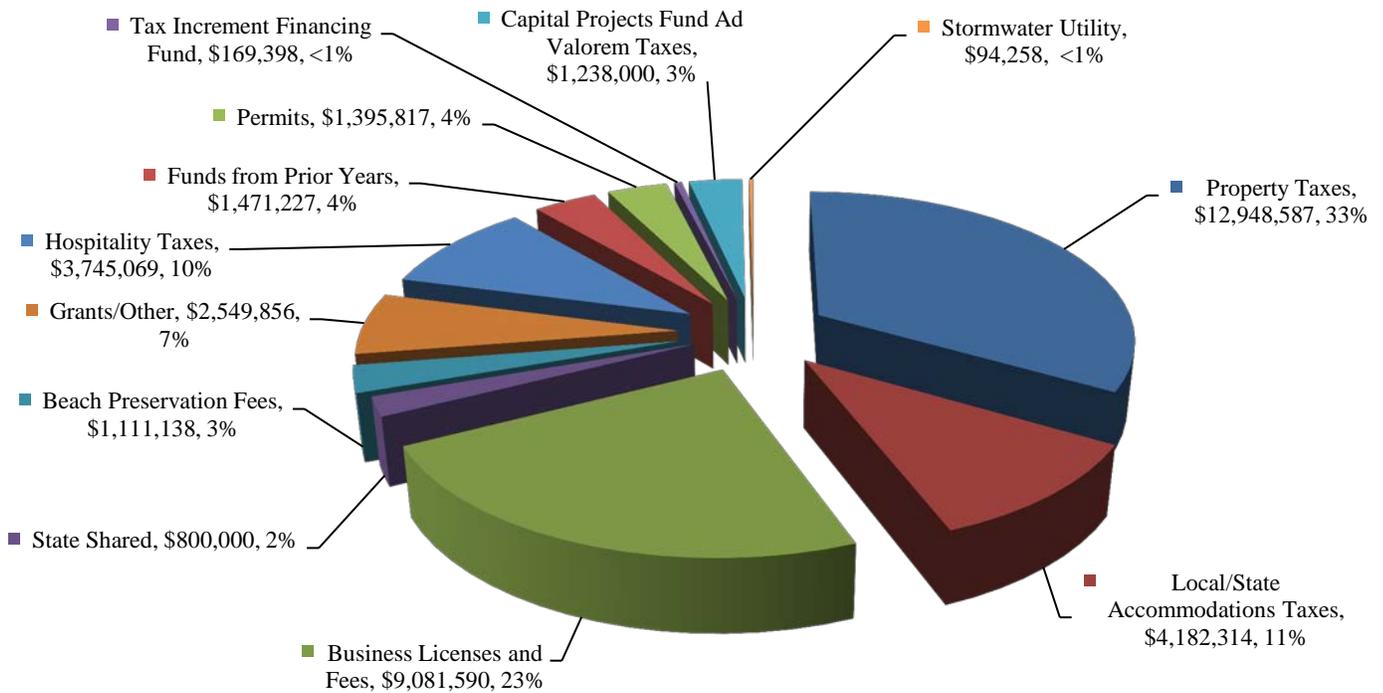
The charts below and on the next page provide a comparison of the actual revenues collected for fiscal year 1994 compared to the fiscal year 2016 budget. These graphs highlight the progress made to lessen the reliance on a high percentage of property tax revenue from 67% in fiscal year 1994 as compared to 33% in fiscal year 2016. Additional funding is provided through licenses and fees, local 1% accommodations tax, state 2% accommodations tax, 2% beach preservation fee, 2% hospitality tax, Stormwater fee, electricity franchise fee, funds from prior years (fund balance), and tax increment financing (TIF). The increase in funding provided through these other sources demonstrates the Town's ability to expand the diversity of its funding sources through the years.

**FISCAL YEAR 1994 GENERAL FUND BUDGETED REVENUES**



# Town Manager's Letter, continued

## FISCAL YEAR 2016 GENERAL FUND BUDGETED REVENUES



### General Fund - Major Revenues

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

Revenue Source	2014	2015 Revised Budget	2015 Estimated Actual	2016 Budget	% Change	
					FY 2015 Budget	FY 2015 Estimated Actual
Property Taxes	11,447,533	11,810,750	11,722,600	12,948,587	10%	10%
Business Licenses & Franchise Fees	8,772,828	8,844,750	8,840,750	9,081,590	3%	3%
Permit Fees	1,377,939	1,448,180	1,375,280	1,395,817	-4%	1%
Funds from Prior Years (Fund Balance)	(731,672)	1,654,982	2,367,475	1,471,227	-11%	-38%
Local Accommodations Tax	2,798,783	2,833,000	2,833,000	2,917,990	3%	3%
Transfers In:						
State Accommodations Tax	1,270,356	1,264,324	1,264,324	1,264,324	0%	0%
Beach Preservation Fee	1,111,138	1,111,138	1,111,138	1,111,138	0%	0%
Hospitality Tax	3,570,012	4,726,069	2,953,069	3,745,069	-21%	27%
<b>Total "Major" Revenue Sources</b>	<b>29,616,917</b>	<b>\$33,693,193</b>	<b>\$32,467,636</b>	<b>33,935,742</b>	<b>1%</b>	<b>5%</b>

# Town Manager's Letter, continued

## General Fund – Expenditures

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

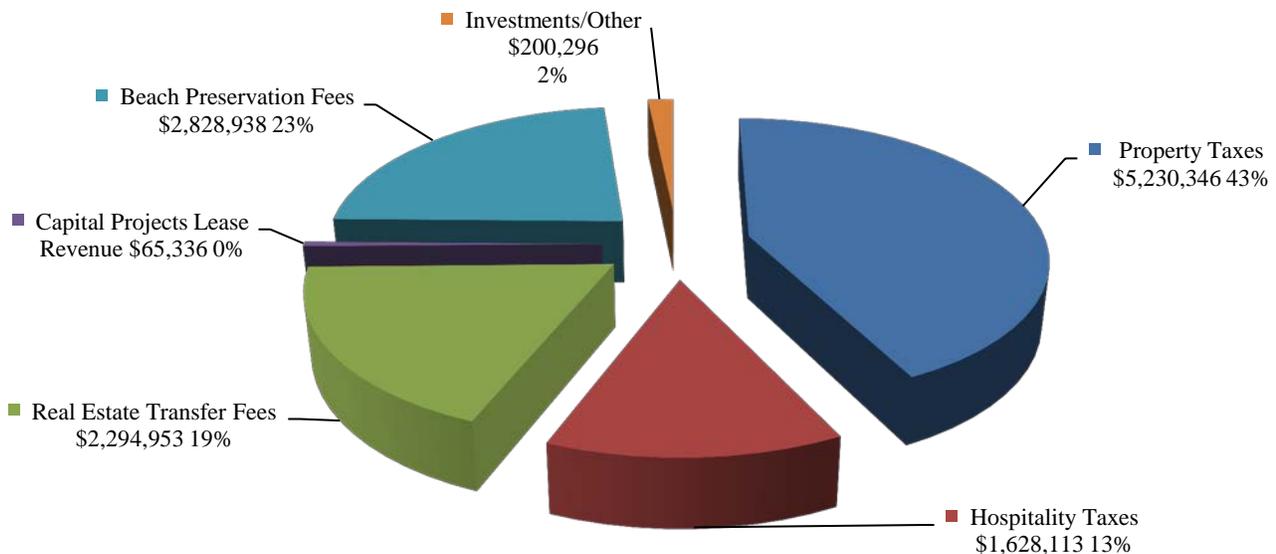
General Fund Expenditures	FY 2014 Actual	FY 2015 Budget	FY 2015 Estimated Actual	FY 2016 Budget	% Change	
					FY 2015 Budget	FY 2015 Est. Actual
Personnel	\$ 21,060,276	\$ 22,107,019	\$ 21,711,184	\$ 22,415,295	1.39%	3.24%
Operating	6,368,604	8,845,163	8,099,705	9,157,529	3.53%	13.06%
Sheriff/Other Public Safety	3,153,058	3,264,113	3,264,113	3,475,016	6.46%	6.46%
Capital	653,393	1,491,337	1,223,825	934,980	-37.31%	-23.60%
Grants	1,958,303	2,514,572	2,514,572	2,804,434	11.53%	11.53%
<b>TOTAL</b>	<b>\$ 33,193,634</b>	<b>\$ 38,222,204</b>	<b>\$ 36,813,399</b>	<b>\$ 38,787,254</b>	<b>1.48%</b>	<b>5.36%</b>

Note: The personnel line for fiscal year 2016 above does not include 4 positions directly budgeted in the proprietary fund, the Stormwater Fund.

## Debt Service Fund

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

The Debt Service Fund has the following sources of funding for fiscal year 2016.



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

# Town Manager's Letter, continued

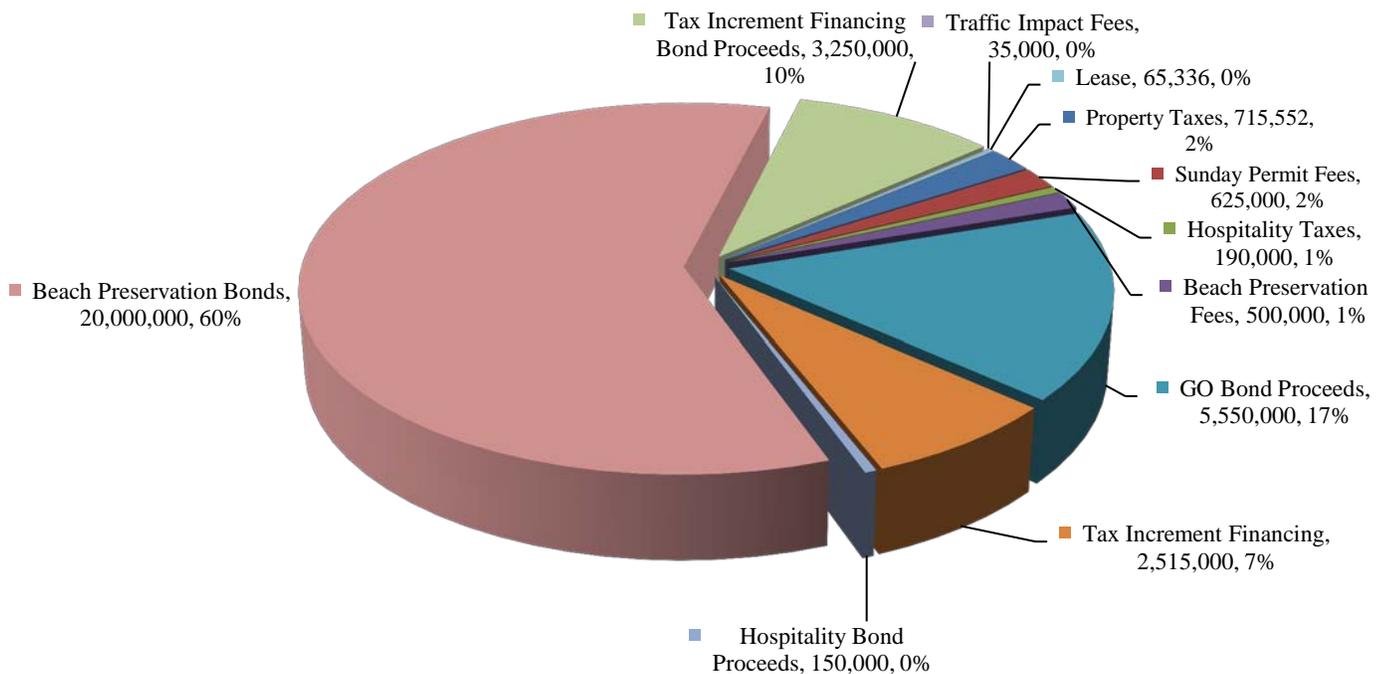
The Debt Service Fund has the following budgeted expenditures for fiscal year 2016.

	<b>Interest</b>	<b>Principal</b>	<b>Total</b>
General Obligation Bonds	\$ 2,482,625	\$ 4,265,000	\$ 6,747,625
Revenue Bonds	1,302,051	3,155,000	4,457,051
Other Charges	-	-	11,025
<b>Grand Total</b>	<b>\$ 3,784,676</b>	<b>\$ 7,420,000</b>	<b>\$ 11,215,701</b>

## Capital Projects Fund

The Town adopts a formal Capital Projects Fund Budget for revenues and expenditures for fiscal year 2016; it also presents a ten-year projection of anticipated new projects. The hard work and input of the Planning Commission and Parks and Recreation Commission in developing this proposal is acknowledged.

Sources of funding for the Capital Projects Fund for fiscal year 2016 are as follows:



# Town Manager's Letter, continued

The Town's larger projects planned for fiscal year 2016 are the Hilton Head Island Recreation Center Expansion; new facilities and road improvements for the USCB Campus; Coligny Area/Pope Avenue Initiative Improvements with Community Park; and major beach renourishment.

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

	FY 2014 Actual	FY 2015 Budget	FY 2015 Estimated Actual	FY 2016 Budget	% change	
					FY 2015 Budget	FY 2015 Est. Actual
<b>Expenditures:</b>						
Beach Maintenance	2,326,444	1,700,188	1,700,188	20,500,000	1105.75%	1105.75%
Existing Facilities	4,118,687	790,433	790,433	240,000	-69.64%	-69.64%
Park Development	707,641	1,888,975	1,888,975	5,700,000	201.75%	201.75%
New Facilities	2,601,826	3,890,704	3,890,704	2,130,000	-45.25%	-45.25%
Pathway Improvements	1,436,506	1,657,426	1,657,426	50,000	-96.98%	-96.98%
Roadway Improvements	1,548,043	3,264,556	3,264,556	4,295,000	31.56%	31.56%
Land Acquisition	19,752	2,500,000	2,500,000	-	-100.00%	-100.00%
Bond Issue Costs	114,997	125,000	-	250,000	100.00%	0.00%
Transfers Out	479,485	1,009,486	1,009,486	1,515,836	50.16%	50.16%
<b>Total Expenditures</b>	<b>\$ 13,353,381</b>	<b>\$ 16,826,768</b>	<b>\$16,701,768</b>	<b>\$34,680,836</b>	<b>106.11%</b>	<b>107.65%</b>

## Proprietary Fund

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

The Stormwater Fund expenses and transfers out are programmed at \$3.65 million with the largest components being project improvements at \$1.5 million and debt service costs at \$1.15 million. In addition, there is a transfer of \$94,258 to the General Fund for project management and public education costs.

Stormwater fees provide the resources for this fund. The fees are set annually by the Town and added to the property tax bills of the County. The annual base fee per SFU will remain at \$108.70 for fiscal year 2016.

# Town Manager's Letter, continued

## Town Manager's Summary

We developed our budget with the view of an improving Island economy which continues to recover from the economic recession. The Town is experiencing slightly higher revenues in most revenue sources and has presented a budget that reflects Town Council's adopted strategic plan.

During the recessionary years, the Town reduced personnel expenditures by eliminating 16 positions. As the economy has improved and the demand for services increases, staffing demands will increase. The Town will continue its prudent efforts to limit staff increases. Last year, the Town added one position in the Stormwater Fund. The current budget adds only one position to Community Development to comply with increased service demands.

Tourism on the Island continues its recovery and the amenities we provide to residents and tourists continue to expand. As a result, our budget addresses the need to maintain our facilities reflecting the expectations of residents and visitors. Going forward, we anticipate we will face challenges of increasing demands for services and facilities from our expanding local economy as well as increasing operation and maintenance costs related to new Town-owned facilities.

Sincerely,



TOWN OF HILTON HEAD ISLAND

Stephen G. Riley, ICMA-CM

Town Manager

# Town Vision

## DESTINATION 2029 GUIDING PRINCIPLES

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

# Goals

## TOWN OF HILTON HEAD ISLAND 2019: OUR GOALS

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

# Policy Agenda CY2015: Targets for Action

## TOP PRIORITY

- ❖ Coligny Circle: Sea Pines Circle Area Plan
- ❖ Arts & Culture Collaborative Strategy
- ❖ USCB Campus Development
- ❖ Mitchelville Project
- ❖ Vision and Master Plan for the Island
- ❖ Sewer Service Available to All Who Want It

# Policy Agenda CY2015: Targets for Action, Continued

## HIGH PRIORITY

- ❖ Workforce Housing: Policy and Tools
- ❖ Economic Development Corporation Plan and Tools
- ❖ Town-Owned Land Inventory: Direction
- ❖ Community Organization Financial/Performance Review
- ❖ Comprehensive Town-Wide Dredging Policy: Management and Direction
- ❖ Schools and Educational Strategy

## MODERATE PRIORITY

- ❖ South Island/Sea Pines Sub-Regional Traffic Study
- ❖ Arts Center Building: Direction and Funding
- ❖ Town Policy/Tool Kit: Aging Office Buildings & Commercial Centers

## MANAGEMENT AGENDA CY2015

### Top Priority

- ❖ Debt/Reserve Policy: Review
- ❖ Beach Management Plan: Update
- ❖ Public TIF Projects Prioritization
- ❖ Private Dirt Roads Acquisition
- ❖ Airport Expansion
- ❖ Operating/Maintenance Analysis: CIP

### High Priority

- ❖ Cordillo Tennis Courts: Sale
- ❖ Department Performance Audit
- ❖ Community Development Block Grant (CDBG) Plan
- ❖ Shelter Cove Area Redevelopment Project
- ❖ National Pollutant Discharge Elimination System (NPDES) Permit: Compliance Action Plan

# About Hilton Head Island<sup>1</sup>

## History

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

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

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

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

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<sup>1</sup> Wikipedia with updates

## Early history

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

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

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

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

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

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

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

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

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

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

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

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

## 20th century

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

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

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

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

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

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

The beginning of Hilton Head as a resort started in 1956 with Charles Fraser developing Sea Pines Resort. Soon, other developments followed, such as Hilton Head Plantation, Palmetto Dunes Plantation, Shipyard Plantation, and Port Royal Plantation, imitating Sea Pines' architecture and landscape. Sea Pines however continued to stand out by creating a unique locality within the plantation called Harbour Town, anchored by a recognizable lighthouse. Fraser was a committed environmentalist who changed the whole configuration of the marina at Harbour Town to save an ancient live oak. It came to be known as the Liberty Oak, known to generations of children who watched singer and song writer Gregg Russell perform under the tree for over 25 years. Fraser was buried next to the tree when he died in 2002.

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

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

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

The Land Management Ordinance was passed by the Town Council in 1987; it was rewritten and adopted in October of 2014. Disney's Hilton Head Island Resort opened in 1996. The Cross Island Parkway opened in January 1997. An indoor smoking ban in bars, restaurants, and public places took effect on May 1, 2007.

The Concours d' Elegance Motoring Festival was brought to the Island in 2002.

## Geography

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

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

## Climate

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

## Wildlife

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

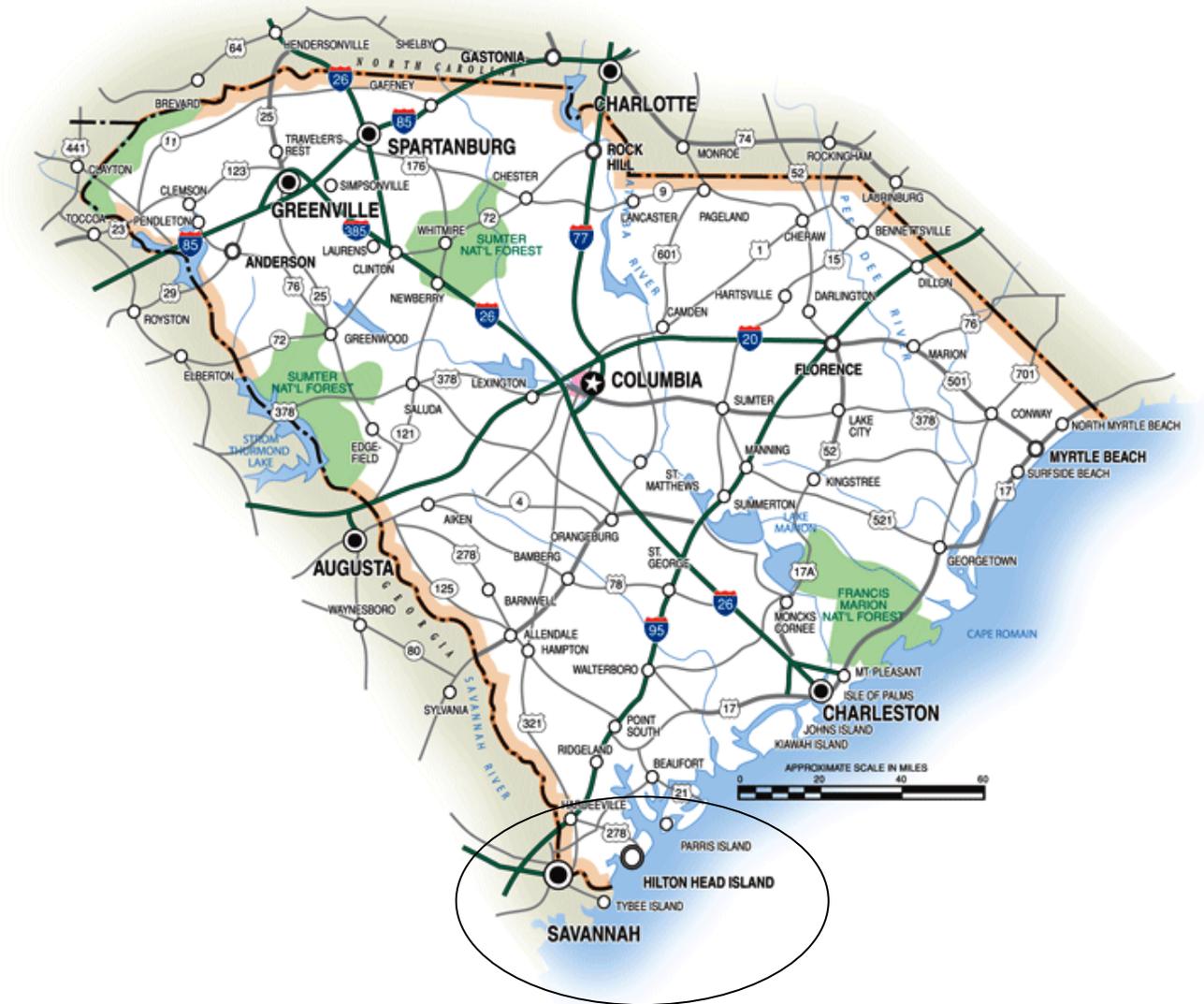
The Coastal Discovery Museum, in conjunction with the South Carolina Department of Natural Resources, patrols the beaches from May through October as part of the Sea Turtle Protection Project. The purpose of the project is to inventory and monitor nesting locations, and if necessary, move them to more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

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

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

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

# Where is Hilton Head Island?



# Hilton Head Island at a Glance

## **Demographic Information**

Population	
2003	34,599
2004	34,633
2005	34,817
2006	34,368
2007	34,140
2008	34,243
2009	34,249
2010 Census	37,099
2011	37,585
2012	38,522
2013	39,412
2014 Estimate	40,039
Median Age	50.9
Number of Households	16,770
Average Persons per Household	2.21
Average Family Size	2.64
Per Capita Income	\$47,049
Racial Composition (2010 Census)	
White	75.2%
Black or African American	7.5%
American Indian, Alaskan Native	0.2%
Asian	0.9%
Other	.4%
Hispanic Ethnicity	15.8%
<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 (2014)	2.6 million
Annual County Visitor Impact (2014)	\$1.17 billion

## **General Information**

<b>Property Tax Millage Rate:</b>	
General Fund (Operating)	15.20
Voter Approved Debt	6.14
Capital Projects Fund (CIP)	.84

Total Millage Rate	22.18
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Bond Ratings:	
Moody's Investor Service	Aaa
Standard and Poor's	AA+
Fitch	AA+

FY 2016 Budget	
Combined Governmental Funds	\$84,683,791
Enterprise Fund	\$3,652,255

Total Town Staff (FTEs)	251.5
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## **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
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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
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## 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 6,000 plus 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 \$1.17 billion into the Beaufort County 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>**

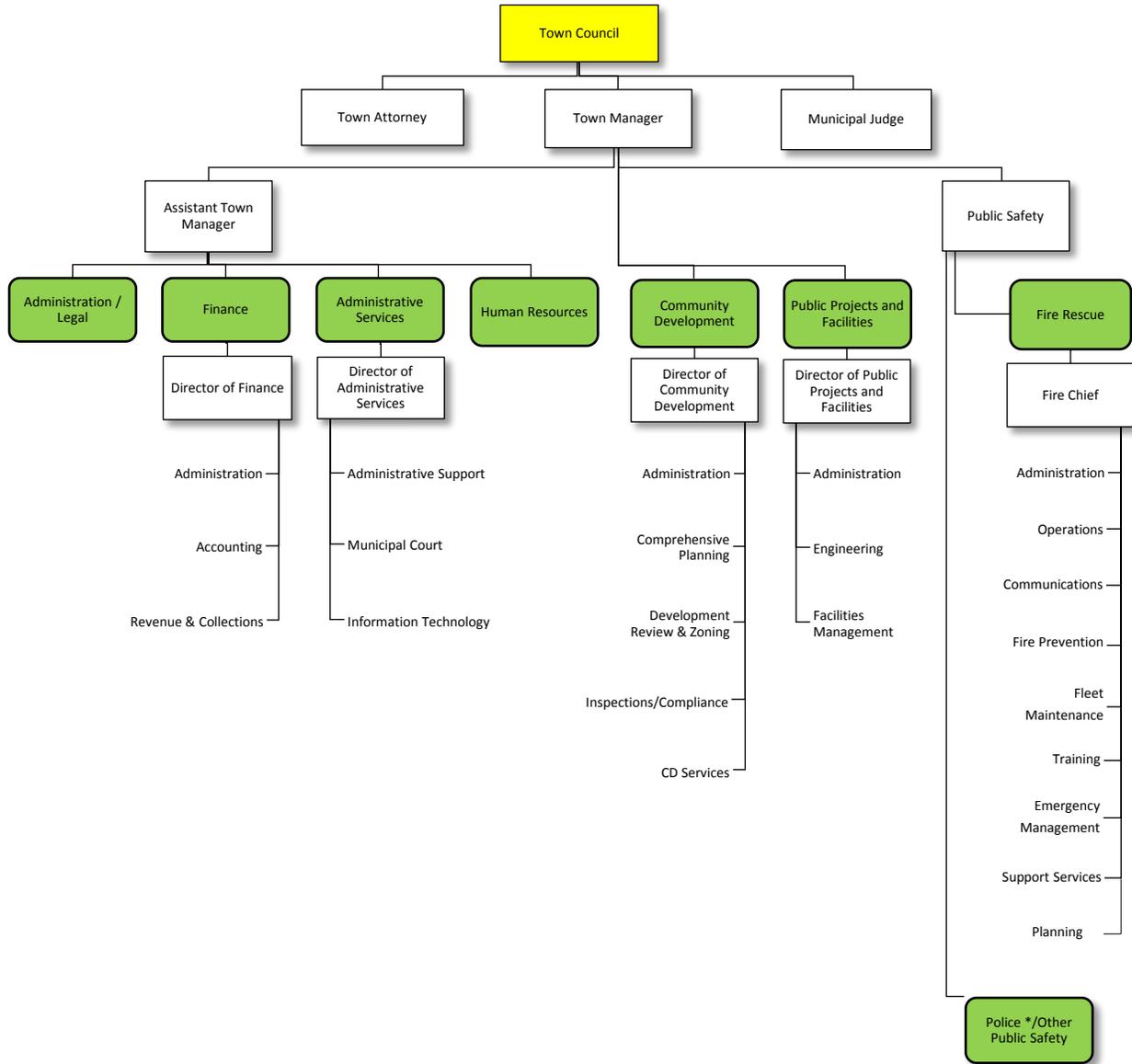
	2008	2009	% change	2010	% change	2011	% change	2012	% change	2013	% change	2014	% change
Homes Sold	538	550	2.2%	611	11.1%	673	10.1%	768	14.1%	830	8.1%	882	6.3%
Average Price	\$852,501	\$725,504	-14.9%	\$669,689	-7.7%	\$654,018	-2.3%	\$632,342	-3.3%	\$633,206	0.1%	\$615,742	-2.8%
Villas Sold	476	510	7.1%	725	42.2%	747	3.0%	896	19.9%	885	-1.2%	811	-8.4%
Average Price	\$393,936	\$261,202	-33.7%	\$230,090	-11.9%	\$220,030	-4.4%	\$226,232	2.8%	\$264,546	16.9%	\$247,238	-6.5%
Lots Sold	34	47	38.2%	83	76.6%	103	24.1%	122	18.4%	185	51.6%	168	-9.2%
Average Price	\$438,244	\$434,755	-0.8%	\$204,834	-52.9%	\$216,698	5.8%	\$219,352	1.2%	\$255,472	16.5%	\$236,836	-7.3%
Total RE Sales	1,048	1,107	5.6%	1,419	28.2%	1,523	7.3%	1,786	17.3%	1,900	6.4%	1,861	-2.1%
Average Price	\$630,782	\$499,254	-20.9%	\$417,897	-16.3%	\$411,580	-1.5%	\$400,394	-2.7%	\$424,709	6.1%	\$420,947	-0.9%

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

<sup>3</sup> HHIMLS

# General Information

## Town Organizational Chart



\*Contract service provided by the Sheriff's Office and Shore Beach Services

# Accounting and Financial Policies

## Accounting Policies

### **General Guidelines**

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

### **Government-Wide Statements (CAFR)**

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

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

### **Fund Financial Statements (CAFR)**

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

### **The Town reports the following major governmental funds:**

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

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

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

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

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

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

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

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

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

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

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

### ***Real Estate Transfer Fee Fund (Special Revenue Fund) (continued).***

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

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

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

### **The Town reports the following enterprise fund:**

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

### **Measurement Focus and Basis of Accounting**

The Town maintains all budgeted funds during the year using the modified accrual basis of accounting. The proprietary fund uses this same basis for budgetary purposes but is converted to accrual basis at yearend for the CAFR.

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

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

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

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

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

## **Cash and Cash Equivalents**

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

## **Investments**

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

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

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

## **Investments (continued)**

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

## **Restricted Assets**

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

## **Capital Assets and Depreciation**

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

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

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

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

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

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

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

## **Physical Inventory**

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

## **Compensated Absences**

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

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

## **Long-Term Obligations**

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

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

## **Bond Discounts/Issuance Costs/Deferred Charges on Advance Refunding**

As mentioned above in the fund financial statements, bond discounts and issuance costs for governmental funds are recognized in the current period. For proprietary funds, bond discounts, issuance costs, and deferred charges on advance refunding are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts and deferred charges on advance refunding are presented as a reduction of the face amount of the bonds payable, whereas issuance costs are recorded as deferred charges in accordance with Governmental Accounting Standards.

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

## **Budgetary Accounting**

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

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

The budget book also includes special revenue funds' plans as well. Budgets are not formally adopted for the various special revenue funds. However, they provide significant sources of funds for the three major governmental funds. The Town presents this funding as transfers out of the special revenue funds and transfers in to the formally budgeted funds. The Town's special revenue funds are the State Accommodations, Tax Increment Financing (TIF), Beach Preservation Fees, Hospitality Tax, Real Estate Transfer Fees (RETF), and Palmetto Electric Franchise Fees. The Town does not budget grants generally as it has few recurring grant funds. Beginning in fiscal year 2015, the Town established a special revenue fund for grants. A budget will not be formally adopted for this fund.

As required by State law, the Town Manager submits to Town Council a proposed annual budget for the General Fund, Debt Service Fund, Capital Projects Fund, and the Stormwater Utility which includes proposed expenditures and the means of financing them.

Public hearings are held for citizens' comments regarding the budgets for the General Fund, Debt Service Fund, Capital Projects Fund, and the Stormwater Fund.

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

Budgetary transfers between departments and projects may be authorized by the Town Manager up to established limits. Changes or amendments altering total expenditures of any fund must be approved by Town Council.

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

## **Financial Policies**

### **Revenues**

The Town estimates its annual revenues by objective and analytical processes. General Fund 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/expenses.

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

Current revenues will be sufficient to support current expenditures/expenses (balanced budget) unless Council approves limited uses of excess prior year funds.

## **Expenditures/Expenses**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Incorporating the Capital Improvement Plan (CIP) into the Capital Projects Fund (CPF), Cont'd**

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

### **Contingency**

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

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

### **Debt Management Policies**

#### *Market Review*

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

#### *Debt Issuance*

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

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

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

#### *Debt Service Levels*

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

Based on the April 2015 County-wide assessment, the total assessed value is \$851,847,905. The legal debt margin for the Town of Hilton Head Island is \$68,147,832. Town Council has imposed an 80% cap which further limits this to \$54,518,266. The Town has \$7,748,889 in bonds outstanding at June 30, 2015, which are applicable to this cap, leaving \$46,769,377 available.

## Debt Management Policies (continued)

### *Bond Ratings*

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

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

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

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

### **Financial Reserves**

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

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

### **Disaster Planning Reserves**

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

#### *Operating Reserve*

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

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

### *Restricted for Advertising*

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

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

The Town may distribute the funds in the following manner.

- A. The Town Manager may authorize advertising expenditures associated with responding to a near miss or declared disaster and are the only expenditures authorized to take the account below one million dollars.
- B. Following a vote of Town Council, funds may be distributed for other such targeted advertising needs as approved. In no case shall such a release of funds for such purposes take the account below one million dollars.
- C. At the end of each fiscal year, the Town Manager shall review the amounts deposited into and distributed from the account for that year. Any remaining amount above one million dollars shall be made available to the Town's designated tourism promotion agency for supplemental tourism advertising during the subsequent fiscal year.

The local ATAX reserve is a component of the General fund. Beginning in Fiscal Year 2013, the Hospitality component has been held in the Hospitality Fund balance.

### *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 estate transfer fees into a disaster debt service reserve account in the Real Estate Transfer Fee Fund. The funds will be used to fund debt service payments during a disaster or financial crisis.

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

### *Beach Preservation Reserve*

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

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

- A. Direct expenditures to pay costs of any project or purposes identified in Section 4-9-70 as such may be amended of the Municipal Code and in Section 6-1-50 of the Code of Laws of South Carolina 1976 as amended.
- B. To pledge as security for or to use as debt service for any debt or financial obligation of the Town incurred for a purpose as identified in subsection (A) above.
- C. To advance monies needed by the Town to meet extenuating circumstances created by a storm or natural disaster, provided that the Town Council shall have a reasonable expectation that such amounts would be reimbursed, at least in part, from a local, state or federal source.

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

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

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

## Budget Calendar

### Budget Calendar

January 27, 2015	Budget kick-off departmental budget packages distributed
February 23, 2015	Department budgets due to Asst Town Manager for initial review
March 5, 2015	Budgets due to Finance Department for budget integration
April 24, 2015	Finalize budget proposals and staffing requests
May 5, 2015	Town Manager delivers the proposed budget to the Town Council for first reading of ordinance
May 15–June 2, 2015	Town Council workshops
June 9, 2015	Public hearing; revised first reading of the budget ordinance by Town Council
June 16, 2015	Second and final reading of budget

# Budget Process Overview

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

## Policy and Strategy Phase

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

## Assessment Phase

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

## Format of Department Budgets

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

#### *Mission Statement*

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

#### *Core Services*

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

#### *Current Fiscal Year Accomplishments*

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

## Format of Department Budgets (continued)

### *Goals*

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

### *Objectives*

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

### *Performance Measures (not all departments report this information)*

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

## 2. Department Expenditures by Division and Category

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

Categories of expenditures are as follows:

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

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

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

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

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

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

The *grants* category includes Town funding for its affiliated organizations such as the Island Recreation Center; Coastal Discovery Museum management fee and turtle watch program; Solicitor's Office for career criminals program and drug court; Lowcountry Regional Transportation Authority, (LRTA); and the Hilton Head Island Economic Development Corporation.

The *capital outlay* category includes equipment and furniture costing \$5,000 or more, and software purchases costing \$50,000 or more which is not directly associated with a specific department. An example is for security cameras throughout the Town.

### 3. Department Expenditures by Division and Category (continued)

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

#### **Approach to the Budget Review Process**

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

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

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

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

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

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

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

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

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

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

## **Budget Approval Process**

During the months of March and April, 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 at its first meeting in May.

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

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

## **Monitoring the Budget**

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

## **Budget Transfers, Amending the Budget and Encumbrances**

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

- a. Make any budget line item transfer within a department in the General Fund.
- b. Transfer up to One Hundred Thousand Dollars (\$100,000) between departments in the General Fund.
- c. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved capital projects in the Capital Projects Fund.
- d. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved capital projects in the Tax Increment Financing Fund (TIF).
- e. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved line items in the Debt Service Fund.
- f. Any other transfers between a department's line items or capital projects exceeding the thresholds outlined above will be submitted to Town Council for approval.
- g. No budget transfers shall (a) be made from one fund to another fund (General Fund, Capital Projects Fund, Debt Service Fund, Tax Increment Financing Fund (TIF)), or (b) conflict with any existing Bond Ordinances.

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

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

*Encumbrances* – appropriations 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 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 \$1,500. Any encumbrances less than this threshold will be liquidated and must be expended using funds from the new fiscal year budget.

# Consolidated Budget Summary – Governmental Funds

## Introduction

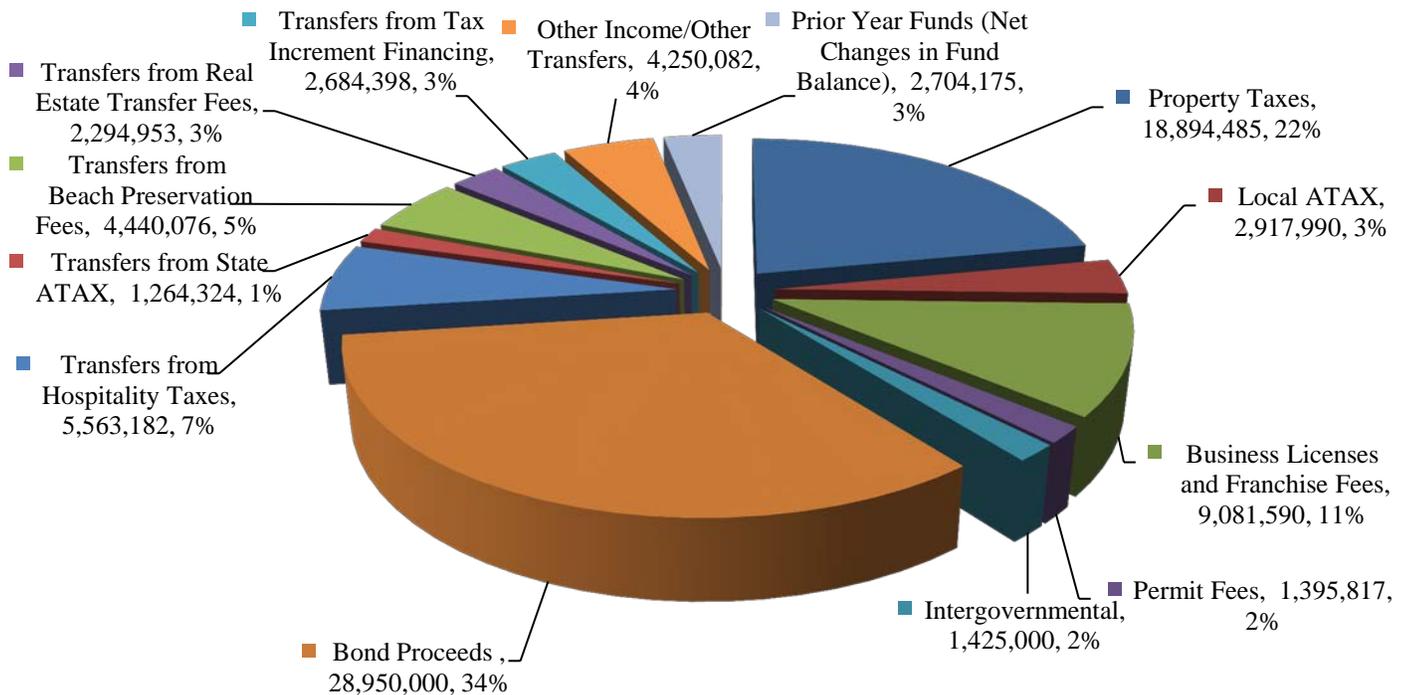
The Fiscal Year 2016 Annual Budget was developed based on the goals and vision of Town Council. The financial resources have been allocated in the budget in a manner that we believe will successfully meet the challenges we have before us and set the stage for the Town’s continued success in the future.

## Fiscal Year 2016 Combined Budget Governmental Funds

The combined Fiscal Year 2016 budgeted expenditures for the three major funds is \$83,167,955. This represents an increase of \$12.9 million or 18% compared to the Fiscal Year 2015 revised budget. The General Fund budget increased by \$565,050 or 1.48%, the Debt Service Fund budget decreased by \$5.5 million or 32.91%, and the Capital Projects Fund budget increased by \$17.9 million or 106.11%.

The Fiscal Year 2016 budget is balanced, prudent and responsive to community needs. Projected revenues will be sufficient to support program expenditures. In the General Fund, the Town will use \$1,471,227 in prior year funds (fund balance) and in the Capital Projects Fund, the Town will use \$1,232,948 in prior year funds (fund balance) to balance the budget. Sufficient funds exist for these purposes.

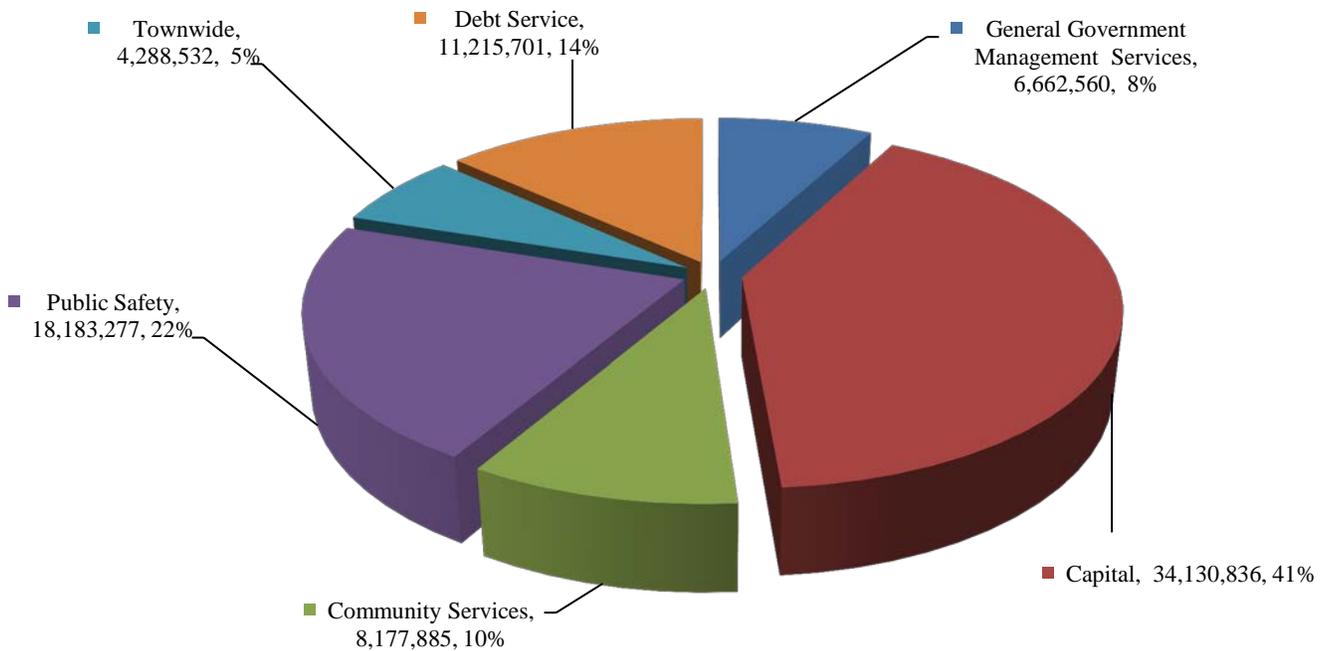
**ALL GOVERNMENTAL FUNDS - WHERE THE MONEY COMES FROM**



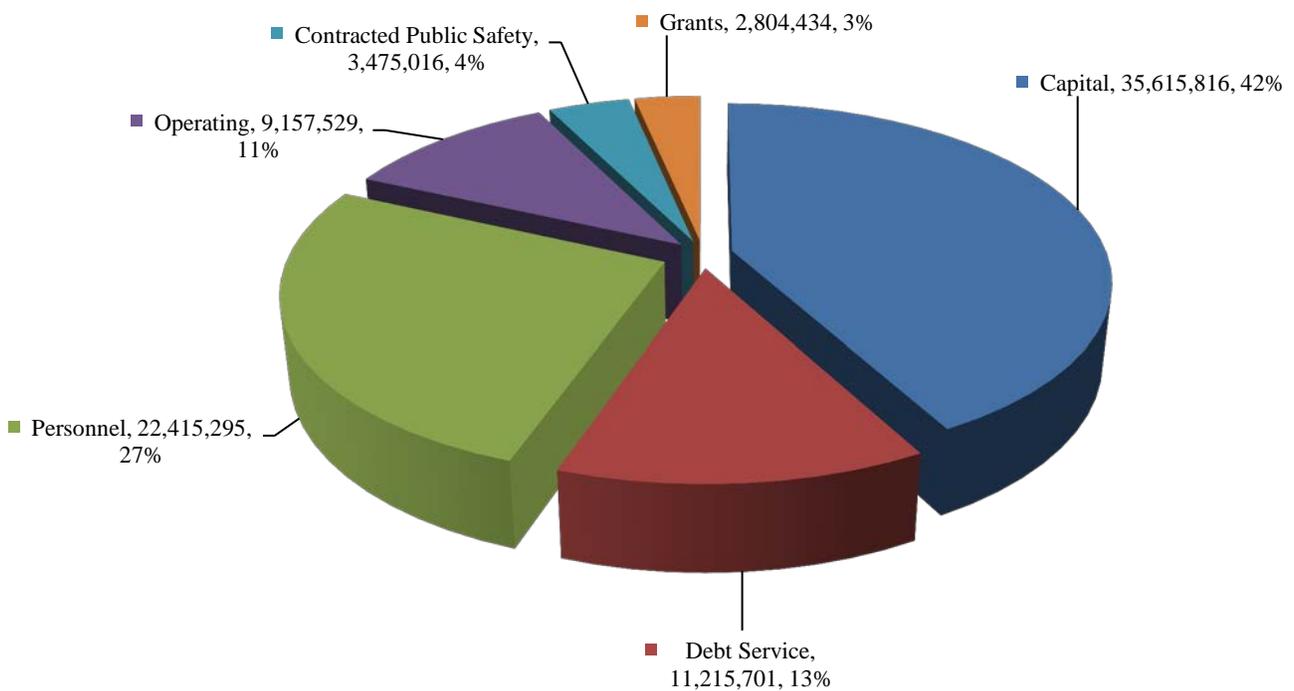
\*Without a net of Transfers to the General Fund and Debt Service Fund of \$1,515,836 from the Capital Projects Fund, the combined amount is \$84,683,791.

# Consolidated Budget Summary – Governmental Funds

## ALL GOVERNMENTAL FUNDS - WHERE THE MONEY GOES BY PROGRAM

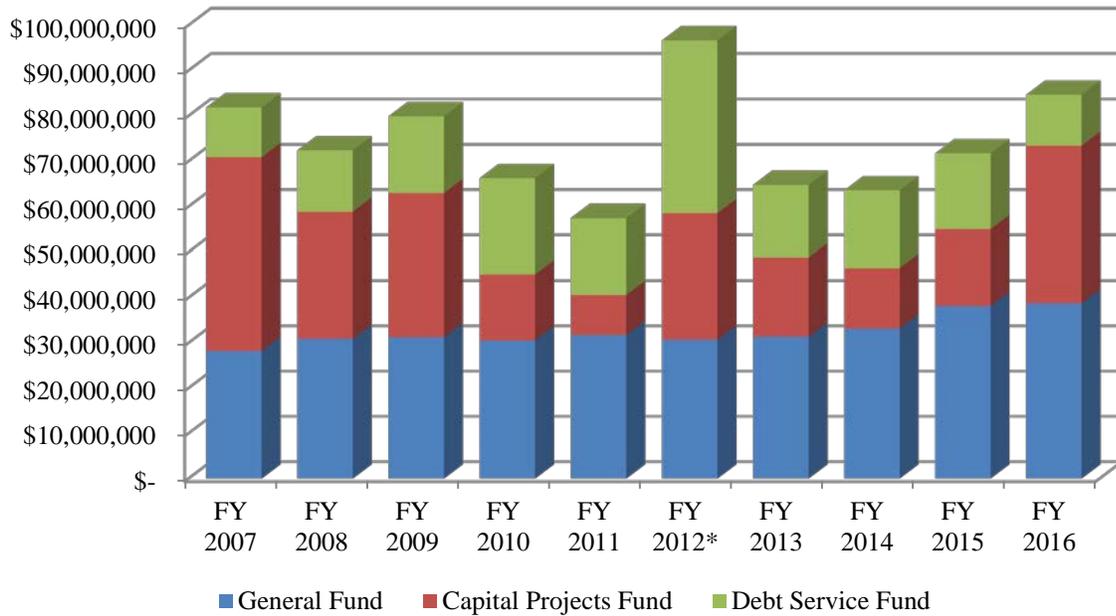


## ALL GOVERNMENTAL FUNDS - WHERE THE MONEY GOES BY CATEGORY



# Consolidated Budget Summary – Governmental Funds

## Trend Analysis of Expenditures by Fund



Note: FY 2005 – FY 2014 are actual, and FY 2015 and FY 2016 are budget figures.  
 \*FY12 includes debt refunding.

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

Department Expenditure Summary for Fiscal Year 2016 (General Fund)

Department	Personnel	Operating	Capital/Debt	Grants	Total Expenses
Town Council	\$ 143,543	\$ 314,600	\$ -	\$ -	458,143
Town Manager	625,596	25,150	-	-	650,746
Administration/Legal	2,469,702	1,167,649	124,980	-	3,762,331
Finance	1,649,040	142,300	-	-	1,791,340
Community Development	2,651,950	148,392	-	-	2,800,342
Public Projects and Facilities	1,755,330	3,595,213	27,000	-	5,377,543
Fire and Rescue	12,779,461	1,262,800	741,000	-	14,783,261
Sheriff/Other Public Safety	-	3,475,016	-	-	3,475,016
Non-Departmental (Townwide)	340,673	2,501,425	42,000	2,804,434	5,688,532
<b>Totals</b>	<b>\$ 22,415,295</b>	<b>\$ 12,632,545</b>	<b>\$ 934,980</b>	<b>\$ 2,804,434</b>	<b>\$ 38,787,254</b>

## Consolidated Budget Highlights

### *Revenues and Other Sources*

The Town estimates that revenues and other sources will increase by \$12.3 million or 17.3% in the consolidated governmental funds budget over the revised budget for fiscal year 2015.

- Property tax revenue for all three governmental budgeted funds will increase by \$1,346,529 or 7.7% from the fiscal year 2015 Budget due to a higher estimated mil value than established for 2015 as well as a slight increase in millage for the General Fund.
- The Town anticipates revenue from business licenses and franchise fees will increase by \$236,840 primarily due to an overall positive trend in business activity. (General Fund).
- The Town anticipates issuing \$22.3 million more in bonds during fiscal year over the revised fiscal year 2015.
- There are some offsetting decreases related to transfers in to the Debt Service Fund as some bonds issues were fully retired in fiscal year 2015 and less transfers in to the Capital Projects Fund for TIF projects that have been delayed until subsequent years

In the consolidated governmental funds budget, the Town estimates that other financing sources will decrease by \$11.4 million. The Town does not formally budget its special revenues funds; the Town primarily transfers special revenues funds to the three budgeted governmental funds to provide for debt service, capital projects and operations. The majority of the transfers are described below.

- \$5.6 million of hospitality tax current year revenue and prior year funds will be used to fund various operating expenditures, debt service payments, and various capital projects. This represents a decrease of \$961,154 or 14.7% over the fiscal year 2015.
- \$4.4 million of beach preservation fee current year revenue and prior year funds will be used to fund various operating expenditures, debt service payments, and various capital projects. This represents a decrease of \$2.6 million or 38.3% over the fiscal year 2015.

## Consolidated Budget Highlights, continued

- \$2.7 million of TIF funds will be used to fund various project management expenditures in the operating budget and various capital projects. This represents a decrease of \$8.0 million or 74.95% over the fiscal year 2015.

### ***Expenditures and other Uses***

The Town's budgeted governmental funds expenditures will increase \$12.9 million in fiscal year 2016 over the fiscal year 2015 revised budget. The increase is primarily in the Capital Projects Fund; there is a budgeted \$20,000,000 major beach renourishment project in fiscal year 2016. The Debt Service Fund expenditure budget decreased \$5,501,055 primarily due to a reduction in outstanding debt issues.

Overall, General Fund expenditures are programmed at \$38.8 million for fiscal year 2015 compared to \$38.2 million last fiscal year, an increase of \$565,050 or 1.5%.

**Programs.** The Town's primary programmatic decreases are a decrease in funding of \$402,608 for Roadway and Closed Loop Traffic Signal Maintenance, a \$295,845 decrease for Administrative Services capital outlay, both under Community Services; and a \$261,429 decrease for capital outlay under Fire Rescue. These decreases are offset by an increase in funding in Public Projects and Facilities of \$359,087 for Facilities Management primarily related to the repair and replacement of Town-owned facilities and a \$289,862 increase in Townwide Grants.

**Personnel Expenditures (Excludes Personnel in Stormwater Fund).** The budget for total personnel expenditures includes a 1.4% increase (\$308,276) consisting of several factors. Some of the changes include a budgeted 3% merit increase of \$549,739, (budgeted by department) which will be distributed on a performance-based process and decreases related to retirement and less than full employment.

## Consolidated Budget Highlights, continued

### *Expenditures and other Uses, continued*

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

Retirement ICMA – \$49,088 more than fiscal year 2015 budget (7.12% increase).

Medical – \$70,487 more than fiscal year 2015 budget (3.63% increase).

Workers Compensation - \$40,480 less than fiscal year 2015 budget (16.41% decrease).

**Operating Expenditures (General Fund).** The Town's operating expenditures budget in the General Fund increases by \$1,057,824 or 13.06%.

- Maintenance service increases are also impacting the increase in Facilities Management.

**Contracted Public Safety (General Fund).** The Town budgets a \$210,903 increase in its contracted public safety. The Beaufort County Sheriff's Office provides police services.

**Capital Outlay (General Fund).** The Town's budget in this category will decrease by \$556,357. Fire and Rescue's capital will decrease \$261,429 over fiscal year 2015 budget primarily for the purchase of self-contained breathing apparatuses purchases in fiscal year 2015. There is also a reduction of \$295,845 procured primarily for computer equipment and software in fiscal year 2015.

**Grants (General Fund).** The Townwide grants' expenditures will increase in fiscal year 2016 by \$289,862 or 9.35%. Most of the expenditures in this category are described below.

- Economic Development - \$ 436,984, decreased by \$19,988.
- Airport Noise Reduction Wall - \$500,000, a non-recurring expenditure.
- Recreation Association – Operations – \$657,748, increase of \$28,470.
- Recreation Association – Capital – \$179,500, decreased by \$112,658.
- Heritage Classic Foundation - \$383,722, (An additional \$300,000 is expensed in Hospitality Tax Fund for a total of \$683,722. The total increase is 5%.)
- Coastal Discovery Museum – \$75,000, same as last fiscal year.
- Coastal Discovery Museum Capital – \$62,700, decreased by \$5,000.
- Sea Turtle Project – \$42,450, \$5,150 more than last fiscal year.
- Multidisciplinary Court – \$50,000, same as last fiscal year.
- Career Criminal Program – \$33,500, same as last fiscal year.
- Public Art – Community Foundation – \$37,500; same as last year; this grant is funded with Sunday Liquor Permit Fees.
- Event Management and Hospitality Program – \$145,330, (This program is funded from 5% of the local Accommodations Tax revenues per the Town Code).

# Consolidated Budget Summary – Governmental Funds

## Property Taxes - All funds

### Current Property taxes

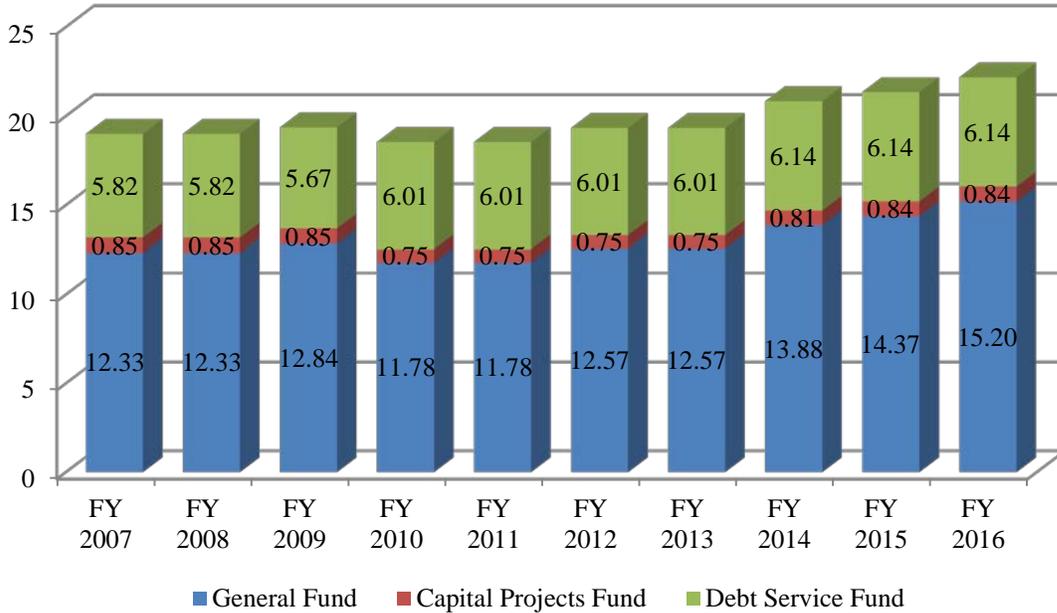
An ad valorem property tax, a tax per unit of property value, is levied upon all real property and certain classes of tangible property as that property is assessed and equalized for State and County purposes for any tax year. The property tax is authorized by the South Carolina Code of Laws (SC Code), Sec. 5-7-30 and 12-43-220, and also by the Town of Hilton Head Island Code of Ordinances, Title 4, Chapter 3.

### Collection and Distribution

The tax levy is released in September and current taxes are payable from October 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 are levied for the purposes of funding the provision of municipal services, the Capital Projects Fund, and the retirement of debt. For fiscal year 2016, 15.20 mils will be allocated to the General Fund (68% of levy), .84 mils to the Capital Projects Fund (4% of levy), and 6.14 mils (28 % of levy) will be used for the retirement of debt. The total Town millage rate is **22.18**.

### Historical Total Millage by Fund



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

## Town Staffing

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Variance</u>
<b><u>General Government</u></b>						
Town Council	7.0	7.0	7.0	7.0	7.0	0.0
Town Manager	5.0	4.0	4.0	4.0	4.0	0.0
<b><u>Management Services</u></b>						
Administration/Legal	5.0	5.0	5.0	5.0	5.0	0.0
Administrative Services	17.0	17.0	17.0	17.0	17.0	0.0
Finance	18.0	18.0	18.0	19.3	19.3	0.0
Human Resources	4.0	4.0	4.0	4.0	4.0	0.0
<b><u>Community Services</u></b>						
Community Development	27.0	27.0	26.0	26.1	27.1	1.0
Public Projects and Facilities (PPF)	20.0	20.0	19.0	19.0	19.0	0.0
<b><u>Public Safety</u></b>						
Fire and Rescue	147.1	145.1	145.1	145.1	145.1	0.0
<b>Total General Fund</b>	<b><u>250.1</u></b>	<b><u>247.1</u></b>	<b><u>245.1</u></b>	<b><u>246.5</u></b>	<b><u>247.5</u></b>	<b><u>1.0</u></b>
<b>PPF Stormwater Fund</b>	2.0	2.0	3.0	4.0	4.0	0.0
<b>Total Town Staff</b>	<b><u>252.1</u></b>	<b><u>249.1</u></b>	<b><u>248.1</u></b>	<b><u>250.5</u></b>	<b><u>251.5</u></b>	<b><u>1.0</u></b>

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

In fiscal year 2013, the Town carried a position for an economic development director in Community Development. In fiscal year 2014, the Town eliminated this position since economic development will be performed through a separate 501(c)3 organization. The Town currently proposes the new Economic Development Corporation (EDC) in the General Fund under Townwide Grants. Two Town employees leased to the EDC are not reflected in the chart above.

### FTE Staffing Change for Fiscal Year 2016

- One additional Landscape Planner in Community Development

# 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 2016 (General Fund)

Department	Personnel	Operating	Capital/Debt	Grants	Total Expenses
Town Council	\$ 143,543	\$ 314,600	\$ -	\$ -	\$ 458,143
Town Manager	625,596	25,150	-	-	650,746
Administration/Legal	2,469,702	1,167,649	124,980	-	3,762,331
Finance	1,649,040	142,300	-	-	1,791,340
Community Development	2,651,950	148,392	-	-	2,800,342
Public Projects and Facilities	1,755,330	3,595,213	27,000	-	5,377,543
Fire and Rescue	12,779,461	1,262,800	741,000	-	14,783,261
Sheriff/Other Public Safety	-	3,475,016	-	-	3,475,016
Non-Departmental (Townwide)	340,673	2,501,425	42,000	2,804,434	5,688,532
<b>Totals</b>	<b>\$ 22,415,295</b>	<b>\$ 12,632,545</b>	<b>\$ 934,980</b>	<b>\$ 2,804,434</b>	<b>\$ 38,787,254</b>

# General Fund

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

	2012	2013	2014	2015		2016		
				Revised Budget	Estimated Actual	FY 2016 Budget	% change	
							FY 2015 Budget	FY 2015 Est. Actual
<b>Revenues</b>								
Property Taxes	11,585,070	11,500,914	11,447,533	11,810,750	11,722,600	12,948,587	10%	10%
ATAX Local 1%	2,420,698	2,499,067	2,798,783	2,833,000	2,833,000	2,917,990	3%	3%
<b>Business Licenses:</b>								
Business Licenses - Town	2,926,327	3,388,636	3,428,367	3,500,000	3,530,000	3,635,900	4%	3%
Business Licenses - MASC	4,217,999	4,385,502	4,367,542	4,532,000	4,498,000	4,632,940	2%	3%
<b>Franchise Fees:</b>								
Cable	905,811	763,434	817,454	787,000	787,000	787,000	0%	0%
Beach Fee	22,161	21,811	24,234	25,750	25,750	25,750	0%	0%
Recycling	112,081	150,324	135,231	-	-	-	0%	0%
<b>Permit Fees:</b>								
Construction	270,363	481,110	588,868	547,000	566,600	575,099	5%	2%
Development	5,700	13,212	6,615	6,180	6,180	6,180	0%	0%
Other	676,476	873,844	782,456	895,000	802,500	814,538	-9%	1%
Intergovernmental	678,370	800,659	805,027	800,000	795,000	800,000	0%	1%
<b>Grants:</b>								
Beaufort County - Hazmat	11,677	11,677	11,677	11,677	11,677	11,677	0%	0%
Beaufort County - E911	109,779	140,328	171,401	144,200	140,000	90,000	-38%	-36%
DHEC	3,387	6,261	3,990	4,000	4,000	4,000	0%	0%
<b>Miscellaneous Revenue:</b>								
Beach Services	207,182	223,196	230,839	225,500	238,690	245,851	9%	3%
Donations	450	155	273	300	300	300	0%	0%
Municipal Court	308,708	262,022	224,447	230,000	218,750	220,000	-4%	1%
Other	152,348	325,209	255,218	259,200	208,000	259,200	0%	25%
Public Safety - EMS	1,340,787	1,198,868	1,059,918	1,314,000	1,272,200	1,314,000	0%	3%
Public Safety - County D/T	54,441	53,758	55,103	56,500	56,500	56,500	0%	0%
Town Codes	296	246	230	250	140	250	0%	79%
Victim's Assistance	50,142	42,477	36,980	45,000	45,000	45,000	0%	0%
<b>Transfers In:</b>								
Beach Preservation Fee Fund	969,390	981,705	1,111,138	1,111,138	1,111,138	1,111,138	0%	0%
Capital Projects Fund:								
Sale of Equipment	-	-	-	-	-	175,000		
Ad Valorem Taxes	-	-	-	654,000	654,000	1,238,000		
Lease	-	-	-	12,000	12,000	-		
Sunday Liquor Fees	37,500	37,500	359,703	418,150	418,150	37,500	-91%	-91%
Hospitality Tax Fund	2,975,271	2,974,237	3,570,012	4,726,069	2,953,069	3,745,069	-21%	27%
Tax Increment Financing Fund	181,480	182,930	163,775	169,398	169,398	169,398	0%	0%
State Accommodations Tax Fund	1,085,776	1,178,148	1,270,356	1,264,324	1,264,324	1,264,324	0%	0%
Non-Major Governmental Funds	83,602	82,551	121,216	87,878	5,000	87,878	0%	1658%
Stormwater Utility Fund	235,330	236,130	74,258	94,258	94,258	94,258	0%	0%
Investments	1,865	2,732	2,662	2,700	2,700	2,700	0%	0%
<b>Total Revenues</b>	<b>31,630,467</b>	<b>32,818,643</b>	<b>33,925,306</b>	<b>36,567,222</b>	<b>34,445,924</b>	<b>37,316,027</b>	<b>2%</b>	<b>8%</b>
<b>Increase/Decrease</b>	<b>720,881</b>	<b>1,188,176</b>	<b>1,106,663</b>	<b>4,936,755</b>	<b>2,815,457</b>	<b>2,870,103</b>		
<b>%</b>	<b>2.33%</b>	<b>3.76%</b>	<b>3.37%</b>	<b>15.61%</b>	<b>8.90%</b>	<b>8.33%</b>		

# General Fund, continued

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

	2012	2013	2014	2015		FY 2016 Budget	2016		
				Revised Budget	Estimated Actual		FY 2015 Budget	% change	
								FY 2015 Est.	FY 2015 Actual
<b>Expenditures</b>									
<b>General Government:</b>									
Town Council	307,268	374,955	433,654	506,845	455,389	458,143	-10%	1%	
Town Manager	574,843	593,550	626,486	644,663	644,074	650,746	1%	1%	
<b>Total General Government</b>	<b>882,111</b>	<b>968,505</b>	<b>1,060,140</b>	<b>1,151,508</b>	<b>1,099,463</b>	<b>1,108,889</b>	-4%	1%	
<b>Management Services:</b>									
<b>Administration/Legal</b>									
	424,396	379,630	457,520	518,974	507,482	499,375	-4%	-2%	
<b>Administrative Services</b>									
Administrative Support	209,676	171,549	183,724	276,445	272,271	229,751	-17%	-16%	
Municipal Court	371,047	376,951	392,215	426,614	418,499	424,928	0%	2%	
Information Technology	1,576,388	1,813,267	2,082,435	2,263,877	2,263,422	2,021,197	-11%	-11%	
	<b>2,157,111</b>	<b>2,361,767</b>	<b>2,658,374</b>	<b>2,966,936</b>	<b>2,954,192</b>	<b>2,675,876</b>	-10%	-9%	
<b>Finance</b>									
Administration	247,858	282,117	294,043	310,398	294,075	317,541	2%	8%	
Accounting	538,530	546,355	571,742	626,488	607,911	608,769	-3%	0%	
Revenue and Collections	569,734	677,526	676,921	812,652	576,127	865,030	6%	50%	
	<b>1,356,122</b>	<b>1,505,998</b>	<b>1,542,706</b>	<b>1,749,538</b>	<b>1,478,113</b>	<b>1,791,340</b>	2%	21%	
Human Resources	486,730	526,428	522,982	587,477	572,209	587,080	0%	3%	
<b>Total Management Services</b>	<b>4,424,359</b>	<b>4,773,823</b>	<b>5,181,582</b>	<b>5,822,925</b>	<b>5,511,996</b>	<b>5,553,671</b>	-5%	1%	
<b>Community Services:</b>									
<b>Community Development</b>									
Administration	593,454	562,959	541,550	546,324	483,642	494,757	-9%	2%	
Comprehensive Planning	347,178	366,297	466,354	525,194	522,039	529,308	1%	1%	
Development, Review and Zoning	633,069	625,143	650,162	732,753	642,026	760,104	4%	18%	
Inspections/Compliance	615,000	664,599	636,046	701,677	660,353	692,457	-1%	5%	
CD Services	268,333	274,914	287,873	306,500	303,969	323,716	6%	6%	
<b>Total Community Development</b>	<b>2,457,034</b>	<b>2,493,912</b>	<b>2,581,985</b>	<b>2,812,448</b>	<b>2,612,029</b>	<b>2,800,342</b>	0%	7%	
<b>Public Projects and Facilities</b>									
Administration	233,415	239,381	248,101	260,417	256,657	263,635	1%	3%	
Engineering	654,347	723,367	577,278	1,477,697	1,304,540	1,085,539	-27%	-17%	
Facilities Management	2,426,992	2,539,756	2,999,443	3,669,282	3,641,738	4,028,369	10%	11%	
<b>Total Public Projects and Facilities</b>	<b>3,314,754</b>	<b>3,502,504</b>	<b>3,824,822</b>	<b>5,407,396</b>	<b>5,202,935</b>	<b>5,377,543</b>	-1%	3%	
<b>Total Community Services</b>	<b>5,771,788</b>	<b>5,996,416</b>	<b>6,406,807</b>	<b>8,219,844</b>	<b>7,814,964</b>	<b>8,177,885</b>	-1%	5%	

# General Fund, continued

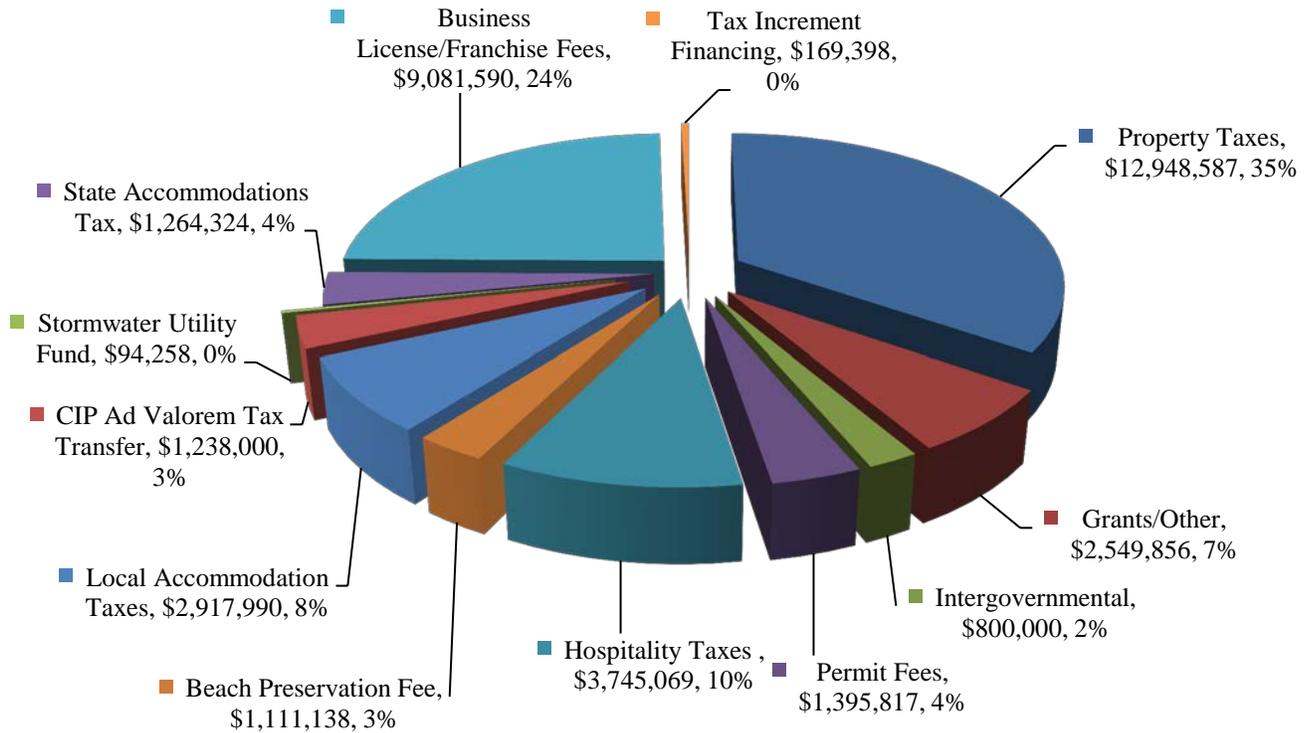
## Revenues and Expenditures by Program/Department/Division Analysis - Historical, Estimated Actual, and Budget

<b>Fire Rescue</b>									
Administration	321,194	308,546	390,652	368,716	340,698	364,243	-1%	7%	
Operations	9,068,353	9,148,029	9,262,673	9,638,104	9,559,102	9,416,581	-2%	-1%	
Fire Prevention	491,236	540,727	559,669	610,880	574,624	596,125	-2%	4%	
Fleet Maintenance	570,639	504,545	541,097	580,214	567,023	610,389	5%	8%	
Communications	1,080,123	1,136,446	1,089,587	1,152,077	1,144,995	1,134,951	-1%	-1%	
Training	683,782	701,681	698,039	722,708	718,570	715,277	-1%	0%	
Planning	-	-	-	208,047	197,248	204,324			
Emergency Management	160,819	122,290	134,141	141,204	134,541	140,753	0%	5%	
E911 Communications	232,094	238,152	246,373	284,973	284,869	291,724	2%	2%	
Support Services	737,170	760,132	943,494	1,630,252	1,359,997	1,308,894	-20%	-4%	
<b>Total Fire Rescue</b>	<b>13,345,410</b>	<b>13,460,548</b>	<b>13,865,725</b>	<b>15,337,175</b>	<b>14,881,667</b>	<b>14,783,261</b>	<b>-4%</b>	<b>-1%</b>	
<b>Sheriff/Other Public Safety</b>									
Police Services Contract	2,763,628	2,806,906	2,771,833	2,853,320	2,853,320	3,059,030	7%	7%	
Shore Beach Services	192,058	203,339	215,090	232,065	232,065	233,322	1%	1%	
Stipend	111,300	112,000	107,100	118,000	118,000	118,000	0%	0%	
Victims' Services	57,640	59,492	59,035	60,728	60,728	64,664	6%	6%	
<b>Total Sheriff/Other Public Safety</b>	<b>3,124,626</b>	<b>3,181,737</b>	<b>3,153,058</b>	<b>3,264,113</b>	<b>3,264,113</b>	<b>3,475,016</b>	<b>6%</b>	<b>6%</b>	
<b>Total Public Safety</b>	<b>16,470,036</b>	<b>16,642,285</b>	<b>17,018,783</b>	<b>18,601,288</b>	<b>18,145,780</b>	<b>18,258,277</b>	<b>-2%</b>	<b>1%</b>	
<b>Townwide (non-departmental):</b>									
Personnel	185,617	123,582	136,365	200,485	185,173	340,673	70%	84%	
Operating	1,356,867	1,364,555	1,403,305	1,669,931	1,499,451	2,501,425	50%	67%	
Capital	-	-	28,349	41,651	42,000	42,000	1%	0%	
Grants	1,612,417	1,459,306	1,958,303	2,514,572	2,514,572	2,804,434	12%	12%	
<b>Total Townwide (non-departmental)</b>	<b>3,154,901</b>	<b>2,947,443</b>	<b>3,526,322</b>	<b>4,426,639</b>	<b>4,241,196</b>	<b>5,688,532</b>	<b>29%</b>	<b>34%</b>	
<b>Total Expenditures</b>	<b>30,703,195</b>	<b>31,328,472</b>	<b>33,193,634</b>	<b>38,222,204</b>	<b>36,813,399</b>	<b>38,787,254</b>	<b>1%</b>	<b>5%</b>	
<b>Net change in fund balances</b>	<b>927,272</b>	<b>1,490,171</b>	<b>731,672</b>	<b>(1,654,982)</b>	<b>(2,367,475)</b>	<b>(1,471,227)</b>			
<b>Fund balance - beginning</b>	<b>14,886,285</b>	<b>15,813,557</b>	<b>17,303,728</b>	<b>18,035,400</b>	<b>18,035,400</b>	<b>15,667,925</b>			
<b>Fund balance - ending</b>	<b>15,813,557</b>	<b>17,303,728</b>	<b>18,035,400</b>	<b>16,380,418</b>	<b>15,667,925</b>	<b>14,196,698</b>			

\*The amount proposed for dredging is not a FY16 budgeted expenditure. The proposal is to set aside \$200,000 each year from Local Accommodations Tax (Local ATAX) to be available for future dredging needs. Future Town Councils would have the authority to adopt the future annual set-aside amounts as well as budget expenditures as the needs arise.

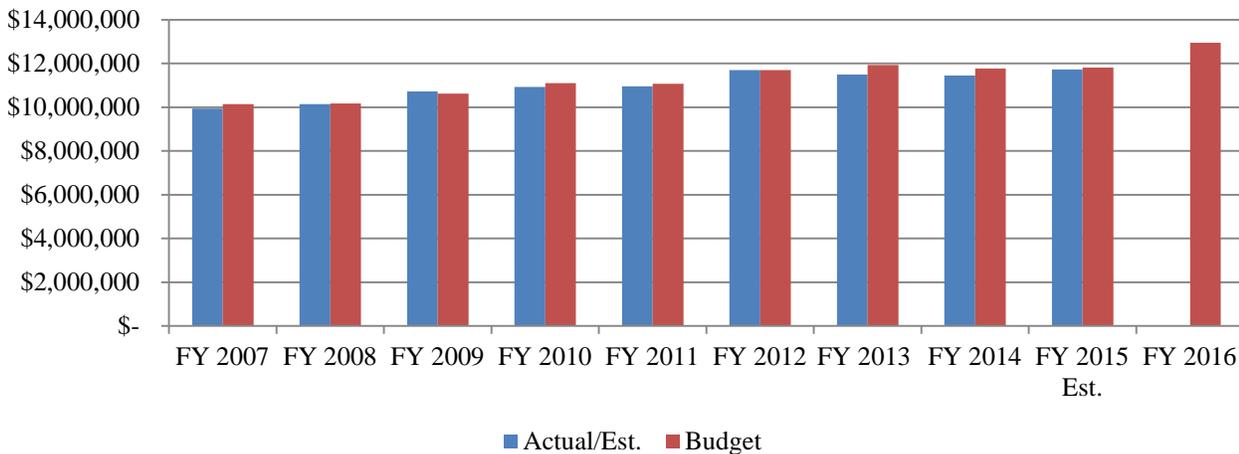
## General Fund Revenues

General Fund revenues, (excluding use of funds from prior years), and transfers in from other funds in fiscal year 2016 are projected to be \$37,316,027 which is \$748,805 more than the fiscal year 2015 revised budget.



## Property Taxes

Property taxes will be \$1,137,837 more than the fiscal year 2015 Budget. The budget assumes collection of the majority of property tax revenues billed in fiscal year 2016. Fiscal year 2016 revenue estimates are based on total estimated assessed property values as of April 3, 2015 and the current millage rate of 22.18.



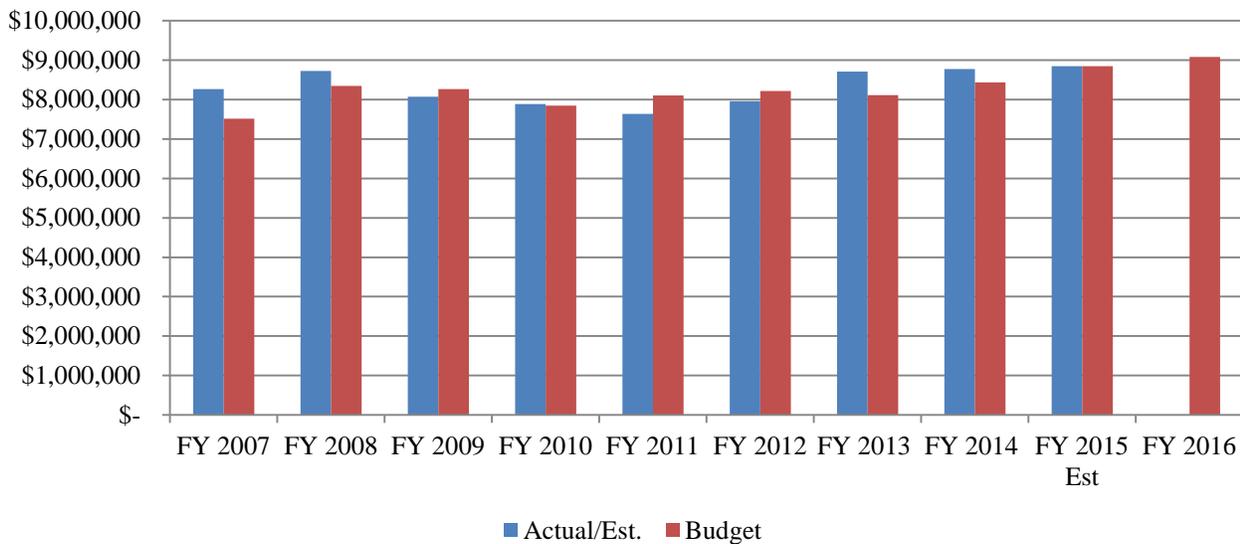
## General Fund Revenues (continued)

### Business Licenses and Franchise Fees

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

The most significant source is the business license fee levied upon each \$1,000 of gross receipts, sales, or premiums of business conducted within the corporate limits of the Town. The fiscal year 2016 budget of \$8.3 million in business license receipts is 2.4% more than the fiscal year 2015 budget of \$8.0 million.

Franchise fee revenue is anticipated to be \$812,750 in fiscal year 2016, no difference from the budget in FY 2015.



## General Fund Revenues (continued)

### Permit Fees

#### **Permit Fees (new construction) – \$575,099**

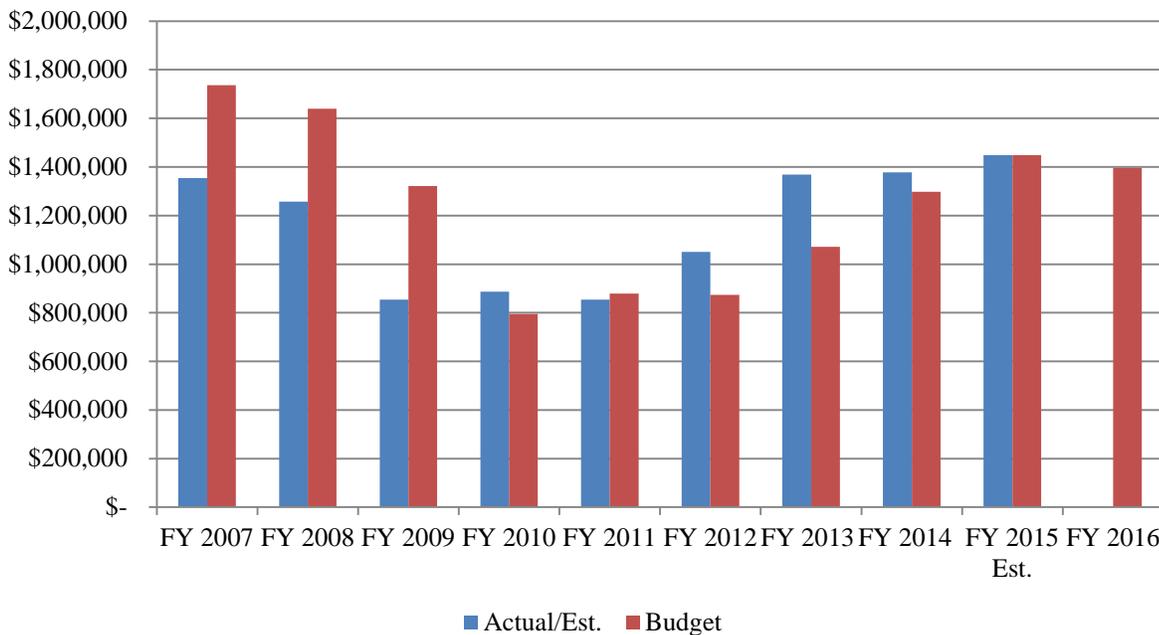
Permit fee revenue from new construction will increase \$28,099 over the fiscal year 2015 budget.

#### **Permit Fees (development) - \$6,180**

Revenue from permit fees associated with development will not change from the fiscal year 2015 budget.

#### **Permit Fees (other) - \$814,538**

Revenue from other permit fees will decrease \$80,462 from the fiscal year 2015 budget.

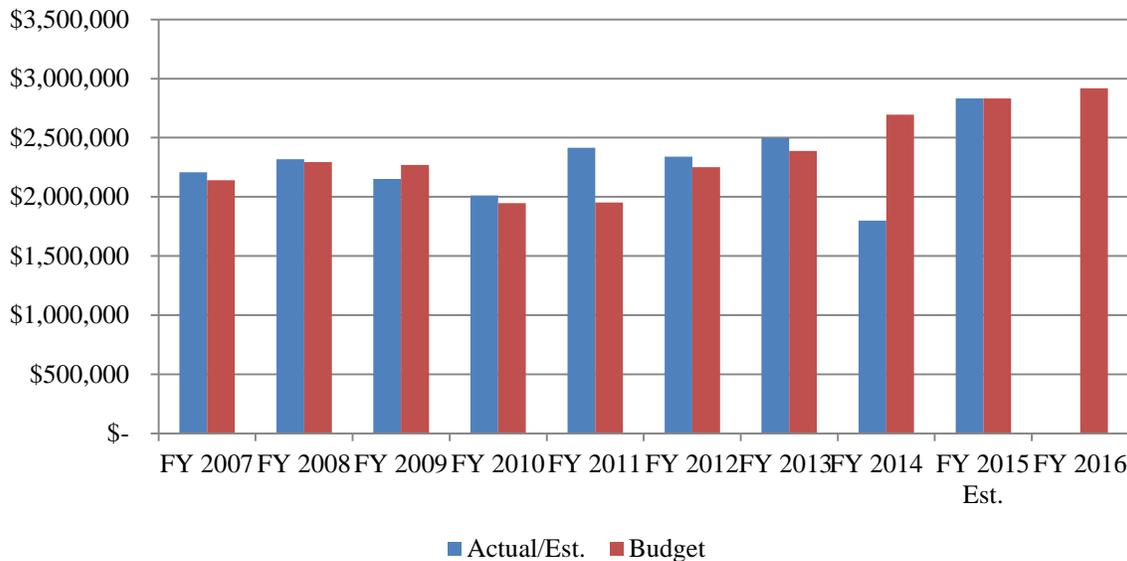


### Local Accommodation Tax

The 1% local accommodations tax will generate \$2.9 million in revenue. This figure is an increase of \$84,990 over the 2015 fiscal year budget as well as this year's projected actual revenue. These funds may be used for tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums; cultural, recreational, or historic facilities; beach access and re-nourishment; highways, roads, streets, and bridges providing access to tourist destinations; advertisements and promotions related to tourism development; water and sewer infrastructure to serve tourism-related demand and the operation and maintenance of those items previously enumerated and police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

## General Fund Revenues (continued)

### Accommodation Tax Local 1% (continued)



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

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

## General Fund Revenues (continued)

### **Transfer In – Accommodation Tax (State)**

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

It is anticipated that this line item will provide \$1.264 million in funds to the General Fund. There are no increases or decrease from the fiscal year 2015 budget.

### **Transfer In – Hospitality Tax**

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

These funds are used to support the Public Safety function of Town Government. It is anticipated that this line item will provide approximately \$3.8 million in funds to the General Fund. This is \$981,000 or 20.8% less than the amount budgeted in fiscal year 2015; a large portion of the decrease is because this funding source does not sufficient funds to contribute as much to the General Fund to cover road maintenance and fire appartatus/equipment as it did in prior years.

### **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 \$1,111,138 in funds to the General Fund. This represents no change from the fiscal year 2015 budget.

### **Transfer In – Electricity Fees**

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

This line item will provide \$87,878 in funds to the General Fund. These funds are used to reimburse the General Fund for project management costs associated with the burial of power lines.

## General Fund Revenues (continued)

### **Transfer In – Stormwater Fees**

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

It is anticipated that this line item will provide \$94,258 in funds to the General Fund. These funds are used to reimburse the General Fund for project management costs.

### **EMS**

Funds received through Fire Rescue for medical services rendered will be approximately \$1.3 million. The Town has implemented new EMS billing software that has allowed for an overall expected increase in revenue, but this represents no change from the fiscal year 2015 budget.

### **Funds from Prior Years (Fund Balance)**

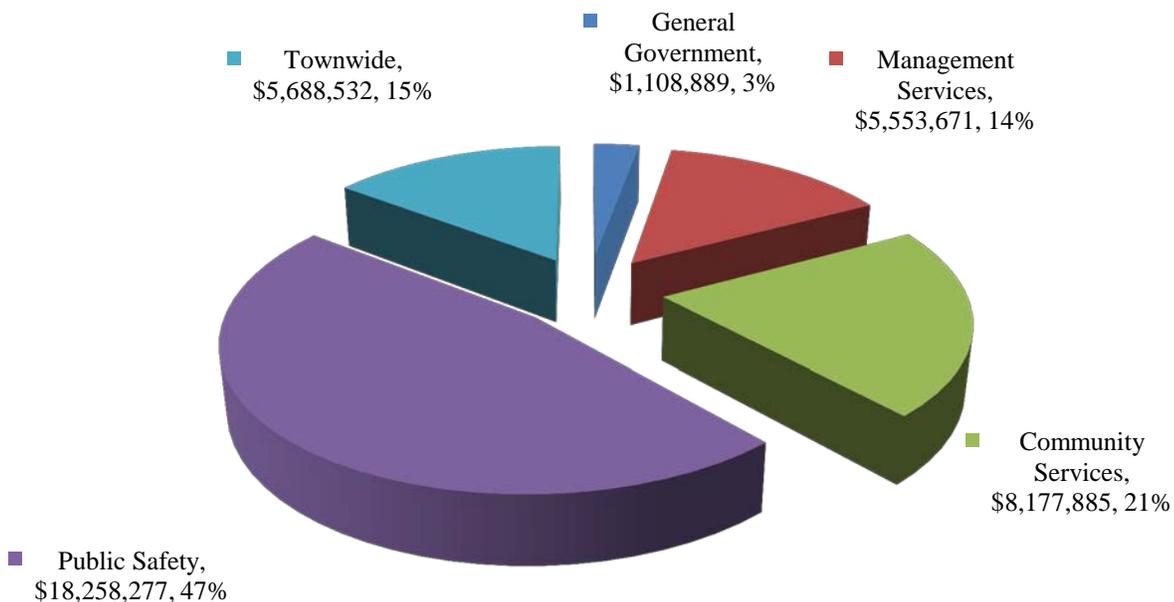
At the end of fiscal year 2014, the Town's General Fund had approximately \$3.4 million in unassigned fund balance. In fiscal year 2016, the Town will use approximately \$1,471,227 of these funds to balance the budget.

## General Fund Expenditures

Overall, expenditures are programmed at \$38.8 million for fiscal year 2016 compared to \$38.2 million last fiscal year, an increase of \$565,050 or 1.48%; The Town's primary programmatic decreases are a decrease in funding of \$402,608 for Roadway and Closed Loop Traffic Signal Maintenance under Community Services; and a \$267,429 decrease for capital outlay under Fire Rescue. These decreases are offset by an increase in funding in Public Projects and Facilities of \$359,087 for Facilities Management primarily related to the repair and replacement of Town-owned facilities; an increase of \$831,494 in Townwide Operating Expenditures; an increase of \$289,862 in Townwide Grants as well as a 3% personnel merit increase, (\$549,739) allocated by department.

The significant increase in Townwide Operating Expenditures was mostly due to a Council-directed \$850,000 addition as a placeholder for several projects being considered by a new Council such as a new Town Vision, Circle-to-Circle Initiatives, and Public Communication. As these initiatives are approved and procurements of goods or services are contracted, the appropriate amounts will be moved to the most appropriate section of the Town's General Fund budget.

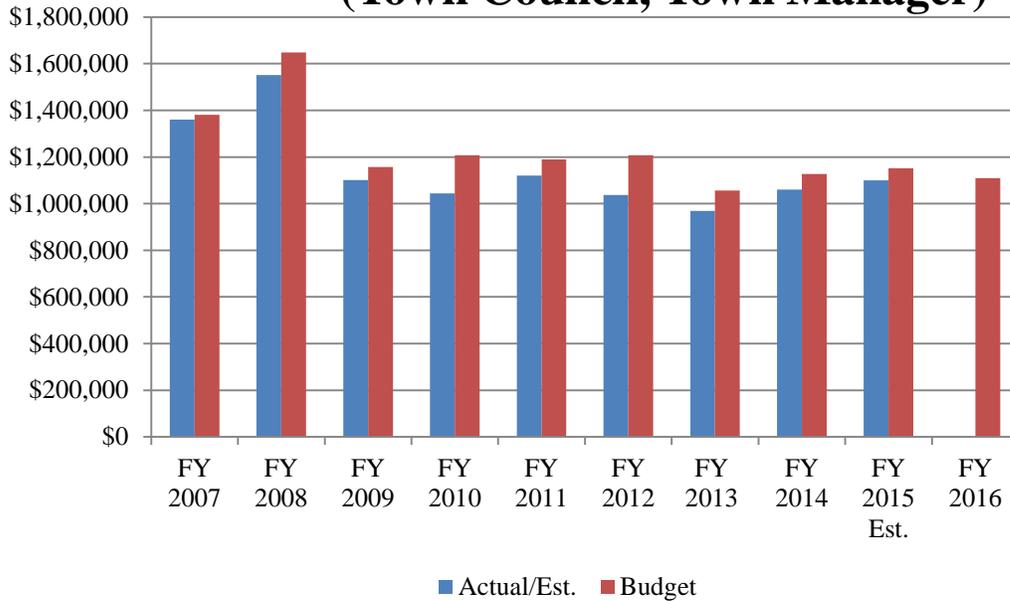
### **General Fund Expenditures by Program**



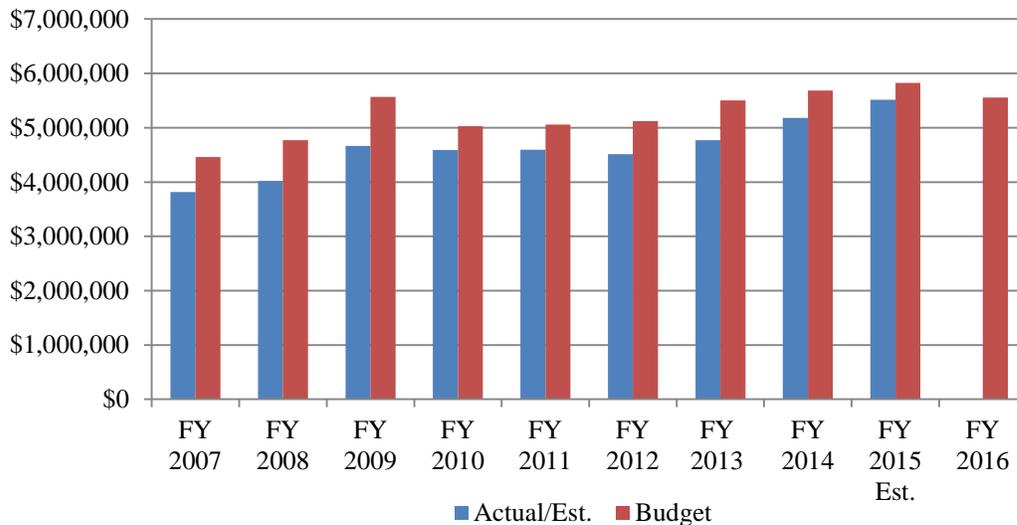
## Trend Analysis - Expenditures by Program

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

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

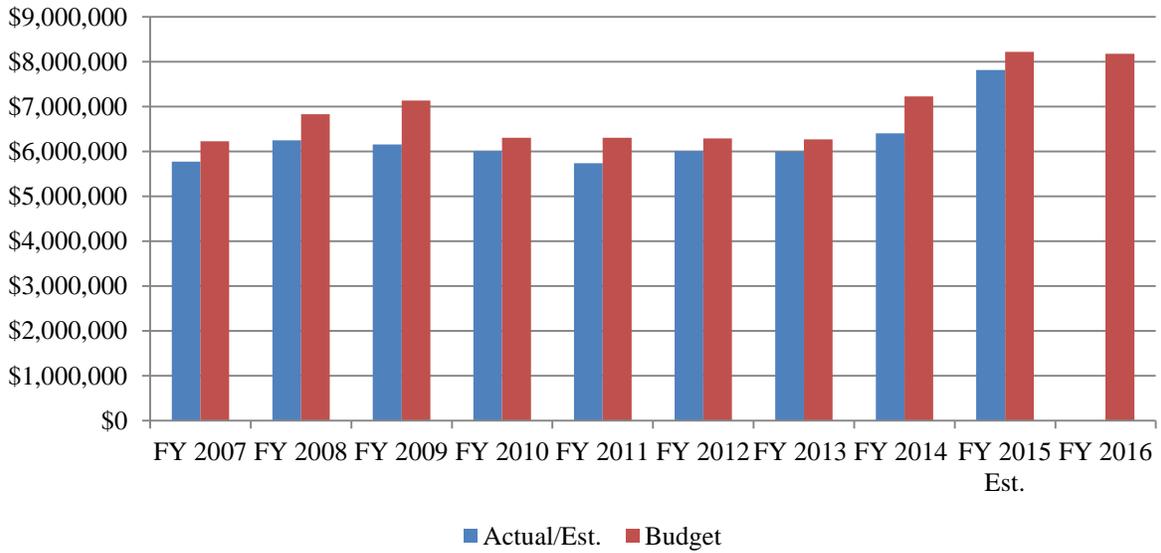


### **Expenditures - Management Services (Administration/Legal, Administrative Services, Finance, Human Resources)**

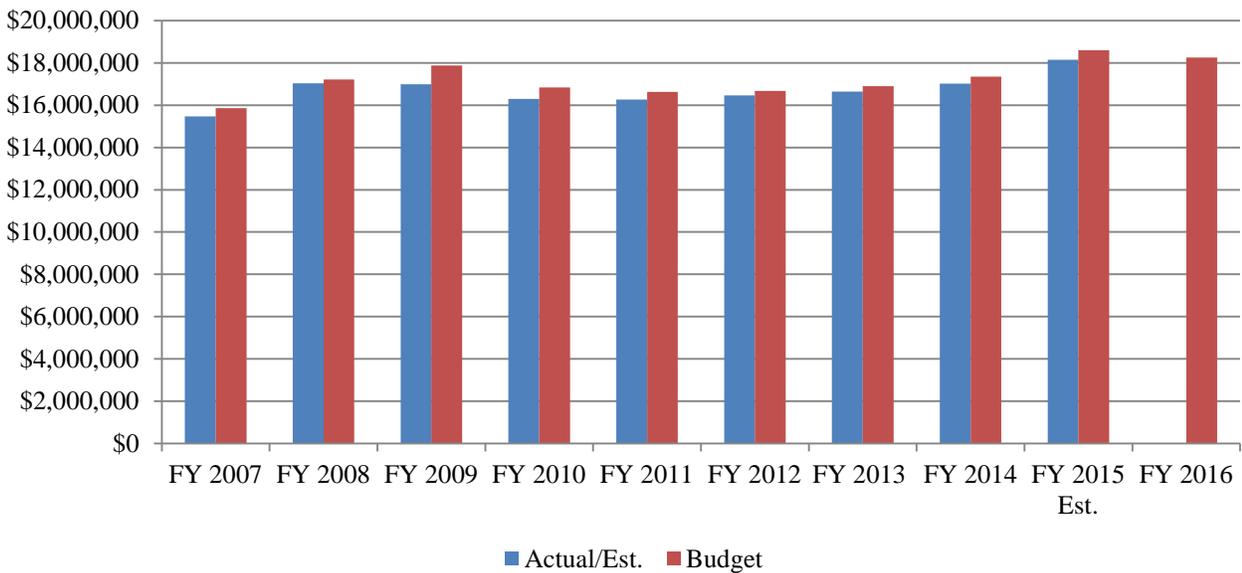


Trend Analysis - Expenditures by Program

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

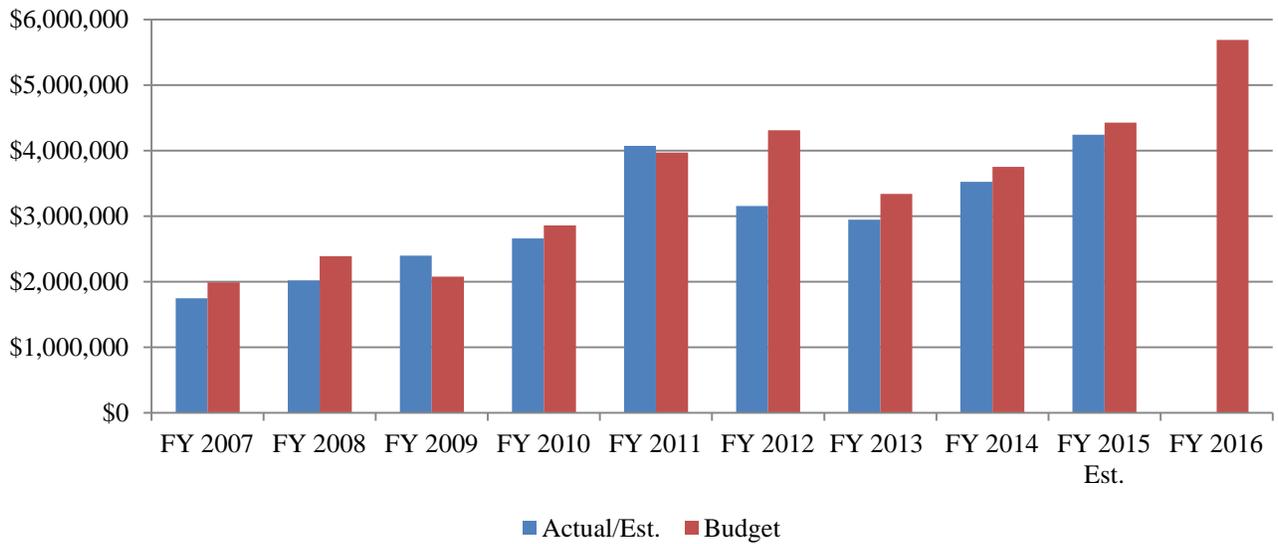


**Expenditures - Public Safety  
(Fire Rescue, Sheriff, Other Public Safety)**



Trend Analysis - Expenditures by Program

**Expenditures - Townwide  
(Non-departmental)**



# Department Budgets

Program: General Government  
Department: Town Council

## Mission

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

## Core Services

### *Open Town Government*

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

### *Financial Stability and Economic Development*

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

### *Community and Environmental Vitality*

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

### *World-Class Leisure and Recreational Opportunities for Residents and Guests*

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

### *Promoting Unity while Supporting Diversity in the Community*

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

Program: General Government  
Department: Town Council

**Calendar Year 2014 Achievements**

- Coligny – Established Basic Framework
- Shelter Cove Development and Park
- Road Paving – Power Alley
- Water/Sewer Services, including Squire Pope Road
- Rowing & Sailing Center at Squire Pope Community Park Completion
- LMO Rewrite Completion
- Whole Foods Opening
- USCB Facility Development
- TIF Extension
- RBC heritage Classic Golf Tournament – Town Support
- Beach Renourishment Program – Continue Progress
- Economic Development Corporation Board Appointment/Staffing
- Island Recreation Center Expansion Progress
- Airport Expansion
- Dredging

Program: General Government  
Department: Town Council

**Calendar Year 2015 Top Priorities**

- Coligny Circle: Sea Pines Circle Area Plan
- Arts & Culture Collaborative Strategy
- USCB Campus Development
- Mitchelville Project
- Master Plan for Hilton Head Island
- Sewer Service Policy & Plan

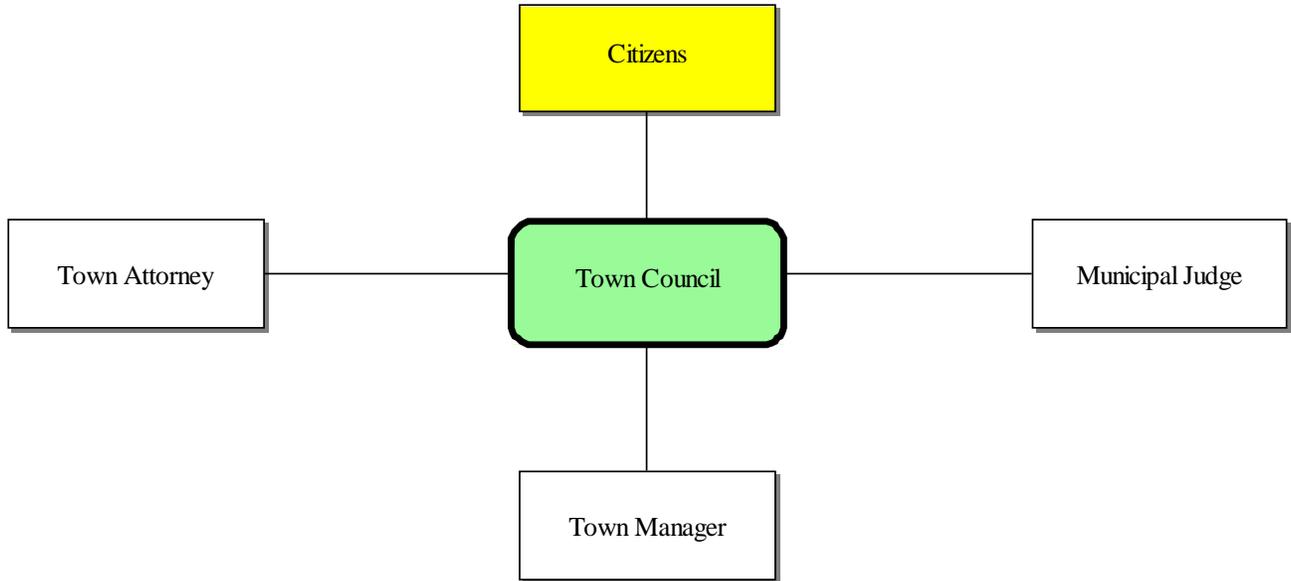
**Calendar Year 2015 High Priorities**

- Workforce Housing: Policy & Tools
- Economic Development Corporation: Plan & Tools
- Town-Owned Land Inventory: Direction
- Community Organization Financial/Performance Review
- Comprehensive Town-Wide Dredging Policy: Management & Direction
- Schools & Education Strategy

**Calendar Year 2015 Moderate Priorities**

- South Island/Sea Pines Sub-Regional Traffic Study
- Arts Center Building: Direction & Funding
- Town Policy/Tool Kit: Aging Office Buildings & Commercial Centers

Program: General Government  
 Department: Town Council



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

Expenditures by Program/Category

Town Council	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015 Estimated Actual	FY 2016 Budget	Budget Change	\$	Budget %	Change
<b>Summary by Category</b>										
Personnel	\$ 79,451	\$ 108,380	\$ 131,443	\$ 143,776	\$ 126,358	\$ 143,543	\$ (233)		-0.16%	
Operating	227,818	266,576	302,211	363,069	329,031	314,600	(48,469)		-13.35%	
<b>TOTAL</b>	<b>\$ 307,269</b>	<b>\$ 374,956</b>	<b>\$ 433,654</b>	<b>\$ 506,845</b>	<b>\$ 455,389</b>	<b>\$ 458,143</b>	<b>\$ (48,702)</b>		<b>-9.61%</b>	
<b>Positions</b>	7.0	7.0	7.0	7.0	7.0	7.0	0.0		0.00%	

Program: General Government  
Department: Town Manager

**Mission**

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

**Core Services**

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

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

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

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

**FY 2015 Accomplishments**

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

**Calendar Year 2015/FY 2016 Goals**

- Assist Town Council, Departments and Divisions to achieve their goals

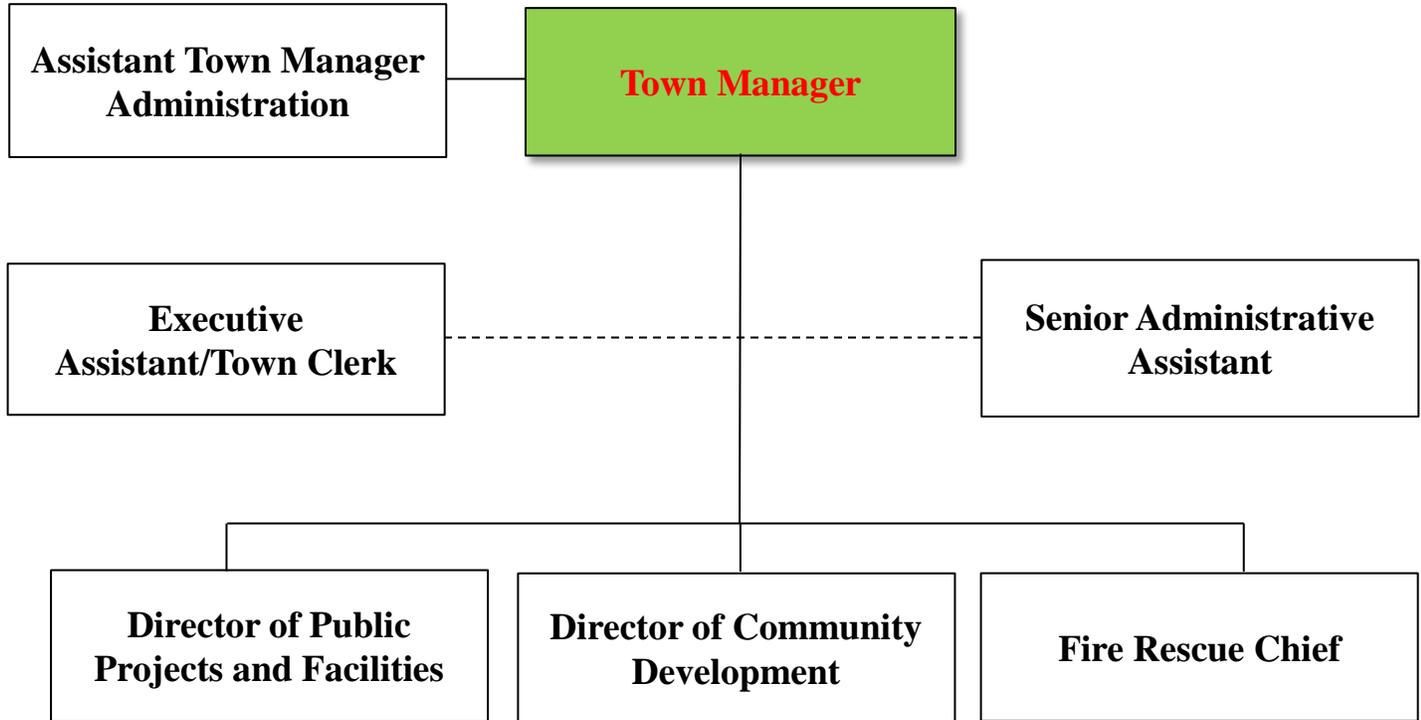
**Top Priority**

- Debt/Reserve Policy: Review
- Beach Management Plan: Update
- Public TIF Projects Prioritization
- Private Dirt Roads Acquisition
- Airport Expansion
- Operating/Maintenance Analysis: CIP

**High Priority**

- Cordillo Tennis Court: Sale
- Departmental Performance Audit
- CDBG Plan
- Shelter Cove Area Redevelopment Project
- NPDES Permit: Compliance Action Plan

Program: General Government  
 Department: Town Manager



Note: The Town Manager and Assistant Town Manager are budgeted in this Department. Also, the two assistants are budgeted in the Town Manager's Department; however, they are direct reports to the Administration Department's Administrative Manager. The salaries of the Fire Rescue Chief, Community Development Director and Public Projects and Facilities Director are budgeted in their respective Departments.

Expenditures by Program/Category

Town Manager	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	Budget	
	Actual	Actual	Actual	Budget	Estimated	Budget	Change	%
<b>Summary by Category</b>								
Personnel	\$ 550,499	\$ 574,213	\$ 598,342	\$ 617,663	\$ 621,357	\$ 625,596	\$ 7,933	1.28%
Operating	24,344	19,337	28,144	27,000	22,717	25,150	(1,850)	-6.85%
<b>TOTAL</b>	<b>\$ 574,843</b>	<b>\$ 593,550</b>	<b>\$ 626,486</b>	<b>\$ 644,663</b>	<b>\$ 644,074</b>	<b>\$ 650,746</b>	<b>\$ 6,083</b>	<b>0.94%</b>
<b>Positions</b>	5.0	4.0	4.0	4.0	4.0	4.0	0.0	0.00%

Program: Management Services  
Division: Administration/Legal

**Mission**

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

**Core Services**

**Administration**

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

**Legal Services**

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

Program: Management Services  
Division: Administration/Legal

FY 2015 Accomplishments

- Oversaw the State's Legislative Agenda and its strategies and provided assistance to support the Town's positions on 2014-2015 State Legislation.
- Assisted with the legislative process and the planning of the ceremony naming the bridge which crosses Jarvis Creek on Spanish Wells Road-the Charlie Simmons, Sr. Memorial Bridge.
- Assisted with the development and implementation of the Town Council Policy Agenda 2014 and Management Agenda 2014.
- Scheduled guests and staff for WHHI's 843TV.
- Permitted over 40 Special Events and 27 non-special events on the Island.
- Processed over 400 Freedom of Information Requests, 40 Subpoenas, and 150 Contracts and Addendums.
- Assisted with providing resources, materials, information on Town policies and procedures, and applicable State laws to incoming Town Committee, Commission, and Board members.
- Assisted with the recruitment and appointments of Board and Commission members.
- Assisted with Public Information Enhancement promotion for the Town.
- Assisted with the planning and organization of the Mayor's Youth Community Service Award Program.
- Assisted with the dissemination of Town information in newspaper articles, magazines, and television to keep the community informed on Town issues and projects.
- Assisted with the education of the new Economic Development Corporation.
- Coordinated an Island-wide canvas over 2, two-week periods to ensure all contractors and subcontractors working in the Town have a current business license and all necessary permits for the work they are performing. Assisted with monitoring new method of enforcement method whereby building inspectors now verify that all contractors and subcontractors have a current business license and all required permits when they conduct any inspection.
- Continued education of residents/guests regarding Light Ordinance and the effects of lights on sea turtles in an effort for an enhanced and successful turtle nesting season.
- Targeted illegal dumping sites in rights-of-way and easements, including storm water easements, requiring their clean up and striving to prevent future dumping.
- Worked with deputy sheriffs, revenue collectors, and town code enforcement offices to teach trial advocacy to assist them in presenting better cases before the municipal judge and juries.

Program: Management Services  
 Division: Administration/Legal

**Calendar Year 2015/ FY 2016 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 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Average review of contracts within 3 days	150	140	145
Workers compensation compliance	98.0%	99.0%	99.0%

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

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Average response to FOIA Requests within 10 days	400	450	450

**Goal 2:** To oversee the State Legislative Agenda and strategies and provide assistance to support the Town’s positions on 2014-2015 legislative issues.

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

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <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	15	20

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

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

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Number of special event applications processed	40	50	50
Number of non-special events reviewed and processed	27	30	30

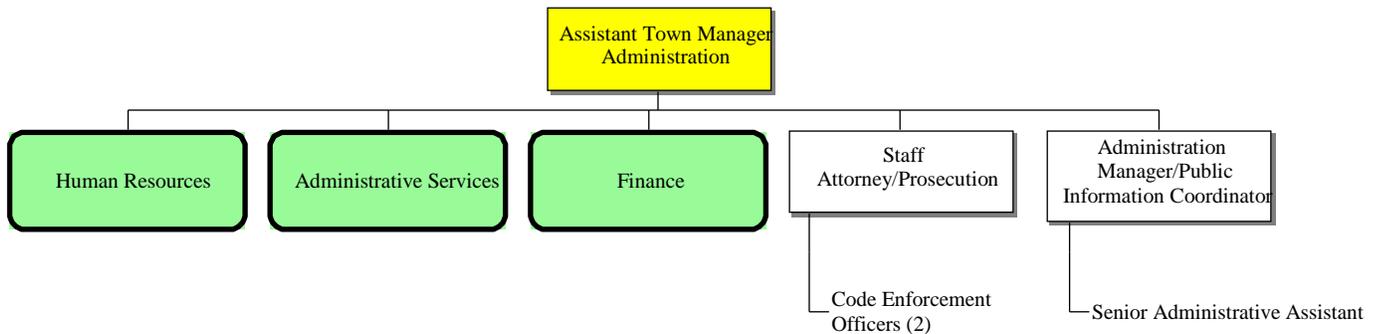
Program: Management Services  
 Division: Administration/Legal

Calendar Year 2015/ FY 2016 Goals, Objectives, and Performance Measures, continued

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

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

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Attorney prosecutions	44	75	75
Attorney assists Deputy with prosecution	18	25	25
Attorney assists Code Enforcement with prosecution	10	15	15



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

Expenditures by Program/Category

Administration/Legal	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015		FY 2016 Budget	Budget \$ Change	Budget % Change
					Estimated	Actual			
<b>Summary by Category</b>									
Personnel	\$ 398,375	\$ 356,819	\$ 430,499	\$ 454,149	\$ 451,902	\$ 463,050	\$ 8,901	1.96%	
Operating	26,021	22,811	27,021	38,825	29,580	36,325	(2,500)	-6.44%	
Capital	-	-	-	26,000	26,000	-	(26,000)	-100.00%	
<b>TOTAL</b>	<b>\$ 424,396</b>	<b>\$ 379,630</b>	<b>\$ 457,520</b>	<b>\$ 518,974</b>	<b>\$ 507,482</b>	<b>\$ 499,375</b>	<b>\$ (19,599)</b>	<b>-3.78%</b>	
<b>Positions</b>	5.0	5.0	5.0	5.0	5.0	5.0	0.0	0.00%	

Program: Management Services  
Division: Administrative Services

### Mission/Core Services

#### ***Records Administration***

Administer Town Records and provides 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.

### FY 2015 Accomplishments

- Completed upgrade of audio visual equipment in both Council Chambers and Conference Room #4.
- Installed a town wide video conferencing system.
- Installed a Security Camera System in Town Hall and upgraded several security cameras at our other 14 locations.
- Planned/designed and oversaw the contractor's installation of a 28 cameras security system and wifi hot spot at the new Shelter Cove Community Park.
- Continued our efforts to create a secondary service point for all IT services utilizing the latest technology improvements in replicating services through server virtualization.
- Worked with Public Projects and SC DOT to link the recently installed fiber for managing some 13 intersection traffic signals to the Town's network at Station 3. This provides the Town's Traffic Engineer the ability to remotely manage these intersections from Town Hall.
- Continued our efforts on a multi-year project to digitize all town records and the implementation of an enterprise records management system.
- Completed several enhancements to the Town's Website that improved access for citizens to information and documents. Fully developed Public Information Program initiatives.
- Successfully completed the pilot project for broadcasting all Council meetings transitioned this to a permanent service.
- In a joint effort with Beaufort County we developed a customized software program that can be utilized to conduct/document rapid damage assessment of both structures/infrastructure following significant storm event (hurricane/wild fire/earthquake/tornado).
- After going live with Energov in April we continued our efforts to fully implement all functionality.

Program: Management Services  
 Division: Administrative Services

**Calendar Year 2015/FY 2016 Goals, Objectives, and Performance Measures**

**Goal (IT):**

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

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

	CY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>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 calls for software support within 1 hour and to complete all departmental Help Desk requests in a timely manner.

	CY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Respond to critical calls in 1 hour	95%	95%	98%
Help Desk (DP) requests completed:			
Within 30 days	3	3	3
Within 60 Days	0	0	0

**Goal (Municipal Court):**

To administer effective and impartial justice for citizens in order to provide due process and enhance public safety.

**Objective:** To review probable cause affidavits, issue arrest/search/bench warrants, issue orders, research case law, hold trials and hearings, set dockets, review case load for dockets and complete 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.

	CY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Number of cases docketed	5117	3207	3271
Number of cases disposed	5271	3673	3746
Number of search warrants issued	8	10	12
Number of arrest warrants issued	308	396	404
Number of bench warrants issued	389	419	427

Program: Management Services  
Division: Administrative Services

Calendar Year 2015/FY 2016 Goals, Objectives, and Performance Measures, Continued

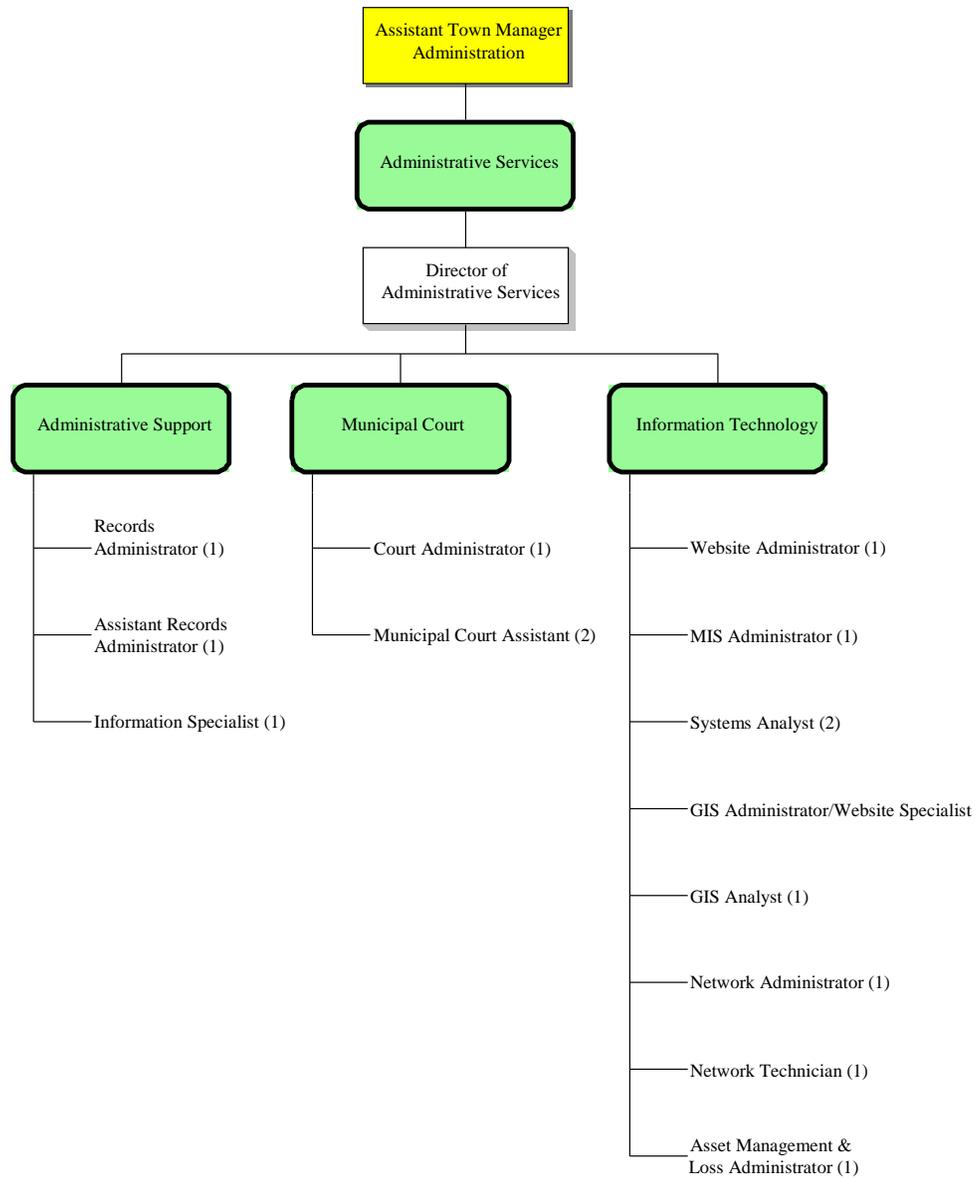
**Goal (Records Administration):**

To administer the Town Records Management Program:

**Objective:** To effectively and efficiently receive and process official town records from all Departments. To ensure that all records received for processing are converted to micro film not later than 12 months from the date received.

	CY 2014	FY 2015	FY 2016
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
Number of Plans Processed	2,500	2,500	3,000

Program: Management Services  
 Division: Administrative Services



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

Program: Management Services  
 Division: Administrative Services

Expenditures by Program/Category

Summary by Category	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	Budget \$	Budget
	Actual	Actual	Actual	Budget	Estimated Actual	Budget	Change	% Change
<b>Expenditures:</b>								
<b>Program Summary</b>								
Administrative Support	\$ 209,676	\$ 171,549	\$ 183,724	\$ 276,445	\$ 272,271	\$ 229,751	\$ (46,694)	-16.89%
Municipal Court	371,047	376,951	392,215	426,614	418,499	424,928	(1,686)	-0.40%
Information Technology	1,576,388	1,813,267	2,082,435	2,263,877	2,263,422	2,021,197	(242,680)	-10.72%
<b>Total</b>	<b>\$ 2,157,111</b>	<b>\$ 2,361,767</b>	<b>\$ 2,658,374</b>	<b>\$ 2,966,936</b>	<b>\$ 2,954,192</b>	<b>\$ 2,675,876</b>	<b>\$ (291,060)</b>	<b>-9.81%</b>
<b>Summary by Category</b>								
Personnel	\$ 1,324,435	\$ 1,337,327	\$ 1,500,626	\$ 1,532,586	\$ 1,519,910	\$ 1,563,482	\$ 30,896	2.02%
Operating	711,835	763,490	795,015	1,013,525	1,013,457	987,414	(26,111)	-2.58%
Capital	120,841	260,950	362,733	420,825	420,825	124,980	(295,845)	-70.30%
<b>Total</b>	<b>\$ 2,157,111</b>	<b>\$ 2,361,767</b>	<b>\$ 2,658,374</b>	<b>\$ 2,966,936</b>	<b>\$ 2,954,192</b>	<b>\$ 2,675,876</b>	<b>\$ (291,060)</b>	<b>-9.81%</b>
<b>Positions</b>	17	17	17	17	17	17	0.0	0.00%

Program: Management Services  
Division: Human Resources

**Mission**

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

**Core Services**

***Recruitment and Selection***

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

***Total Rewards Management***

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

***Talent Management***

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

***Organization Effectiveness***

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

**FY 2015 Accomplishments**

- Administered and implemented Classification & Compensation Study resulting in new class specifications for all positions, new job evaluation process, internal equity adjustments, enhanced external competitiveness, and updated policies and procedures related to compensation delivery.
- Improved and documented employment processes from requisition through onboarding to expedite recruitment, ensure regulatory compliance, facilitate qualified candidate identification, reduce cost, and support new hire success; implemented applicant tracking system to improve quality of information received from candidates, provide hiring supervisors with better data access and reporting capabilities, and decrease staff time required to track applicant data.
- Audited background check guidelines, implemented best practices and negotiated reduced provider fees; implemented cost-effective, on-site pre-employment skills testing; conducted comprehensive secondary employment audit; supported EDC staff recruitment and implementation of employee lease agreement; expanded contingent workforce; improved process for soliciting feedback from departing employees to encourage greater response and provide enhanced reporting capabilities.

Program: Management Services  
Division: Human Resources

FY 2015 Accomplishments, Continued

- Supported key organization redesigns, succession planning and position modifications, resulting in improved performance quality, increased productivity, and reduced cost.
- Developed and delivered townwide training strategy and initiatives designed to support service delivery goals; implemented updated customer service refresher training for all staff; expanded townwide training focus to include compliance, core competency, software, financial, new supervisor and leadership training; used in-house training resources where feasible; varied delivery methods to meet employee preferences and group needs.
- Managed HR programs to comply with new/changing federal and state laws; addressed changes in regulations and monitored pending legislative impact; implemented improved records retention practices to comply with legal requirements and facilitate improved access to employee records.
- Improved performance management through increased training/support for both new and experienced supervisors, clarification of performance objectives/expectations, stronger justification of performance results, and focused HR/upper level management intervention in addressing performance deficiencies.
- Maintained cost-effective Workers' Compensation program including use of deductible program to reduce premiums, increased discounts/credits, continued emphasis on employee safety, light duty assignments to encourage return to work, and HR staff certification in risk management.
- Continued implementation of process and form changes designed to incorporate user-friendly enhancements and support "green" initiatives, resulting in improved customer service and understanding of HR processes.
- Continued delivery of employee wellness initiatives to include on-site health screenings, flu shots, EAP overviews, lunch and learn sessions, individual and team health-related activities and wellness webinars; implemented Employee Health & Wellness Committee; developed and implemented comprehensive strategy for delivery of ongoing wellness initiatives.
- Designed and implemented compensation program changes in response to employee and business needs; modified merit allocation process to involve all supervisory levels; encouraged performance-based rewards differentiation; provided funding to address individual situations.
- Implemented benefit program changes to enhance value and reduce cost; contracted with new Life/AD&D/STD provider, resulting in provision of enhanced benefits at lower cost; updated device eligibility under computer loan program; expanded deferred compensation plan workshops and Social Security presentations in response to employee requests.

Program: Management Services  
 Division: Human Resources

**Fiscal Year 2015 - 2016: Goals, Objectives, and Performance Measures**

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

**Objective:** Effectively manage recruitment process.

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
# of positions filled	39	25	30
# of external hires	18	17	15
% of external offers accepted	90%	90%	85%
Avg. time to fill positions (requisition approval to offer acceptance)	23 Days	30 Days	25 days
Direct cost per hire (exc. staff time)	\$1038	\$1019	\$1050

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

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Overall turnover rate	7.6%	7.0%	8.5%
Voluntary turnover rate	6.8%	6.0%	7.0%
Involuntary turnover rate	0.8%	1.0%	1.5%
Turnover Rate during 1 <sup>st</sup> year	8.3%	5%	10%
High performer loss (rating $\geq$ 3.25)	1	1	2

**Goal 2:** Offer competitive total rewards program.

**Objective:** Maintain competitive compensation programs.

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Salary budget increase % vs. public sector national avg	.3% more	.5% more	.4% more
Salary budget increase % vs. national avg (< 500 employees)	.2% less	.3% less	.2% less
% high performers paid > range mid	20.4%	23.3%	25.7%
# of resignations due to salary	0	0	1

**Objective:** Maintain competitive benefit programs.

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Benefits as % of salary	37.48%	38.74%	37.60%
Avg. Town medical cost vs. nat'l avg	\$2084 less	\$1807 less	\$1650 less
Eligible employee participation rate in 401k match plan	91%	92%	92%
# of resignations due to benefits	0	0	0

Program: Management Services  
 Division: Human Resources

**Fiscal Year 2015 - 2016: Goals, Objectives, and Performance Measures, Continued**

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

**Objective:** Facilitate effective succession planning and career development

	FY 2014	FY 2015	FY 2016
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
# of promotions	19	7	13
# of transfers	2	1	2
Internal placement rate	53.85%	32%	50%

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

	FY 2014	FY 2015	FY 2016
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
# of interdepartmental participant training hours	2102.5	2100	2400
% of employees participating in tuition reimbursement program	3%	3%	3%
# certification/degree bonuses given	11	6	5

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

	FY 2014	FY 2015	FY 2016
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
% of employees meeting expectations	97.6%	95%	95%
% of employees with improved ratings	2.4%	5%	5%
# of Employee Recognition Awards	14	10	10

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

**Objective:** Optimize position and organization design

	FY 2014	FY 2015	FY 2016
	<u>Actual*</u>	<u>Projected</u>	<u>Budget</u>
# of positions created/re-evaluated	1	4	3
# of organization redesigns supported	1	2	2

\*All positions & organization structure evaluated as part of FY14 Compensation Study. Storm Water Construction Administrator created following conclusion of the Study.

**Objective:** Maintain employee productivity and engagement.

	FY 2014	FY 2015	FY 2016
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
Non-FMLA sick leave (% of work hrs)	1.93%	1.83%	1.90%
Average length of service (in years)	11.05	10.88	11.00

Program: Management Services  
 Division: Human Resources

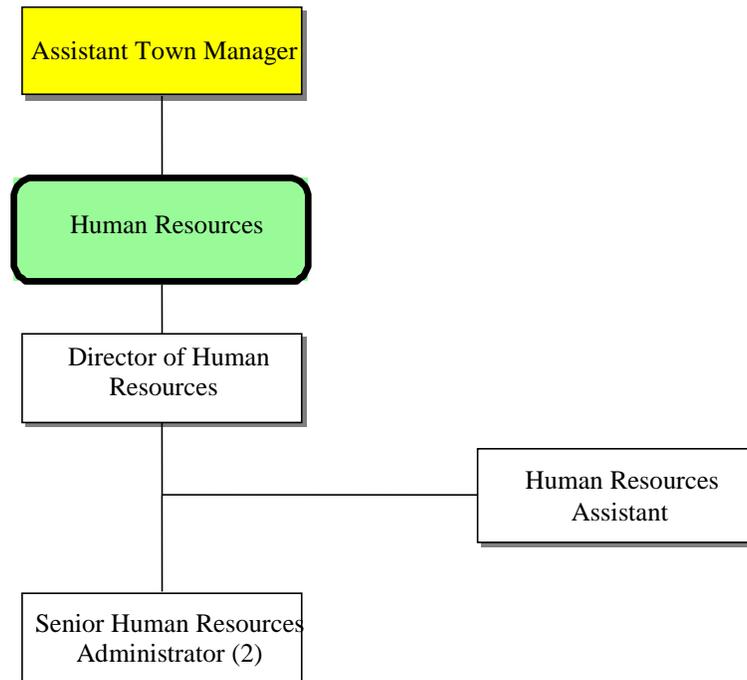
Fiscal Year 2015 - 2016: Goals, Objectives, and Performance Measures, Continued

**Objective:** Support workplace safety

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
# of reported employee injuries	9	12	12
# of lost work days due to injury	35	265	40

**Objective:** Encourage participation in wellness initiatives

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
% using medical preventive care benefit	31%	35%	35%
% using dental preventive care benefit	30%	30%	30%
% participating in health screening	31%	35%	40%



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

Program: Management Services  
 Division: Human Resources

Expenditures by Program/Category

Human Resources	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015	FY 2016 Budget	Budget \$ Change	Budget % Change
					Estimated Actual			
<b>Summary by Category</b>								
Personnel	\$ 403,055	\$ 401,495	\$ 412,160	\$ 435,857	\$ 430,008	\$ 443,170	\$ 7,313	1.68%
Operating	83,675	124,933	110,822	151,620	142,201	143,910	(7,710)	-5.09%
<b>TOTAL</b>	<b>\$ 486,730</b>	<b>\$ 526,428</b>	<b>\$ 522,982</b>	<b>\$ 587,477</b>	<b>\$ 572,209</b>	<b>\$ 587,080</b>	<b>\$ (397)</b>	<b>-0.07%</b>
<b>Positions</b>	4.0	4.0	4.0	4.0	4.0	4.0	0.0	0.00%

Department: Finance  
Program: Management Services

### **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. Oversee the compilation of 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, Home Grant and Electric Franchise Fee. Provide effective accounting support to staff and committees. Compile accurate monthly and comprehensive annual financial reports in compliance with governmental standards, practices and recommendations to be published on the Town's website and submitted to the Government Finance Officers Association.

#### ***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. Compile accurate annual financial budgets in compliance with governmental standards, practices and recommendations to be published on the Town's website and submitted to the Government Finance Officers Association.

Program: Management Services  
 Department: Finance

**FY 2015 Accomplishments**

- The Town was awarded the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association for the twenty sixth consecutive year and the Distinguished Budget Presentation Award for the tenth year.
- The Town contracted with new auditors for the fiscal year ended June 30, 2014. The transition was successful and yielded improvements to the presentation of the financial data.
- The Accounting Department successfully prepares the monthly financial statements for the newly developed Hilton Head Island Economic Development Corporation.
- The Town received an unqualified opinion from the independent external auditors on the financial statements and did not receive any findings related to internal controls over financial reporting.
- The paperless records retention project continues to allow the Finance Department to be environmentally responsible and allows faster and more efficient access to financial information.
- For FY2014 accounts identified as part of our continuing ATAX project paid the Town in excess of \$474,000. From the inception of this project (7/2012) through FY2014 the Town has recorded revenues of \$1,160,000 for the accounts identified by this project.
- The actions of our Revenue Collectors resulted in collections of in excess of \$880,000 during FY2014. The largest elements of these collections efforts came from delinquent ATAX and HTAX accounts (\$285,000 and \$253,000 respectively).

**Calendar Year 2015/FY 2016 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 2015 <u>Actual</u>	FY 2016 <u>Projected</u>
Standard & Poor’s Bond Rating	AA+	AA+
Moody’s Investors Bond Rating	Aaa	Aaa
Fitch Bond Rating	AA+	AA+
Debt percent of Legal Debt		
Margin without a Referendum	12.24%	11.37%

Program: Management Services  
 Department: Finance

**Goal:** Provide a high level of customer service in the Revenue and Collections Division.

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

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Business license renewals processed:	6162	6200	6210
New business licenses processed	1015	1100	1125
Local ATAX/Beach Preservation Fee*	1308	1350	1400
Hospitality Tax receipts processed	2151	2160	2175
Local ATAX/Beach Preservation Fees receipts processed	5074	5100	5150
Beach passes issued	1322	1400	1450
Miscellaneous receipts processed	2028	2050	2075
EMS # calls billed	3,748	3,750	3,750
EMS collections (payments)	\$1,444,779	\$1,320,000	\$1,445,000
EMS charges billed	\$1,794,764	\$1,800,000	\$1,800,000

\*Rental management companies represent one account regardless of number of properties served.

Program: Management Services  
 Department: Finance

**Goal:** Provide a high level of customer service to new business license customers.

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

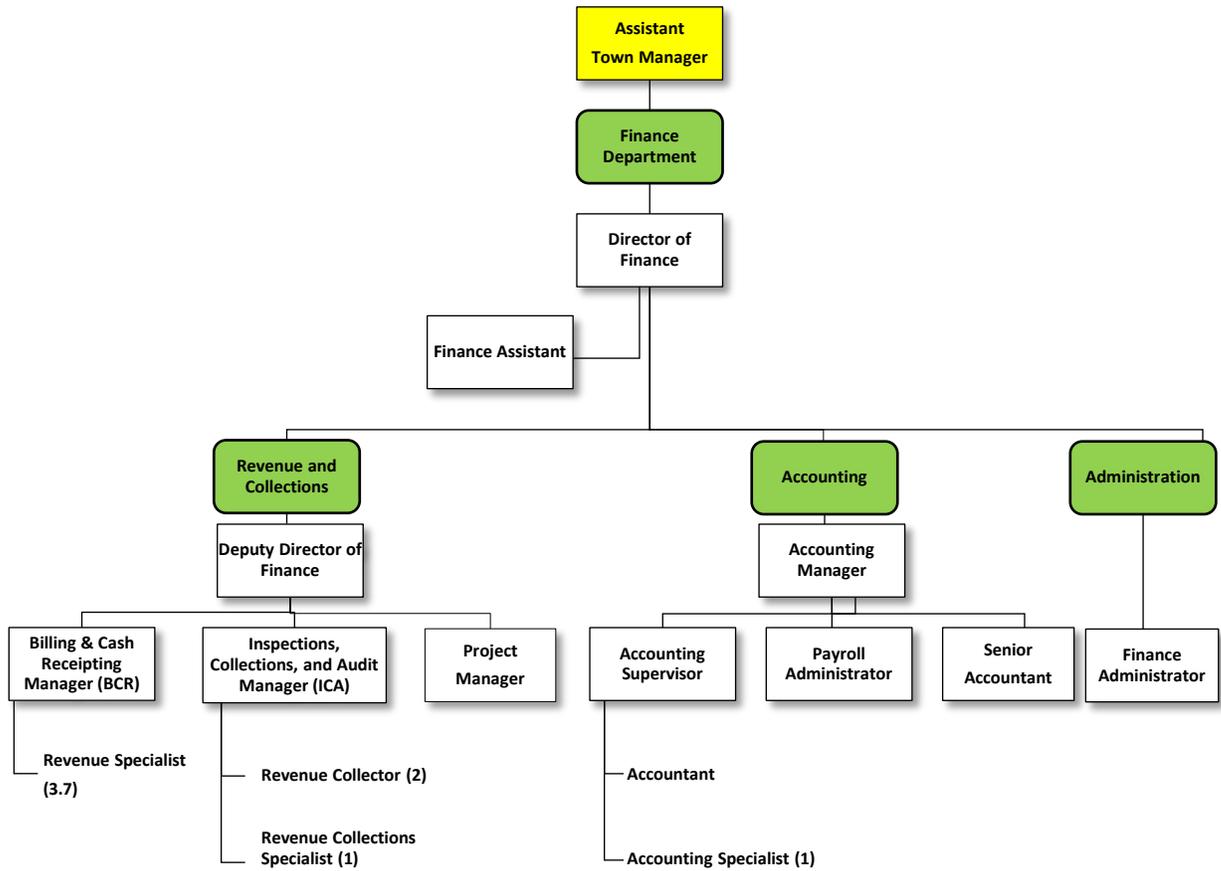
	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
New OOT/OOC business licenses issued within one (1) business day	100%	100%	100%
New home-based business licenses issued within five (5) days	100%	100%	100%
Store front business licenses issued within 15 days	100%	100%	100%

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

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

	FY 2014 <u>Actual</u>	FY 2015 <u>Projected</u>	FY 2016 <u>Budget</u>
Business license site visits/contacts	3,333	3,800	4,200

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

Finance	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015 Estimated Actual	FY 2016 Budget	Budget \$ Change	Budget % Change
<b>Expenditures:</b>								
<b>Program Summary</b>								
Administration	\$ 247,858	\$ 282,117	\$ 294,043	\$ 310,398	\$ 294,075	\$ 317,541	\$ 7,143	2.30%
Accounting	538,530	546,355	571,742	626,488	607,911	608,769	(17,719)	-2.83%
Revenue and Collections	569,734	677,526	676,921	812,652	576,127	865,030	52,378	0.1
<b>Total</b>	<b>\$ 1,356,122</b>	<b>\$ 1,505,998</b>	<b>\$ 1,542,706</b>	<b>\$ 1,749,538</b>	<b>\$ 1,478,113</b>	<b>\$ 1,791,340</b>	<b>\$ 41,802</b>	<b>2.39%</b>
Personnel	\$ 1,246,453	\$ 1,360,227	\$ 1,412,643	\$ 1,534,902	\$ 1,349,463	\$ 1,649,040	\$ 114,138	7.44%
Operating	109,669	145,771	130,063	214,636	128,650	142,300	(72,336)	-33.70%
<b>Total</b>	<b>\$ 1,356,122</b>	<b>\$ 1,505,998</b>	<b>\$ 1,542,706</b>	<b>\$ 1,749,538</b>	<b>\$ 1,478,113</b>	<b>\$ 1,791,340</b>	<b>\$ 41,802</b>	<b>2.39%</b>
<b>Positions</b>	18.0	18.0	18.0	19.3	19.3	19.3	0.0	0.00%

Program: Community Services  
Department: Community Development

**Mission**

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

**Core Services**

***Administration***

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

***Development, Review and Rezoning***

- Manages and coordinates efforts to implement the Land Management Ordinance by the review of all applications for Development Plans, Subdivisions, Variances, Special Exceptions, Appeals, Zoning Map Amendments, Public Project Reviews and Master Plan Amendments ensuring all applications are in compliance with the Comprehensive Plan.
- Oversees natural resource protection of the Island including beach, tree and wetland regulations, and water quality preservation.
- Continues environmental monitoring for water quality and created wetlands, and Land Management Ordinance effectiveness for tree protection.
- Oversees Urban Design Program and Guidelines.
- Provides for periodic review and update of the Land Management Ordinance.
- Manages the Community Rating System, assuring that construction within the Town is in compliance with FEMA regulations thereby providing savings on flood insurance premiums for the residents and businesses on the Island.

Program: Community Services  
Department: Community Development

**Core Services, Continued**

***Comprehensive Planning***

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

***Inspections / Compliance***

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

***Community Development Services***

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

Program: Community Services  
Department: Community Development

FY 2015 Accomplishments

- Coordinated TIF project development and timing to maximize fiscal capacity for TIF projects with significant attention given to Coligny and Sea Pines areas
- Provided needed support to secure 10 year TIF extension
- Assisted the Planning Commission in developing a public process to produce a community-based Concept Plan for the Coligny Area project, include holding public input sessions and participating in public meetings
- Worked closely with USCB to develop MOU and cost share agreement
- Completed vacant property inventory and mapping application
- Assisted with hiring Economic Development Director for the new Hilton Head Island Economic Development Corporation.
- Coordinated EDC meetings, presentations, and other logistical and administrative support
- Coordinated events and activities with Island organizations for Bike Month in May
- Coordinated acceptance of Entitlement Grant opportunity from HUD
- Collaborated with regional partners to develop storm water educational materials related to MS4 designation
- Coordinated Sewer project in the TIF District with PSD (Barker Field)
- Coordinated placement of the next public art piece, “Sail Around” on town property at the corner of WHP and Arrow Road
- Completed SC Connect application and evaluation and was awarded recognition as a “Connected Community”
- Oversaw phases of redevelopment of Shelter Cove Mall site
- Revised Development Agreement and took forward rezoning (which was adopted) to add 30 additional apartments to the Shelter Cove apartments site(s).
- Coordinated approval process for Shelter Cove Community Park for construction
- Oversaw and coordinated efforts to complete the Shelter Cove Community Park
- Complete transfer of Shelter Cove Community Park from Shelter Cove Towne Centre to Town of Hilton Head Island.
- Coordinated with LMO Rewrite Committee to develop final draft of new LMO and presented it for adoption
- Completed significant changes to the Official Zoning Map
- Developed Concept Plan for Coligny Redevelopment District Improvements and presented to Town Council for adoption. Advanced plans for Phase 1 detailed design and construction.
- Completed consultant-drafted plan for Arts Collaboration Plan
- Worked with consultant to draft long range transportation plan for new Metropolitan Planning Organization (LATS).
- Completed the 5-year Consolidated Plan mandated as part HUD’s CDBG Entitlement Program
- Permitting and development of Rowing and Sailing Center
- Permitting and construction of Fire Station 6
- Sea Pines redevelopment assistance for the renovated Harbour Town Clubhouse
- Updated Hilton Head Island Design Guide including public input process and Design Review Board review

Program: Community Services  
Department: Community Development

**FY 2015 Accomplishments**

- Building Permits initialized: 1,918 7/1/2014 thru 1/29/2015
- Web Permits generated: 1,008 7/1/2014 thru 1/29/2015
- Number of Inspections: 7,289 7/1/2014 thru 1/29/2015
- Planning-type permits for 2014: DPR- 12; XDPR- 42; SUB-6; ZMA-3; SE-2; VAR-3; Appeals- 1; DRB- 66; Signs-111; NAT-770
- Installed new permitting software to replace aging software.
- Awarded Tree City USA
- Secured \$1,073,366 in grants awards.

**Calendar Year 2015/FY 2016 Goals and Objectives**

**Goal:** Island-wide Transportation Model.

**Objective:** Update TAZ Baseline Data, calibrate with June 2015 traffic counts, run build out scenario projections. Coordinate with Traffic consultant and planning commission to validate assumptions, inputs into the model and outputs.

**Goal:** Circle to Circle Master Plan and Transportation Plan for South Island area redevelopment.

**Objective:** Assist Planning Commission Committee on Circle to Circle Master Plan and Transportation Planning Effort.

**Goal:** Shelter Cove Towne Center

**Objective:** Continue to follow the requirements in the development agreement concerning updates, reporting and development of final phase for Shelter Cove Towne Center project.

**Goal:** Beach Management Plan.

**Objective:** Complete update to Beach Management Plan to fulfill State-mandated requirements.

**Goal:** Comprehensive Plan.

**Objective:** Complete the State-mandated 5-year review of the Comprehensive Plan.

**Goal:** Coligny Park Development Project.

**Objective:** Continue to work with design team, area residents, adjacent property owners, outside agencies, and Town officials to advance detailed plans for Phase 1 of the Coligny park project.

Program: Community Services  
Department: Community Development

Calendar Year 2015/FY 2016 Goals and Objectives, Continued

**Goal:** USCB Hospitality campus in Office Park Road area

**Objective:** Finalize revised concept plan and conceptual cost estimate. Continue coordination with the University of South Carolina on detailed design documents. Work with the engineering division and traffic consultants to design roadway and intersection improvements.

**Goal:** Recreation Center Expansion

**Objective:** Continue to work with the consultants to develop design plans to be used in the permitting and development approval process

**Goal:** Unsafe structures.

**Objective:** Work with property owners to resolve issues and bring unsafe structures into code compliance or require them to be demolished.

**Goal:** Noise Ordinance Revision: Shelter Cove.

**Objective:** Coordinate with property owner to draft ordinance language involving new Shelter Cove Park.

**Goal:** LMO Amendments

**Objective:** Coordinate amendments necessary to fix some unclear portions of the new LMO and take through adoption process

**Goal:** HUD CDBG Entitlement Program

**Objective:** Begin execution of the 5-year Consolidated Plan focusing on dirt road paving in pursuit of CDBG Entitlement Program Goals.

**Goal:** Island-wide Master Plan

**Objective:** Develop a Plan that reflects the Vision and Mission set forth by Town Council

**Goal:** Arts and Culture Strategy

**Objective:** Define a strategy that furthers arts and cultural opportunities in the community and defines the Town's role.

**Goal:** Mitchelville Project Strategy

**Objective:** Develop a strategy for Mitchelville and identify the Town's role.

Program: Community Services  
Department: Community Development

Calendar Year 2015/FY 2016 Goals and Objectives, Continued

**Goal:** Sewer Master Plan

**Objective:** Determine Town's role in implementation of the HHPSD Sewer Master Plan

**Goal:** Workforce Housing Initiative

**Objective:** Identify potential tools and programs to address an inadequate supply of workforce housing

**Goal:** Aging Office and Property Maintenance Code

**Objective:** Identify tools and programs, including a property maintenance code that will address the issue of aging commercial properties in the Island.

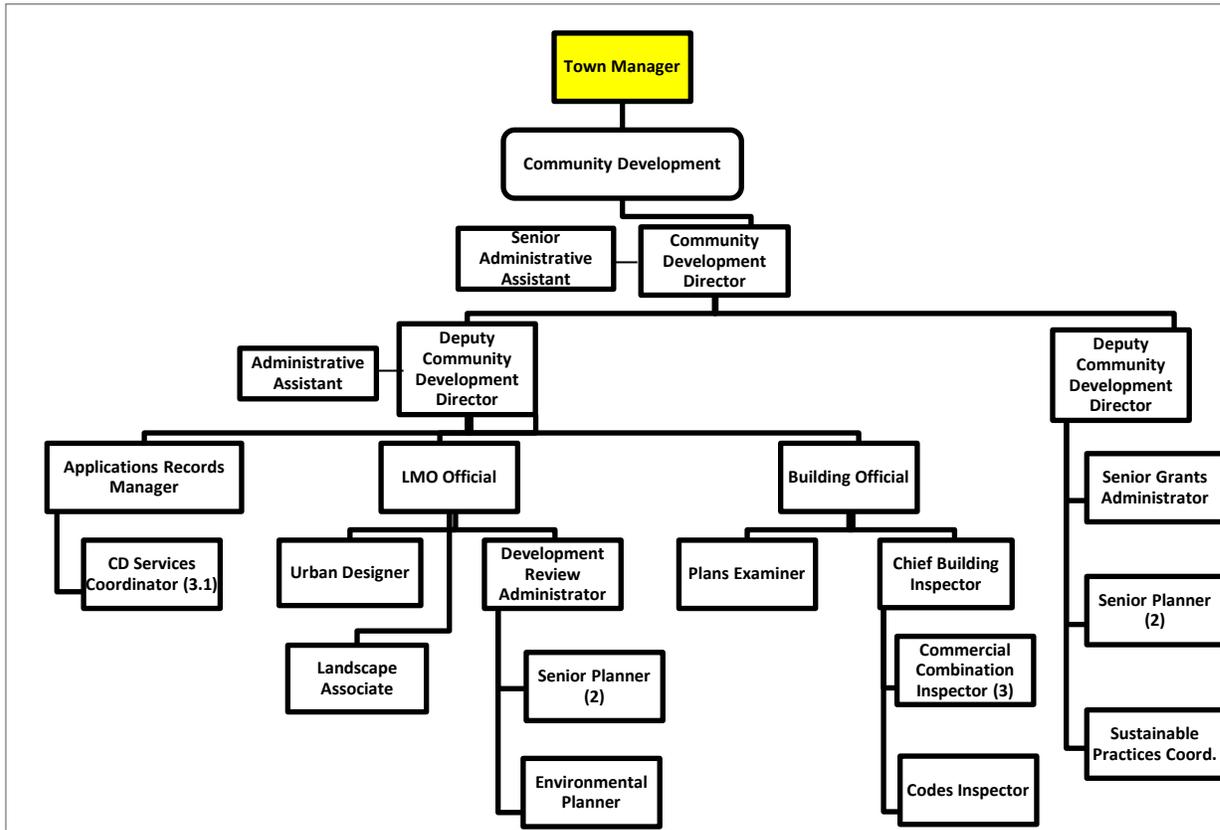
**Goal:** Town-owned Property

**Objective:** Develop a strategy for Town-owned property to address community needs in the execution of Town Council goals and work program.

**Goal:** Implement Airport Master Plan.

**Objective:** Continue to coordinate with county and airport officials to implement the Airport Master Plan. This will include amendments to the LMO.

Program: Community Services  
 Department: Community Development



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

Expenditures by Program/Category

Community Development	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015		Budget Change	\$	Budget % Change
					Estimated Actual	FY 2016 Budget			
<b>Expenditures:</b>									
<b>Program Summary</b>									
Administration	593,453	562,957	541,552	546,324	483,642	494,757	(51,567)		-9.44%
Inseptions/Compliance	614,999	664,599	636,045	701,677	660,353	692,457	(9,220)		-1.31%
Comprehensive Planning	347,178	366,299	466,352	525,194	522,039	529,308	4,114		0.78%
Development, Review & Zoning	633,070	625,144	650,164	732,753	642,026	760,104	27,351		3.73%
CD Services	268,333	274,917	287,875	306,500	303,969	323,716	17,216		5.62%
<b>Total</b>	<b>\$ 2,457,033</b>	<b>\$ 2,493,916</b>	<b>\$ 2,581,988</b>	<b>\$ 2,812,448</b>	<b>\$ 2,612,029</b>	<b>\$ 2,800,342</b>	<b>\$ (12,106)</b>		<b>-0.43%</b>
<b>Summary by Category</b>									
Personnel	\$ 2,326,905	\$ 2,352,058	\$ 2,350,906	\$ 2,541,357	\$ 2,478,902	\$ 2,651,950	\$ 110,593		4.35%
Operating	130,128	141,858	231,082	271,091	133,127	148,392	(122,699)		-45.26%
<b>TOTAL</b>	<b>\$ 2,457,033</b>	<b>\$ 2,493,916</b>	<b>\$ 2,581,988</b>	<b>\$ 2,812,448</b>	<b>\$ 2,612,029</b>	<b>\$ 2,800,342</b>	<b>\$ (12,106)</b>		<b>-0.43%</b>
<b>Positions</b>	27	27	26	26.1	26.1	27.1	1.0		3.83%

Program: Community Services  
Department: Public Projects and Facilities

**Mission**

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

**Core Services**

***Administration***

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

***Engineering Services***

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

***Facilities Services***

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

**FY 2015 Accomplishments**

**ENGINEERING**

**PATHWAYS**

- Completed the in-house design, permitting and construction of new pathway along William Hilton Parkway from the Fresh Market Shoppes to Shelter Cove Lane
- Completed the in-house design of pathway safety projects - connecting Jarvis Creek Park to Pembroke Road and Shelter Cove Lane to existing sidewalk at the old Cracker Barrel site, cross walk on Palmetto Bay Road – be constructed this spring/summer
- Completed the design for replacement of the underpass bridge connecting Shelter Cove to Palmetto Dunes

Program: Community Services  
Department: Public Projects and Facilities

**FY 2015 Accomplishments, Continued**

**ENGINEERING, Continued**

**ROADWAYS**

- Completed design, permitting and construction of the Mathews Street road and parking improvements
- Completed the construction of a new roundabout at Mathews Drive and Marshland Road
- Completed the design, permitting and construction of driveway improvements at Honey Horn
- Continued work on acquisition of four private dirt roads (Aiken Place, Alford Lane, Cobia Court, and Murray Avenue)
- Developed recommendation to secure CDBG funding to pave Town owned dirt roads
- Installed decorative traffic signal mast arms at the intersection of William Hilton Parkway and Spanish Wells / Wild Horse Roads
- Procured survey data and traffic analysis of the Office Park Road-Pope Avenue-New Orleans Road intersection as part of the USCB development project
- Procured survey data and concept analysis of improvements US 278, west bound at Squire Pope Road
- Resurfaced Indigo Run Drive, reconstructed Adrianna Lane and performed other miscellaneous road maintenance
- Inspected and reported on all traffic signals as per the requirements of the Traffic Signal Maintenance Agreement with the SCDOT
- Completed the Traffic Monitoring & Evaluation Report as required by the LMO, and presented to the Planning Commission - optimized all signal timings
- Managed the operation and maintenance of 23 signalized intersections, 2 flashing warning signals and 46 crosswalk / pedestrian signals, in accordance with the SCDOT signal agreement
- Procured grant funding and coordinated with the SCDOT to facilitate the resurfacing of DeAllyon Avenue, Folly Field Road, Mathews Drive, Beach City Road, Gum Tree Road, and Squire Pope Road
- Coordination with SCDOT on the resurfacing of William Hilton Parkway between Gum Tree Road and Squire Pope Road
- Coordination for roadway safety improvements on US 278 at Jenkins Island / Windmill Harbour by SCDOT, execution of intergovernmental agreement
- Coordination for replacement of Spanish Wells Road bridge by SCDOT, execution of intergovernmental agreement

**STORM WATER**

- Submitted Notice of Intent to SCDHEC stating our plan to comply with the EPA/SCDHEC National Pollution Discharge Elimination System (NPDES)
- Drafted storm water ordinances for NPDES compliance (to be approved this spring)

Program: Community Services  
Department: Public Projects and Facilities

**FY 2015 Accomplishments, Continued**

**ENGINEERING, Continued**

**STORM WATER, Continued**

- Completed 30 storm drainage projects throughout the island by February, 2015. Estimated 50-60 completed projects by end of FY 2015.
- Completed the major pump station retrofit improvements in Sea Pines / Lawton Canal
- Managed contracts for general drainage maintenance and improvements as well as pump maintenance and repairs and pipe lining services
- Conducted watershed planning (storm water inventory and modeling analysis) of watersheds in Indigo Run, Palmetto Dunes, Upper Broad Creek and Sea Pines watersheds
- Acquired storm drainage maintenance easements within the Palmetto Hall planned unit development as well as other Sub-POA areas in PUD and individual easements

**BEACH**

- Continued physical and environmental monitoring of the beach
- Began preparation of design plans and permit applications for next re-nourishment project

**DISASTER RECOVERY – DEBRIS MANAGEMENT**

- Procured new on-call contracts for debris removal and monitoring (renewable up to 5 years)
- Revised PUD debris agreements to address management of private property debris
- Conducted pre-season hurricane / debris management workshop
- Received FEMA Award of 2% additional cost share due to our Debris Management Plan
- Maintained mutual aid agreements with the County and State for debris removal within their road rights of way

**GENERAL**

- Completed the construction of the Rowing and Sailing Center at Squire Pope Community Park
- Completed in-house design, permitting and construction of 106 new parking spaces at the Coligny Beach Parking area
- Managed several on-call professional services contracts for use by all Town staff
- Reviewed, approved and inspected land development plans for compliance with the engineering standards of the LMO in the areas of traffic and storm water management

Program: Community Services  
Department: Public Projects and Facilities

**FY 2015 Accomplishments, Continued**

**FACILITIES SERVICE**

**EXISTING FACILITIES**

- Fire Station 6 was the first LEED (Leadership in Energy & Environmental Design) fire station (silver level). Capital replacement of a fire station that has out lived its usefulness; new station provides a clean and safe environment from which the Town's personnel can serve the public for the next 30+ years.
- Construction of holding cells gives BCSO the tools to provide multiple detention of persons incarcerated which helps free-up Deputies from numerous transports and focus on call for service.
- In-house recycling of all Town owned parks and Fire Stations provides a means for the public and Town employees to recycle and re-enforce the Town's mission of going green.
- Finalized design/architect services for station 2, to replace a Fire Station built in the early 1980's with a new one that would provide services for the citizens of Hilton Head Island for 30+ years.
- Finalizing the design/architectural services for the Island Recreation Center enhancements to support the ever growing public's needs by building a new gymnasium, additional parking, new playground and refurbishment of the existing gymnasium. All of this to provide recreational services for many years to come.

**ALL RENOVATIONS**

- Re-designed Finances revenue area and engineering's area to provide for better public access and Town employee working spaces.

**PARK UPGRADES**

- Chaplin Park additional picnic shelter
- Driessen's Beach Park additional picnic shelter
- Crossings Park picnic shelter
- Application of a rejuvenation/sealer that extends the life of asphalt and re-stripping of parking spaces providing a clean and safe appearance in existing beach parks.

**REHAB/RENOVATION**

- Wooden pathway repairs at Jarvis Park, Spanish Wells pathway and Pope Ave.
- Compass Rose decking/roofing repairs
- Barker Field boardwalk repairs
- Installed six new planting areas at Jarvis Park and managed three areas of vine intrusion.

**PATHWAY MAINTENCE**

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

**WORK ORDER TOTALS**

- Completed over 5,000 W/O's using in house staff.

Program: Community Services  
Department: Public Projects and Facilities

**2016 Objectives**

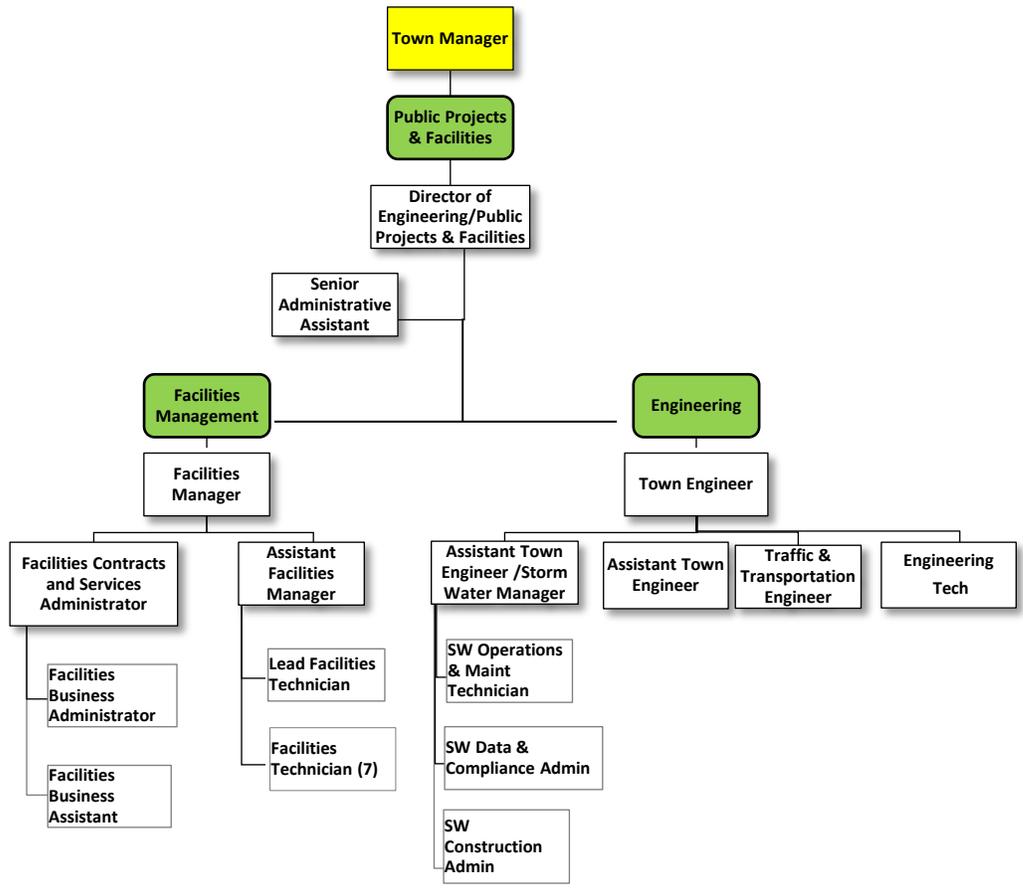
**ENGINEERING**

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

**FACILITIES SERVICES**

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

Program: Community Services  
 Department: Public Projects and Facilities



Note: The Town Manager's salary and benefits are budgeted in the Town Manager's Department. Four positions above are budgeted in the Town's Stormwater Fund. The remaining 19 positions are in the General Fund.

Program: Community Services  
 Department: Public Projects and Facilities

Expenditures by Program/Category

Public Projects & Facilities	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015		Budget \$ Change	Budget % Change
					Estimated Actual	FY 2016 Budget		
<b>Expenditures:</b>								
<b>Program Summary</b>								
Administration	\$ 233,415	\$ 239,383	\$ 248,101	\$ 260,417	\$ 256,657	\$ 263,635	\$ 3,218	1.24%
Engineering	654,345	723,366	577,277	1,477,697	1,304,540	1,085,539	(392,158)	-26.54%
Facilities Management	2,426,992	2,539,757	2,999,445	3,669,282	3,641,738	4,028,369	359,087	9.79%
<b>Total</b>	<b>\$ 3,314,752</b>	<b>\$ 3,502,506</b>	<b>\$ 3,824,823</b>	<b>\$ 5,407,396</b>	<b>\$ 5,202,935</b>	<b>\$ 5,377,543</b>	<b>\$ (29,853)</b>	<b>-0.55%</b>
<b>Summary by Category</b>								
Personnel	\$ 1,628,438	\$ 1,713,163	\$ 1,639,452	\$ 1,718,825	\$ 1,740,565	\$ 1,755,330	\$ 36,505	2.12%
Operating	1,686,314	1,789,343	2,171,251	3,688,571	3,462,370	3,595,213	(93,358)	-2.53%
Capital	-	-	14,120	-	-	27,000	27,000	100.00%
<b>TOTAL</b>	<b>\$ 3,314,752</b>	<b>\$ 3,502,506</b>	<b>\$ 3,824,823</b>	<b>\$ 5,407,396</b>	<b>\$ 5,202,935</b>	<b>\$ 5,377,543</b>	<b>\$ (29,853)</b>	<b>-0.55%</b>
<b>Positions</b>	20	20	19	19	19	19	0.0	0.00%

**Program: Public Safety**  
**Department: Fire Rescue**

**Mission**

To protect the people, property and environment of Hilton Head Island with courage, commitment and compassion.

**Core Services**

- Provide fire services to the town to include structural firefighting, wildland firefighting, motor vehicle fires, and all other fires typically assigned to a fire department to include the training and development of its staff to perform these duties.
- Fire Rescue provides advanced life support (ALS) emergency medical services (EMS) to include public education, early detection, response, treatment, patient care and necessary transport including the training of its staff to perform these duties.
- Operate seven fire stations, a dispatch center and a headquarters facility. Manage and operate a Primary Public Safety Answering Point to receive and process 911 calls from the public for Hilton Head Island, Hilton Head Island Airport and Daufuskie Island in addition to serving as backup communication center for Beaufort and Jasper Counties.
- Provide fire prevention services to the Town to include public education, prevention, code enforcement, and fire origin cause and determination.
- Deliver other specialty emergency response services to include hazardous materials response, technical rescue services, vehicle and machinery extrication services, confined space, and other services as requested.
- Emergency Management develops town-wide plans for the preparedness, response, and recovery from man-made and natural disasters to include but not limited to evacuations, hurricane and tropical storms, earthquakes, floods, tornadoes, fire, hazardous materials, etc. and to coordinate all such plans with local, county, state, and federal authorities.
- Manage a fleet maintenance program for all Town vehicles to include preventative maintenance and repairs and assist in other activities as required.
- Fire Rescue shall conduct research and planning activities as necessary to properly perform its assigned services.

**Program: Public Safety**  
**Department: Fire Rescue**

**2015 Accomplishments**

- Replacement of Fire Station # 6 was completed and the new facility was operational in August. (August 2014)
- Continued to provide special event emergency services coverage at the Heritage, Hilton Head Concourse, St. Patrick's Day Parade, the Hilton Head Island Marathon and other special events. (on-going)
- Completed State DHEC re-permitting of the Fire Rescue ambulance fleet in compliance with regulations and upgraded all fire apparatus to comply with new state regulations. (September 2015)
- Complied with the U.S. DEA re-licensing for the controlled substances inventory. One of the first EMS agencies in the State to complete the permitting process for laboratory testing for blood glucose levels, and the permitting for warehousing, distribution, and dispensing of prescription medicines from State DHEC. (October 2015)
- Developed a comprehensive Standard Operating Guideline to address new infectious control considerations for first responders during the EBLOA outbreak. (October 2015)
- Coordinated emergency response services with representatives of Wexford Plantation and Palmetto Dunes Plantation to address coverage to the neighborhoods affected by bridge closures/replacements within the specific community. (December 2015)
- Administrative personnel in the Planning Divisions were cross-trained in the Electronic Patient Care Reporting System data base (ePCR) to support improved quality control, pre-bill reviewing, and insurance collection information as part of Fire Rescue's information management. (August 2015)
- Completed the required two year update of the Town's Emergency Operations Plan. (June 2015)
- Emergency Management coordinated with the Geography Information System (GIS) Division to develop a new damage assessment program and incident information program for the EOC. The damage assessment program allows for rapid damage assessment of the Town by identify location and level of damage buildings. The incident information viewer visually displays the impact areas, incidents and HHI resources on a real-time map to enhance decision-making capability. (July 2015)
- The Town's Emergency Preparedness Guide was updated in both in an English and Spanish version and was distributed Island wide. (on-going)

Program: Public Safety  
Department: Fire Rescue

**2015 Accomplishments, Continued**

- **Fire Prevention Pancake Breakfast** – Each October, a fire prevention pancake breakfast is held to kick off Fire Prevention Week. The breakfast is held at fire station # 4 and is open to the public at no charge. Fire safety brochures are on hand, safety messages are announced at regular intervals, a burn demonstration is done, and tours of the trucks and the station are conducted with over 800 people in attendance. (on-going)
- **Fire Safety Inspections** - Fire Rescue conducted 1855 Fire Safety Inspections to include 415 fire inspections conducted as part of the Town’s Business License process, 708 existing building inspections and 732 fire inspections for new/renovated construction. In addition, 244 construction plan reviews for new and renovated construction projects were completed. (on-going)
- **Car Seat Inspections and Installation** – Fire Rescue offers free car seat safety inspections and installations to the public. 199 installations were completed this past year. (on-going)
- **File of Life** – Fire Rescue provides a program for citizens to record their vital medical information for easy access by medical personnel during emergencies. This program reached approximately 1280 recipients. (on-going)
- **CPR, AED, and First Aid Training** – Fire Rescue continues to offer public CPR, AED, and First Aid and instructed 545 students this past year. Also, partnered with the Hilton Head Hospital to provide free CPR classes to the public once a month and had 88 participants in this program. (on-going)
- **Hydrant Inspections** – Fire Rescue inspects approximately 3000 fire hydrants each year to ensure they are visible, accessible, and will be usable when needed. (on-going)
- **Traffic Calming Device Program** that guides the installation and upgrade to traffic calming devices (Strategic Plan Recommendation). This was an insert into the LMO rewrite. It will allow consistent enforcement of the fire code requirements for traffic calming device. (October 2014)
- **Home Inspection Checklist** - The Home Inspection Checklist was updated and placed on the website. This form allows residents to conduct a safety inspection of their home. (August 2014)
- **Emergency Fire Dispatch Protocol** –Implemented the Priority Dispatch Fire Protocol system ensuring that all fire calls are processed and dispatched in an efficient and timely manner. (May 2014)
- **Dispatch Quality Assurance/Quality Improvement Program** – Communication Center implemented a Quality Assurance program for the Fire Protocol. Both medical and fire calls for service are reviewed and areas for additional training are identified. The Communication Center is achieving a 95 percent compliance rating in use of both the Emergency Medical and Emergency Fire Protocol. (August 2014)

Program: Public Safety  
Department: Fire Rescue

**2015 Accomplishments, Continued**

- **Upgrade Radio Firmware and Software** – Updated firmware and software for all radios ensuring the radios operate optimally and are programmed with the new system information, including new radio IDs. (November 2014)
- **Response Time Improvements** – Dispatch answered both emergency and non-emergency phone lines in less than ten seconds 99.9 percent of the time. (FY 2014)
- **Reduced 911 Error Rates** - Corrected 120 numbers with no associated address. Worked to resolve 168 errors in PBX phone systems. Each correction represents one phone number that will display the correct phone number and address when used for calling 911. (on-going project. Initiated in January 2012)
- **Hazardous Materials Training** – Hosted a grant-funded Hazardous Materials Incident Command course. 11 members obtained national certification in this specialty. (May 2014)
- **Hybrid Electric Vehicle Training** - Conducted hybrid/electric vehicle training for all firefighters. This training was conducted with a Chevrolet Volt provided by the Palmetto Electric Coop. (May 2014)
- **Ethical Leadership Training** – Hosted two days of Ethical Foundations of Leadership training for the Fire Rescue officers. This training was conducted by nationally-known Fire Law speaker and author J. Curtis Varone, J.D. (September 2014)
- **Hemorrhagic Fever Training** – Delivered updated Ebola training to all firefighters in compliance with new federal guidelines. (November 2014)
- Replacement of outdated traffic pre-emption system in cooperation with Town Traffic Engineering. (November 2014)
- Installation of video conferencing in all fire stations. Video conferencing allow for firefighters from different stations to all tune into the same training and meet face to face to discuss and to work and meet on topics and issues. This project was a joint effort between Fire Rescue and Town Operations. (October 2014)
- Reduced medical supply inventories levels. This process reduces overall inventory and the spoilage expiration of drugs and other medical items, thus reducing overall expenses. (on-going)
- Replaced reporting patient care reporting tablets that are used in the field. The new tablets replace outdated devices and enhance the process for capturing billing information. (August 2014)

**Program: Public Safety**  
**Department: Fire Rescue**

**2015 Accomplishments, Continued**

- Completed two software updates to the Patient care Reporting and Billing software. The updates enhance reporting processes and capture additional data points to enhance information processing. (on-going)
- Updated Fire Reports Management System. Update enhances ability to capture data to comply with reporting mandates and analyze response data. (on-going)
- In partnership with Town Operations, an interactive Computer Aided Dispatch (CAD) mapping application for use in emergency apparatus was implemented. This application has enhanced map features and reduces support costs related to the existing program. (September 2014)
- Conducted the annual Household Hazardous Waste Round-Up collecting of hazardous materials and Electronic waste from the public. Totals included 21,016 lbs. of hazardous materials such as paints and pesticides, and 46,050 lbs. of electronic waste including over 250 televisions and 600 computers. (April 2014)

**2016 Goals, Objectives, and Performance Measures**

**OPERATIONS**

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

**Town Council Goal:** Financially Sound, Excellent Services

**Division Goals:** Protect the lives and property of the community through timely emergency response and the efficient delivery of services.

**Division Objectives:** To safely respond and effectively mitigate 100% of the daily calls for emergent service; striving for an average response time of 5 minutes or less, 90% of the time for the first arriving fire truck or ambulance.

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

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

Enhance reporting and management capabilities using existing records management systems that maintain accurate and up-to-date Fire and EMS incident records and data. Create new addresses and

Program: Public Safety  
 Department: Fire Rescue

**2016 Goals, Objectives, and Performance Measures, Continued**

**OPERATIONS, Continued**

correct existing addresses as necessary. Provide complete and accurate street names and addressing data for the 911 Computer Aided Dispatching (CAD) system.

**Fire Rescue Operations Measurements**

	<b>FY 2014 Actual</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Budget</b>
Total Emergency Incidents	6436	6700	6700
Emergency Medical Service (EMS) responses	4525	4700	4800
EMS patients transported	3806	3600	3800
EMS patients treated but not transported	88	185	110
Fire Suppression and other responses	1911	2000	2100
Actual number of fires	128	150	140
Incident response travel times for all calls (percent < or = 5 minutes)	83%	85%	85.0%
Minimum average daily staffing level	29	32.0	30.0

**Fire Rescue Planning Measurements**

	<b>FY 2014 Actual</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Budget</b>
EMS incident reports completed	4251	4625	4700
Fire incident reports completed	6436	6500	6600
New Addresses created	91	35	80
Existing addresses corrected	87	75	80
FOIA Requests Processed	357	350	400

**EMERGENCY MANAGEMENT**

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

**Town Council Goal:** Financially Sound, Excellent Services

**Division Goal:** To continue positioning the Town of Hilton Head Island to respond efficiently to the full range of threats facing the community, seek to minimize the impacts of emergencies and disasters on the

Program: Public Safety  
 Department: Fire Rescue

**2016 Goals, Objectives, and Performance Measures, Continued**

**EMERGENCY MANAGEMENT, Continued**

people, property, environment, and economy of the Town, and to prepare staff and residents to better protect themselves and others through an effective program of all-hazards planning, partnerships, resource acquisition, training and public education/outreach.

**Division Objectives:** Continue to develop, maintain, update, and expand the plans, procedures, and agreements necessary to support the goals of the Emergency Management Division.

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

Develop a more effective hurricane evacuation point for critical staff and public safety assets through enhancing the current location or identifying an alternate location.

Develop annexes to the emergency operations plan for every hazard identified in the Beaufort County Hazard Mitigation Plan.

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

	FY 2014 Actual	FY 2015 Projected	FY 2016 Projected
Plans & procedures updated / developed	25	14	20
Emergency Management Exercises	7	6	6
Town Staff Participation in Exercises	100	100	100
Disaster Preparedness public presentations	15	20	20
Citizen's reached during disaster presentations	500	600	700
<i>Citizen's Guide to Emergency Preparedness</i> distributed	2,000	2,500	3,000

**BUREAU OF FIRE PREVENTION**

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

**Town Council Goal:** Financially Sound, Excellent Services

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

Program: Public Safety  
 Department: Fire Rescue

**2016 Goals, Objectives, and Performance Measures, Continued**

**BUREAU OF FIRE PREVENTION, Continued**

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

Activity	FY 2014	FY 2015 Projected	FY 2016 Projected
Public Education Presentations (includes Company Pub Ed taught, Company public events, Risk Watch, Station Tours and Public Ed Officer Pub Ed taught)	347	500	500
CPR/AED/First Aid Students	545	550	550
Fire Extinguisher Training Students	243	250	250
Car Seat Installations	199	215	215
File of Life Recipients	1280	1300	1300
Smoke Detectors Installed	24	50	50
Plan Reviews	244	300	300
Total Fire safety Inspections (includes Total number of annual inspections, re-inspections and fire inspections for business licenses)	1855	2000	2000
Business License Inspections	415	500	500
Existing Building Inspections (Initial Inspections & Re-inspections)	708	1000	1000
New Renovated Construction Inspections	732	750	750
Violations found during inspections	799	1000	1000
Violations Corrected	774	900	900
Planning project reviews & inspections	98	100	100
Fire cause/origin investigations	37	30	30

**COMMUNICATIONS**

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

**Town Council Goal:** Financially Sound, Excellent Services

**Division Goal:** To manage and operate a primary emergency answering point for the Town of Hilton Head Island; thereby, ensuring all emergency and non-emergency requests for assistance requiring police, fire, EMS, or other agencies, are received and the appropriate resources are notified.

Program: Public Safety  
 Department: Fire Rescue

**2016 Goals, Objectives, and Performance Measures, Continued**

**COMMUNICATIONS, Continued**

**Division Objectives:** To receive process and dispatch requests for services in timely and efficient manner in order to protect the lives and property of the community.

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

	FY 2014	FY 2015 Projected	FY 2016 Projected
Calls answered 0-10 seconds	99.9%	99.9 %	99.9 %
Total telephone requests received:	37,708	48,434	45,525
Pool & Elevator Lines	3,154	6,931	5,500
911 calls for service line	14,061	19,930	20,000
Dispatch administration	20,445	21,555	17,000
Dispatch other business	48	18	25

**TRAINING**

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

**Town Council Goal:** Financially Sound, Excellent Services

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

**Division Objectives:**

Support employee training and professional development at all levels of the organization and in all subject areas to enhance knowledge, skills, and abilities.

Provide administration and management of the Fire Rescue Training Center at # 70 Dillon Road.

Maintain training records consistent with department and NFPA standards.

Administer the new firefighter orientation program.

Support Fire and EMS certification/recertification process as required.

Program: Public Safety  
 Department: Fire Rescue

**2016 Goals, Objectives, and Performance Measures, Continued**

**TRAINING, Continued**

**Hilton Head Island Fire & Rescue  
 FY2015 Training Summary Report**

<b>Training Hours/Type</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Budget</b>
Firefighting	31,644	30,000	31,000
EMS	6,552	6,000	8000
Rescue/Extrication	1,137	1,000	1,000
Hazardous Materials	1,189	1,500	1,500
<b>Total Hours</b>	<b>40,522</b>	<b>38,500</b>	<b>38,500</b>

<b>Drills/Classes Sessions</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Projected</b>	<b>FY 2016 Budget</b>
Company Drills	92	80	90
Live Burn Training	37	25	30
Urban Search & Rescue Training	24	20	20
S.C. Fire Academy Classes	8	9	10
Medical Classes	24	30	30
Fire & Rescue Classes	26	20	25
Driver/Operator Training/Testing	37	35	35
New Firefighter Orientation	10	6	6
Officer Training	6	6	6
<b>Total</b>	<b>264</b>	<b>231</b>	<b>231</b>

**FLEET MAINTENANCE**

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

**Town Council Goal:** Financially Sound, Excellent Services

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

**Division Objectives:** Operate and maintain a Fleet Management system to track routine maintenance, repairs, and inventory of all Town owned vehicles and equipment.

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

Complete fire pump and ladder testing and other certification tests as required.

Program: Public Safety  
 Department: Fire Rescue

**2016 Goals, Objectives, and Performance Measures, Continued**

**FLEET MAINTENANCE, Continued**

	FY 2014 Actual	FY 2015 Projected	FY 2016 Projected
Total Maintenance Requests – All Types	1392	1430	1485
Scheduled Maintenance (Preventative and Safety)	178	185	200
Unscheduled Maintenance (Vehicle Repairs)	989	1000	1025
Other Repairs (Mowers, powered equipment)	224	245	260

**SUPPORT SERVICES**

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

**Town Council Goal:** Financially Sound, Excellent Services

**Division Goal:** Provide and maintain sound and effective computer technology to support emergency response and administrative efficiency.

**Division Objectives:** Maintain critical public safety computer systems 24/7- 365 days a year basis to assure timely and accurate emergency response to include:

- Computer Aided Dispatch system
- Records Management System
- Electronic Patient Care Reporting and Medical Billing

Provide repository and backups of all data and operating systems in order to replicate all Fire Rescue data systems and operating platforms in case of catastrophic failure or emergency.

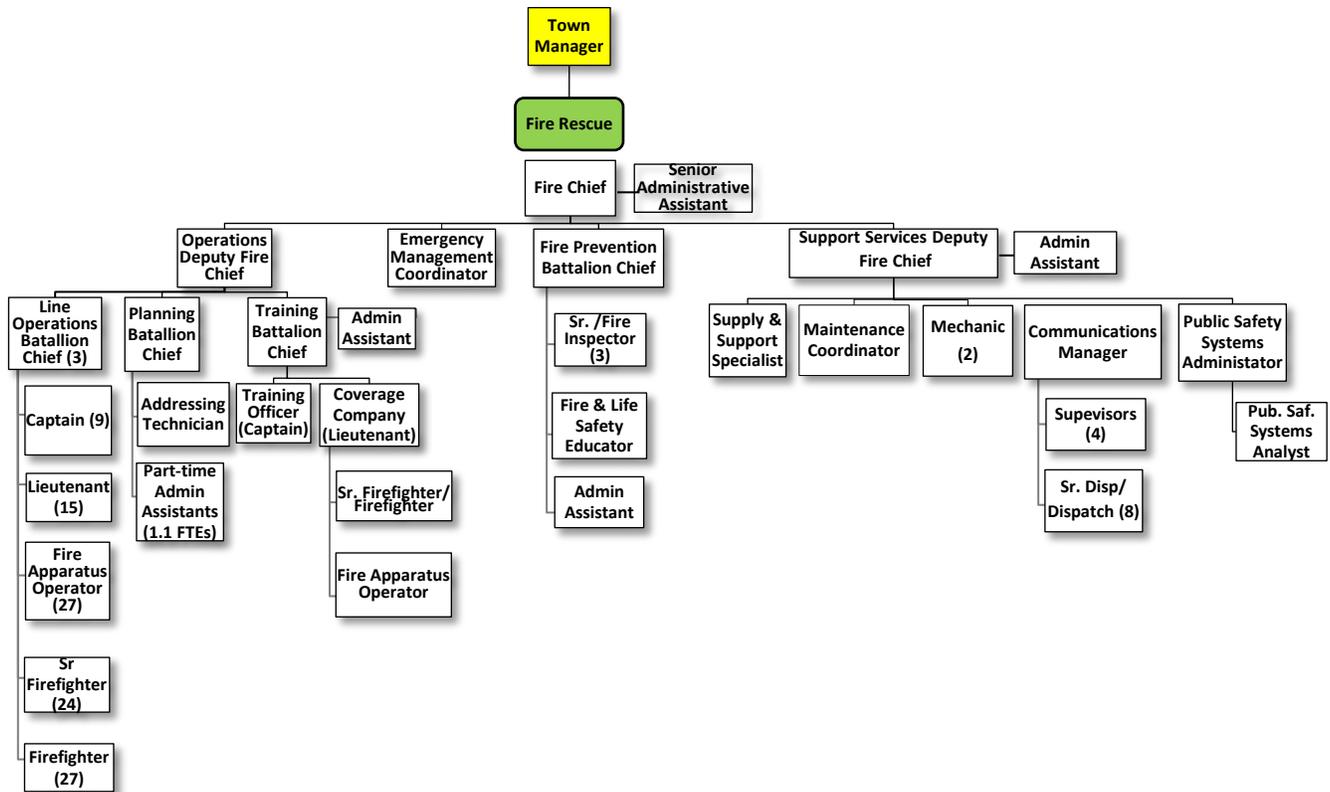
Manage and retrieve data for the purpose of evaluating response metrics and levels of service.

Provide a means to control and mitigate environmental damage from release of hazardous materials and mitigate technical rescue incidents through the management of specialty teams.

Provide and maintain safe and effective firefighting and emergency medical response equipment, supplies, and clothing. Provide routine and ancillary equipment and supplies for the everyday operation of Fire Rescue personnel and facilities.

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

Program: Public Safety  
 Department: Fire Rescue



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

Program: Public Safety  
 Department: Fire Rescue

Expenditures by Program/Category

<b>Public Safety/Fire &amp; Rescue</b>								
<b>Fire and Rescue</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Budget</b>	<b>FY 2015 Estimate</b>	<b>FY 2016 Budget</b>	<b>Budget \$ Change</b>	<b>Budget % Change</b>
<b>Expenditures:</b>								
<b>Program Summary</b>								
Administration	\$ 321,196	\$ 308,548	\$ 390,652	\$ 368,716	\$ 340,698	\$ 364,243	\$ (4,473)	-1.21%
Operations	9,068,355	9,148,029	9,262,675	9,638,104	9,559,102	9,416,581	(221,523)	-2.30%
Communications	1,080,122	1,136,446	1,089,587	1,152,077	1,144,995	1,134,951	(17,126)	-1.49%
E-911 Communications	232,095	238,152	246,371	284,973	284,869	291,724	6,751	2.37%
Emergency Management	160,820	122,290	134,141	141,204	134,541	140,753	(451)	-0.32%
Fire Prevention	491,237	540,730	559,669	610,880	574,624	596,125	(14,755)	-2.42%
Fleet Maintenance	570,640	504,545	541,097	580,214	567,023	610,389	30,175	5.20%
Planning	-	-	-	208,047	197,248	204,324	(3,723)	-1.79%
Support Services*	737,172	760,132	943,495	1,630,252	1,359,997	1,308,894	(321,358)	-19.71%
Training	683,782	701,680	698,038	722,708	718,570	715,277	(7,431)	-1.03%
<b>Total</b>	<b>\$ 13,345,419</b>	<b>\$ 13,460,552</b>	<b>\$ 13,865,725</b>	<b>\$ 15,337,175</b>	<b>\$ 14,881,667</b>	<b>\$ 14,783,261</b>	<b>\$ (553,914)</b>	<b>-3.61%</b>
Personnel	\$ 12,182,014	\$ 12,106,020	\$ 12,447,843	\$ 12,927,419	\$ 12,807,546	\$ 12,779,461	\$ (147,958)	-1.14%
Operating	1,130,978	1,226,214	1,169,692	1,406,895	1,339,121	1,262,800	(144,095)	-10.24%
Capital	32,427	128,318	248,190	1,002,861	735,000	741,000	(261,862)	-26.11%
<b>TOTAL</b>	<b>\$ 13,345,419</b>	<b>\$ 13,460,552</b>	<b>\$ 13,865,725</b>	<b>\$ 15,337,175</b>	<b>\$ 14,881,667</b>	<b>\$ 14,783,261</b>	<b>\$ (553,914)</b>	<b>-3.61%</b>
<b>Positions</b>	<b>147.1</b>	<b>145.1</b>	<b>145.1</b>	<b>145.1</b>	<b>145.1</b>	<b>145.1</b>	<b>0.0</b>	<b>0.00%</b>

\* Capital Outlay represents a significant share of the Support Services Budget.

Program: Public Safety  
Department: Police/Other Public Safety

**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/Other Public Safety

**Basic Law Enforcement Services (continued)**

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

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

**Expenditures by Program/Category**

Police/Other Public Safety	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015 Estimated Actual	FY 2016 Budget	Budget Change	\$	Budget %
<b>Summary by Category</b>									
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Operating	3,124,627	3,181,739	3,153,057	3,264,113	3,264,113	3,475,016	210,903		6.46%
<b>TOTAL</b>	<b>\$3,124,627</b>	<b>\$ 3,181,739</b>	<b>\$ 3,153,057</b>	<b>\$ 3,264,113</b>	<b>\$ 3,264,113</b>	<b>\$ 3,475,016</b>	<b>\$ 210,903</b>		<b>6.46%</b>
<b>Expenditure Detail</b>									
Police Service Contract	2,763,629	2,806,908	2,771,832	2,853,320	2,853,320	3,059,030	\$ 205,710		7.21%
Shore Beach Services	192,058	203,339	215,090	232,065	232,065	233,322	\$ 1,257		0.54%
Victims Services	57,640	59,492	59,035	60,728	60,728	64,664	\$ 3,936		6.48%
Stipend	111,300	112,000	107,100	118,000	118,000	118,000	\$ -		0.00%
<b>TOTAL</b>	<b>\$3,124,627</b>	<b>\$ 3,181,739</b>	<b>\$ 3,153,057</b>	<b>\$ 3,264,113</b>	<b>\$ 3,264,113</b>	<b>\$ 3,475,016</b>	<b>\$ 210,903</b>		<b>6.46%</b>
<b>Positions</b>	0	0	0	0	0	0	0.0		0.00%

## Townwide

The townwide budget is a compilation of miscellaneous expenditures not directly associated with a specific department. The budget for this “department” is developed jointly by Finance, Administrative Services, and Human Resources.

Description	FY 2015 Activity						% change	
	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015 Estimated Actual	FY 2016 Budget	FY 2015 Budget	FY 2015 Est. Actual
<b>Personnel:</b>								
<b>Personnel:</b>								
<b>Subtotal</b>	185,617	123,582	136,365	200,485	185,173	340,673	69.92%	83.98%
<b>Operating:</b>								
Travel	-	8	-	500	500	500	0.00%	0.00%
Professional Dues	1,900	23,951	31,130	26,000	26,000	26,000	0.00%	0.00%
Abandoned/Clean Up Property	-	-	-	-	-	-	100.00%	100.00%
Town Council Initiatives	-	-	-	-	-	850,000	100.00%	100.00%
Economic Analysis	-	-	-	-	-	25,000	100.00%	100.00%
Short Term Temp/Agency	497	-	4,942	5,000	11,520	5,000	0.00%	-56.60%
Professional Services	-	-	183	12,500	12,500	12,500	0.00%	0.00%
Photocopying	7,202	7,983	7,098	10,000	10,000	10,000	0.00%	0.00%
Courier	17,687	16,130	14,900	18,000	18,000	18,000	0.00%	0.00%
Palmetto Pass - Town Vehicles	6,100	6,100	4,575	6,500	6,500	6,500	0.00%	0.00%
Insurance	310,544	331,693	341,044	376,100	350,000	360,125	-4.25%	2.89%
Telephone	217,589	214,820	210,806	225,000	220,000	225,000	0.00%	2.27%
Cell Phone	52,828	54,196	46,908	67,000	60,000	63,000	-5.97%	5.00%
Electricity	275,503	270,926	291,236	330,000	305,000	320,000	-3.03%	4.92%
Utilities	53,633	63,488	63,454	155,000	60,000	64,000	-58.71%	6.67%
Taxes & Assessments	66,800	70,037	71,869	5,000	70,000	72,000	1340.00%	2.86%
Office Supplies	-	-	-	5,000	4,000	5,000	0.00%	25.00%
Postage	28,220	27,140	30,363	33,000	32,000	33,000	0.00%	3.13%
Performance Audit	-	-	-	-	-	30,000	100.00%	100.00%
Breakroom Supplies	-	-	4,681	-	3,500	4,500	100.00%	28.57%
Vehicle Fuel	186,582	191,530	197,318	225,000	185,000	200,000	-11.11%	8.11%
Accident Insurance Fund	46,495	8,605	10,160	35,000	15,000	25,000	-28.57%	66.67%
Equipment Maintenance	1,225	945	319	2,000	1,500	1,500	-25.00%	0.00%
Lease Payments	49,627	56,770	50,080	78,431	78,431	74,800	-4.63%	-4.63%
Printers Fax Supplies	21,416	15,073	18,341	20,000	15,000	20,000	0.00%	33.33%
General Contingency	13,022	5,161	3,898	34,900	15,000	50,000	43.27%	233.33%
<b>Subtotal</b>	1,356,870	1,364,556	1,403,305	1,669,931	1,499,451	2,501,425	49.79%	66.82%
<b>Capital:</b>								
Security Cameras	-	-	28,349	41,651	42,000	42,000	0.84%	0.00%
<b>Subtotal</b>	-	-	28,349	41,651	42,000	42,000	0.84%	0.00%
<b>Operating Grants:</b>								
Turtle Watch	29,900	37,700	33,738	37,300	37,300	42,450	13.81%	13.81%
Economic Development Corporation	-	-	98,927	456,972	456,972	436,984	-4.37%	-4.37%
Recreation Center - General	616,940	629,278	629,278	629,278	629,278	657,748	4.52%	4.52%
Recreation Center - Capital	-	-	270,695	292,158	292,158	179,500	-38.56%	-38.56%
Coastal Discovery Museum - General	75,000	75,000	75,000	75,000	75,000	75,000	0.00%	0.00%
Coastal Discovery Museum - Capital	-	-	68,025	67,700	67,700	62,700	-7.39%	-7.39%
Event Management & Hospitality Training	72,860	117,927	152,190	134,000	134,000	145,330	8.46%	8.46%
LRTA	175,000	175,000	175,000	200,000	200,000	200,000	0.00%	0.00%
Airport Noise Reduction Wall(s)	-	-	-	-	-	500,000	100.00%	100.00%
Multidisciplinary Court	48,500	48,500	48,500	50,000	50,000	50,000	0.00%	0.00%
Solicitor Career Criminal Program	35,000	35,000	35,000	33,500	33,500	33,500	0.00%	0.00%
Community Foundation - Arts	37,500	36,961	37,500	37,500	37,500	37,500	0.00%	0.00%
Operating Grants	21,717	8,626	14,294	-	-	-	0.00%	0.00%
First Tee	-	-	-	150,000	150,000	-	-100.00%	-100.00%
Heritage Classic Foundation	500,000	295,313	320,156	351,164	351,164	383,722	9.27%	-100.00%
<b>Subtotal</b>	1,612,417	1,459,305	1,958,303	2,514,572	2,514,572	2,804,434	11.53%	11.53%
<b>TOTAL</b>	3,154,904	2,947,443	3,526,322	4,426,639	4,241,196	5,688,532	28.51%	34.13%

# General Fund Three-Year Financial Model

One of the most significant tools employed by the Town for strategic planning is the long-range financial plan (forecast). The financial model provides a picture of the financial impact the Town would experience if no action were taken, including tax increases or changes in service.

The forecasts are based on a combination of general assumptions and specific program changes of which the Town has knowledge. These general assumptions include economic considerations, commercial and residential development, service loads, and incremental growth in the compensation system. The three-year forecast provides the baseline for next year's budget.

By using the three-year forecast, the Town hopes to more proactively plan for upcoming changes in service level demands as well as identifying potential downturns in revenues and identifying solutions.

## Revenue Assumptions

- Property Taxes – FY 2017 3.0% increase; FY 2018 2.0%; FY 2019 2.0%
- ATAX local 1% – FY 2017 3.0% increase; FY 2018 2.0%; FY 2019 2.0%
- Transfers In from Other Funds:
  - ⇒ Beach Preservation Fees – FY 2017 no increase; FY 2018 0.0%; FY 2019 0.0%
  - ⇒ Electric Franchise Fees – FY 2017 no increase; FY 2018 0.0%; FY 2019 0.0%
  - ⇒ Hospitality Taxes – FY 2017 21.01% increase; FY 2018 (5.59%); FY 2019 30.39%
  - ⇒ Stormwater Utility Fees – FY 2017 no increase; FY 2018 0.0%; FY 2019 0.0%
  - ⇒ TIF – increase: – FY 2017 no increase; FY 2018 0.0%; FY 2019 0.0%
- Transfers In from Capital Projects Fund:
  - ⇒ Ad Valorem Taxes – FY 2017 (4.6%) decrease; FY 2018 8.93%; FY 2019 19.34%
- Business License Fees – FY 2017 3.0% increase; FY 2018 2.0%; FY 2019 2.0%
- Franchise Fees
  - ⇒ Cable – FY 2017 3.0% increase; FY 2018 2.0%; FY 2019 2.0%
  - ⇒ Beach fees – FY 2017 3.0% increase; FY 2018 2.0%; FY 2019 2.0%
- Permit Fees
  - ⇒ Construction fees – FY 2017 3.0% increase; FY 2018 2.0%; FY 2019 2.0%
  - ⇒ Development fees – FY 2017 3.0% increase; FY 2018 2.0%; FY 2019 2.0%
  - ⇒ Other permit fees – FY 2017 3.0% increase; FY 2018 2.0%; FY 2019 2.0%
- Intergovernmental – FY 2017 no increase; FY 2018 0.0%; FY 2019 0.0%
- Public Safety EMS – FY 2017 3.0% increase; FY 2018 2.0%; FY 2019 2.0%
- Investments – FY 2017 3.0% increase; FY 2018 2.0%; FY 2019 2.0%

# General Fund Three-Year Financial Model, Continued

## Expenditure Assumptions

### *Personnel Expenditures*

- Currently established positions will retain the same salary grade in future years
- An Increase in personnel expenditures – FY 2017 2.6% increase; FY 2018 2.0%; FY 2019; 2.0%

### *Operating Expenditures/Capital Outlay*

- Operating expenditures and capital outlay are projected to increase as determined by the individual departments. As presented below, expenditures exceed revenues at an excessive rate which is due to capital equipment/apparatus and road maintenance. The Town is performing an alternative revenue study in fiscal year 2016 to determine how to add revenues to address these funds. Otherwise, expenditures will be deferred.

	2015							
	2013	2014	Revised Budget	Estimated Actual	FY 2016 Budget	2017	3-Year 2018 2019	
<b>Revenues</b>								
Property Taxes	11,500,914	11,447,533	11,810,750	11,722,600	12,948,587	13,337,045	13,603,786	13,875,862
ATAX Local 1%	2,499,067	2,798,783	2,833,000	2,833,000	2,917,990	3,005,530	3,065,640	3,126,953
Business Licenses	7,774,138	7,795,909	8,032,000	8,028,000	8,268,840	8,516,905	8,687,243	8,860,988
Franchise Fees	935,569	976,919	812,750	812,750	812,750	837,133	853,875	870,953
Permit Fees	1,368,166	1,377,939	1,448,180	1,375,280	1,395,817	1,437,691	1,466,445	1,495,774
Intergovernmental	800,659	805,027	800,000	795,000	800,000	800,000	800,000	800,000
Grants	158,266	187,068	159,877	155,677	105,677	107,262	108,871	110,504
Miscellaneous Revenue	2,105,932	1,863,008	2,130,750	2,039,580	2,141,101	2,205,334	2,249,440	2,294,429
Transfers In	5,673,200	6,670,458	8,537,215	6,681,337	7,922,565	7,096,772	6,852,772	8,478,772
Investments	2,732	2,662	2,700	2,700	2,700	2,781	2,837	2,893
<b>Total Revenues</b>	<b>32,818,643</b>	<b>33,925,306</b>	<b>36,567,222</b>	<b>34,445,924</b>	<b>37,316,027</b>	<b>37,346,453</b>	<b>37,690,910</b>	<b>39,917,128</b>
<b>Expenditures</b>								
General Government	968,505	1,060,140	1,151,508	1,099,463	1,108,889	1,125,522	1,142,405	1,159,541
Management Services	4,773,823	5,181,582	5,822,925	5,511,996	5,553,671	5,739,261	5,761,091	5,846,117
Community Services	5,996,416	6,406,807	8,219,844	7,814,964	8,177,885	8,273,148	8,422,246	8,588,204
Public Safety	16,642,285	17,018,783	18,601,288	18,145,780	18,258,277	19,962,206	19,899,083	22,678,045
Townwide	2,947,443	3,526,322	4,426,639	4,241,196	5,688,532	4,402,877	4,468,920	4,535,954
<b>Total Expenditures</b>	<b>31,328,472</b>	<b>33,193,634</b>	<b>38,222,204</b>	<b>36,813,399</b>	<b>38,787,254</b>	<b>39,503,014</b>	<b>39,693,745</b>	<b>42,807,861</b>
<b>Net change in fund balances</b>	<b>1,490,171</b>	<b>731,672</b>	<b>(1,654,982)</b>	<b>(2,367,475)</b>	<b>(1,471,227)</b>	<b>(2,156,561)</b>	<b>(2,002,836)</b>	<b>(2,890,733)</b>
<b>Fund balance - beginning</b>	<b>15,813,557</b>	<b>17,303,728</b>	<b>18,035,400</b>	<b>18,035,400</b>	<b>15,667,925</b>	<b>14,196,698</b>	<b>12,040,138</b>	<b>10,037,302</b>
<b>Fund balance - ending</b>	<b>17,303,728</b>	<b>18,035,400</b>	<b>16,380,418</b>	<b>15,667,925</b>	<b>14,196,698</b>	<b>12,040,138</b>	<b>10,037,302</b>	<b>7,146,568</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.

The most significant change in the Debt Service Fund for fiscal year 2016 is the absence of tax increment financing debt service which the Town retired in fiscal year 2015. Also, the Town retired the 2006 Beach Fee Bonds for the 2006 renourishment. The remaining beach fee debt service is for the special Port Royal Fill project. The Town will issue new Beach Fee Bonds in fiscal year 2016 for the next full renourishment.

The Town plans to issue General Obligation Bonds in fiscal year 2016; therefore, it is not reducing the millage despite the estimated positive change in fund balance. This net change will be applied toward the debt service of the new bonds.

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

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Revised Budget	FY 2015 Estimated Actual	FY 2016 Budget	% change FY 2015	
							FY 2015 Budget	Est. Actual
<b>Revenues:</b>								
Ad Valorem Property Taxes	5,548,642	5,493,152	5,064,976	5,047,962	5,047,962	5,230,346	3.61%	3.61%
Issuance of Bonds	20,635,000	-	-	-	-	-		
Bond Premium	228,064	-	-	-	-	-		
BABS Subsidy	191,713	189,634	171,155	164,880	168,142	163,391	-0.90%	-2.83%
Investment Income	114,656	76,527	57,136	36,905	36,905	36,905	0.00%	0.00%
<b>Transfers In:</b>								
Beach Preservation Fees	2,853,015	3,113,645	3,106,277	4,378,838	4,378,838	2,828,938	-35.40%	-35.40%
Hospitality Fees	2,115,452	1,637,313	1,562,670	1,629,813	1,629,813	1,628,113	-0.10%	-0.10%
Tax Increment Financing	4,040,446	4,064,432	4,093,289	4,122,960	4,122,960	-	-100.00%	-100.00%
Real Estate Transfer Fees	1,863,828	2,152,296	2,169,797	2,268,727	2,268,727	2,294,953	1.16%	1.16%
Capital Projects Fund	1,100,000	-	-	-	-	-		
Series 2011 Hospitality Bond	-	1,061,140	-	-	-	-		
Series 2013 General Obligation Bonds	-	664,056	-	-	-	-		
Lease Revenue	-	-	119,782	65,336	10,889	65,336	0.00%	500.02%
<b>Total Revenue</b>	<b>38,690,816</b>	<b>18,452,195</b>	<b>16,345,082</b>	<b>17,715,421</b>	<b>17,664,236</b>	<b>12,247,982</b>	<b>-30.86%</b>	<b>-30.66%</b>
<b>Expenditures:</b>								
Administrative	20,575	23,625	17,025	19,000	19,000	11,025	-41.97%	-41.97%
Payment to Escrow Agent	21,675,878	-	-	-	-	-		
Debt Issue Costs	387,940	-	-	-	-	-		
Principal	12,105,000	11,645,000	12,950,000	12,995,000	12,995,000	7,420,000	-42.90%	-42.90%
Interest	3,914,974	4,265,011	4,080,573	3,702,756	3,702,756	3,784,676	2.21%	2.21%
<b>Total Expenditures</b>	<b>38,104,367</b>	<b>15,933,636</b>	<b>17,047,598</b>	<b>16,716,756</b>	<b>16,716,756</b>	<b>11,215,701</b>	<b>-32.91%</b>	<b>-32.91%</b>
<b>Net Change in Fund Balance</b>	<b>586,449</b>	<b>2,518,559</b>	<b>(702,516)</b>	<b>998,665</b>	<b>947,480</b>	<b>1,032,281</b>		
Beginning Fund Balance	6,001,545	6,587,994	9,106,553	8,404,037	8,404,037	9,351,517		
<b>Ending Fund Balance</b>	<b>6,587,994</b>	<b>9,106,553</b>	<b>8,404,037</b>	<b>9,402,702</b>	<b>9,351,517</b>	<b>10,383,798</b>		

## Debt Service Fund Expenditures for Fiscal Year 2016

### Debt Service Payments

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<b><u>General Obligation Bonds</u></b>			
Series 2005 General Obligation Referendum Refunding Bonds (\$24,265,000)	\$ 642,765	\$ 1,785,000	\$ 2,427,765
Series 2008 General Obligation Referendum Refunding Bonds (\$12,215,000)	347,837	745,000	1,092,837
Series 2009 General Obligation Non-Referendum Refunding Bonds (\$5,005,000)	123,476	360,000	483,476
Series 2010 General Obligation Referendum Bonds	503,053	460,000	963,053
Series 2011 General Obligation Referendum Refunding Bonds (\$12,385,000)	340,844	640,000	980,844
Series 2013A General Obligation Referendum Bonds (\$5,000,000)	176,889	152,780	329,669
Series 2013B General Obligation Non-Referendum Bonds (\$4,000,000)	141,511	122,220	263,731
*Series 2015A General Obligation Referendum Bonds (\$13,750,000)	206,250	-	206,250
<b>Total General Obligation Bonds</b>	\$ 2,482,625	\$ 4,265,000	\$ 6,747,625
<b><u>Revenue/Special Obligation Bonds</u></b>			
Series 2011A Special Obligation Bonds (Hospitality Tax) (\$8,250,000)	\$ 210,194	\$ 420,000	\$ 630,194
Series 2011B Special Obligation Bonds (Hospitality Tax) (\$15,250,000)	567,919	430,000	997,919
Series 2011 Special Obligation Bonds (Beach Preservation Fee) (\$11,000,000)	223,938	2,305,000	2,528,938
*Series 2015 Special Obligation Bonds (Beach Preservation Fee) (\$20,000,000)	300,000	-	300,000
<b>Total Revenue/Special Obligation Bonds</b>	\$ 1,302,051	\$ 3,155,000	\$ 4,457,051
<b>Grand Total</b>	\$ 3,784,676	\$ 7,420,000	\$ 11,204,676

\*Debt issues planned for fiscal 2016

## Calculation of the Legal Debt Limit

Assessed Value as of April 2015		<u>\$ 851,847,905</u>
Debt Limit - Eight Percent (8%) of Assessed Value, without Voter Approval		68,147,832
Town Council Imposed Eighty Percent (80%) Cap		54,518,266
Amount Applicable to Debt Limit:		
General Obligation Non-Referendum Refunding Bonds Series 2009A (Series 1999A)	4,160,000	
General Obligation Non-Referendum Bonds Series 2013B	3,588,889	
		7,748,889
<b>Legal Debt Margin without a Referendum</b>		<b>\$ 46,769,377</b>

## Calculation of the Legal Debt Limit, Continued

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

	<u>Original Issue Amount</u>	<u>Principal Outstanding</u>
<b><u>General Obligation Bonds</u></b>		
Series 2005 General Obligation Referendum Refunding Bonds (\$24,265,000)	\$ 24,265,000	\$ 14,995,000
Series 2008 General Obligation Referendum Refunding Bonds (\$12,215,000)	12,215,000	8,050,000
Series 2009 General Obligation Non-Referendum Refunding Bonds	5,005,000	4,160,000
Series 2010 General Obligation Referendum Bonds (\$12,000,000)	12,000,000	9,975,000
Series 2011 General Obligation Referendum Refunding Bonds (\$12,385,000)	12,385,000	10,690,000
Series 2013A General Obligation Referendum Bonds (\$5,000,000)	5,000,000	4,486,110
Series 2013B General Obligation Non-Referendum Bonds	4,000,000	3,588,890
*Series 2015A General Obligation Non-Referendum Bonds (\$13,750,000)	<u>13,750,000</u>	<u>13,750,000</u>
<b>Total General Obligation Bonds</b>	<b>\$ 88,620,000</b>	<b>\$ 69,695,000</b>
<b><u>Revenue/Special Obligation Bonds</u></b>		
Series 2011A Special Obligation Bonds (Hospitality Tax) (\$8,250,000)	8,250,000	6,505,000
Series 2011B Special Obligation Bonds (Hospitality Tax) (\$15,250,000)	15,250,000	13,760,000
Series 2011 Special Obligation Bonds (Beach Preservation Fee) (\$11,000,000)	11,000,000	9,685,000
*Series 2015 Special Obligation Bonds (Beach Preservation Fee) (\$20,000,000)	<u>20,000,000</u>	<u>20,000,000</u>
<b>Total Revenue/Special Obligation Bonds</b>	<b>\$ 54,500,000</b>	<b>\$ 49,950,000</b>
<b>Grand Total</b>	<b><u>\$ 143,120,000</u></b>	<b><u>\$ 119,645,000</u></b>

\*Planned debt issues for fiscal year 2016

## **Outstanding Debt Issues (continued)**

1. **Series 2005A General Obligation Referendum Refunding Bonds; \$24,265,000, Dated March 15, 2005**

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

Ad Valorem tax revenues of the Debt Service Fund are used to repay the first \$1,277,772 annually. The remaining annual debt service requirement is funded by transfers of real estate fees to the Debt Service Fund.

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

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

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

3. **Series 2009 General Obligation Non-Referendum Refunding Bonds; \$5,005,000, Dated September 9, 2009**

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

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

## **Outstanding Debt Issues (continued)**

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

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

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

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

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

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

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

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

The Town is required to maintain a reserve for the hospitality tax special obligation bonds. The original required deposit was \$1,061,140. The Town has allowed the investment to remain in the reserve. As of June 30, 2014, \$1,070,049 was the fair value amount held in the reserve which is reported in the Debt Service Fund.

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

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

On October 26, 2011 the Town issued \$8,250,000 in special obligation bonds (hospitality tax) with an average interest rate of 3.32% to advance refund \$8,625,000 in revenue bonds (hospitality tax) dated June 1, 2004 with an average interest rate of 4.86%. The net proceeds of \$8,129,802 including a premium of \$33,584 (after payment of \$150,484 in issuance costs) and funds on hand were used to purchase United States government securities. These revenue bonds were refunded to reduce total debt service payments over the life of the bonds by \$2,091,227 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$291,878. As of June 30, 2014, \$601,728 was the fair value amount held in the reserve which is reported in the Debt Service Fund.

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

## **Outstanding Debt Issues (continued)**

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

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

Beach preservation fees are transferred annually to the Debt Service Fund in an amount sufficient to repay the annual debt service. As of June 30, 2014, \$1,100,000 was the fair value amount held in the reserve which is reported in the Debt Service Fund.

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

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

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

10. **Series 2013B General Obligation Non-Referendum Bonds; \$4,000,000 Dated June 12, 2013**

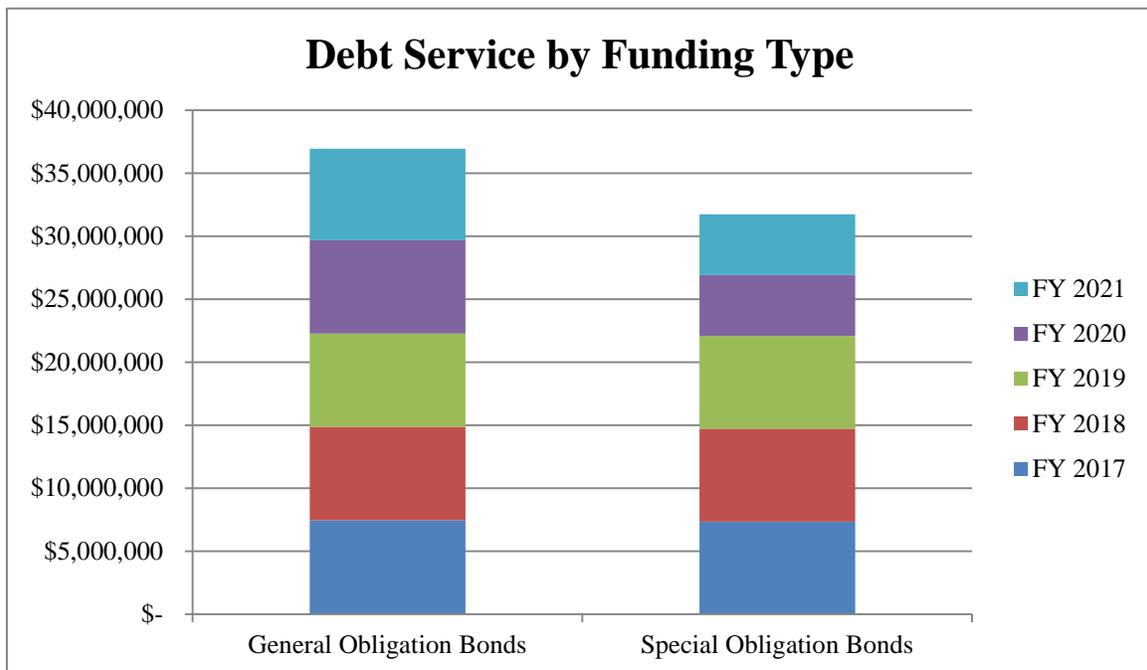
On June 12, 2013, the Town issued \$4,000,000 in general obligation bonds for the purchase of land, building and up-fit for the sheriff's office, SHARE Senior Center, and sewer projects.

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

## Planned Debt Service for the Next Five Years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>General Obligation Bonds</b>					
Series 2005 General Obligation Referendum Refunding Bonds (\$24,265,000)	\$ 2,426,265	\$ 2,415,390	\$ 2,410,015	\$ 2,410,640	\$ 2,269,693
Series 2008 General Obligation Referendum Refunding Bonds (\$12,215,000)	1,088,562	1,088,813	1,091,338	1,090,325	1,086,178
Series 2009 General Obligation Non-Referendum Refunding Bonds (\$5,005,000)	488,820	488,370	487,645	491,064	488,404
Series 2010 General Obligation Referendum Bonds (\$12,000,000)	955,343	951,543	945,445	938,195	929,505
Series 2011 General Obligation Referendum Refunding Bonds (\$12,385,000)	973,044	968,694	968,894	963,594	964,619
Series 2013A General Obligation Referendum Bonds (\$5,000,000)	327,862	328,417	331,184	330,512	332,584
Series 2013B General Obligation Non-Referendum Bonds (\$4,000,000)	262,288	262,733	260,216	259,688	261,316
*Series 2015A General Obligation Referendum Bonds(\$13,750,000) - estimated	919,245	919,245	919,245	919,245	919,245
<b>Total General Obligation Bonds</b>	<b>\$ 7,441,429</b>	<b>\$ 7,423,205</b>	<b>\$ 7,413,982</b>	<b>\$ 7,403,263</b>	<b>\$ 7,251,544</b>
<b>Revenue/Special Obligation Bonds</b>					
Series 2011A Special Obligation Bonds (Hospitality Tax) (\$8,250,000)	\$ 627,794	\$ 633,231	\$ 632,731	\$ 630,981	\$ 628,531
Series 2011B Special Obligation Bonds (Hospitality Tax) (\$15,250,000)	999,319	1,001,119	1,002,469	998,669	999,269
Series 2011 Special Obligation Bonds (Beach Preservation Fee) (\$11,000,000)	2,536,913	2,551,288	2,543,294	-	-
*Series 2015A Special Obligation Bonds (Beach Preservation Fee) (\$20,000,000) - estimated	3,188,933	3,188,933	3,188,933	3,188,933	3,188,933
<b>Total Revenue/Special Obligation Bonds</b>	<b>\$ 7,352,959</b>	<b>\$ 7,374,571</b>	<b>\$ 7,367,427</b>	<b>\$ 4,818,583</b>	<b>\$ 4,816,733</b>
<b>Grand Total</b>	<b>\$ 14,794,388</b>	<b>\$ 14,797,776</b>	<b>\$ 14,781,409</b>	<b>\$ 12,221,846</b>	<b>\$ 12,068,277</b>

\*Planned debt issues for fiscal year 2016.



# Capital Improvement Program (CIP)

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

In accordance with State law, the proposed CIP for fiscal year 2016 was developed by staff for review and recommendation of the full Planning Commission. The pathways and parks section was also reviewed by the Parks & Recreation Commission. The Planning Commission annually recommends the proposed CIP to Town Council for adoption during their CIP Budget Workshop in June.

Included in this section is the Town's capital expenditure plan with funding sources for the upcoming year. Expenditures in this section are exclusive of projects associated with the Stormwater Program or the Palmetto Electric Program. In addition, a ten-year capital plan is included that identifies anticipated capital expenditures **with funding sources to be determined**. Input for the capital improvements program comes from a variety of sources. Sources are 2015 Town Council Policy and Management Agendas which included input from the public and the Town's Boards, Commissions and Committees. Other source documents include: The 2011 Comprehensive Plan update which incorporates the Initiative Area Plans; the Transportation Plan which includes pathways as well as roads; the Fire and Rescue Master Plan, the recently approved Recreation Element; the adopted County-wide All Hazard Mitigation Plan, the Comprehensive Emergency Management Plan, which will be updated as a part of the Disaster Recovery Commission's work program; the Beach Access Plan, the Beach Maintenance Monitoring reports; the Broad Creek Management Plan, and our Space Needs Study of all Town facilities and properties to include Town Hall, all parks, Fire and Rescue stations and town-wide infrastructure.

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

The **Palmetto Electric Program** in which funds derive from the Town's negotiated franchise fee with Palmetto Electric Cooperative. These funds are committed to power line burials and hook ups which are estimated to cost approximately \$30 million over 15 years. The fee generates approximately \$2.7 million annually. This program is reflected in one of the funds in the combined Special Revenue Funds.

## Capital Project Fund (CPF) Revenues and Other Sources

Previously, Town Council directed that we “minimize reliance on property tax while expanding alternative revenue sources.” The CPF 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 CPF incorporates many 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** 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** were enacted Countywide to provide funding for emerging park needs.
2. **Fund Balance** which is un-obligated and obligated monies that are rolled over from previously approved, but incomplete, projects.
3. **New Fiscal Year Taxes** are ad valorem property taxes collected during the next fiscal year. The amount dedicated to the CIP is .84 mils and will generate approximately \$715,552.
4. **Sunday Liquor Sales Permit Fees** that are derived from the sale of permits to sell alcohol on Sunday. These fees are rebates from the State and prior year revenues will provide approximately \$625,000.
5. **Beach Preservation Fees** are derived from an additional two percent (2%) Local Accommodations Tax levied by Town Council. This source will generate approximately \$5.9 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. The Town will expend \$2.8 million of these funds to pay debt service on bonds associated with beach re-nourishment projects and has budgeted \$500,000 for projects in the CPF. Also, the Town budgeted a \$1.1 million transfer to the General Fund for beach park repairs, maintenance and operations.
6. **Hospitality Tax** which is a two percent (2%) tax on the sale of prepared meals and beverages, sold in establishments with or without licenses and for on premise consumption of alcoholic beverages, beer or wine. This source will generate approximately \$5.9 million in revenue next fiscal year. The Town has budgeted \$190,000 for projects; the remainder goes for debt service and to support public safety and road maintenance in the General Fund.
7. **Tax Increment Financing (TIF)** in which funds derive from increased assessed value above the baseline assessment when the TIF District was established. These funds may be used for public projects within the District. TIF will generate approximately \$6.9 million in revenue next fiscal year; \$2.5 million is budgeted for CPF projects. In subsequent years, the Town will use cash on hand plus issue bonds to construct a USCB campus on the Island.
8. **Real Estate Transfer Fee** which is .25 of 1% on each real estate transaction in the Town. This source will generate approximately \$2.6 million in revenue next fiscal year. These funds are dedicated to the Land Acquisition Program and its debt service.

**Capital Projects Fund Revenues and Other Sources (continued)**

9. **Lease Revenue** 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 \$65,000 derived from those leases has been assigned to pay for maintenance and cleanup of Town property or transferred for debt service.
10. **Bond Proceeds from funding sources above.** In fiscal year 2016 the Town budgeted \$20 million, \$150,000, \$3.25 million and \$5.55 million for capital projects from beach fee, hospitality tax, tax increment financing and general obligation bonds, respectively.

Implementation of the fiscal year 2016 CPF will require about \$34.7 million during the fiscal year. The chart below reflects a comparison of the major budgeted revenue sources for fiscal years 2015 and 2016.

Revenue	FY 2015 Budget	FY 2016 Budget	\$ Change	% Chang
Property Taxes	\$ 689,244	\$ 715,552	\$ 26,308	3.82%
Sunday Permit Fees	478,150	625,000	146,850	20.26%
Beach Preservation Fees	1,700,188	500,000	(1,200,188)	-70.59%
Tax Increment Financing	6,424,315	2,515,000	(3,909,315)	-60.85%
Hospitality Tax	168,454	190,000	21,546	12.79%
Bond Proceeds – General Obligation and Beach Fees	6,691,596	28,950,000	22,258,404	332.63
Impact Fees - Roads	36,019	35,000	(1,019)	-2.83%
Other	445,336	67,336	(378,000)	-84.88%
Total	<u>\$ 16,633,302</u>	<u>\$ 33,597,888</u>	<u>\$ 16,964,586</u>	101.69

**Capital Projects Fund Expenditures**

In the **Beach Maintenance** category, there are 2 projects (including 1 on-going maintenance project) programmed during the next ten years. The projects, including the ongoing beach management and monitoring programs well as a major beach renourishment, are funded for approximately \$20.5 million in fiscal year 2016.

In the **Existing Facilities/Infrastructure** category, there are 3 projects programmed during the next ten years, the projects are funded for approximately \$240,000 in fiscal year 2016.

In the category of **Park Development**, 3 projects (including 1 on-going maintenance project) are programmed during the next ten years, 2 projects are funded for approximately \$5.7 million in fiscal year 2016.

In the **New Facilities/Infrastructure** category, there are 3 projects programmed during the next ten years, 3 projects are funded for approximately \$2.13 million in fiscal year 2016.

In the **Pathways** category, there is 1 project programmed during the next ten years. There is one project funded for \$50,000 in fiscal year 2016. Funded projects may involve land acquisition, legal work, design, concept and survey, and/or construction.

### **Capital Projects Fund Expenditures**

In the category of **Roadway Improvements**, there are 12 projects programmed during the next ten years; 8 of them are funded for approximately \$4.3 million in fiscal year 2016.

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

### **Impact on Operation and Maintenance Expenditures**

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

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

In fiscal year 2016, the major impact items of the Town's capital assets on the operating budget are as follows:

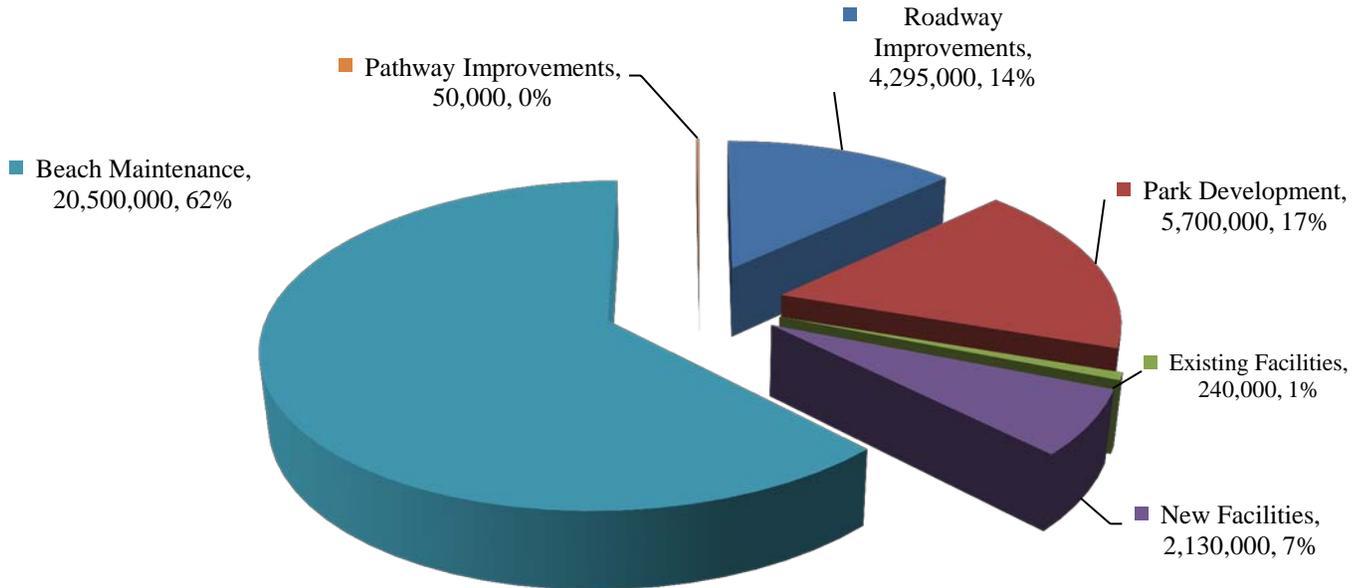
- The fiscal year 2016 General Fund operating budget associated with the upkeep of the Town's facilities and parks (including the shift of budgeting of non-project capital outlay from the Capital Projects Fund to the General Fund) is \$587,000 in fiscal year 2016.
- The Town established a budget in the General Fund – PP&F – Engineering in fiscal year 2014 for maintaining Town-owned roads recognizing the minimal likelihood that the County will accept the Town's roads into its inventory. In fiscal year 2016, the roads maintenance budget will be \$469,000.

\*Budget established in General Fund – Engineering beginning in fiscal year 2014

## Fiscal Year 2016 Capital Projects Fund (CPF)

The Capital Projects Fund budget for fiscal year 2016 is \$32,915,000 plus \$250,000 for bond issue costs and \$1,515,836 for transfers to the General and Debt Service Fund and consists of the following project category funding levels.

### Capital Projects Fund Expenditures by Category



# Capital Projects Fund

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

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015		% change	
					Estimated Actual	FY 2016 Budget	FY 2015 Budget	FY 2015 Est. Actual
<b>Revenues:</b>								
Ad Valorem Property Taxes	692,418	685,501	667,370	689,244	689,244	715,552	3.82%	3.82%
Investment Income	3,378	3,269	3,099	-	2,000	2,000		
Grants	944,854	27,622	-	-	275,000	-		
Contributions	100,000	20,000	-	-	-	-		
Sunday Permit Fees	332,230	381,015	349,169	478,150	350,000	625,000	30.71%	78.57%
Traffic Impact Fees	151,989	100,572	141,157	36,019	155,000	35,000	-2.83%	-77.42%
Park Impact Fees	36,366	63,160	107,576	-	105,000	-		-100.00%
Beaufort County Bond	-	-	-	-	-	-		
Bond Premium	742,421	664,056	-	-	-	-		
Bond Proceeds (Beach Preservation)	11,000,000	-	-	-	-	20,000,000		
Bond Proceeds (Hospitality)	15,250,000	-	-	2,208,884	2,525,574	150,000	-93.21%	
Bond Proceeds (TIF)	-	-	-	-	-	3,250,000		
Bond Proceeds (2013 General Obligation)	-	9,000,000	-	103,201	103,201	-	-100.00%	
Bond Proceeds (2014 General Obligation)	-	-	-	4,379,511	-	5,550,000	26.73%	
Lease Revenue	46,979	208,998	127,938	245,336	165,000	65,336	-73.37%	-60.40%
Other Revenue	-	-	-	200,000	-	-	-100.00%	0.00%
Reimbursement of Prior Year Expenditures	-	-	458,479	-	-	-	0.00%	0.00%
Sale of Property & Equipment	264,930	266,622	175,000	-	348,808	-		-100.00%
<b>Transfers In:</b>								
Beach Preservation Fees	608,882	642,078	2,327,672	1,700,188	1,700,188	500,000	-70.59%	-70.59%
Hospitality Fees	888,292	273,575	2,374,820	168,454	933,198	190,000	12.79%	-79.64%
Tax Increment Financing	3,436,996	1,594,527	1,844,358	6,424,315	11,018,842	2,515,000	-60.85%	-77.18%
Debt Service Fund	-	-	-	-	54,557	-		
Real Estate Transfer Fees	821	-	-	-	-	-		
<b>Total Revenue</b>	<b>34,500,556</b>	<b>13,930,995</b>	<b>8,576,638</b>	<b>16,633,302</b>	<b>18,425,612</b>	<b>33,597,888</b>	<b>101.99%</b>	<b>82.34%</b>
<b>Expenditures:</b>								
Beach Maintenance	11,357,778	711,634	2,326,444	1,700,188	1,700,188	20,500,000	1105.75%	1105.75%
Existing Facilities	1,853,680	1,220,283	4,118,687	790,433	790,433	240,000	-69.64%	-69.64%
Park Development	849,814	765,811	707,641	1,888,975	1,888,975	5,700,000	201.75%	201.75%
New Facilities	1,426,274	1,340,995	2,601,826	3,890,704	3,890,704	2,130,000	-45.25%	-45.25%
Pathway Improvements	510,075	1,354,262	1,436,506	1,657,426	1,657,426	50,000	-96.98%	-96.98%
Roadway Improvements	1,297,646	1,669,550	1,548,043	3,264,556	3,264,556	4,295,000	31.56%	31.56%
Land Acquisition	8,909,874	6,080,118	19,752	2,500,000	2,500,000	0	-100.00%	-100.00%
Bond Issue Costs	525,364	127,167	114,997	125,000	0	250,000	100.00%	0.00%
Transfers Out	1,137,500	4,215,828	479,485	1,009,486	1,009,486	1,515,836	50.16%	50.16%
<b>Total Expenditures</b>	<b>27,868,005</b>	<b>17,485,648</b>	<b>13,353,381</b>	<b>16,826,768</b>	<b>16,701,768</b>	<b>34,680,836</b>	<b>106.11%</b>	<b>107.65%</b>
<b>Other Financing Sources:</b>								
Bond Proceeds Previously Recognized	-	-	-	(2,208,884)	(2,628,775)	(150,000)	-93.21%	
<b>Net Change in Fund Balance</b>	<b>6,632,551</b>	<b>(3,554,653)</b>	<b>(4,776,743)</b>	<b>(2,402,350)</b>	<b>(904,931)</b>	<b>(1,232,948)</b>		
Beginning Fund Balance	13,841,517	20,474,068	16,919,415	12,142,672	12,142,672	11,237,741		
<b>Ending Fund Balance</b>	<b>20,474,068</b>	<b>16,919,415</b>	<b>12,142,672</b>	<b>9,740,322</b>	<b>11,237,741</b>	<b>10,004,793</b>		

\* - For actual reporting purposes, all bond proceeds are recognized at the time of issuance and are therefore reflected in the beginning fund balance. For budgetary reporting purposes, bond proceeds are recognized to the extent the proceeds are utilized for capital projects. Therefore to reconcile between the two presentations it is necessary to adjust the Fund Balance by the previously recognized Bond Proceeds.

## Capital Projects Fund Expenditures by Funding Source – FY 2016

### Capital Projects Fund Expenditures by Funding Source – FY 2016

	THOUSANDS OF DOLLARS									
	FY	IMPACT	PRIOR YEAR	2015 FISCAL	BEACH	SWU	HOSP	TIF	OTHER	
	2016	FEES	FUNDING	YEAR TAXES	FEE	FEE	TAX		FUNDS	
<b>PATHWAYS</b>		Traffic								
TOTAL PATHWAYS	50	0	0	0	0	0	0	0	50	Sunday Liquor
<b>ROADWAY IMPROVEMENTS</b>		Traffic								
OFFICE PARK ROAD INTERSECTION IMPROVEMENTS	750							750		
HERITAGE PLAZA ROAD EXTENSION	2,850							2,850		
EXTENSION OF LAGOON ROAD	160							160		
RECONSTRUCTION OF NASSAU STREET	100							100		
WM. HILTON PARKWAY INTERSECTION IMPROVEMENTS AT SQUIRE POPE ROAD-	FY15									
INTERSECTION IMPROVEMENTS AT SHELTER COVE TOWN CENTER	125								125	
TRAFFIC SIGNAL MAST ARMS	100		recurring				100			
PRIVATE (DIRT) ROADS ACQUISITION	100			100						
MISCELLANEOUS TURNING LANE IMPROVEMENTS	35	35								
SOUTH FOREST BEACH DRIVE IMPROVEMENTS	75							75		
TOTAL ROADWAY IMPROVEMENTS	4,295	35	0	100	0	0	100	3,935	125	
<b>PARK DEVELOPMENT</b>		Parks								Park Impact Fees, Sunday Liquor Permit Fees, Beach Fees & other funding sources
PARKS UPGRADES	450		recurring						450	Sunday Liquor Permit Fees (\$660k available)
RECREATION CENTER EXPANSION	5,250								5,250	GO Bond
CHAPLIN LINEAR PARK										
TOTAL PARK DEVELOPMENT	5,700	0	0	0	0	0	0	0	5,700	

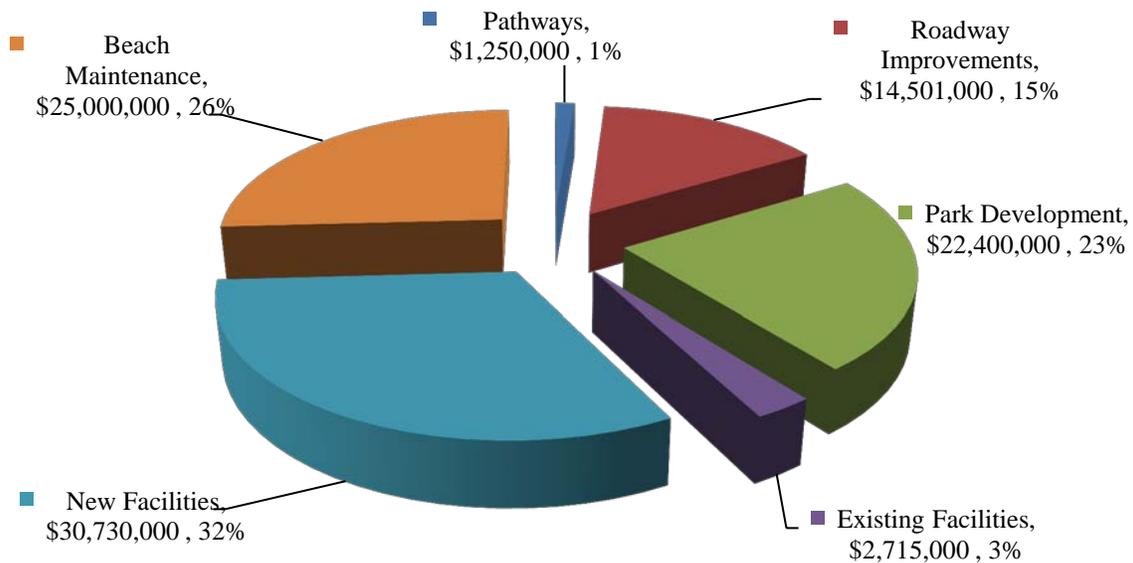
## Capital Projects Fund Expenditures by Funding Source – FY 2016

	THOUSANDS OF DOLLARS									
	FY 2016	IMPACT FEES	PRIOR YEAR FUNDING	2015 FISCAL YEAR TAXES	BEACH FEE	SWU FEE	HOSP TAX	TIF	OTHER FUNDS	
<b>EXISTING FACILITIES &amp; INFRASTRUCTURE</b>		Traffic								Hosp.Tax Bond, Lease Acct & other
FIRE STATION # 2 REPLACEMENT (Sea Pines) (Hospitality Tax)	150						150			Hosp. Tax Bond
TOWN HALL OFFICE SPACE	50		recurring				50			
FIRE RESCUE TRAINING CENTER ENHANCEMENTS	40						40			
<b>TOTAL EXISTING FACILITIES &amp; INFRASTRUCTURE</b>	<b>240</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>240</b>	<b>0</b>	<b>0</b>	
<b>NEW FACILITIES &amp; INFRASTRUCTURE</b>										Hospitality Tax, TIF
USCB HOSPITALITY MANAGEMENT	1,080							1,080		TIF Bond
COLIGNY / POPE AVE INITIATIVE AREA	750							750		
SEWER PROJECTS	300								300	GO Bond
<b>TOTAL NEW FACILITIES &amp; INFRASTRUCTURE</b>	<b>2,130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,830</b>	<b>300</b>	
<b>BEACH MAINTENANCE</b>										Beach Fees
BEACH MANAGEMENT & MONITORING	500		recurring		500					
BEACH RENOURISHMENT (Beach Fee)	20,000		500		20,000					Beach Presevation Fee Revenue Bond
<b>TOTAL BEACH MAINTENANCE</b>	<b>20,500</b>	<b>0</b>	<b>500</b>	<b>0</b>	<b>20,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTALS (THOUSAND OF DOLLARS)</b>	<b>32,915</b>	<b>35</b>		<b>100</b>	<b>20,500</b>	<b>0</b>	<b>340</b>	<b>5,765</b>	<b>6,175</b>	

## Ten-Year Capital Improvements Program (CIP)

The Town formally adopts a one year Capital Projects Fund budget. In addition, it develops an unbudgeted (planned) Ten-Year Capital Improvements Program (CIP). The anticipated capital expenditures over the next ten years are anticipated to be \$96,596,000. The Town estimates the following expenditures by program.

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



### CIP Expenditures by Category 2016-2025

	THOUSANDS OF DOLLARS					
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021-2025
<b>Summary</b>						
Beach Maintenance	20,500	500	500	500	500	2,500
Existing Facilities & Infrastructure	240	2,425	50	-	-	-
Park Development	5,700	7,800	300	300	300	8,000
New Facilities & Infrastructure	2,130	25,750	-	750	2,100	-
Pathways	50	-	-	-	-	1,200
Roadway Improvements	4,295	4,356	4,000	100	1,000	750
<b>TOTALS (THOUSANDS OF DOLLARS)</b>	<b>32,915</b>	<b>40,831</b>	<b>4,850</b>	<b>1,650</b>	<b>3,900</b>	<b>12,450</b>

## CIP Expenditures by Category 2016-2025

PROJECT						
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021-2025
<b>PATHWAYS</b>						
US 278-B (Shelter Cove / Chaplin to Mathews North) (up to 1/2 Traffic Impact)	50	0	0	0	0	1200
<b>TOTAL PATHWAY IMPROVEMENTS</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1200</b>
<b>ROADWAY IMPROVEMENTS</b>						
OFFICE PARK ROAD INTERSECTION IMPROVEMENTS	750	1100				
HERITAGE PLAZA ROAD EXTENSION	2850		1500			
EXTENSION OF LAGOON ROAD	160	1200	400			
RECONSTRUCTION OF NASSAU STREET	100	760				
WM. HILTON PARKWAY INTERSECTION IMPROVEMENTS AT SQUIRE POPE	FY15		300			
INTERSECTION IMPROVEMENTS AT SHELTER COVE TOWN CENTER	125		1250			
TRAFFIC SIGNAL MAST ARMS (TIF Funded in District)	100	96	150			
PRIVATE (DIRT) ROADS ACQUISITION	100	TBD	TBD	TBD	TBD	TBD
MISCELLANEOUS TURNING LANE IMPROVEMENTS	35		300			
BLUFFTON PARKWAY- Phase 5A BEAUTIFICATION		1,000				
POPE AVENUE IMPROVEMENTS			100		1000	
SOUTH FOREST BEACH DRIVE IMPROVEMENTS	75	200		100		750
ARROW /TARGET ROAD IMPROVEMENT				TBD		
<b>TOTAL ROADWAY IMPROVEMENTS</b>	<b>4,295</b>	<b>4,356</b>	<b>4,000</b>	<b>100</b>	<b>1,000</b>	<b>750</b>

## CIP Expenditures by Category 2016-2025

PROJECT	FY	FY	FY	FY	FY	FY
	2016	2017	2018	2019	2020	2021-2025
<b>PARK DEVELOPMENT</b>						
PARKS UPGRADES	450	300	300	300	300	1,500
RECREATION CENTER EXPANSION	5,250	5,000				
CHAPLIN LINEAR PARK		2,500				6,500
<b>TOTAL PARK DEVELOPMENT</b>	<b>5,700</b>	<b>7,800</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>8,000</b>
<b>EXISTING FACILITIES &amp; INFRASTRUCTURE</b>						
FIRE STATION # 2 REPLACEMENT (Sea Pines) (Hospitality Tax)	150	2,200				
TOWN HALL OFFICE SPACE RECONFIGURATION (Hospitality Tax)	50	50	50			
FIRE/RESCUE TRAINING CENTER ENHANCEMENTS	40	175				
<b>TOTAL EXISTING FACILITIES &amp; INFRASTRUCTURE</b>	<b>240</b>	<b>2,425</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NEW FACILITIES &amp; INFRASTRUCTURE</b>						
USCB HOSPITALITY MANAGEMENT PROGRAM BUILDING	1080	18900				
COLIGNY / POPE AVE INITIATIVE AREA IMPROVEMENTS with COMMUNITY	750	6850		750	2100	
SEWER PROJECTS (Oakview Road Area)	300					
<b>TOTAL NEW FACILITIES &amp; INFRASTRUCTURE</b>	<b>2,130</b>	<b>25,750</b>	<b>0</b>	<b>750</b>	<b>2,100</b>	<b>0</b>

## CIP Expenditures by Category 2016-2025

PROJECT	FY	FY	FY	FY	FY	FY
	2016	2017	2018	2019	2020	2021-2025
<b>BEACH MAINTENANCE</b>						
BEACH MANAGEMENT & MONITORING (Beach Fee)	500	500	500	500	500	2,500
BEACH RENOURISHMENT (Beach Fee)	20,000					
<b>TOTAL BEACH MAINTENANCE</b>	<b>20,500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>2,500</b>
<b>PATHWAYS</b>	50	0	0	0	0	1200
<b>ROADWAY IMPROVEMENTS</b>	4,295	4,356	4,000	100	1,000	750
<b>PARK DEVELOPMENT</b>	5,700	7,800	300	300	300	8,000
<b>EXISTING FACILITIES &amp; INFRASTRUCTURE</b>	240	2,425	50	0	0	0
<b>NEW FACILITIES &amp; INFRASTRUCTURE</b>	2,130	25,750	0	750	2,100	0
<b>BEACH MAINTENANCE</b>	20,500	500	500	500	500	2,500
<b>TOTALS (THOUSAND OF DOLLARS)</b>	<b>32,915</b>	<b>40,831</b>	<b>4,850</b>	<b>1,650</b>	<b>3,900</b>	<b>12,450</b>

# Stormwater Fund (Enterprise Fund)

This fund is used to account for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems and programs within the Town limits of Hilton Head Island in concert with Beaufort County and other water resource management programs. The total expense budget for fiscal year 2016 is \$3.7 million including a transfer to the General Fund. The annual base fee per SFU will remain at \$108.70 for fiscal year 2016.

	FY 2013 Actual	FY 2014 Actual	FY 2015		FY 2016 Budget	% change	
			FY 2015 Budget	Estimated Actual		FY 2015 Budget	FY 2015 Est. Actual
<b>Revenues:</b>							
Stormwater Fees	3,574,933	3,564,300	3,564,900	3,564,900	3,574,134	0.26%	0.26%
Miscellaneous Income	5,512	-	-	10,505	-	0.00%	-100.00%
Investment Income	253	394	-	425	-	0.00%	-100.00%
<b>Total Revenue</b>	<b>3,580,698</b>	<b>3,564,694</b>	<b>3,564,900</b>	<b>3,575,830</b>	<b>3,574,134</b>	<b>0.26%</b>	<b>-0.05%</b>
<b>Expenditures:</b>							
<b>Total Personnel</b>	<b>154,100</b>	<b>269,278</b>	<b>357,399</b>	<b>347,908</b>	<b>370,797</b>	<b>3.75%</b>	<b>6.58%</b>
<b>Operating:</b>							
Travel	-	972	5,100	5,100	5,200	1.96%	1.96%
Meetings & Conferences	-	2,586	3,100	3,100	3,100	0.00%	0.00%
Public Education	6,507	19,954	15,000	15,000	7,000	-53.33%	-53.33%
Mapping Update	-	58,980	-	-	-	0.00%	0.00%
General Operating Expenses	3,201	4,485	29,900	29,900	13,900	-53.51%	-53.51%
Beaufort County SWU Admin Fees	90,039	89,700	91,992	91,992	105,000	14.14%	14.14%
Street Sweeping Contract	-	-	-	-	106,000	100.00%	100.00%
Vehicle Purchase	-	-	-	-	28,000	100.00%	100.00%
Beaufort County Stormwater Master Plan	-	-	-	-	147,000	100.00%	100.00%
Permitting	-	-	25,000	25,000	-	-100.00%	-100.00%
Water Quality Monitoring	42,353	36,514	153,751	153,751	120,000	-21.95%	-21.95%
<b>Total Operating</b>	<b>142,100</b>	<b>213,191</b>	<b>323,843</b>	<b>323,843</b>	<b>535,200</b>	<b>65.27%</b>	<b>65.27%</b>
<b>Projects:</b>							
Infrastructure and Capital	662,236	553,843	1,020,564	1,020,564	387,000	-62.08%	-62.08%
Inventory and Modeling	522,127	326,633	586,258	586,258	150,000	-74.41%	-74.41%
Maintenance and Repairs	264,092	373,183	775,557	775,557	713,000	-8.07%	-8.07%
Pump Station Costs	249,884	455,300	551,000	551,000	250,000	-54.63%	-54.63%
<b>Total Project Costs</b>	<b>1,698,339</b>	<b>1,708,959</b>	<b>2,933,379</b>	<b>2,933,379</b>	<b>1,500,000</b>	<b>-48.86%</b>	<b>-48.86%</b>
<b>Debt Service:</b>							
Principal	780,000	805,000	825,000	825,000	850,000	3.03%	3.03%
Interest	366,077	333,245	322,000	321,121	299,000	-7.14%	-6.89%
Other Charges	2,500	2,500	3,000	2,500	3,000	0.00%	20.00%
<b>Total Debt Service</b>	<b>1,148,577</b>	<b>1,140,745</b>	<b>1,150,000</b>	<b>1,148,621</b>	<b>1,152,000</b>	<b>0.17%</b>	<b>0.29%</b>
<b>Total Expenditures</b>	<b>3,143,116</b>	<b>3,332,173</b>	<b>4,764,621</b>	<b>4,753,751</b>	<b>3,557,997</b>	<b>-25.32%</b>	<b>-25.15%</b>
<b>Transfer to General Fund</b>	<b>236,130</b>	<b>74,163</b>	<b>94,258</b>	<b>94,258</b>	<b>94,258</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total Expenditures and Transfers Out</b>	<b>3,379,246</b>	<b>3,406,336</b>	<b>4,858,879</b>	<b>4,848,009</b>	<b>3,652,255</b>	<b>-24.83%</b>	<b>-24.66%</b>
<b>Net Change in Fund Balance</b>	<b>201,452</b>	<b>158,358</b>	<b>(1,293,979)</b>	<b>(1,272,179)</b>	<b>(78,121)</b>		
<b>Beginning Fund Balance</b>	<b>3,691,780</b>	<b>3,893,232</b>	<b>4,051,590</b>	<b>4,051,590</b>	<b>2,757,611</b>		
<b>Ending Fund Balance</b>	<b>3,893,232</b>	<b>4,051,590</b>	<b>2,757,611</b>	<b>2,779,411</b>	<b>2,679,490</b>		

Revenues and Expenses Analysis - Historical, Estimated Actual, and Budget  
**Stormwater Expenditures by Category 2016-2019**

STORMWATER BUDGET SUMMARY	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2016	FY 2017	FY 2018	FY 2019
<b>CATEGORY</b>					
Salary, Benefits, Operating Expenses	-	906	799	749	647
Debt Service		1,152	1,153	1,154	1,149
Capital & Infrastructure Upgrades and Improvements	-	387	575	615	1,050
Inventory & Modeling	-	150	50	50	50
Maintenance & Repairs	-	713	610	610	675
Pump Station Costs	-	250	400	400	400
<b>TOTAL</b>	-	<b>3,558</b>	<b>3,587</b>	<b>3,578</b>	<b>3,971</b>

STORMWATER BUDGET DETAIL	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2016	FY 2017	FY 2018	FY 2019
<b>SALARY, BENEFITS, OPERATING EXPENSES AND DEBT SERVICE</b>					
<b>SALARY AND BENEFITS</b>					
Total Salary and Benefits	-	371	378	378	378
<b>OPERATING EXPENSES</b>					
Beaufort County SWU Administration Fee <i>(withheld by County)</i>	-	105	103	103	103
Beaufort County Stormwater Master Plan Update	-	147	-	-	-
Public Education	-	7	20	20	25
Water Quality Monitoring	-	120	120	120	120
Service Request/Project Database Software Development	-	-	50	-	-
Street Sweeping Contract		106	108	108	1
Vehicle Purchase		28	-	-	
Computer Software		3	-	-	
Travel	-	5.2	5.3	5.3	5.4
Training & Conference	-	3.1	3.2	3.2	3.2
Legal (PUD negotiations)	-	2.0	2.0	2.0	2.1
Membership Dues		0.5	0.5	0.5	0.5
Tools & Equip.	-	5.0	5.0	5.0	5.0
Uniforms & Protective Gear	-	0.6	0.6	0.6	0.6
Cell Phone	-	1.2	1.2	1.2	1.2
Veh. Fuel	-	1.6	1.6	1.6	1.7
General Operating Costs	-	50	19	19	20
<b>Total Operating Expenses</b>	-	<b>535</b>	<b>420</b>	<b>370</b>	<b>269</b>
<b>DEBT SERVICE (matures fiscal year 2026)</b>					
Principal	-	850	875	900	920
Interest	-	299	275	251	226
Other Charges and Fees	-	3	3	3	3
<b>Total Debt Service</b>	-	<b>1,152</b>	<b>1,153</b>	<b>1,154</b>	<b>1,149</b>
<b>TOTAL SALARY, BENEFITS, OPERATING EXPENSES AND DEBT SERVICE</b>	-	<b>2,058</b>	<b>1,952</b>	<b>1,903</b>	<b>1,796</b>

## Stormwater Expenditures by Category 2016-2019

CAPITAL & INFRASTRUCTURE UPGRADES & IMPROVEMENTS					
<b>HILTON HEAD PLANTATION - PUD</b>					
Capital Upgrades Contingency (Pipe Lining/Replacement)	-	-	25	25	25
Prestwick Court Lagoon Connector - Line and replace 42" & 48" pipes	-	-	-	-	100
<i>Sweetwater Lane - Pipe Replacement</i>		40	-	-	-
<i>Old Fort Drive Outfall - Line and replace existing 48" pipes</i>			250	-	-
<b>INDIGO RUN - PUD</b>					
Capital Upgrades Contingency (Pipe Lining/Replacement)	-	-	25	25	25
Wiler's Creek Bank Stabilization	-	-	-	-	-
<b>LONG COVE - PUD</b>					
Friendfield Ct.	76	-	-	-	-
Capital Upgrades Contingency (Pipe Lining/Replacement)	-	-	25	25	25
<b>PALMETTO HALL - PUD</b>					
<i>Arthur Hills Golf Course (#18 green) - Weir replacement</i>		-	-	-	50
<i>Arthur Hills Golf Course (#11 fairway) - Weir replacement</i>		-	-	-	-
<i>Arthur Hills Golf Course (#12) - Weir replacement</i>		-	-	-	-
Capital Upgrades Contingency (Pipe Lining/Replacement)			25	25	25
<b>PALMETTO DUNES - PUD</b>					
Capital Upgrades Contingency (Pipe Lining/Replacement)	-	-	25	25	25
<b>LEAMINGTON - PUD</b>					
<i>6 &amp; 8 Leamington Court - New drainage inlet</i>		15			
<b>PORT ROYAL PLANTATION - PUD</b>					
Marketplace and Oak Creek - Culvert Upgrades	-	-	-	-	150
Coggins Point Drive egress to WHP - Install storm infrastructure					-
Capital Upgrades Contingency (Pipe Lining/Replacement)			25	25	25
<b>SEA PINES - PUD</b>					
Baynard Cove Outfall - structure gate/frame/grate replacement	-	10	-	-	-
<i>89 Baynard Cove - Install drainage infrastructure</i>		-	-	-	-
Capital Upgrades Contingency (Pipe Lining/Replacement)	-	-	25	25	25
<b>SHIPYARD - PUD</b>					
Galleon Course (#8 Tee) - Culvert Replacement at carpath		-	-	10	-
Brigantine Course (#8 Green) - Flared end section repair		-	-	-	10
<i>Clipper Course (#3) - New outfall structure for Pope Avenue</i>		25	-	-	-
Capital Upgrades Contingency (Pipe Lining/Replacement)			25	25	25
<b>WEXFORD - PUD</b>					
Capital Upgrades Contingency (Pipe Lining/Replacement)	-	-	25	25	25
<i>Pump Station Access Easement Stabilization (46 Yorkshire)</i>		50	-	-	-
<b>NON-PUD AREAS</b>					
Gum Tree Outfall Channel at Katie Miller	133	-	-	-	-
Tanglewood Dr. - Road Flooding (coordinate w/ Coligny Re-development)	-	50	100	-	-
Bay Pines / Point Comfort - Design and Construction	-	-	-	-	-
US 278 Left Turn Lane Ponding (various)	-	-	-	-	-
Crossing / Haig Point Channel Stabilization	-	-	-	25	90
Union Cemetery at Fish Haul Creek outfall - Culvert Upgrade	-	-	-	80	-
Marshland Road at Mathews Drive ditch junction	-	-	-	25	-
Wexford Drive Roundabout - Ponding	-	-	-	-	25
Muddy Creek (Charlie Simmons Ditch)	-	-	-	-	-
<i>Lemoyne Avenue Flooding - Install drainage infrastructure</i>		100	-	-	-
<i>Mathews Drive pathway outfall (Northridge Theatre) - Replace pipe</i>		65	-	-	-
<i>1014 William Hilton Parkway Road Flooding - Upsize pipes</i>		-	-	-	100
<i>Folly Field Beach Park Flooding - Install drainage infrastructure</i>	4	15	-	-	-
<i>Islanders Beach Park Flooding - Install drainage infrastructure</i>		-	-	-	50
<i>Drissen Beach Park Flooding - Install drainage infrastructure</i>		-	-	-	-
<i>Lawton Woods (Cassina, Bayberry, etc.) - Install drainage infrastructure</i>		17	-	250	250
<i>Sea Spray Lane Flooding - Install drainage infrastructure</i>		-	-	-	-
Future Projects (To Be Determined)	-	-	-	-	-
<b>TOTAL CAPITAL &amp; INFRASTRUCTURE UPGRADES &amp; IMPROVEMENTS</b>	<b>209</b>	<b>387</b>	<b>575</b>	<b>615</b>	<b>1,050</b>

STORMWATER BUDGET DETAIL (continued)		THOUSANDS OF DOLLARS				
		Est. Roll-Forward Bal.	FY 2016	FY 2017	FY 2018	FY 2019
<b>INVENTORY, MODELING, AND MASTER PLANNING</b>						
Indigo Run		-	25	-	-	-
Unaffiliated Watersheds		-	50	-	-	-
Sea Pines		-	75	-	-	-
Inventory & Modeling Updates		-	-	50	50	50
<b>TOTAL INVENTORY, MODELING, AND MASTER PLANNING</b>		-	<b>150</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>MAINTENANCE &amp; REPAIRS</b>						
Emergency Contingency for Repairs			50	50	50	50
<b>HILTON HEAD PLANTATION - PUD</b>						
Gen Maintenance		-	50	50	50	50
Rookery lagoon connector pipe cleaning	HHP	-	-	-	-	10
<i>Bear Creek Golf Course (Headlands) - Channel Maintenance</i>	HHP	-	50	-	-	-
<i>Seabrook Drive (Behind 4 Hadley) - Pipe and end treatment repair</i>	HHP	-	-	-	15	-
<b>INDIGO RUN - PUD</b>						
Gen Maintenance		-	25	25	25	25
Sunningdale Lane triple culvert cleaning	IR	-	10	-	-	-
Preserve at Indigo Run - Culvert / channel siltation	IR	-	-	10	-	-
<i>20 River Club - Erosion and weir siltation</i>	IR	-	10	-	-	-
<b>LEAMINGTON - PUD</b>						
Gen Maintenance		-	20	20	20	20
<b>LONG COVE CLUB - PUD</b>						
Gen Maintenance		-	20	20	20	20
<b>PALMETTO HALL - PUD (Assume Responsibilities in FY 2015)</b>						
Gen Maintenance			20	20	20	20
<b>PALMETTO DUNES - PUD</b>						
Gen Maintenance		-	25	25	25	25
<b>PORT ROYAL PLANTATION - PUD</b>						
Gen Maintenance		-	30	30	30	30
Channel Maintenance (S. Port Royal/Century/Scarborough)	PRP	100	-	-	-	-
Silt Clearing - (Coggins Point Road / The Links Bridge)	PRP	-	50	-	-	-
<i>Planters Row Golf Course (#16) - Lagoon erosion</i>	PRP	-	10	-	-	-
<b>SEAPINES - PUD</b>						
Gen Maintenance		-	50	50	50	50
<i>Baynard Cove Outfall - cleaning and repairs</i>	SP	-	13	-	-	-
Port & Lagoon Villas / Wren Drive - Channel and outfall siltation	SP	20	-	-	-	-
Windjammer drainage system cleaning	SP	15	-	-	-	-
Cordillo Parkway to Lawton Drive channel maintenance	SP	-	-	25	25	-
Lawton Rd. at Lawton Dr. weir cleaning	SP	-	-	5	-	-
Fire Station 2 lagoon outfall cleaning	SP	-	-	10	-	-
70 & 76 Club Course Dr. - Pipe cleaning	SP	-	-	-	10	-
Club Course drainage system cleaning (Otter Rd. to Newhall Rd.)	SP	-	-	-	25	-
Club Course drainage system cleaning (Wood Duck Rd. to Pine Isl Rd.)	SP	-	-	-	25	-
Willow Oak Rd. West to Lighthouse Rd. ditch cleaning	SP	-	-	-	-	25
Beach Lagoon Rd. pipe cleaning	SP	-	-	-	-	10
Hilton Head Prep Weir Cleaning	SP	-	-	-	-	10
<b>SHIPYARD - PUD</b>						
Gen Maintenance		-	25	25	25	25
Galleon fairway flooding - adj pipe and repair control structure	SH	-	20	-	-	-
<i>Clipper Course (#8 Tee) - Lagoon bank erosion</i>	SH	-	10	-	-	-
<b>WEXFORD - PUD</b>						
Gen Maintenance		-	20	20	20	20
Channel Maintenance (along Power Line Esmt)	WEX	-	-	40	-	40
<b>NON-PUD AREAS</b>						
Gen Maintenance		-	100	100	100	100
Non-PUD Channel Maintenance		-	75	75	75	75
Mathews / Matilda - Bank Stabilization	XS	-	-	-	-	50
Folly Field (Island Club to Fiddlers Cove)	XS	35	-	-	-	-
Cordillo Parkway - Pope to Deallyon - Channel and culvert repairs	XS	50	-	-	-	-
Folly Field Beach Park Flooding	XN	3	-	-	-	-
<i>WHP / Cross Island Parkway (Jarvis Creek Park sign) - Bank erosion</i>	XS	-	30	-	-	-
Arrow Rd. Ditches and Tide Flaps	XN	-	-	10	-	-
Point Comfort Club Lagoon Outfall	XN	-	-	-	-	20
<b>TOTAL MAINTENANCE &amp; REPAIRS</b>		<b>223</b>	<b>713</b>	<b>610</b>	<b>610</b>	<b>675</b>

## Stormwater Expenditures by Category 2016-2019

PUMP STATION COSTS (MAINTENANCE, REPAIRS and REPLACEMENT)					
Sea Pines Pump Station	-	50	50	50	50
Shipyard Pump Station	-	25	25	25	25
Wexford Pump Station	-	25	25	25	25
Jarvis Creek Pump Station	-	50	50	50	50
Annual Pump Replacement	-	-	150	150	150
Emergency Contingency for Pump Repairs	-	100	100	100	100
<b>TOTAL PUMP STATION COSTS (MAINTENANCE, REPAIRS &amp; REPLACEMENT)</b>	-	<b>250</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>TOTAL BUDGET</b>	<b>432</b>	<b>3,558</b>	<b>3,587</b>	<b>3,578</b>	<b>3,971</b>

## Outstanding Debt Issues

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

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

Stormwater Revenue Bonds; \$13,810,000

Issued December 1, 2010

Matures: 2026

Debt Outstanding as of June 30, 2015: \$10,760,000

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021-2025	FY 2026
Interest	299,128	275,498	251,173	226,153	200,577	592,418	31,136
Principal	850,000	875,000	900,000	920,000	950,000	5,145,000	1,120,000
Total	1,149,128	1,150,498	1,151,173	1,146,153	1,150,577	5,737,418	1,151,136
Interest Rate	2.78%	2.78%	2.78%	2.78%	2.78%	2.78%	2.78%

# Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Glossary of Terms, continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Glossary of Terms, continued

**GAAP** – Generally Accepted Accounting Principles

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

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

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

**Governmental Funds** – Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. The Town has no permanent funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Glossary of Terms, continued

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

**Proprietary Fund** – A proprietary fund may be classified into one of two fund types. Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. Internal service funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost reimbursement basis.

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

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

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

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

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

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

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

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

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

**Taxable Value** – The assessed value of real property

## Glossary of Terms, continued

**Ten-Year Capital Plan** (also known as a 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, when known.

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

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

# FY 2016 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.

	Governmental Funds									Total Governmental Funds	Enterprise Fund Stormwater
	General	Tax Increment Financing District	State ATAX	Real Estate Transfer Fee	Beach Preservation Fee	Hospitality Tax	Debt Service	Capital Projects	Electric Franchise Fee		
<b>Revenues:</b>											
Real and Personal Property Taxes	\$ 12,948,587	\$ 6,755,246	\$ -	\$ -	\$ -	\$ -	\$ 5,230,346	\$ 715,552	\$ -	\$ 25,649,731	\$ -
Accommodations Tax	2,917,990	-	5,183,437	-	-	-	-	-	-	8,101,427	-
Hospitality Tax	-	-	-	-	-	5,915,102	-	-	-	5,915,102	-
Business Licenses/Franchise Fees	9,081,590	-	-	-	-	-	-	-	-	9,081,590	-
Permits	1,395,817	-	-	-	-	-	-	-	-	1,395,817	-
<b>Other Fees:</b>											
Impact	-	-	-	-	-	-	-	35,000	-	35,000	-
Real Estate Transfer	-	-	-	2,592,325	-	-	-	-	-	2,592,325	-
Beach Preservation	-	-	-	-	5,877,443	-	-	-	-	5,877,443	-
Electric Franchise	-	-	-	-	-	-	-	-	2,993,464	2,993,464	-
Stormwater	-	-	-	-	-	-	-	-	-	-	3,574,134
State Shared Funds	800,000	-	-	-	-	-	-	625,000	-	1,425,000	-
Grants	105,677	-	-	-	-	-	-	-	-	105,677	-
Miscellaneous Revenue	2,141,101	-	-	-	-	-	163,391	65,336	-	2,369,828	-
Investment Income	2,700	1,050	350	200	3,100	450	36,905	2,000	300	47,055	-
Total revenues	29,393,462	6,756,296	5,183,787	2,592,525	5,880,543	5,915,552	5,430,642	1,442,888	2,993,764	65,589,459	3,574,134
<b>Expenditures/Expenses:</b>											
<b>General Government</b>											
Town Council	458,143	-	-	-	-	-	-	-	-	458,143	-
Town Manager	650,746	-	-	-	-	-	-	-	-	650,746	-
	1,108,889	-	-	-	-	-	-	-	-	1,108,889	-
<b>Administration</b>											
Finance	1,791,340	-	-	25,923	-	-	-	-	-	1,817,263	-
Administration/Legal	3,762,331	-	-	-	-	-	-	-	-	3,762,331	-
	5,553,671	-	-	25,923	-	-	-	-	-	5,579,594	-
<b>Community Services</b>											
Community Development	2,800,342	-	-	-	-	-	-	-	-	2,800,342	-
Public Projects and Facilities	5,377,543	-	-	-	-	-	-	-	-	5,377,543	905,997
	8,177,885	-	-	-	-	-	-	-	-	8,177,885	905,997
<b>Public Safety</b>											
Fire and Rescue	14,783,261	-	-	-	-	-	-	-	-	14,783,261	-
Sheriff/Other Public Safety	3,475,016	-	-	-	-	-	-	-	-	3,475,016	-
	18,258,277	-	-	-	-	-	-	-	-	18,258,277	-
<b>Townwide</b>											
	5,688,532	-	-	-	-	-	-	-	-	5,688,532	-
<b>Capital Projects</b>											
Accommodations Tax Grants	-	-	1,771,749	-	-	-	-	-	-	1,771,749	-
Heritage Classic	-	-	-	-	-	300,000	-	-	-	300,000	-
Visitor and Convention Bureau	-	-	1,877,531	-	-	-	-	-	-	1,877,531	-
Administration	-	-	-	-	-	-	-	11,025	-	11,025	-
Debt Service	-	-	-	-	-	-	11,204,676	-	-	11,204,676	1,152,000
Total expenditures	38,787,254	-	3,649,280	25,923	-	300,000	11,215,701	33,165,000	2,500,000	89,643,158	3,557,997
Excess (deficiency) of revenues over (under) expenditures/expenses	(9,393,792)	6,756,296	1,534,507	2,566,602	5,880,543	5,615,552	(5,785,059)	(31,722,112)	493,764	(24,053,699)	16,137
<b>Other financing sources (uses):</b>											
<b>Transfers In:</b>											
Accommodations Tax - State	1,264,324	-	-	-	-	-	-	-	-	1,264,324	-
Hospitality Tax	3,745,069	-	-	-	-	-	1,628,113	190,000	-	5,563,182	-
Real Estate Transfer	-	-	-	-	-	-	2,294,953	-	-	2,294,953	-
Beach Preservation	1,111,138	-	-	-	-	-	2,828,938	500,000	-	4,440,076	-
Electric Franchise	87,878	-	-	-	-	-	-	-	-	87,878	-
TIF	169,398	-	-	-	-	-	-	2,515,000	-	2,684,398	-
<b>Capital Projects Fund:</b>											
Ad Valorem Taxes	1,238,000	-	-	-	-	-	-	-	-	1,238,000	-
Sale of Equipment	175,000	-	-	-	-	-	-	-	-	175,000	-
Lease	-	-	-	-	-	-	65,336	-	-	65,336	-
Sunday Liquor Fees	37,500	-	-	-	-	-	-	-	-	37,500	-
Stormwater	94,258	-	-	-	-	-	-	-	-	94,258	-
<b>Transfers Out:</b>											
Accommodations Tax	-	-	(1,264,324)	-	-	-	-	-	-	(1,264,324)	-
Hospitality Tax	-	-	-	-	-	(5,563,182)	-	-	-	(5,563,182)	-
Real Estate Transfer	-	-	-	(2,294,953)	-	-	-	-	-	(2,294,953)	-
Beach Preservation	-	-	-	-	(4,440,076)	-	-	-	-	(4,440,076)	-
Electric Franchise	-	-	-	-	-	-	-	(87,878)	-	(87,878)	-
TIF	-	(2,684,398)	-	-	-	-	-	-	-	(2,684,398)	-
<b>Capital Projects Fund:</b>											
Ad Valorem Taxes	-	-	-	-	-	-	-	(1,238,000)	-	(1,238,000)	-
Sale of Equipment	-	-	-	-	-	-	-	(175,000)	-	(175,000)	-
Lease	-	-	-	-	-	-	-	(65,336)	-	(65,336)	-
Sunday Liquor Fees	-	-	-	-	-	-	-	(37,500)	-	(37,500)	-
Stormwater Fees	-	-	-	-	-	-	-	-	-	-	(94,258)
Bond Proceeds	-	-	-	-	-	-	-	28,950,000	-	28,950,000	-
Bond Proceeds Previously Recognized	-	-	-	-	-	-	-	(150,000)	-	(150,000)	-
Total other financing sources (uses)	7,922,565	(2,684,398)	(1,264,324)	(2,294,953)	(4,440,076)	(5,563,182)	6,817,340	30,489,164	(87,878)	28,894,258	(94,258)
Revenues Over/(Under) Expenditures/Expenses	(1,471,227)	4,071,898	270,183	271,649	1,440,467	52,370	1,032,281	(1,232,948)	405,886	4,840,559	(78,121)
Fund balance - beginning (estimated)	15,667,925	3,765,334	2,195,646	1,236,200	13,054,019	2,889,235	9,351,517	11,237,741	3,049,365	62,446,982	2,757,611
Fund balance - ending	\$ 14,196,698	\$ 7,837,232	A \$ 2,465,829	\$ 1,507,849	\$ 14,494,486	\$ 2,941,605	B \$ 10,383,798	\$ 10,004,793	\$ 3,455,251	\$ 67,287,541	\$ 2,679,490

A: The TIF has been extended for 10 years and \$50 million. Bonds will be issued to fund planned projects.

B: Projects funded by this fund have been slowed and revenues continue to increase with improving tourism economy.

# FY 2016 Flow of Funds - All Funds

