

**Town of Hilton Head Island, SC**  
**Budget in Brief**  
**FY 2011-2012**



**Get Your Plaid On at the 43rd Annual  
Heritage PGA TOUR Golf Tournament**

# **Elected Officials**

## **Mayor**

The Honorable Drew A. Laughlin

## **Town Council**

Kenneth (Ken) S. Heitzke, Mayor Pro Tempore

Wm. Lee Edwards

Willie (Bill) Ferguson

William D. Harkin

Kimberly W. Likins

George W. Williams, Jr.

## **Administration**

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

## **Budget In Brief**

### **Introduction**

The Town of Hilton Head Island provides this document as an overview of the Town's Consolidated Budget (Governmental Funds) which totals \$59,269,070 for FY 2012. In addition, the Town's Stormwater Fund (Enterprise Fund) expenses are programmed at \$5.5 million for Fiscal Year 2012.

The Town's annual budget allocates the Town's financial resources to achieve goals established by both long-term and short-term priorities set by Town Council. The goals are shown on the next page. This document provides a brief description of revenue the Town expects to receive and the planned areas for where the money will go. State law requires that the Town adopt a budget prior to the beginning of the fiscal year which is July 1<sup>st</sup>. In accordance with State law, the proposed Capital Improvements Program (CIP) was developed by the Planning Commission's CIP Committee with staff support. It was then presented to the Planning Commission for approval and submission to Town Council for incorporation into the budget.

# **Town Council**

## **Mission Statement**

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.

### **Goals**

1. Reinvigorate the Local economy
2. Revitalize the Built Environment
3. Recognize the Importance of Regionalism
4. Re-establish Pre-eminence for Environmental Stewardship
5. Focus Town Government Service on Excellence and Core Service Values

## Governmental Funds Resources and Uses

The financial transactions of the Town are budgeted and accounted for within three types of funds. Each fund has a different source of revenue and/or certain restrictions on the use of the revenues. The fund types, major revenue sources, and primary fund uses are summarized below.

FUND TYPE	PRIMARY RESOURCES	FUND USES
<p><b>General Fund</b> provides for basic Town services and operations not required to be accounted for in other funds.</p>	<ul style="list-style-type: none"> <li>• Property Taxes</li> <li>• Business License Fees</li> <li>• Permit Fees</li> <li>• Local Public Safety Fee</li> <li>• Accommodation Taxes</li> <li>• Hospitality Taxes</li> </ul>	<ul style="list-style-type: none"> <li>• General Operations</li> <li>• Public Safety</li> <li>• Community Services</li> <li>• Beach and Area Parks Support</li> </ul>
<p><b>Debt Service Fund</b> accounts for long-term debt obligations for capital assets, improvements, and land acquisition.</p>	<ul style="list-style-type: none"> <li>• Property Taxes/TIF</li> <li>• Hospitality Taxes</li> <li>• Real Estate Transfer Fees</li> <li>• Beach Preservation Fees</li> </ul>	<ul style="list-style-type: none"> <li>• Debt principal and interest payments</li> </ul>

## Governmental Funds Resources and Uses

<i>FUND TYPE</i>	PRIMARY RESOURCES	FUND USES
<p><b><i>Capital Projects Fund</i></b> is used to account for major capital projects and purchase of equipment and vehicles.</p>	<ul style="list-style-type: none"> <li>• Property Taxes</li> <li>• Fund Balance</li> <li>• Grants</li> <li>• Hospitality Taxes</li> <li>• Impact Fees</li> <li>• Lease Account</li> <li>• Accommodation Taxes</li> <li>• Sunday Liquor Permits Fees</li> </ul>	<ul style="list-style-type: none"> <li>• New construction</li> <li>• Purchase of capital assets</li> <li>• Street improvements</li> <li>• Pathways</li> <li>• Beach maintenance</li> <li>• Parks and open space</li> </ul>

## **Governmental Funds**

### **The Budget Plan**

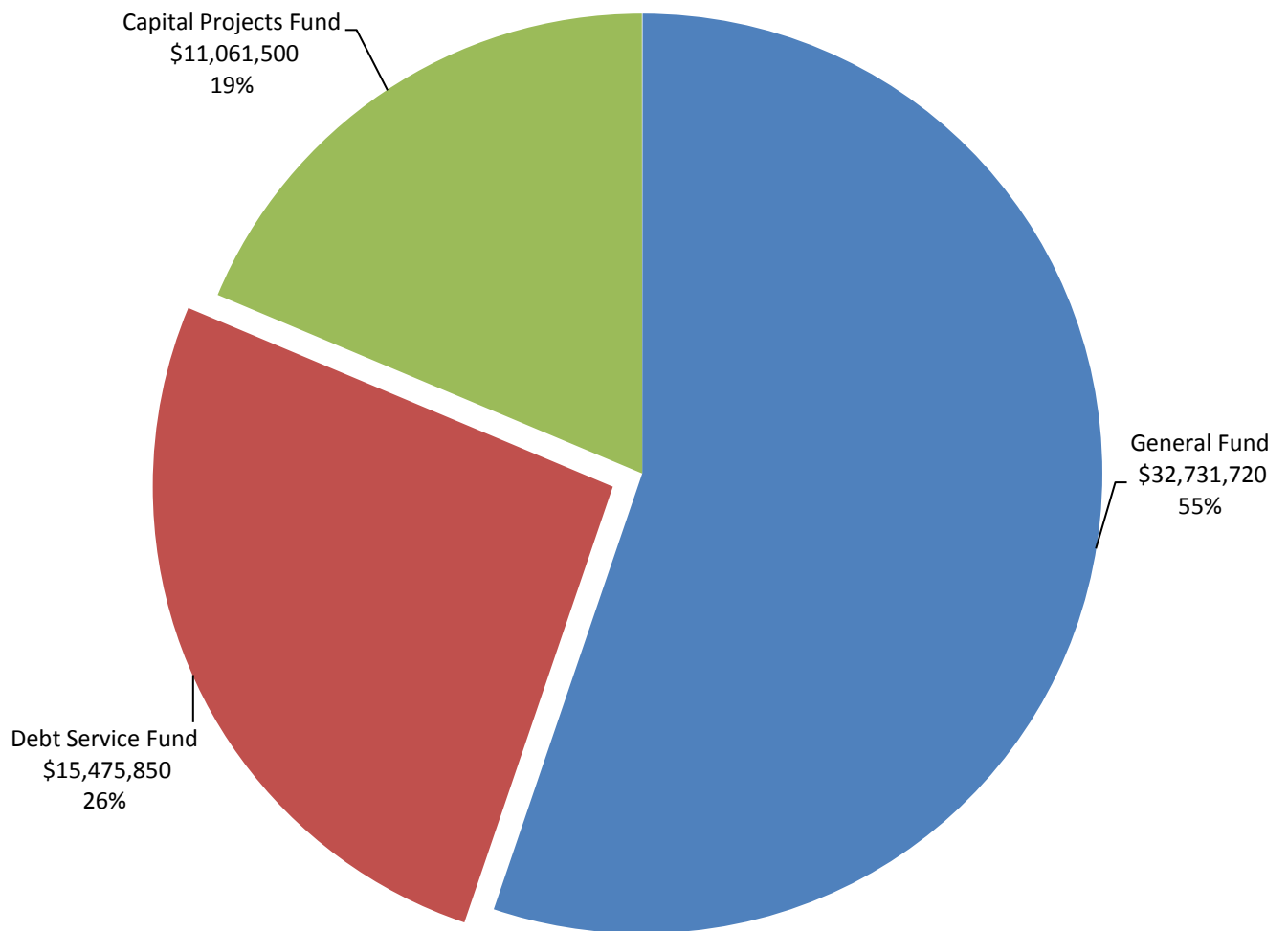
The Town of Hilton Head Island serves a full-time residential population of over 40,000 as well as 2.0 million visitors annually. Our service delivery systems are designed to accommodate a daily population nearly three times the size of the permanent population.

This adopted budget assumes a cautious revenue posture which allocates the Town's financial resources to achieve the Town Council's Adopted Policy, Management, Regional, Legislative, and CIP Agendas for 2012. The Town is increasing the General Fund millage rate this year by 6.67% or .79 mils. The total millage rate for the General Fund, Debt Service Fund, and Capital Projects Fund is 19.33. The existing level of service has been maintained.

The Capital Projects Fund (Capital Improvements Program (CIP)) is programmed at \$11.1. The largest component is \$3.2 million earmarked for the replacement of Fire Station No. 6.

# Governmental Funds Expenditures by Fund

The chart below shows each fund's expenditures as a percent of the Town's budget.



## Governmental Funds

### How is the Money Spent?

***Expenditures by Function:*** The Town budgets expenditures by function and department/projects.

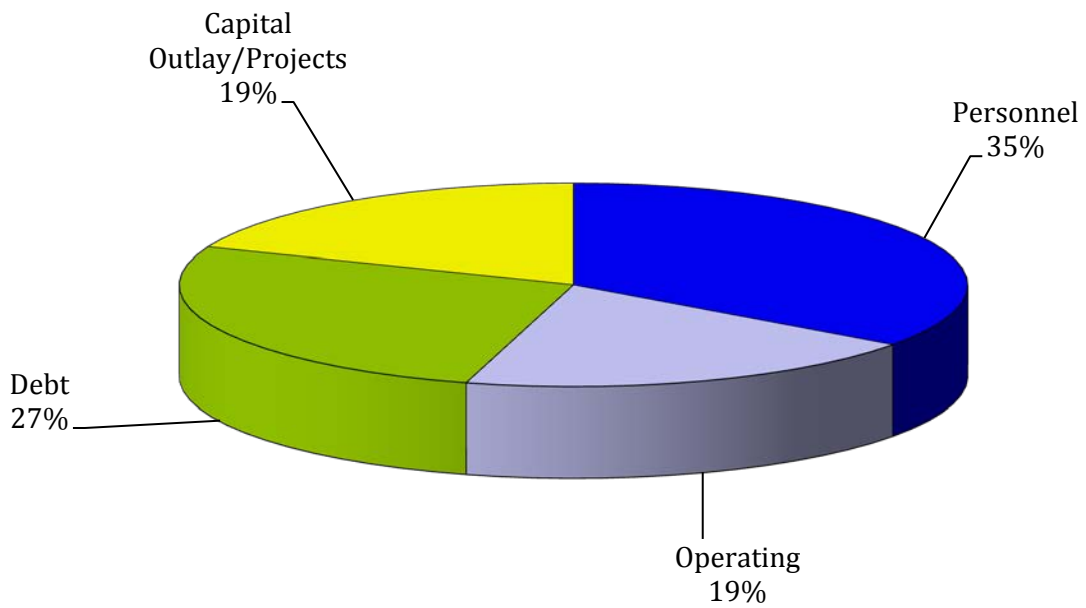
Function	Departments/Projects
General Government	Town Council and Town Manager
Administration	Administration/Legal, Administrative Support, Finance, Human Resources
Community Services	Community Development and Public Projects and Facilities
Public Safety	Fire and Rescue, Police, and Other Public Safety
Townwide, General Fund Capital Outlay	
Capital Projects	Roadway Improvements, Pathways, Park Development, Existing Facilities and Infrastructure, Land Acquisition, Beach Maintenance, and New Facilities and Infrastructure
Debt Service	

# Governmental Funds Expenditures

	<b>FY 2011</b>	<b>FY 2012</b>
	<b><u>Revised Budget</u></b>	<b><u>Adopted Budget</u></b>
Town Council	\$ 438,773	\$ 443,330
Town Manager	751,540	746,310
Administration	4,931,814	4,856,530
Community Development	2,733,830	2,698,400
Public Projects and Facilities	3,572,620	3,549,740
Fire	13,381,970	13,431,880
Police/Other Public Safety	3,145,200	3,138,430
Townwide	3,972,456	3,363,330
Capital Outlay/Projects	32,452,726	11,225,900
Debt Service	17,186,320	15,815,220
	<b><u>\$ 82,567,249</u></b>	<b><u>\$ 59,269,070</u></b>

## Governmental Funds Expenditures by Type

Personnel	\$	20,753,090
Operating		11,474,860
Capital Outlay/Projects		11,225,900
Debt		15,815,220
	<b>\$</b>	<b>59,269,070</b>



## **Governmental Funds**

### **Where the Money Comes From**

The Town revenue sources are provided from taxes on real, personal, and vehicle property; business licenses; permits; fees; charges for services; and other miscellaneous revenue collections. Major categories of revenue are described below.

**Taxes** which are ad valorem property taxes collected this fiscal year on real estate, personal, and vehicles. This revenue is 30% of the consolidated budget at \$17.9 million.

**Licenses, Franchise Fees & Permits** which are business licenses, building and development permits, and cable, beach, and recycling franchise fees raise \$9.1 million for the General Fund and will provide 16% of the consolidated budget.

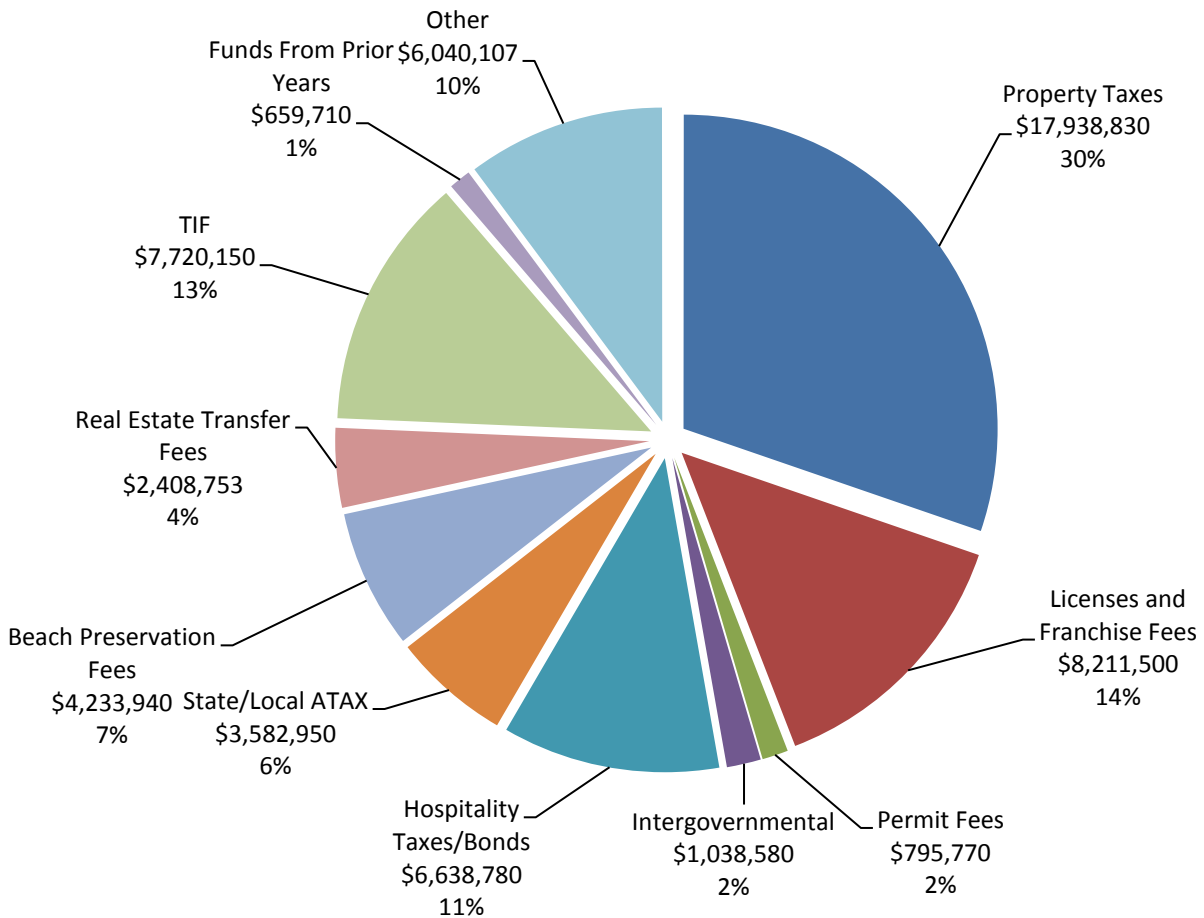
**Accommodations Taxes (ATAX)/Beach Preservation Fees** which are funds derived from taxes on short-term rental, hotels, and motel accommodations. The State mandates 2% tax, and the Town has a 2% Beach Fee and 1% Public Safety Fee. These fees will provide \$7.8 million and represent 13% of the consolidated budget.

**Tax Increment Financing (TIF)** in which funds derive from increased value above the baseline assessment when the TIF District was established. These taxes will provide \$7.7 million and represent 13% of the consolidated budget.

# Governmental Funds

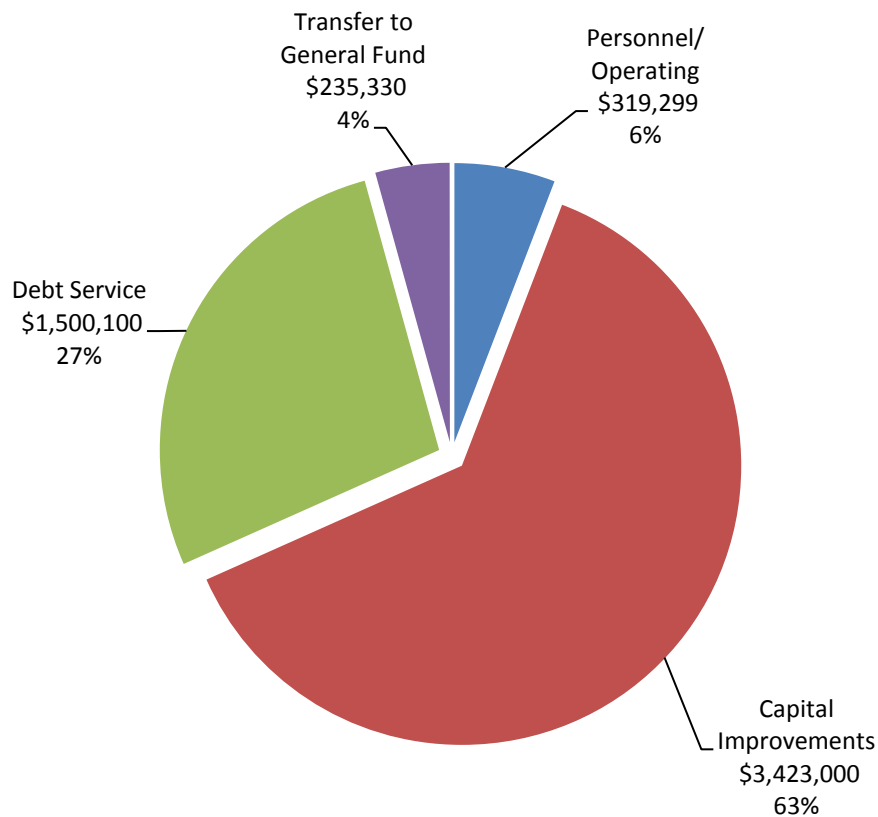
## Where the Money Comes From

**HTAX Bonds/Fees:** HTAX (Hospitality Tax) are proceeds from HTAX Bond and fees collected from a 2% tax imposed on the gross sales price of prepared meals and beverages. These fees will provide \$6.6 million and represent 11% of the total budget.



## Enterprise Fund Stormwater 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 FY 2012 is \$5.5 million including a transfer to the General Fund. A new bond issue is also proposed for the upcoming fiscal year. The annual base fee per SFU will remain at \$108.70 for FY 2012.



For any questions relative to this document, please contact the Finance Department at 341-4646.

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