

***TOWN OF HILTON HEAD ISLAND,
South Carolina***



***CONSOLIDATED MUNICIPAL BUDGET
Fiscal Year
July 1, 2014 through June 30, 2015***

**TOWN OF HILTON HEAD ISLAND, SC
CONSOLIDATED MUNICIPAL BUDGET
FISCAL YEAR ENDED JUNE 30, 2015**

ELECTED OFFICIALS

MAYOR

The Honorable Drew A. Laughlin

TOWN COUNCIL

William D. Harkins, Mayor Pro Tempore

Wm. Lee Edwards

Marc A. Grant

Kimberly W. Likins

John J. McCann

George W. Williams, Jr.

ADMINISTRATIVE STAFF

Stephen G. Riley
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, 2013

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, 2013. 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 2014.

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 2015 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 2015 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 2015 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 17, 2014

Dear Council Members:

I am pleased to submit to you the fiscal year 2015 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 2015 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 2015 budget represents a funding plan designed to meet the needs of the Town's citizens. The total consolidated budget amount is \$65,903,124* 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 \$37.6 million for fiscal year 2015 compared to \$35.3 million last fiscal year, an increase of \$2,275,933 or 6.5%. The Town's primary programmatic increases are an increase in funding of \$284,968 for the Hilton Head Island Economic Development Corporation under Town-wide grants; a \$1,134,456 increase for Fire and Rescue of which \$589,169 is an increase in capital outlay; in Public Projects and Facilities a \$339,536 increase in Facilities Management primarily related to the restructuring of repair and replacement of facilities and in the Engineering Division a \$475,450 increase primarily in road maintenance. Also in the budget is a 3% merit increase in personnel of \$538,941 allocated by department, as well as a 1% increase totaling \$182,700 which is in Town-wide personnel adjustment to address the outcome of our classification & compensation study.

The Town and the Island Recreation Association have an agreement wherein the Association operates the Island Recreation Center and SHARE 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 2015 funding request for the capital portion is \$240,650 for Island Recreation/SHARE and \$67,700 for Coastal Discovery Museum.

*Without a net of Transfers to the General Fund and Debt Service Fund of \$1,149,486 from the Capital Projects Fund, the combined amount is \$67,052,610.

Town Manager's Letter, continued

The Debt Service Fund's budgeted expenditures are programmed at \$16.7 million for fiscal year 2015 compared to \$17.1 million last fiscal year. There is a \$.4 million or 2.0% decrease in expenditures over the previous fiscal year's budget.

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 \$12.8 million for fiscal year 2015 compared to a revised budget of \$26.2 million for fiscal year 2014. This is a \$13.4 million (51%) reduction in budgeted expenditures which is summarized below and explained in detail in the Capital Projects Fund budget section.

- In Beach Maintenance, the Ocean Point beach renourishment is in the fiscal year 2014 but only planning and permitting for the next renourishment is proposed in the fiscal year 2015 budget.
- In Existing Facilities, the Town encumbered over \$3 million in fiscal year 2013 for replacement of Station 6; however, the construction has largely occurred in fiscal year 2014. Station 2 construction will be delayed until future years. Therefore, this budget is approximately \$4,170,000 less in fiscal year 2015.
- In New Facilities, staff have encumbered and budgeted for initial acquisition for Coligny/Pope Area Initiatives and USCB/Office Park. Much of this will roll to and be expended in fiscal year 2015. New budgets for these same projects is less in fiscal year 2015 as construction is not likely to begin until fiscal year 2016.
- The fiscal year 2015 budget for roadway improvements decreases to \$2.2 million from the fiscal year 2014 budget of \$6.1 million because Leamington and Mathews Connectivity occurred in 2014. Similarly to New Facilities - Coligny/Pope Area Initiatives and USCB/Office Park, there are significant 2014 budget items in Roadway Improvements that will roll to and be expended in fiscal year 2015. Again, construction will not likely begin until fiscal year 2016.
- Shelter Cove Park is budgeted at \$2.5 million in land acquisition in fiscal year 2014 but expenditures will occur primarily in fiscal year 2015. Because the Town does not budget for land acquisition until the funds are encumbered or paid, there is no fiscal year 2015 budget for land acquisition.

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 \$3.5 million for fiscal year 2015 compared to the \$5.2 million revised budget for fiscal year 2014. In fiscal year 2014, the Town brought forward a large non-recurring capital project (Hickory and Myrtle) and inventory and modeling contractual services which will not have comparable budgeted items in fiscal year 2015.

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 fifth consecutive year.

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 2014 Revised Budget with the Fiscal Year 2015 Budget

	General Fund	Debt Service Fund	Capital Projects Fund	Consolidated Budget
FY 2014 Revised Budget	\$ 35,300,433	\$ 17,050,403	\$ 26,164,720	\$ 78,515,556
FY 2015 Budget	\$ 37,576,368	\$ 16,716,756	\$ 12,759,486	\$ 67,052,610
Amount of Increase/(Decrease)	\$ 2,275,935	\$ (333,647)	\$(13,405,234)	\$ (11,462,946)
Percent of Increase/(Decrease)	6.45%	-1.96%	-51.23%	-14.60%

Budgets by Fund as a Percent of the Total Budget

	General Fund	Debt Service Fund	Capital Projects Fund	Consolidated Municipal Budget
FY 2014 Revised Budget	44.96%	21.72%	33.32%	100.00%
FY 2015 Budget	56.04%	24.93%	19.03%	100.00%

Town Manager's Letter, continued

Millage Rate

The millage rate for fiscal year 2015 will increase for the General and Capital Projects Funds by 3.5%; the Debt Service Fund millage will not change; and total millage increases by 2.5%. With reassessment appeals, the value of a mil has decreased. The 3.5 % increase roughly offsets the loss in value such that fiscal year 2015 revenues will remain approximately the same as estimated actual 2014 revenues. The increased demand for services, especially to maintain roadways is driving this need. The chart below presents the millage rates for fiscal years 2014 and 2015.

<u>Fund</u>	<u>FY 2014</u>	<u>FY 2015</u>
General Fund	13.88	14.37
Debt Service Fund	6.14	6.14
Capital Projects Fund	0.81	0.84
Total Millage Rate	20.83	21.35

The following chart shows the impact of the Town's millage rate on a typical home on the Island. The proposed increase adds \$7.28 to the \$350,000 home.

<u>Millage Rate by Fund</u>	<u>FY 2014</u>	<u>FY 2015</u>
General Fund	13.88	14.37
Debt Service Fund	6.14	6.14
Capital Projects Fund	0.81	0.84
	<u>20.83</u>	<u>21.35</u>
Value of Home	350,000	350,000
Taxable Value (4% Primary Residence)	14,000	14,000
<u>Taxes Paid</u>		
General Fund	194.32	201.18
Debt Services Fund	85.96	85.96
Capital Projects Fund	11.34	11.76
	<u>291.62</u>	<u>298.90</u>

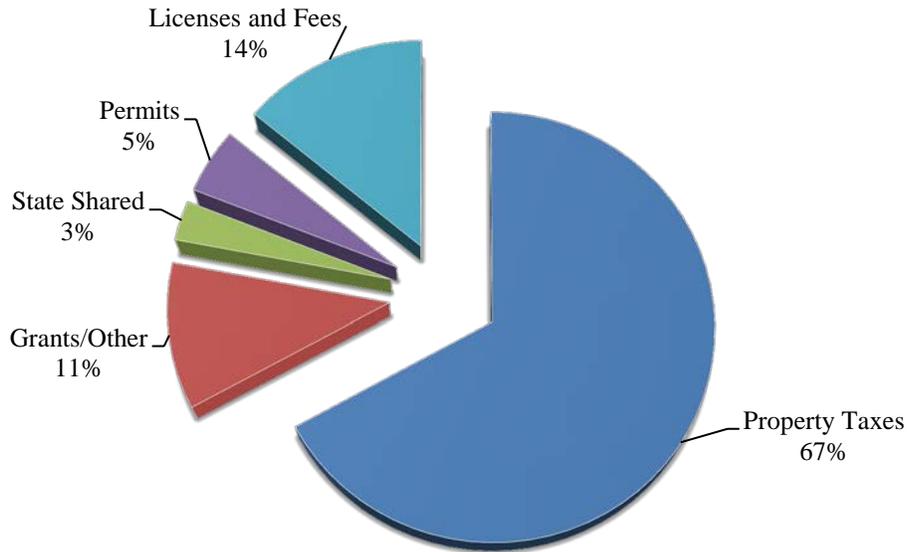
General Fund

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 \$37,576,368. As one of our financial planning goals, we continue to look at the mix of revenues for the General Fund.

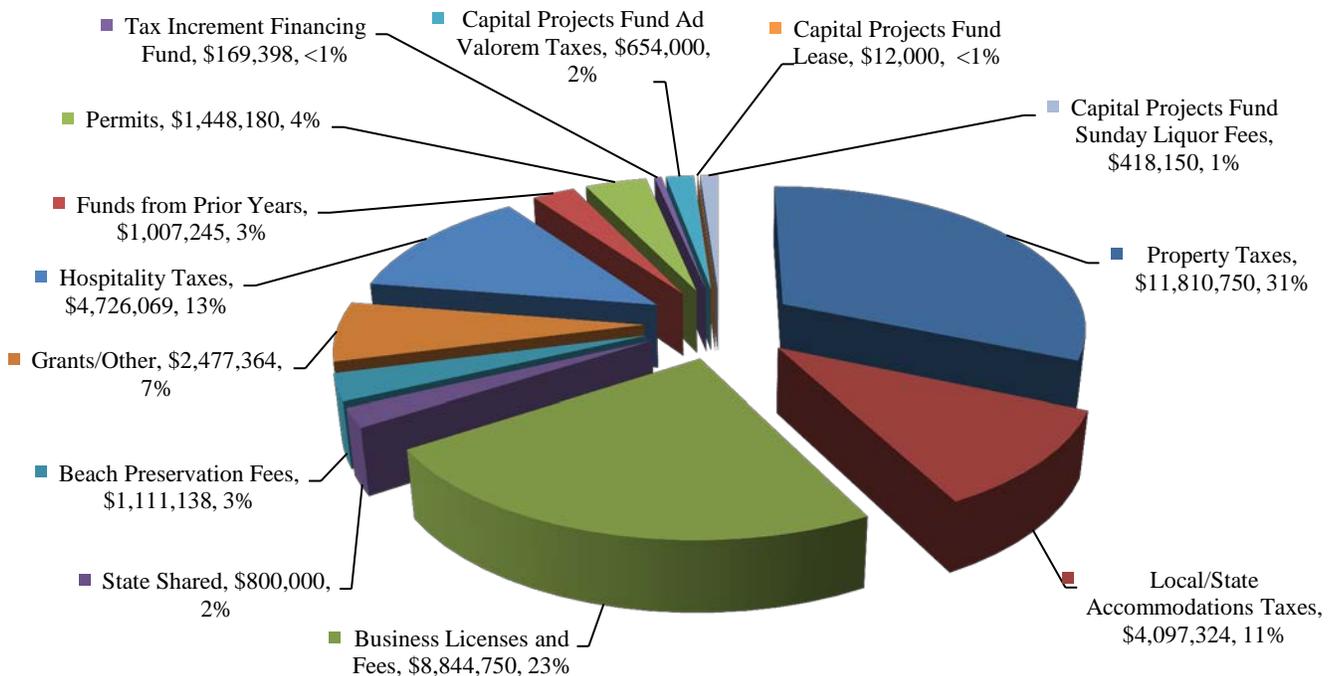
The charts on the next page provide a comparison of the actual revenues collected for fiscal year 1994 compared to the fiscal year 2015 budget. These graphs highlight the progress made to lessen the reliance on a high percentage of property tax revenue from 67% in fiscal year 1994 as compared to 31% in fiscal year 2015. 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.

Town Manager's Letter, continued

FISCAL YEAR 1994 GENERAL FUND BUDGETED REVENUES



FISCAL YEAR 2015 GENERAL FUND BUDGETED REVENUES



Town Manager's Letter, continued

General Fund - Major Revenues

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

Revenue Source	2011	2012	2013	2014 Revised Budget	2014 Estimated Actual	2015 Budget	% Change	
							FY 2014 Budget	FY 2014 Estimated Actual
Property Taxes	10,956,179	11,585,070	11,500,914	11,769,908	11,400,000	11,810,750	0%	4%
Business Licenses & Franchise Fees	7,634,211	8,184,379	8,709,707	8,432,840	8,718,184	8,844,750	5%	1%
Permit Fees	954,419	952,539	1,368,166	1,297,799	1,406,000	1,448,180	12%	3%
Funds from Prior Years (Fund Balance)	877,699	(927,270)	(1,430,217)	1,532,041	1,102,545	1,007,245	-34%	-9%
Local Accommodations Tax	2,416,264	2,420,698	2,499,067	2,694,236	2,750,000	2,833,000	5%	3%
Transfers In:								
State Accommodations Tax	1,083,671	1,085,776	1,178,148	1,089,414	1,273,000	1,264,324	16%	-1%
Beach Preservation Fee	978,080	969,390	981,705	1,111,138	1,111,138	1,111,138	0%	0%
Hospitality Tax	2,930,183	2,975,271	2,974,237	3,570,012	3,570,012	4,726,069	32%	32%
Total "Major" Revenue Sources	27,830,705	\$27,245,851	\$27,781,726	\$31,497,388	\$31,330,879	\$33,045,457	5%	5%

General Fund – Expenditures

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

General Fund Expenditures	FY 2013 Actual	FY 2014 Budget	FY 2014 Estimated Actual	FY 2015 Budget	% Change	
					FY 2014 Budget	FY 2014 Est. Actual
Personnel	\$ 20,433,274	\$ 21,034,966	\$ 21,176,257	\$ 22,107,019	5.10%	4.40%
Operating	5,855,246	8,023,684	7,429,223	8,494,200	5.86%	14.33%
Sheriff/Other Public Safety	3,181,739	3,181,111	3,181,111	3,264,113	2.61%	2.61%
Capital	389,268	978,247	1,178,082	1,263,932	29.20%	7.29%
Grants	1,528,899	2,082,425	2,306,425	2,447,104	17.51%	6.10%
TOTAL	\$31,388,425	\$ 35,300,433	\$ 35,271,098	\$37,576,368	6.45%	6.54%

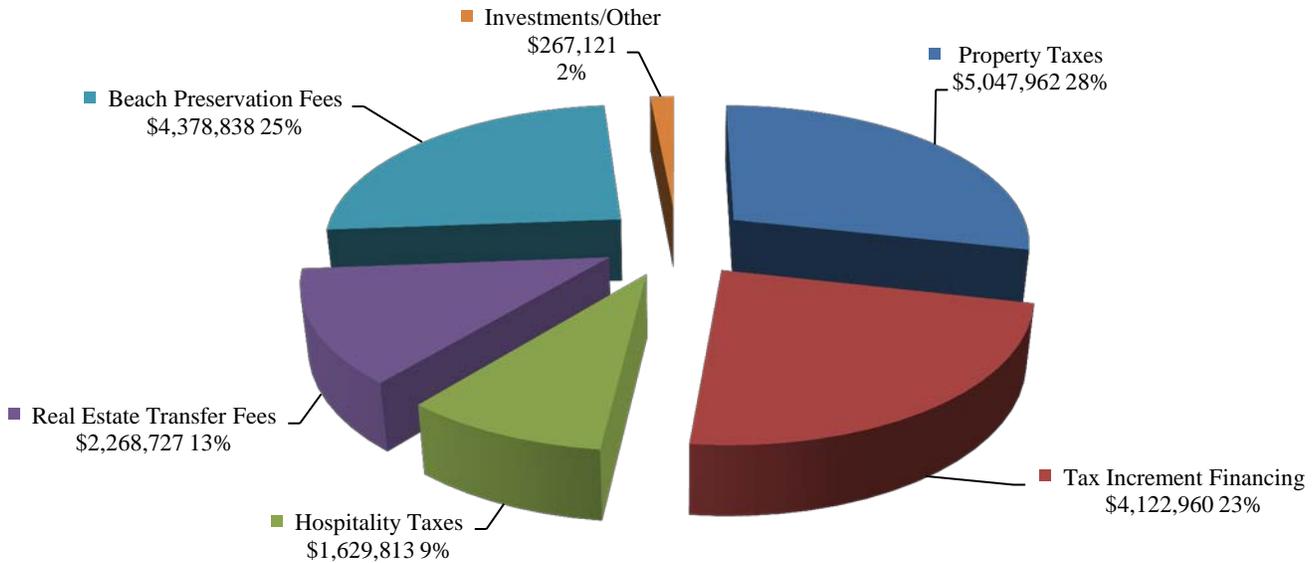
Note: The personnel line for fiscal year 2015 above does not include 4 positions directly budgeted in the proprietary fund, the Stormwater Fund.

Town Manager's Letter, continued

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 2015.



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

The Debt Service Fund has the following budgeted expenditures for fiscal year 2015.

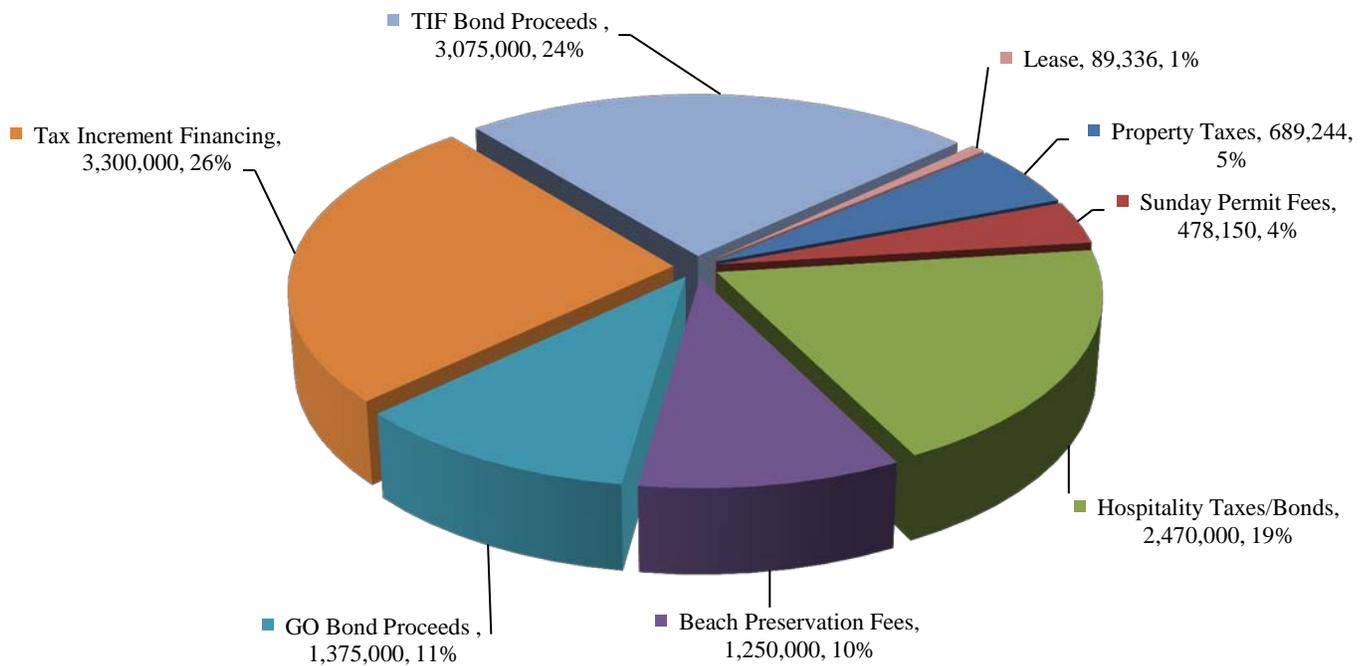
	Interest	Principal	Total
General Obligation Bonds	\$ 2,431,145	\$ 4,135,000	\$ 6,566,145
Revenue Bonds	1,158,651	4,850,000	6,008,651
TIF Bonds	112,960	4,010,000	4,122,960
Other Charges	-	-	19,000
Grand Total	\$ 3,702,756	\$ 12,995,000	\$ 16,716,756

Town Manager's Letter, continued

Capital Projects Fund

The Town adopts a formal Capital Projects Fund Budget for revenues and expenditures for fiscal year 2015; 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 2015 are as follows:



Town Manager's Letter, continued

The Town's larger projects planned for fiscal year 2015 are park developments at the Chaplin Linear Park, planning, design and permitting of the Recreation Center Expansion; new facilities at USCB Hospitality Management Program Building; pathways from Fresh Market Shoppes to Shelter Cove/Chaplin; roadway improvements for the Matthews Dr/Marshland Rd Roundabout; beach management planning for a major renourishment in Fiscal Year 2016.

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

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014		% change	
					Estimated Actual	Budget	FY 2014 Budget	FY 2014 Est. Actual
Expenditures:								
Beach Maintenance	568,575	11,357,778	711,633	2,800,837	2,800,837	1,250,000	-55.37%	-55.37%
Existing Facilities	2,997,297	1,853,681	1,220,282	4,470,518	4,470,518	300,000	-93.29%	-93.29%
Park Development	257,991	849,815	765,810	2,241,957	2,241,957	2,810,000	25.34%	25.34%
New Facilities	354,643	1,426,276	1,340,994	5,742,528	5,742,528	3,100,000	-46.02%	-46.02%
Pathway Improvements	548,127	510,075	1,354,268	1,836,133	1,836,133	1,720,000	-6.32%	-6.32%
Roadway Improvements	1,154,475	1,297,643	1,669,550	6,145,846	6,145,846	2,180,000	-64.53%	-64.53%
Land Acquisition	2,917,122	8,909,874	6,080,116	2,500,000	15,227	-	-100.00%	-100.00%
Bond Issue Costs	-	525,364	127,167	108,500	108,500	250,000	130.41%	130.41%
Transfers Out	37,500	1,137,500	4,215,828	318,400	438,182	1,149,486	261.02%	162.33%
Total Expenditures	\$ 8,835,731	\$ 27,868,005	\$ 17,485,649	\$ 26,164,720	\$ 23,799,728	\$ 12,759,486	-51.23%	-46.39%

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 \$3.55 million with the largest components being project improvements at \$1.66 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 2015.

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. Over the last several years, we reduced personnel expenditures by eliminating 16 positions and with additional decreased costs related to turnover. As the economy improves and the demand for services increases, staffing demands will increase. The Town will continue its prudent efforts to limit staff increases. The current budget adds only one position to the Stormwater Fund to comply with increased federal requirements; however, the position can be absorbed without increasing fees. We continue to increase our services with a small 2.5% increase in total millage. 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.

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 CY2014: Targets for Action

TOP PRIORITY

- ❖ Tax Increment Financing Extension
- ❖ USCB Facility Development
- ❖ Coligny Area Development
- ❖ Island Recreation Center Expansion

Policy Agenda CY2014: Targets for Action, Continued

HIGH PRIORITY

- ❖ Land Management Ordinance Rewrite
- ❖ Arts Collaboration Study
- ❖ Chaplin Linear Park
- ❖ Heritage Plaza Road Extension
- ❖ Tax Increment Financing Projects Prioritization

MODERATE PRIORITY

- ❖ Dredging Future Management and Maintenance
- ❖ Shelter Cove Park

MANAGEMENT AGENDA CY2014

- ❖ Solid Waste Collection and Recycling
- ❖ Economic Development Corporation
- ❖ Shelter Cove Towne Centre Development: Rezoning
- ❖ ATAX Additional Funds Criteria
- ❖ Airport Master Plan: Implementation
- ❖ Vacant Underserved Property Inventory and Map: Report
- ❖ Beach Renourishment (2015): Permitting
- ❖ Mathews Drive Side Street Improvement Project: Funding
- ❖ Regional Transportation Model: Development
- ❖ Lemoyne Avenue Roadway and Pedestrian Improvements: Direction and Funding
- ❖ Employee Compensation: Direction and Funding
- ❖ Noise Ordinance Revision: Shelter Cove

About Hilton Head Island¹

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.

¹ Wikipedia with updates

Early history

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

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

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

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

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

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

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

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

Hilton Head Island would have tremendous significance in the Civil War, becoming an important base of operations for the Union blockade of the Southern ports, particularly Savannah and Charleston. The Union would also build a military hospital on Hilton Head Island with a 1,200-foot (370 m) frontage and a floor area of 60,000 square feet (6,000 m²).

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 km²) 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 km²) 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 will be rewritten and adopted by the end of Calendar Year 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</u> inches	4.0	3.3	3.4	3.2	2.0	4.5	6.3	7.6	5.8	4.6	2.6	3.1	50.4
Average high °C	16	17	21	24	28	30	32	31	29	25	21	17	24
Average low °C	4	6	9	13	17	22	23	23	21	15	10	6	14
<u>Precipitation</u> cm	10	8	9	8	5	11	16	19	15	11	6	8	126

Wildlife

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

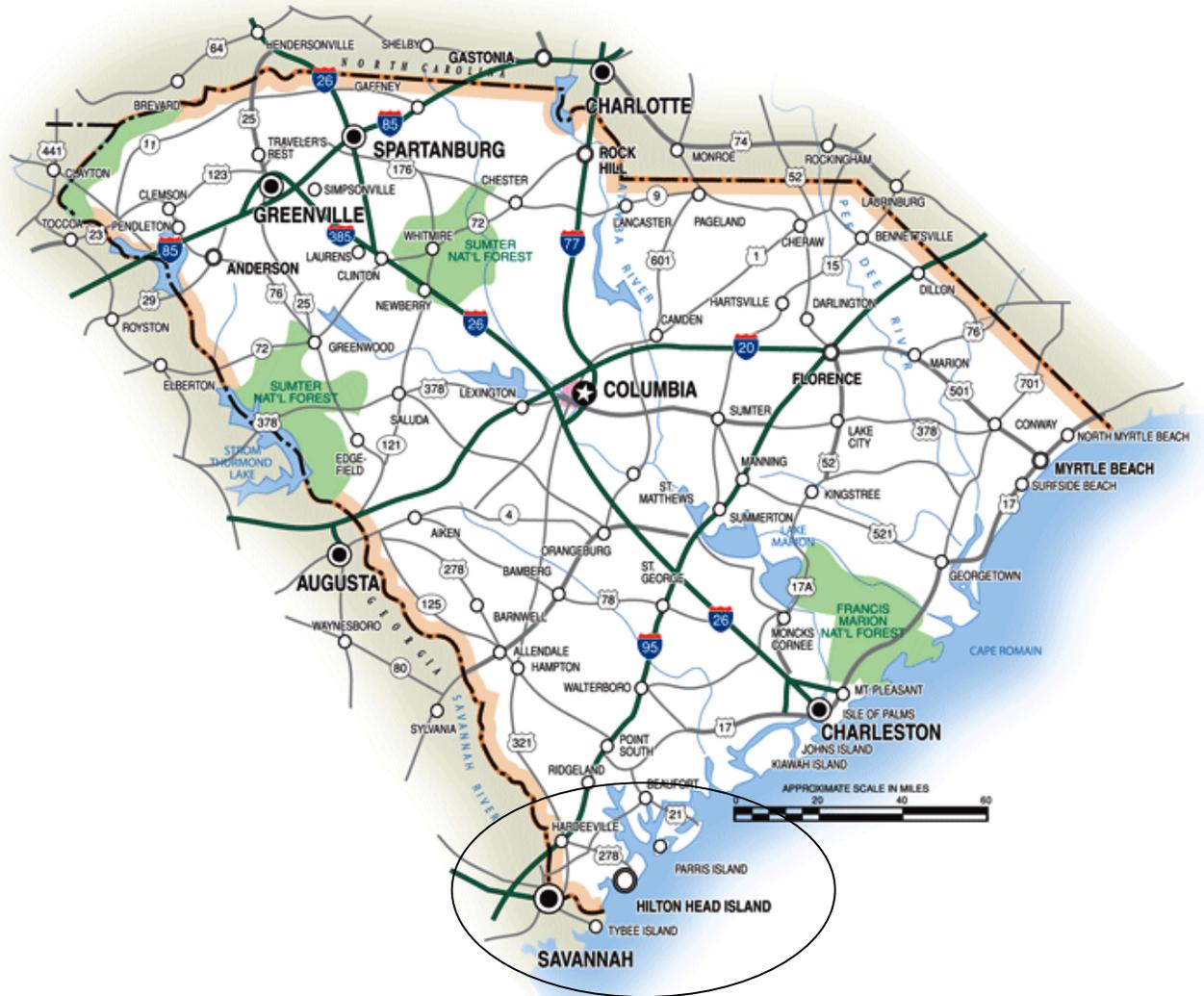
The Coastal Discovery Museum, in conjunction with the South Carolina Department of Natural Resources, patrols the beaches from May through October as part of the Sea Turtle Protection Project. The purpose of the project is to inventory and monitor nesting locations, and if necessary, move them to more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

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

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

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

Where is Hilton Head Island?



Hilton Head Island at a Glance

Demographic Information

Population	
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 Estimate	38,522
2013 Estimate	39,412
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	.2%
Asian	0.9%
Other	.4%
Hispanic Ethnicity	15.8%

Land Use

Land Area	54 sq. miles
Miles of Beach	13

Tourism

Monthly Peak Summer Population	150,000
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Total Annual Visitors (2013)	2.4 million
Annual Visitor Expenditures	\$1.7 billion

General Information

Property Tax Millage Rate:

General Fund (Operating)	14.37
Voter Approved Debt	6.14
Capital Projects Fund (CIP)	.84

Total Millage Rate	21.35
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Bond Ratings:

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

FY 2015 Budget

Combined Governmental Funds	\$67,052,610
Enterprise Fund	\$3,549,749

Total Town Staff (FTEs)	249.1
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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 Development²

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 \$1.7 billion into the Hilton Head Island area economy annually.
- Tourist lodging facilities on Hilton Head Island pay nearly \$20 million in property taxes to Beaufort County.
- Sales taxes paid by visitors total \$47 million. Taxes paid by tourists save every South Carolina taxpayer more than \$200 each year in state taxes.

Property Sold Through Real Estate Agents³

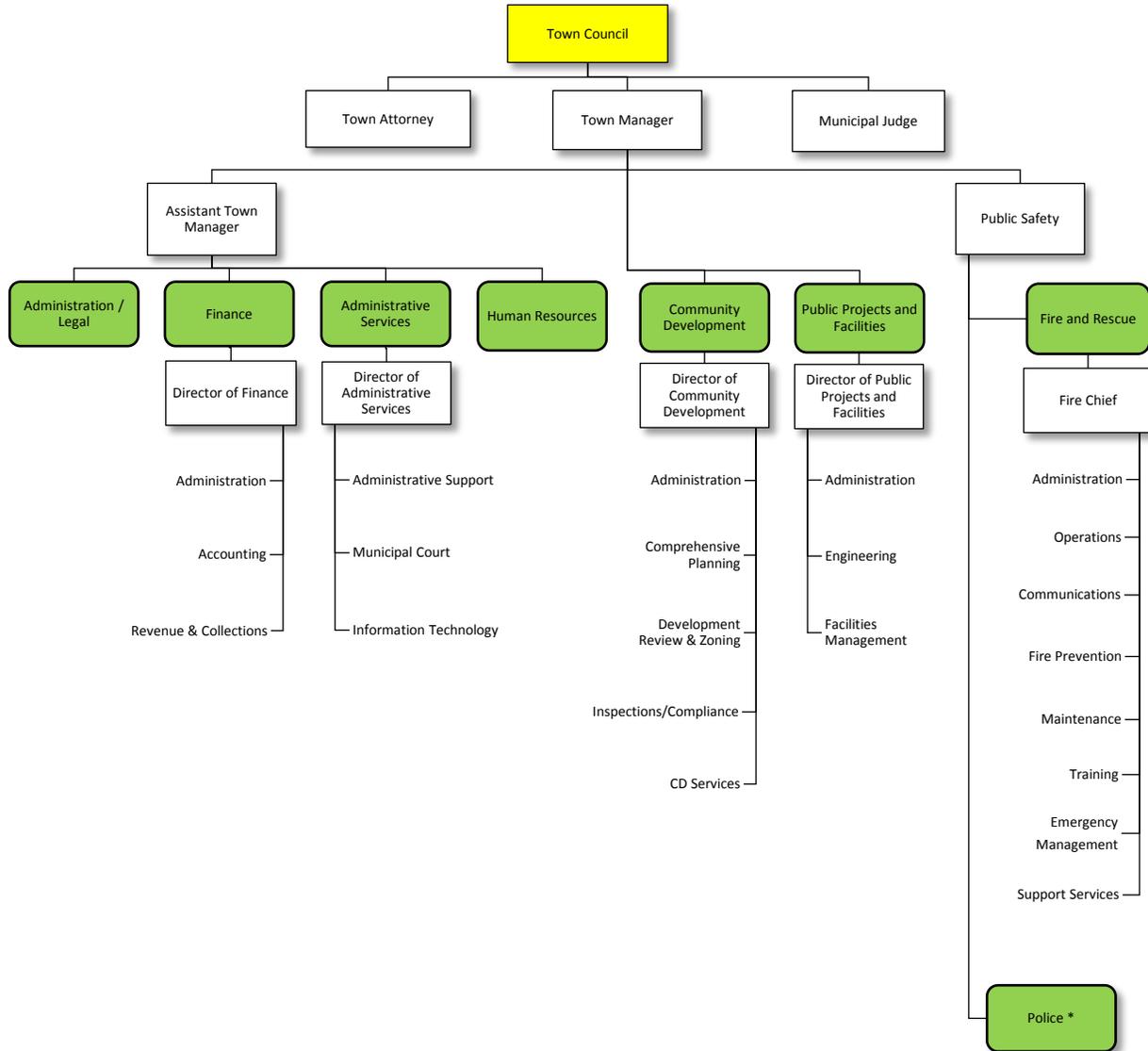
	2007	2008	% Change	2009	% Change	2010	% Change	2011	% Change	2012	% Change	2013	% Change
Homes Sold	694	538	-22.5%	550	2.2%	611	11.1%	673	10.1%	768	14.1%	830	8.1%
Average Price	\$ 1,018,686	\$ 852,501	-16.3%	\$ 725,504	-14.9%	\$ 669,689	-7.7%	\$ 654,018	-2.3%	\$ 632,342	-3.3%	\$ 633,206	0.1%
Villas Sold	627	476	-24.1%	510	7.1%	725	42.2%	747	3.0%	896	19.9%	885	-1.2%
Average Price	\$ 395,179	\$ 393,936	-0.3%	\$ 261,202	-33.7%	\$ 230,090	-11.9%	\$ 220,030	-4.4%	\$ 226,232	2.8%	\$ 264,546	16.9%
Lots Sold	73	34	-53.4%	47	38.2%	83	76.6%	103	24.1%	122	18.4%	185	51.6%
Average Price	\$ 515,938	\$ 438,244	-15.1%	\$ 434,755	-0.8%	\$ 204,834	-52.9%	\$ 216,698	5.8%	\$ 219,352	1.2%	\$ 255,472	16.5%
Total RE Sales	1,394	1,048	-24.8%	1,107	5.6%	1,419	28.2%	1,523	7.3%	1,786	17.3%	1,900	6.4%
Average Price	\$ 711,914	\$ 630,782	-11.4%	\$ 499,254	-20.9%	\$ 417,897	-16.3%	\$ 411,580	-1.5%	\$ 400,394	-2.7%	\$ 424,709	6.1%

² Hilton Head Island Chamber of Commerce

³ HHIMLS

General Information

Town Organizational Chart



*Contract service provided by the Sheriff's Office

Accounting and Financial Policies

Accounting Policies

General Guidelines

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

Government-Wide Statements (CAFR)

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

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

Fund Financial Statements (CAFR)

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

The Town reports the following major governmental funds:

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

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

Fund Financial Statements (CAFR) (continued)

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

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

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

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

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

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

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

Fund Financial Statements (CAFR) (continued)

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

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

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

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

The Town reports the following enterprise fund:

Stormwater Utility Fund. The Clean Water Act, signed into law 1973, requires local governments to manage stormwater pollution. As a result of this federal mandate Beaufort County established a Stormwater Management Utility (SWU). The utility is responsible for protecting the health of our valuable waterways and for reducing flooding due to storms in our vulnerable low-lying region. The Town sets the fee and notifies Beaufort County to include the fee on its property tax bills. The County collects the Stormwater fee and remits the funds to the Town minus an administrative 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 Board Statement No. 23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Funds.

In the government-wide financial statements, bond discounts, issuance costs and deferred 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 when it awards its grants in the middle of the fiscal year. These grants from 65% of the total fund are awarded for the calendar year. The remainder of the fund is established by State law (first \$25,000 and 5% are transferred to the General Fund, and 30% is designated for marketing to the Hilton Head Chamber of Commerce – Visitor and Convention Bureau).

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

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

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

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

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

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

Financial Policies

Revenues

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

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

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

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

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

Expenditures/Expenses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 Fall 2013 County-wide reassessment estimate, the total assessed value is \$840,326,016. The legal debt margin for the Town of Hilton Head Island is \$67,226,081. Town Council has imposed an 80% cap which further limits this to \$53,780,865. The Town has \$8,226,667 in bonds issued at June 30, 2014, which are applicable to this cap, leaving \$45,554,198 available. While assessed values constantly change, they are subject to significant fluctuation during the reassessment appeals process.

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

February 7, 2014	Budget kick-off departmental budget packages distributed
February 27, 2014	Department budgets due to Asst Town Manager for initial review
March 10, 2014	Budgets due to Finance Department for budget integration
April 21, 2014	Finalize budget proposals and staffing requests
May 6, 2014	Town Manager delivers the proposed budget to the Town Council for first reading of ordinance
May 13–June 3, 2014	Town Council workshops
June 10, 2014	Public hearing; revised first reading of the budget ordinance by Town Council
June 17, 2014	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. This Town distinguishes the expenditures in this budget in the following categories.

The *personnel* category reports employees' Palmetto Pass; retiree expenditures; short-term temporary salary and benefits including most summer interns; 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 by each department.

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

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

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

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

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

The Finance Department staff consolidates the operating budgets for the Town's three major governmental funds: General Fund, Debt Service Fund, and Capital Projects Fund; 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

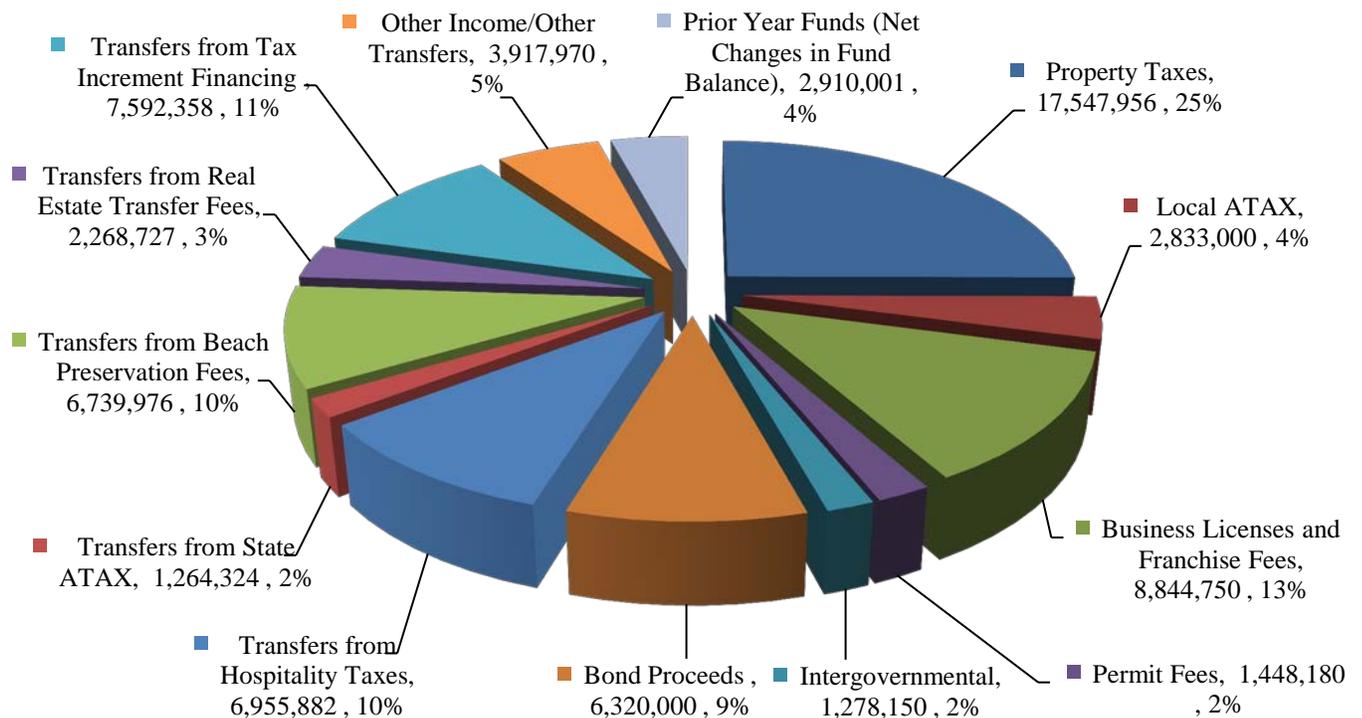
The Fiscal Year 2015 Annual Budget was developed based on the goals and vision of Town Council. The financial resources have been allocated in the budget in a manner that we believe will successfully meet the challenges we have before us and set the stage for the Town’s continued success in the future.

Fiscal Year 2015 Combined Budget Governmental Funds

The combined Fiscal Year 2015 budgeted expenditures for the three major funds is \$65,903,124. This represents a decrease of \$11.5 million or 15% compared to the Fiscal Year 2014 revised budget. The General Fund budget increased by \$2.3 million or 6%, the Debt Service Fund budget decreased by \$.3 million or 2%, and the Capital Projects Fund budget decreased by \$13.4 million or 51%.

The Fiscal Year 2015 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 \$1,007,246 in prior year funds (fund balance) to balance the budget. Sufficient funds exist in the General Fund for this purpose.

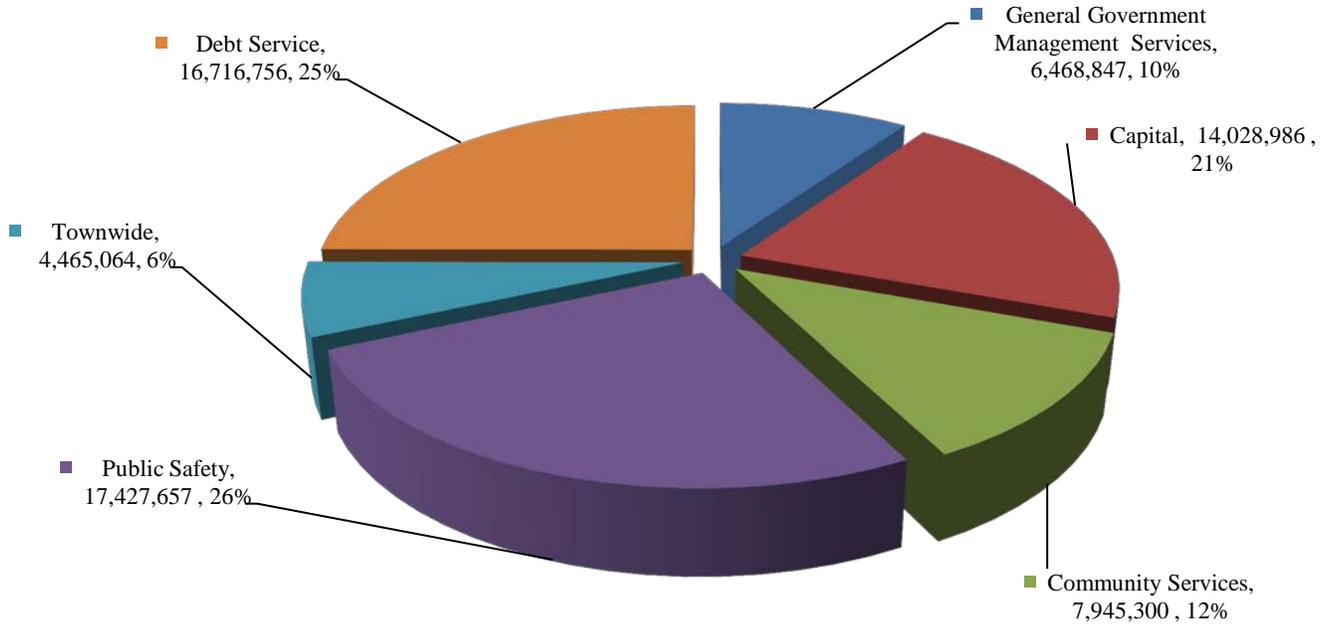
ALL GOVERNMENTAL FUNDS - WHERE THE MONEY COMES FROM



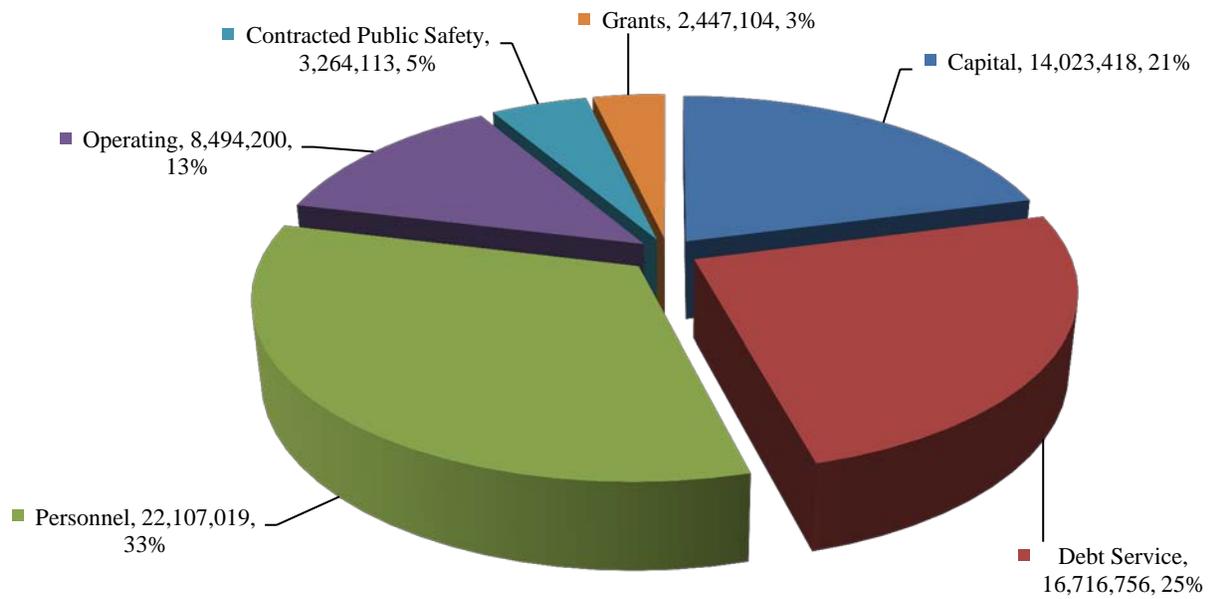
*Without a net of Transfers to the General Fund and Debt Service Fund of \$1,149,486 from the Capital Projects Fund, the combined amount is \$67,052,610.

Consolidated Budget Summary – Governmental Funds

ALL GOVERNMENTAL FUNDS - WHERE THE MONEY GOES BY PROGRAM

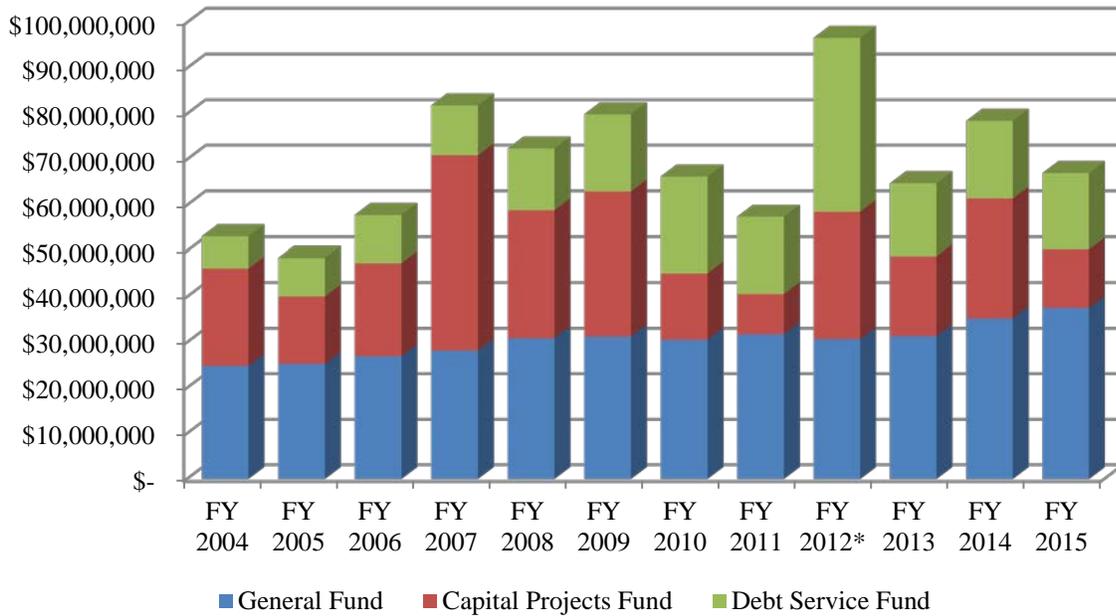


ALL GOVERNMENTAL FUNDS - WHERE THE MONEY GOES BY CATEGORY



Consolidated Budget Summary – Governmental Funds

Trend Analysis of Expenditures by Fund



Note: FY 2004 – FY 2013 are actual, and FY 2014 and FY 2015 are budget figures.
 *FY12 includes debt refunding.

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

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Revised Budget	FY 2015 Budget
Revenues					
Property Taxes	\$17,236,337	\$17,826,129	\$17,679,567	\$17,721,207	\$17,547,956
Other Taxes/Fees	\$2,521,852	\$2,609,053	\$2,662,799	\$3,534,830	\$2,833,000
Business Licenses and Franchise Fees	\$7,634,211	\$8,184,379	\$8,709,707	\$8,432,840	\$8,844,750
Permits	\$954,419	\$952,539	\$1,368,166	\$1,297,799	\$1,448,180
Intergovernmental	\$1,384,888	\$1,010,600	\$1,181,674	\$1,287,170	\$1,278,150
Investment Income	\$147,885	\$119,898	\$82,528	\$78,512	\$39,605
Miscellaneous	\$2,954,350	\$4,015,736	\$2,977,072	\$2,508,925	\$2,546,743
Total	\$32,833,942	\$34,718,334	\$34,661,513	\$34,861,283	\$34,538,384
Expenditures					
General Government	\$1,119,831	\$882,111	\$968,506	\$1,142,681	\$1,142,951
Management Services	\$4,593,225	\$4,424,359	\$4,773,823	\$5,786,501	\$5,596,396
Community Services	\$5,740,198	\$5,771,788	\$5,996,416	\$7,248,650	\$7,945,300
Public Safety	\$16,261,101	\$16,470,036	\$16,632,643	\$17,174,199	\$18,391,657
Townwide	\$4,072,931	\$3,154,901	\$3,017,037	\$3,948,404	\$4,500,064
Capital	\$8,798,231	\$26,730,505	\$13,269,820	\$25,846,320	\$11,610,000
Debt Service	\$16,873,656	\$38,104,367	\$15,933,636	\$17,050,403	\$16,716,756
Total	\$57,459,171	\$95,538,069	\$60,591,881	\$78,197,156	\$65,903,124
Sub-Total Excess/(Deficiency) of Revenues Over Expenditures	(\$24,625,229)	(\$60,819,735)	(\$25,930,368)	(\$43,335,873)	(\$31,364,740)
Other Financing Sources (Uses)					
Bond Issue/Other	\$0	\$47,627,422	\$9,664,056	\$8,426,465	\$6,320,000
Operating Transfers In	\$18,268,595	\$22,476,082	\$20,876,262	\$33,018,034	\$26,152,889
Transfers Out	(\$37,500)	(\$1,137,500)	(\$4,215,828)	(\$318,400)	(\$1,149,486)
Bond Proceeds Previously Recognized	\$0	\$0	\$0	(\$4,597,228)	(\$1,870,000)
Total Other Financing Sources (Uses)	\$18,231,095	\$68,966,004	\$26,324,490	\$36,528,871	\$29,453,403
Total Excess/(Deficiency) of Revenues to Expenditures	(\$6,394,136)	\$8,146,271	\$394,122	(\$6,807,002)	(\$1,911,337)

Consolidated Budget Highlights

Revenues and Other Sources

The Town estimates that revenues will decrease by \$322,899 or .9% in the consolidated governmental funds budget.

- Property tax revenue for all three governmental budgeted funds will decrease by \$173,251 or relatively flat to the fiscal year 2014 Budget. Due to a lower estimated mil value than established for 2014, a millage increase is necessary to maintain revenues.
- The Town anticipates revenue from business licenses and franchise fees will increase by \$411,910 as well as permits by \$150,381 primarily due to an overall positive trend in business activity. (General Fund)

Consolidated Budget Highlights

Revenues and Other Sources, continued

In the consolidated governmental funds budget, the Town estimates that other financing sources will decrease by \$9,802,696 due in large part to a \$6.9 million reduction in net transfers in for the three funds. 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.

- \$7.0 million of hospitality tax current year revenue and prior year funds will be used to fund various operating expenditures, debt service payments, and various capital projects.
- \$2.3 million of real estate transfer fees will be used to fund debt service payments associated with bonds issued for land acquisition.
- \$6.7 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.
- \$7.6 million of TIF funds will be used to fund various project management expenditures in the operating budget, debt service payments, and various capital projects.

Expenditures and other Uses

The Town's budgeted governmental funds expenditures will decrease \$12,294,032 in fiscal year 2015 over the fiscal year 2014 revised budget. The decrease is primarily in the Capital Projects Fund; there is a \$13,405,234 million (51%) reduction in budgeted expenditures including transfers out, as described on page 4. The Debt Service Fund expenditure budget decreased \$333,647 primarily due to a reduction of interest expenditures.

Overall, General Fund expenditures are programmed at \$37.6 million for fiscal year 2015 compared to \$35.3 million last fiscal year, an increase of \$2,275,935 or 6.45%.

New/Expanded Programs. The Town's primary programmatic increases in the General Fund are an increase in funding of \$284,968 for the Hilton Head Island Economic Development Corporation under Townwide grants, and \$452,000 for roads maintenance under Public Projects and Facilities (PPF) – Engineering for Town-owned roads.

Personnel Expenditures (Excludes Personnel in Stormwater Fund). The budget for total personnel expenditures increases \$1,072,053 or 5.1% consisting of several increases. Some of the changes include a budgeted 3% merit increase of \$538,941, (budgeted by department) which will be distributed on a performance-based process, a 1% budgeted increase of \$182,700 based on the outcome of our classification and compensation survey (budgeted in Town-wide), and increases related to retirement and full employment. The separately budgeted proprietary fund has one additional FTE planned.

Consolidated Budget Highlights, continued

Expenditures and other Uses, continued

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

Overtime – \$34,750 more than fiscal year 2014 budget (5.48% increase).

Medical – \$148,823 more than fiscal year 2014 budget (8.31% increase).

Workers Compensation – \$104,822 more than fiscal year 2014 budget (75.61% increase). SCMIT has changed how credits are given for workers compensation which created a one-time reduction for fiscal year 2014 which is now returned to normal expenditures.

Full Employment – In fiscal year 2014 we budgeted a (\$202,685) adjustment for unfilled positions (which was less than 50% of our four year average value for unfilled positions), based on historical data to payroll for unfilled positions resulting from retirement, resignations and terminations. For a variety of reasons this savings did not materialize in fiscal year 2014. We budgeted based on full employment in fiscal year 2015.

Operating Expenditures (General Fund). The Town's operating expenditures budget in the General Fund increases by \$464,948 or 5.8%.

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

Contracted Public Safety (General Fund). The Town budgets a \$56,575 increase in its contracted public safety. The Beaufort County Sheriff's Office provides police services. Shore Beach Services is also included in this category which has an increase of \$26,427 related to a change in the department where recycling services are budgeted, i.e. it is not a true increase in cost.

Capital Outlay (General Fund). The Town's budget in this category will increase by \$291,684. Non-project capital outlay, equipment and vehicles, etc., are now budgeted in the General Fund and not the Capital Projects Fund. Fire and Rescue's capital will increase \$589,169 more than fiscal year 2014 budget primarily for this reason. The increases are offset by a reduction of \$276,485 procured primarily for permitting software in fiscal year 2014.

Consolidated Budget Highlights, continued

Expenditures and other Uses, continued

Grants (General Fund). The Townwide grants' expenditures will increase in fiscal year 2015 by \$364,679 or 18%. Most of the expenditures in this category are described below.

- Economic Development - \$ 441,012; \$284,968 more than last fiscal year.
- Recreation Association – Operations – \$629,278; same as last fiscal year.
- Recreation Association – Capital – \$240,650 decreased by \$81,553.
- Heritage Classic Foundation - \$351,164; \$300,000 expensed in Hospitality Tax Fund from the excess Advertising Reserve account.
- Coastal Discovery Museum – \$75,000; same as last fiscal year.
- Coastal Discovery Museum Capital – \$67,700 decreased by \$9,300.
- Sea Turtle Project – \$37,300; \$3,400 more than last fiscal year.
- Palmetto Breeze – \$200,000; \$25,000 more than last fiscal year.
- Drug Court – \$50,000; \$1,500 more than last fiscal year.
- Career Criminal Program – \$33,500; \$1,500 less than last fiscal year.
- Public Art – Community Foundation – \$37,500; this grant is funded with Sunday Liquor Permit Fees.
- First Tee – \$150,000; new this year.
- Event Management and Hospitality Program – \$134,000; 5% of the local Accommodations Tax revenues as allowed by the Town Code.

Consolidated Budget Summary – Governmental Funds

Property Taxes - All funds

Current Property taxes

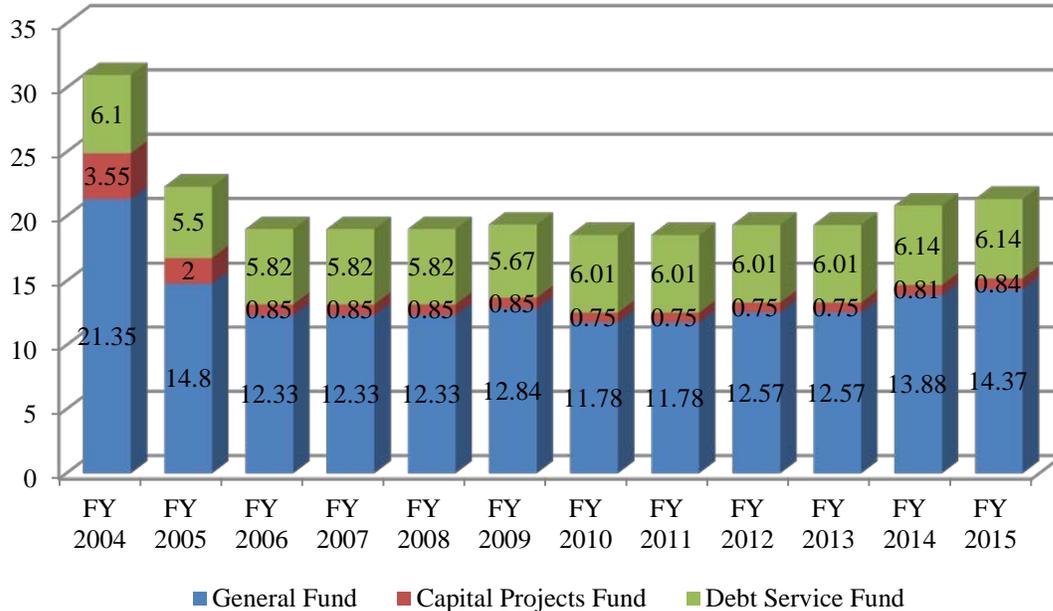
An ad valorem property tax, a tax per unit of property value, is levied upon all real property and certain classes of tangible property as that property is assessed and equalized for State and County purposes for any tax year. The property tax is authorized by the South Carolina Code of Laws (SC Code), 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 1st through December 31st of each year. On January 15, unpaid taxes are considered delinquent and penalties begin to accrue.

Property taxes are levied for the purposes of funding the provision of municipal services, the Capital Projects Fund, and the retirement of debt. For fiscal year 2015, 14.37 mils will be allocated to the General Fund (67% of levy), .84 mils to the Capital Projects Fund (4% of levy), and 6.14 mils (29% of levy) will be used for the retirement of debt. The total Town millage rate is **21.35**.

Historical Total Millage by Fund



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

Town Staffing

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Variance</u>
<u>General Government</u>						
Town Council	7.0	7.0	7.0	7.0	7.0	0.0
Town Manager	5.0	5.0	4.0	4.0	4.0	0.0
<u>Management Services</u>						
Administration/Legal	26.5	26.0	26.0	26.0	26.0	0.0
Finance	18.0	18.0	18.0	18.0	18.0	0.0
<u>Community Services</u>						
Community Development	30.0	27.0	27.0	26.0	26.0	0.0
Public Projects and Facilities (PPF)	22.0	20.0	20.0	19.0	19.0	0.0
<u>Public Safety</u>						
Fire and Rescue	147.1	147.1	145.1	145.1	145.1	0.0
Total General Fund	<u>255.6</u>	<u>250.1</u>	<u>247.1</u>	<u>245.1</u>	<u>245.1</u>	<u>0.0</u>
PPF Stormwater Fund	0.0	2.0	2.0	3.0	4.0	1.0
Total Town Staff	<u>255.6</u>	<u>252.1</u>	<u>249.1</u>	<u>248.1</u>	<u>249.1</u>	<u>1.0</u>

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

In fiscal year 2013, the Town carried a position for an economic development director in Community Development. In fiscal year 2014, the Town eliminated this position since economic development will be performed through a separate 501(c)3 organization. The Town currently proposes a budget for the new Economic Development Corporation in the General Fund under Townwide Grants. There are no EDC staff members in the chart above.

FTE Staffing Change for Fiscal Year 2015

- One additional staff position in Stormwater Fund.

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 2015 (General Fund)

Department	Personnel	Operating	Capital/Debt	Grants	Total Expenses
Town Council	\$ 143,776	\$ 356,500	\$ -	\$ -	500,276
Town Manager	615,675	27,000	-	-	642,675
Administration/Legal	2,408,633	1,149,420	270,500	-	3,828,553
Finance	1,553,207	214,636	-	-	1,767,843
Community Development	2,541,054	218,916	-	-	2,759,970
Public Projects and Facilities	1,712,867	3,472,463	-	-	5,185,330
Fire and Rescue	12,775,847	1,393,265	958,432	-	15,127,544
Sheriff/Other Public Safety	-	3,258,113	6,000	-	3,264,113
Non-Departmental (Townwide)	355,960	1,662,000	35,000	2,447,104	4,500,064
Totals	\$ 22,107,019	\$ 11,752,313	\$ 1,269,932	\$ 2,447,104	\$ 37,576,368

General Fund

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

	2011	2012	2013	2014		2015		
				Revised	Estimated	FY 2015 Budget	% change	
				Budget	Actual		FY 2014 Budget	FY 2014 Est. Actual
Revenues								
Property Taxes	10,956,179	11,585,070	11,500,914	11,769,908	11,400,000	11,810,750	0%	4%
ATAx Local 1%	2,416,264	2,420,698	2,499,067	2,694,236	2,750,000	2,833,000	5%	3%
Business Licenses:								
Business Licenses - Town	2,833,347	2,926,327	3,388,636	3,330,079	3,400,000	3,500,000	5%	3%
Business Licenses - MASC	4,067,077	4,217,999	4,385,502	4,200,661	4,400,000	4,532,000	8%	3%
Franchise Fees:								
Cable	691,914	905,811	763,434	750,100	763,434	787,000	5%	3%
Beach Fee	23,200	22,161	21,811	22,000	25,000	25,750	17%	3%
Recycling	18,672	112,081	150,324	130,000	129,750	-	-100%	-100%
Permit Fees:								
Construction	247,415	270,363	481,110	416,900	531,000	547,000	31%	3%
Development	5,526	5,700	13,212	11,899	6,000	6,180	-48%	3%
Other	701,478	676,476	873,844	869,000	869,000	895,000	3%	3%
Intergovernmental	752,988	678,370	800,659	806,234	806,234	800,000	-1%	-1%
Grants:								
Beaufort County - Hazmat	11,677	11,677	11,677	11,680	11,677	11,677	0%	0%
Beaufort County - E911	106,760	109,779	140,328	110,000	140,000	144,200	31%	3%
DHEC	4,710	3,387	4,404	3,400	3,400	4,000	18%	18%
FEMA	25,087	-	-	-	-	-	0%	0%
Red to Green Grant	1,498	-	1,857	-	1,000	1,900	0%	0%
FM Global Grant	2,000	-	-	-	-	-	0%	0%
State Grants	-	-	94,494	-	-	-	-	-
SCMIT Grant	-	-	2,000	-	-	-	-	-
Grants	-	-	-	-	220,091	-	-	-100%
Miscellaneous Revenue:								
Beach Services	206,040	207,182	223,196	210,000	219,000	225,500	7%	3%
Donations	225	450	155	500	275	300	-40%	9%
Municipal Court	361,152	308,708	262,022	300,000	230,000	230,000	-23%	0%
Other	140,335	152,348	228,715	172,120	251,606	259,200	51%	3%
Public Safety - EMS	1,352,088	1,340,787	1,198,868	1,402,787	1,275,925	1,314,000	-6%	3%
Public Safety - County D/T	203,000	54,441	53,758	55,000	55,000	56,500	3%	3%
Town Codes	453	296	246	500	200	250	-50%	25%
Victim's Assistance	57,045	50,142	42,477	45,000	40,000	45,000	0%	13%
Transfers In:								
Beach Preservation Fee Fund	978,080	969,390	981,705	1,111,138	1,111,138	1,111,138	0%	0%
Capital Projects Fund:								
Hospitality Bond	-	-	-	-	-	-	-	-
Ad Valorem Taxes	-	-	-	-	-	654,000	-	-
Lease	-	-	-	-	-	12,000	-	-
Sunday Liquor Fees	37,500	37,500	37,500	359,703	359,703	418,150	16%	16%
Hospitality Tax Fund	2,930,183	2,975,271	2,974,237	3,570,012	3,570,012	4,726,069	32%	32%
Tax Increment Financing Fund	184,330	181,480	182,930	163,775	163,775	169,398	3%	3%
State Accommodations Tax Fund	1,083,671	1,085,776	1,178,148	1,089,414	1,273,000	1,264,324	16%	-1%
Electricity Franchise Fee Fund	78,176	83,602	82,551	85,576	85,576	87,878	3%	3%
Stormwater Utility Fund	389,730	235,330	236,130	74,258	74,258	94,258	27%	27%
Investments	41,785	1,865	2,732	2,512	2,500	2,700	7%	8%
Total Revenues	30,909,586	31,630,467	32,818,642	33,768,392	34,168,553	36,569,122	8%	7%
Increase/Decrease	329,996	720,881	1,188,175	2,137,925	2,538,086	2,400,569		
%	1.08%	2.33%	3.76%	6.76%	8.02%	7.03%		

General Fund

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

	2011	2012	2013	2014		2015		
				Revised	Estimated	FY 2015 Budget	% change	
				Budget	Actual		FY 2014 Budget	FY 2014 Est. Actual
Expenditures								
General Government:								
Town Council	484,500	307,269	374,956	500,110	467,448	500,276	0%	7%
Town Manager	635,331	574,842	593,550	642,571	625,481	642,675	0%	3%
Total General Government	1,119,831	882,111	968,506	1,142,681	1,092,929	1,142,951	0%	5%
Management Services:								
Administration/Legal	402,823	424,396	379,630	475,359	462,151	518,974	9%	12%
Administrative Services								
Administrative Support	219,840	209,677	171,548	234,116	199,215	234,752	0%	18%
Municipal Court	400,355	371,047	376,951	413,405	393,884	425,391	3%	8%
Information Technology	1,573,291	1,576,389	1,813,266	2,308,507	2,368,085	2,075,209	-10%	-12%
	2,193,486	2,157,113	2,361,766	2,956,028	2,961,185	2,735,352	-7%	-8%
Finance								
Administration	211,370	247,858	282,117	302,481	302,833	310,398	3%	2%
Accounting	589,795	538,530	546,355	606,582	590,724	626,488	3%	6%
Revenue and Collections	700,325	569,734	677,526	856,137	698,640	830,957	-3%	19%
	1,501,490	1,356,122	1,505,998	1,765,200	1,592,197	1,767,843	0%	11%
Human Resources	495,425	486,729	526,430	589,914	560,828	574,227	-3%	2%
Total Management Services	4,593,225	4,424,359	4,773,823	5,786,501	5,576,360	5,596,396	-3%	0%
Community Services:								
Community Development								
Administration	548,302	593,454	562,958	600,343	586,434	548,286	-9%	-7%
Comprehensive Planning	367,135	347,178	366,297	498,782	500,569	524,929	5%	5%
Development, Review and Zoning	674,375	633,069	625,143	863,512	844,405	680,578	-21%	-19%
Inspections/Compliance	603,691	614,999	664,599	636,722	650,615	701,677	10%	8%
CD Services	289,892	268,332	274,914	289,392	283,456	304,500	5%	7%
Total Community Development	2,483,395	2,457,032	2,493,911	2,888,751	2,865,479	2,759,970	-4%	-4%
Public Projects and Facilities								
Administration	232,326	233,415	239,382	249,972	248,764	260,417	4%	5%
Engineering	643,071	654,347	723,367	816,139	799,941	1,291,589	58%	61%
Facilities Management	2,381,406	2,426,994	2,539,756	3,293,788	3,158,394	3,633,324	10%	15%
Total Public Projects and Facilities	3,256,803	3,314,757	3,502,505	4,359,899	4,207,099	5,185,330	19%	23%
Total Community Services	5,740,198	5,771,788	5,996,416	7,248,650	7,072,577	7,945,300	10%	12%

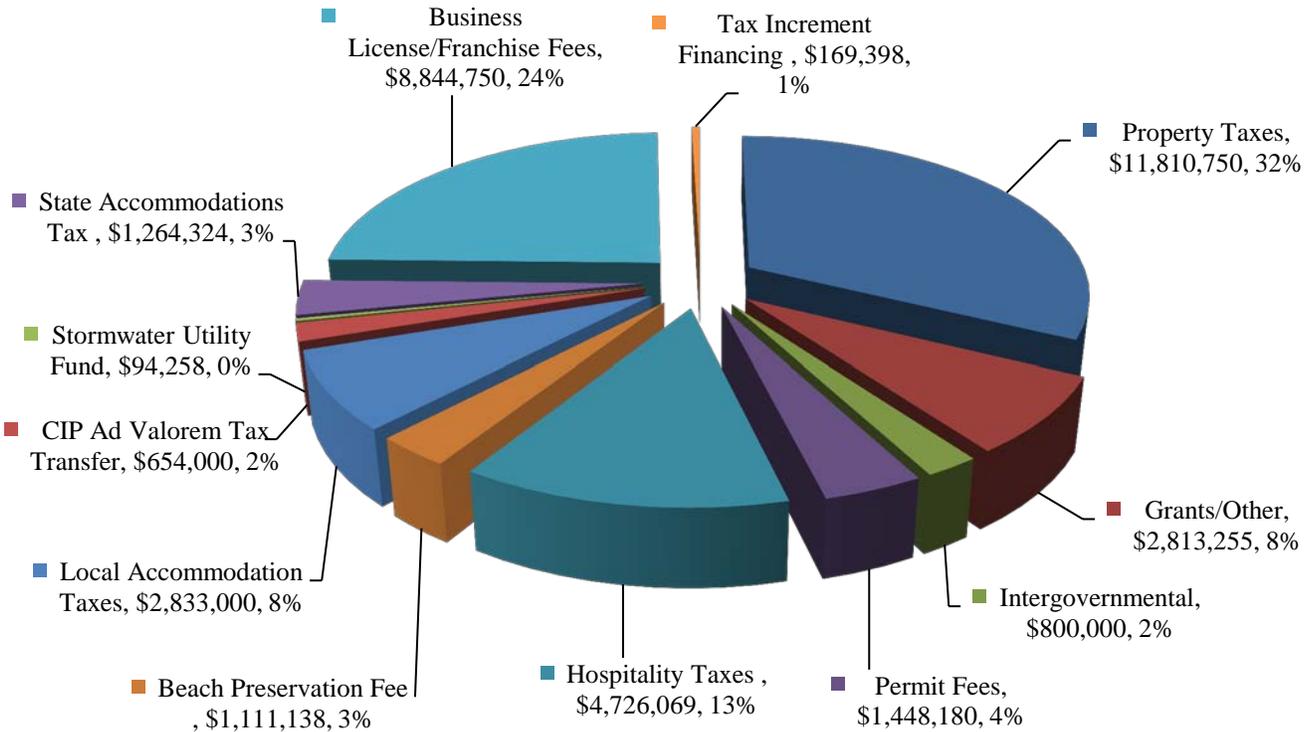
General Fund

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

	2011	2012	2013	2014		2015		% change	
				Revised Budget	Estimated Actual	FY 2015 Budget	FY 2014 Budget	FY 2014 Est.	FY 2014 Actual
Public Safety:									
Fire									
Administration	285,915	321,194	308,546	368,491	410,109	368,716	0%	-10%	
Operations	8,964,000	9,068,353	9,138,386	9,135,064	9,533,766	9,496,249	4%	0%	
Fire Prevention	521,577	491,236	540,727	565,001	577,198	610,411	8%	6%	
Logistics/Maintenance	530,085	570,639	504,545	563,954	564,152	572,823	2%	2%	
Communications	1,047,754	1,080,123	1,136,446	1,133,177	1,112,699	1,148,716	1%	3%	
Training	625,232	683,782	701,681	715,508	691,366	718,481	0%	4%	
Emergency Management	218,785	160,819	122,290	135,524	127,487	141,204	4%	11%	
E911 Communications	232,346	232,094	238,152	273,705	245,414	283,313	4%	15%	
Support Services	716,225	737,171	760,131	1,102,664	1,102,658	1,787,631	62%	62%	
Total Fire & Rescue	13,141,918	13,345,409	13,450,904	13,993,088	14,364,849	15,127,544	8%	5%	
Sheriff/Other Public Safety									
Police Services Contract	2,731,804	2,763,629	2,806,908	2,801,438	2,801,438	2,853,320	2%	2%	
Beach Services	212,568	192,058	203,339	205,638	205,638	232,065	13%	13%	
Stipend	121,800	111,300	112,000	115,000	115,000	118,000	3%	3%	
Victims' Rights	53,010	57,640	59,492	59,035	59,035	60,728	3%	3%	
New Position Request						-			
Total Sheriff/Other Public Safety	3,119,183	3,124,627	3,181,739	3,181,111	3,181,111	3,264,113	3%	3%	
Total Public Safety	16,261,101	16,470,036	16,632,643	17,174,199	17,545,960	18,391,657	7%	5%	
Townwide (non-departmental):									
Personnel	151,953	185,616	123,581	178,024	147,255	355,960	100%	142%	
Operating	1,466,716	1,356,868	1,364,557	1,652,955	1,494,591	1,662,000	1%	11%	
Capital	-	-	-	35,000	35,000	35,000	0%	0%	
Grants	2,454,261	1,612,417	1,528,899	2,082,425	2,306,425	2,447,104	18%	6%	
Total Townwide (non-departmental)	4,072,931	3,154,901	3,017,037	3,948,404	3,983,271	4,500,064	14%	13%	
Total Expenditures	31,787,285	30,703,197	31,388,425	35,300,433	35,271,098	37,576,368	6%	7%	
Net change in fund balances	(877,699)	927,270	1,430,217	(1,532,041)	(1,102,545)	(1,007,245)			
Fund balance - beginning	15,763,985	14,886,286	15,813,556	17,243,773	17,243,773	16,141,228			
Fund balance - ending	14,886,286	15,813,556	17,243,773	15,711,732	16,141,228	15,133,982			

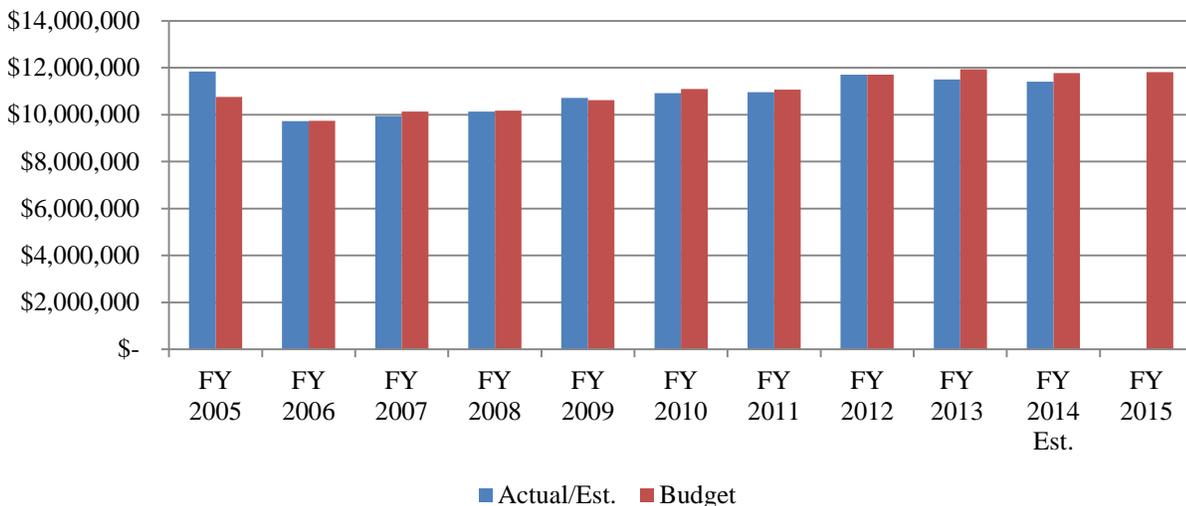
General Fund Revenues

General Fund revenues, (excluding use of funds from prior years), and transfers in from other funds in fiscal year 2015 are projected to be \$36,569,122 which is \$2,800,730 more than the fiscal year 2014 revised budget.



Property Taxes

Property taxes will be \$40,842 more than the fiscal year 2014 Budget. The budget assumes collection of the majority of property tax revenues billed in fiscal year 2015. Fiscal year 2015 revenue estimates are based on total estimated assessed property values as of February 28th, 2014 and the current millage rate of 21.35.



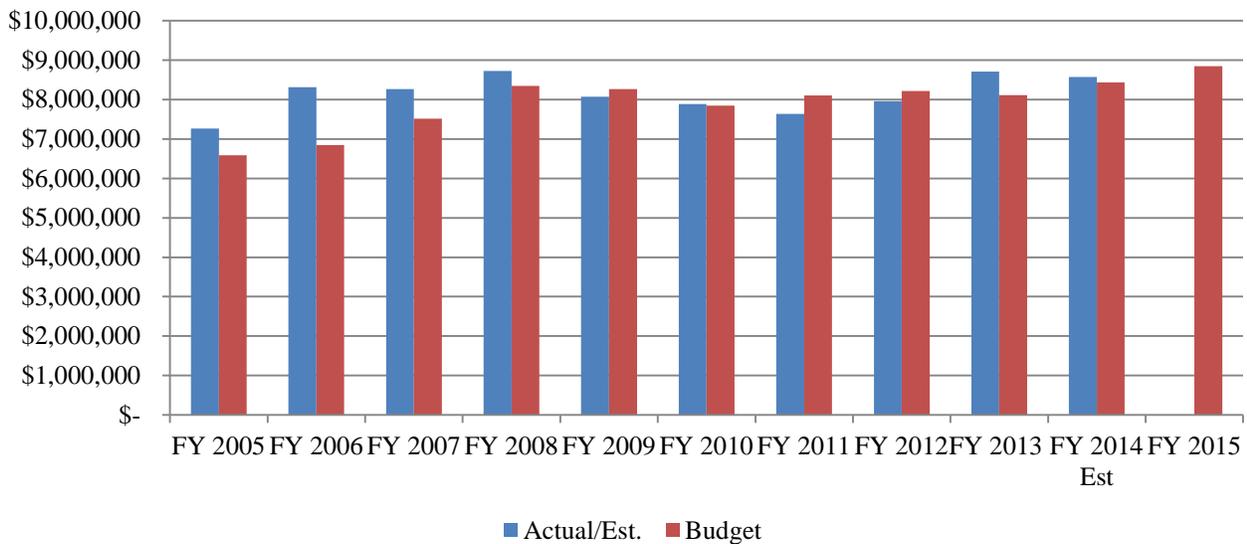
General Fund Revenues (continued)

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 2015 budget of \$8.0 million in business license receipts is 6.7% more than the fiscal year 2014 budget of \$7.5 million.

Franchise fee revenue is anticipated to be \$812,750 in fiscal year 2015, a 9.9% decrease over the fiscal year 2014 budget of \$902,100 due to the loss of the recycling franchise fee.



General Fund Revenues (continued)

Permit Fees

Permit Fees (new construction) – \$547,000

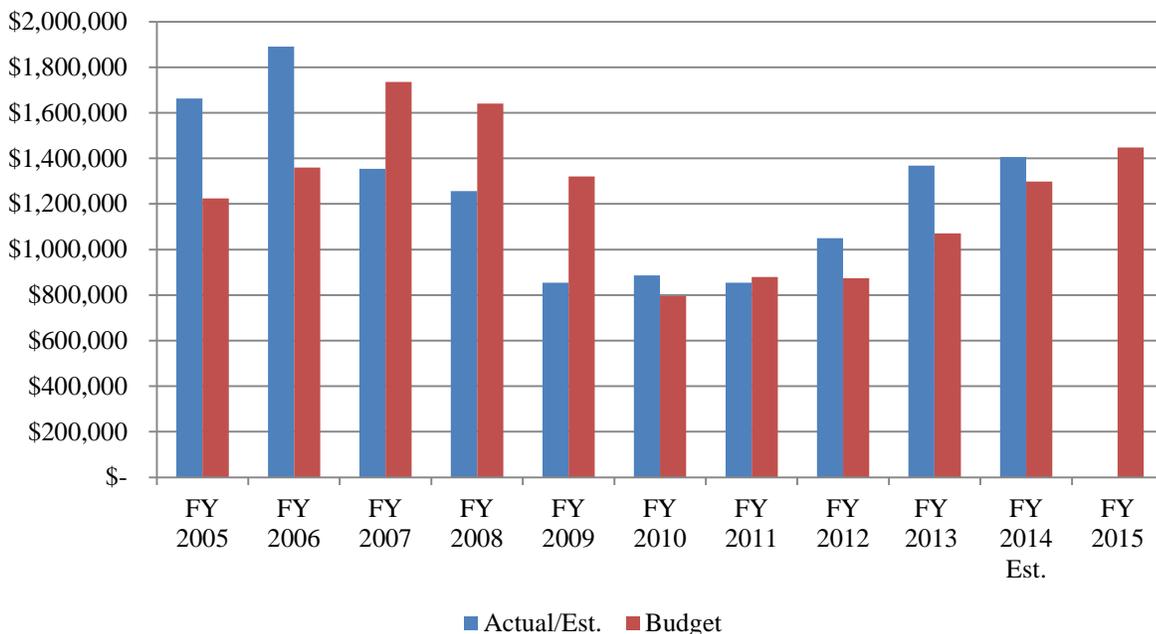
Permit fee revenue from new construction will be \$130,100 more than the fiscal year 2014 budget of \$416,900.

Permit Fees (development) - \$6,180

Revenue from permit fees associated with development will be \$5,719 less than the fiscal year 2014 budget of \$11,899.

Permit Fees (other) - \$895,000

Revenue from other permit fees will be \$26,000 more than the fiscal year 2014 budget of \$869,000.

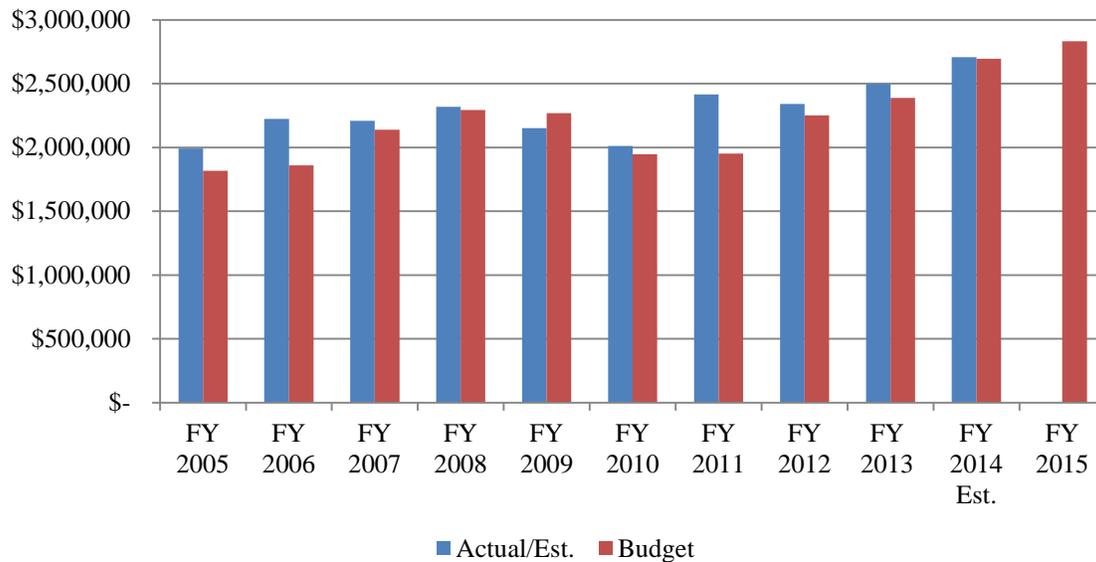


Local Accommodation Tax

The 1% local accommodations tax will generate \$2.8 million in revenue. This figure is 5.2% higher than the 2014 fiscal year budget and 3.0% higher than this year's projected actual revenue. These funds may be used for tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums; cultural, recreational, or historic facilities; beach access and re-nourishment; highways, roads, streets, and bridges providing access to tourist destinations; advertisements and promotions related to tourism development; water and sewer infrastructure to serve tourism-related demand and the operation and maintenance of those items previously enumerated and police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

General Fund Revenues (continued)

Accommodation Tax Local 1% (continued)



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

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

General Fund Revenues (continued)

Transfer In – Accommodation Tax (State)

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

It is anticipated that this line item will provide \$1.264 million in funds to the General Fund. This represents an increase of \$174,910 or 16.1% over the fiscal year 2014 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 \$4.7 million in funds to the General Fund. This is \$1,156,057 or 32.4% more than the amount budgeted in fiscal year 2014; a large portion of the increase is a relocation of budgeted expenditures from the Capital Project to the General Fund rather than true increased costs.

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 2014 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.

Transfer In – Sunday Liquor Permit Fees

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

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

As one of the programs more properly classified in the General Fund, rather than the Capital Projects Fund (expenditures represent repairs and maintenance or equipment rather than capital construction), the Town will transfer in \$380,650 from Sunday Liquor Permit Fees to fund the Island Recreation Center and various park upgrades.

EMS

Funds received through Fire and 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 a \$88,787 reduction to the 2014 budget to reduce receivables for non-collectable accounts.

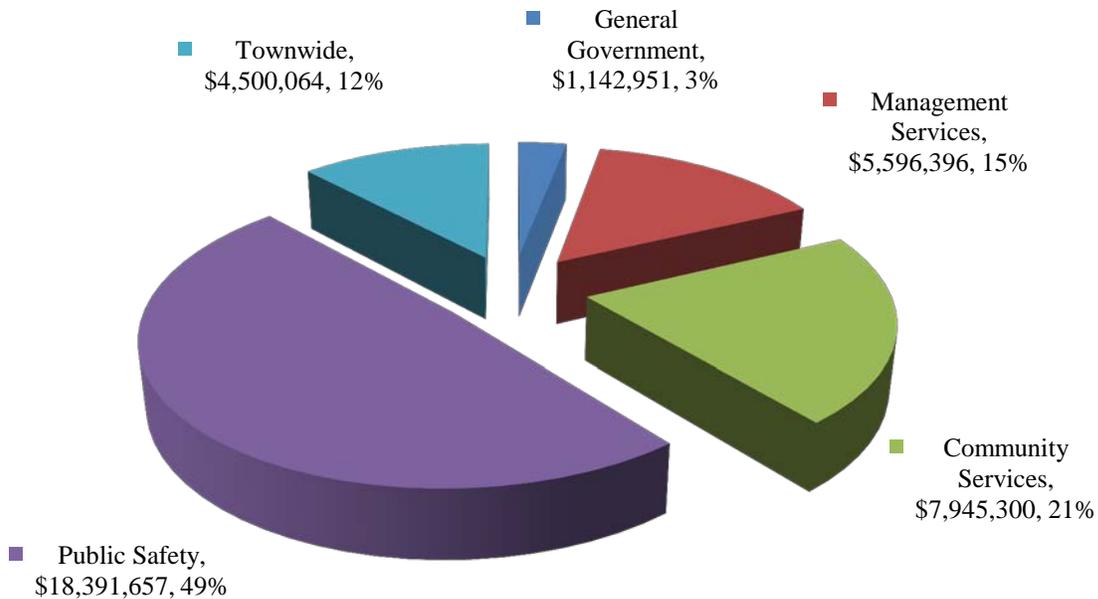
Funds from Prior Years (Fund Balance)

At the end of fiscal year 2013, the Town had approximately \$4.2 million in unassigned fund balance. In fiscal year 2015, the Town will use approximately \$1,007,245 of these funds to balance the budget.

General Fund Expenditures

Overall, expenditures are programmed at \$37.6 million for fiscal year 2015 compared to \$35.3 million last fiscal year, an increase of \$2,275,935 or 6.4%; The Town's primary programmatic increases are an increase in funding of \$284,968 for the Hilton Head Island Economic Development Corporation under Townwide grants; a \$1,134,456 increase for Fire and Rescue of which \$589,169 is an increase in capital outlay; and in Public Projects and Facilities, a \$373,431 increase Facilities Management primarily related to the restructuring of repair and replacement of facilities and; a \$452,000 increase in road maintenance in Engineering. Also in the budget is a 3% increase in personnel, (\$538,941) allocated by department, as well as a 1% increase in personnel (\$182,700) located in the Townwide budget to address the outcome of our classification & compensation study.

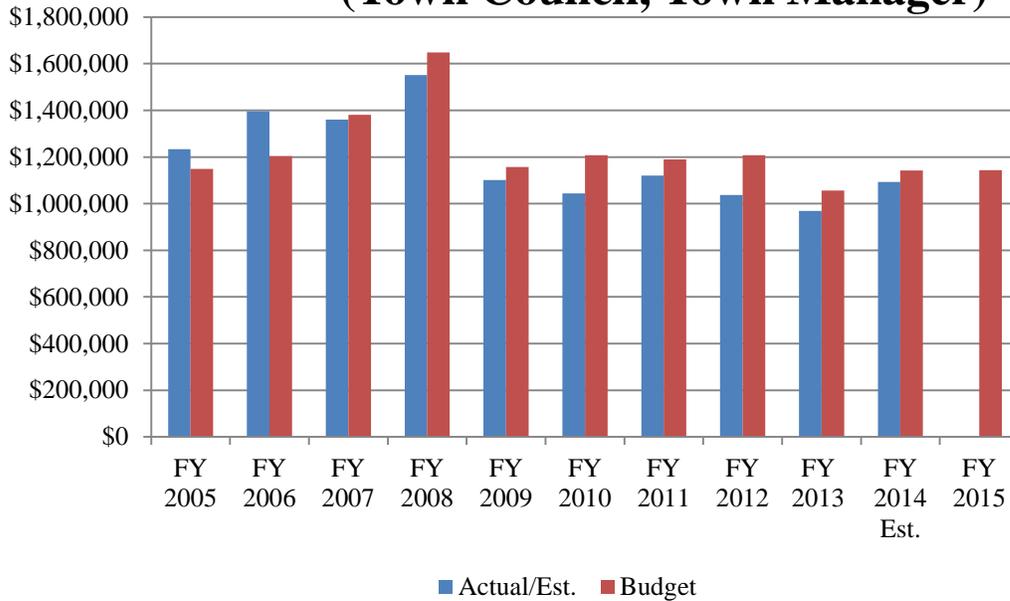
General Fund Expenditures by Program



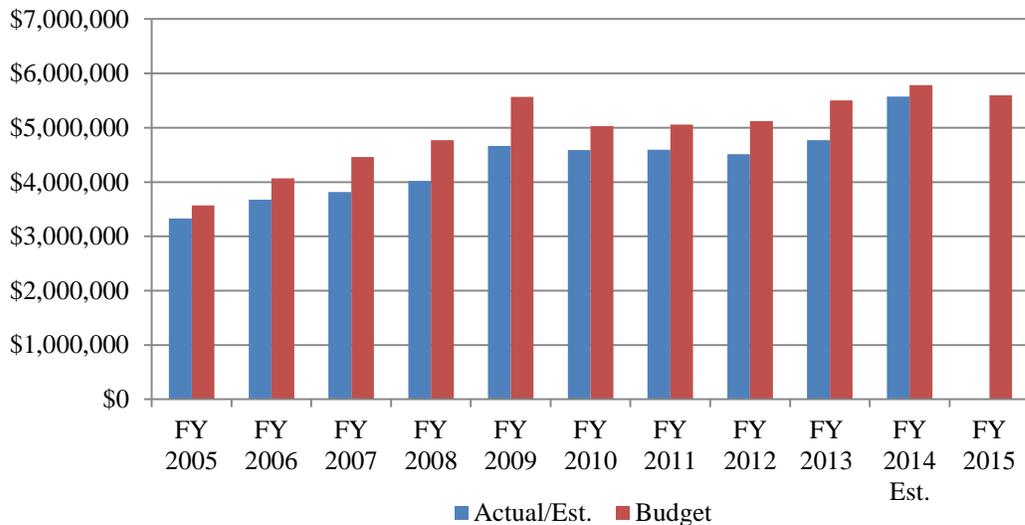
Trend Analysis - Expenditures by Program

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)

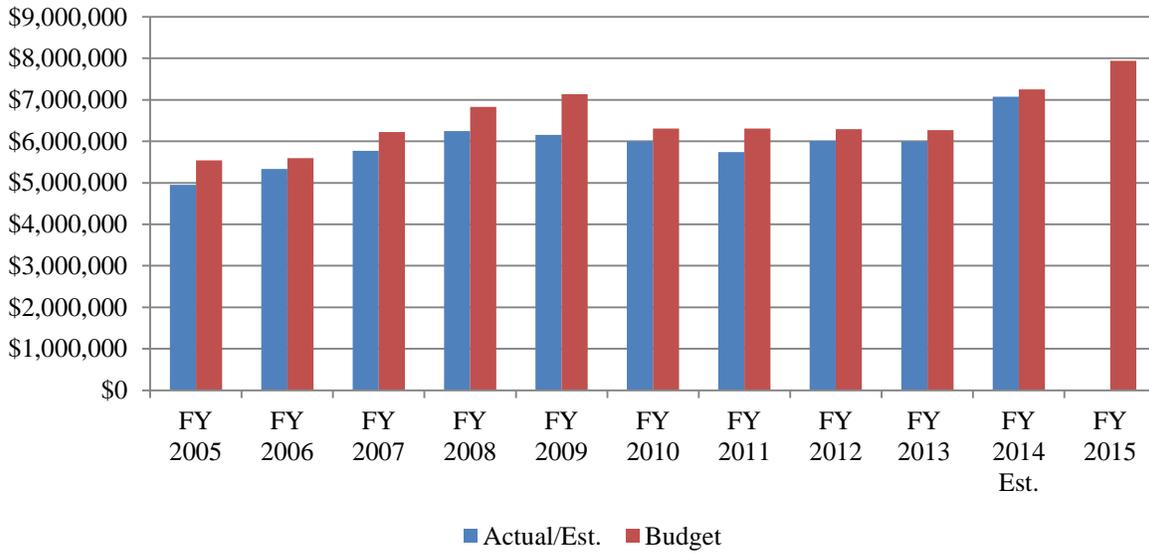


Expenditures - Management Services (Administration/Legal, Administrative Services, Finance, Human Resources)

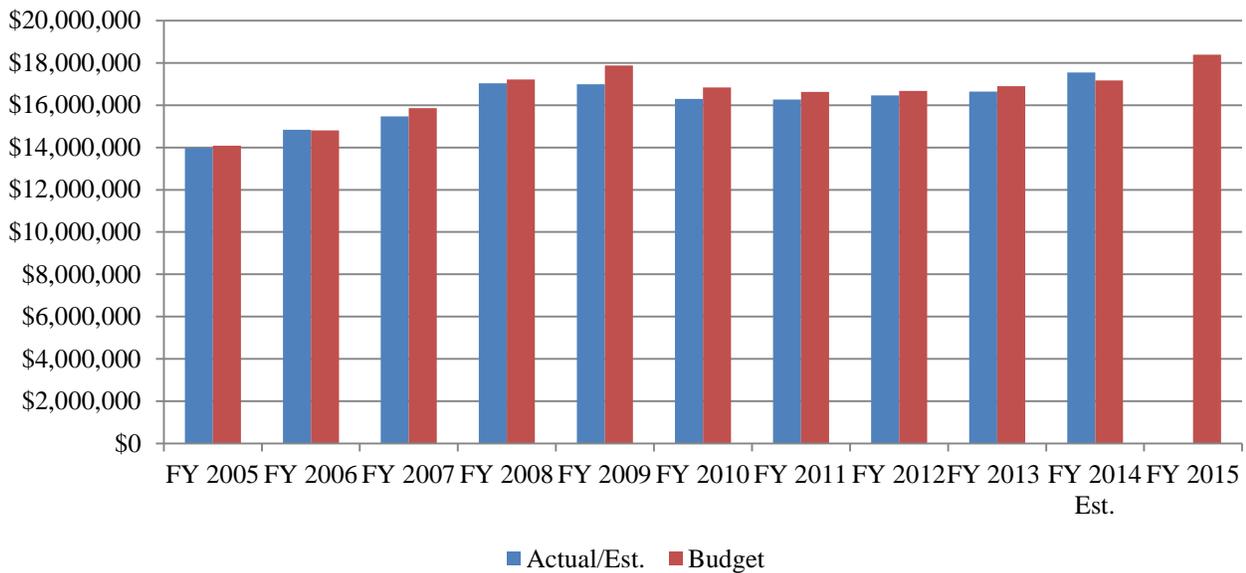


Trend Analysis - Expenditures by Program

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

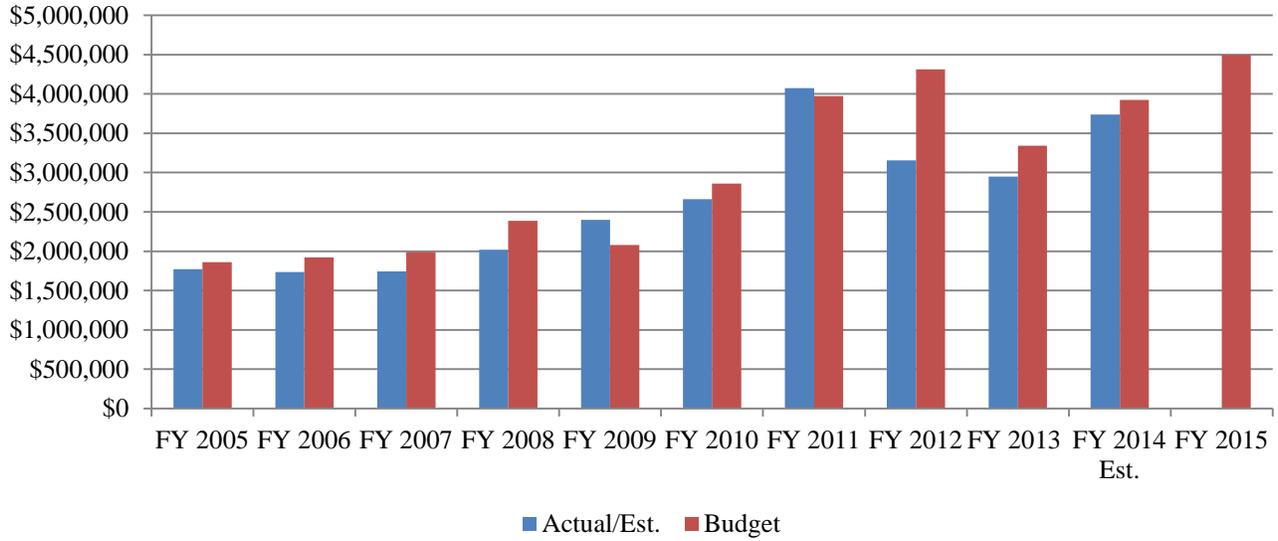


**Expenditures - Public Safety
(Fire and Rescue, Sheriff, Other Public Safety)**



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 2013 Achievements

- Goal 1 – Positive Climate for Business Investment
 - Economic Development Corporation: Board Selection Process, Creation
 - Shelter Cove Town Center Redevelopment: Major Progress, Retails Stores Opening
 - New Business: Whole Foods (to open in 2014)
 - Major Private Sector Reinvestment
 - The Inn at Harbour Town \$2 Million
 - Mall/Kroger \$74 Million (on-going)
 - Pineland Station (Proposed) \$30 Million
 - Walmart \$5 Million
 - Harbour Town Club House \$25 Million (on-going)
 - Plantation Golf Club \$15 Million
 - Sea Pines Beach Club \$15 Million
 - International Events:
 - Concours d’Elegance: Retained Event, Relocation, 25% Increase in Attendance
 - RBC Heritage Golf Presented by Boeing: Successful Tournament, Town Support
 - LMO: Significant Time Investment
- Goal 2 – Town Government: Financially Sound, Excellent Services
 - Fire & Rescue Strategic Plan Adoption
 - Countywide 9-1-1 System
 - Public Information Program: Expansion
 - ATAX: Revenues
 - Employee Compensation and Benefit Study: Initiated
 - GFOA Awards:
 - CAFR – Financial Reporting
 - Budget Presentation
 - Roll Forward: Public Information
 - EMS Billings and Collections: Upgrade
 - Financial Dashboard on Town Website
 - Bond Rating: Reconfirmation
 - Televising Council Meetings
 - Town Website Site: Improvements

Program: General Government
Department: Town Council

- Goal 3 – Enrich Lives of Residents and Guests
 - Arts Collaboration Study: Initiated
 - Chaplin Linear Park: Continued progress
 - 350/30th Town Anniversary and Celebration
 - ICC Building Energy Code Adoption
 - Shelter Cove Park: Continued Progress
 - Golf Course at Port Royal: Land Acquisition
 - Marina Dredging Permit and Project
 - Rowing and Sailing Center: Under Construction
 - Community Events and Festivals; Expansion
 - Chaplin Park: Additional Picnic Shelters (2)
 - Greens Shell Park: Basketball Court and Restroom Rejuvenation
 - Land for 1st Tee Program
 - Mayor’s Youth Volunteer Service Award: Organized
 - Ban on Texting While Driving Ordinance
 - 2nd Public Art Program: Facilitated
 - Sewer Hookups: Increase
 - Donation of Sewer Capacity Rights
- Goal 4 – Upgraded Public Infrastructure and Facilities
 - Old Welcome Center Demolition
 - US278/William Hilton Parkway Pathway (Wexford to Fresh Market)
 - Leg O’Mutton Pathway
 - Pedestrian Crosswalks and Refuges with Pathway Connections at William Hilton Parkway
 - Fire Station 6: Under Construction
 - New parking Lot (Phase 1A) Island Recreation Center
 - Pathways to Honey Horn and Jarvis Creek
 - Main Street and Hospital Center Boulevard Intersection Improvements
 - SHARE (Senior Center) Improvements
 - Beach Boardwalks: Replacement
 - PUD Stormwater Infrastructure Acquisition: Long Cove Club

Program: General Government
Department: Town Council

- Goal 4 – Upgraded Public Infrastructure and Facilities (continued)
 - 2013 Traffic monitoring and Evaluation Report
 - Honey Horn Master Plan: Adoption
 - Town Land Acquisition: 115.42 Acres
- Goal 5 – Preeminence for Environmental Stewardship
 - Shoreline Change Blue Ribbon Report
 - Open Burning Ban: Decision
 - Power Line Burial project: Half Completed
 - Debris Removal Policies
 - Beach Renourishment: Continue Progress

Program: General Government
Department: Town Council

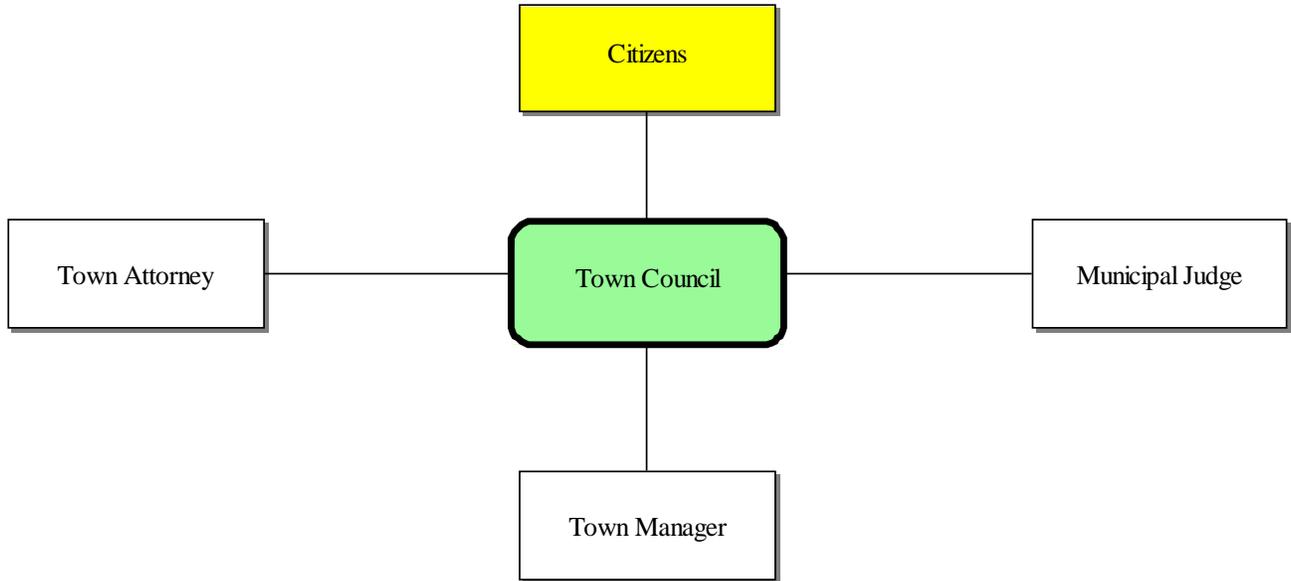
Calendar Year 2014 Top Priorities

- Tax Increment Financing Extension
- USCB Facility Development
- Coligny Area Development
- Island Recreation Center Expansion

Calendar Year 2014 High Priorities

- Land Management Ordinance Rewrite
- Arts Collaboration Study
- Chaplin Linear Park
- Heritage Plaza Road Extension
- Tax Increment Financing Projects Prioritization

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 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Estimated Actual	FY 2015 Budget	Budget \$ Change	Budget % Change
Summary by Category								
Personnel	\$ 74,259	\$ 79,452	\$ 108,380	\$ 139,360	\$ 127,398	\$ 143,776	\$ 4,416	3.17%
Operating	410,241	227,817	266,575	360,750	340,050	356,500	(4,250)	-1.18%
TOTAL	\$ 484,500	\$ 307,269	\$ 374,956	\$ 500,110	\$ 467,448	\$ 500,276	\$ 166	0.03%
Positions	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.

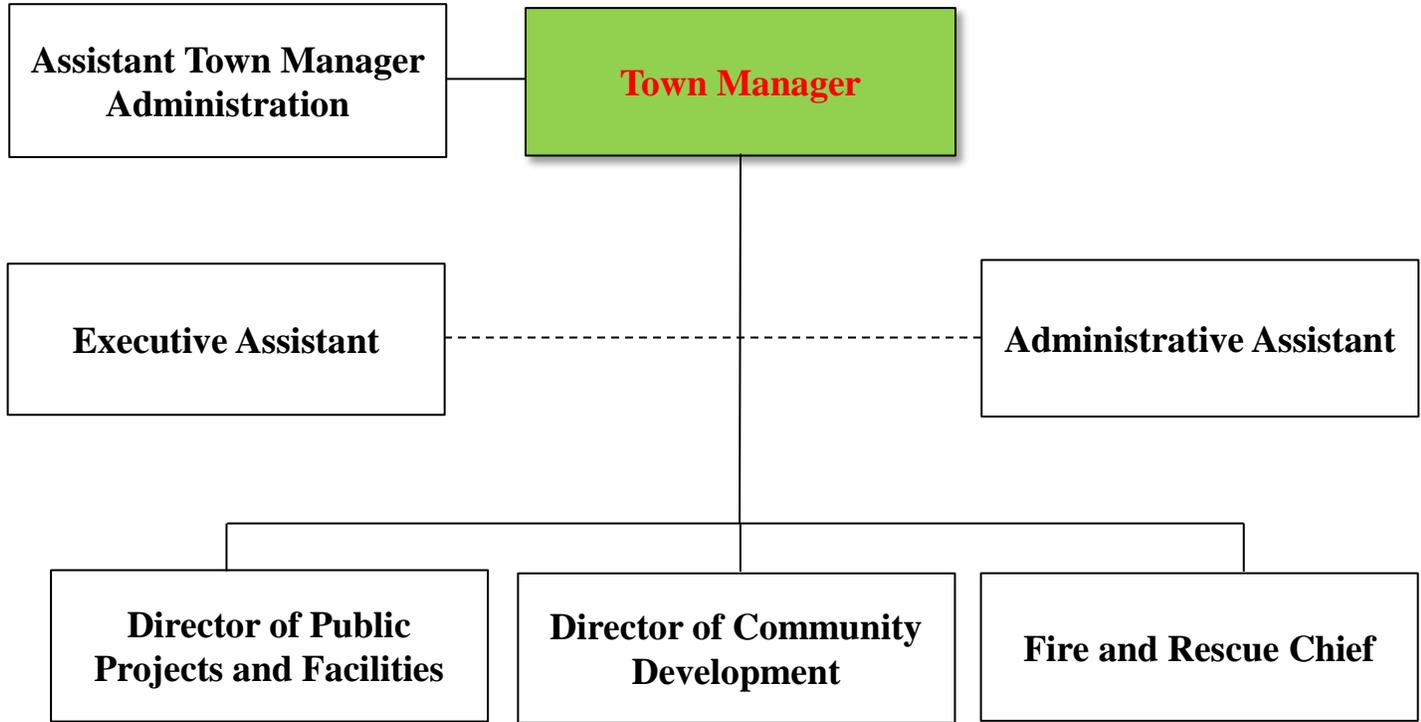
FY 2014 Accomplishments

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

Calendar Year 2014/FY 2015 Goals

- Assist Town Council, Departments and Divisions to achieve their goals
- Solid Waste Collection and Recycling
- Economic Development Corporation
- Shelter Cove Town Centre Development: Rezoning
- ATAX Additional Funds Criteria
- Airport Master Plan: Implementation
- Vacant Underserved property Inventory and Map: Report
- Beach Renourishment 2015: Permitting
- Mathews Drive Side Street Improvement Project: Funding
- Regional Transportation Model: Development
- Lemoyne Avenue Roadway and Pedestrian Improvements: Direction and Funding
- Employee Compensation: Direction and Funding
- Noise Ordinance Revision: Shelter Cove

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 Legal Administrative Manager. The salaries of the Fire and Rescue Chief, Community Development Director and Public Projects and Facilities Director are budgeted in their respective Departments.

Expenditures by Program/Category

Town Manager	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Estimated Actual	FY 2015 Budget	Budget \$ Change	Budget % Change
Summary by Category								
Personnel	\$ 614,911	\$ 550,499	\$ 574,214	\$ 607,571	\$ 598,636	\$ 615,675	\$ 8,104	1.33%
Operating	20,420	24,343	19,336	35,000	26,845	27,000	(8,000)	-22.86%
TOTAL	\$ 635,331	\$ 574,842	\$ 593,550	\$ 642,571	\$ 625,481	\$ 642,675	\$ 104	0.02%
Positions	5.0	5.0	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 2014 Accomplishments

- Assisted with the planning, funding, and organizing of the 350/30 Celebration Week including an Open House at Town Hall and a Community Beach Party, attended by over 3,000 residents and visitors.
- Oversaw the State's Legislative Agenda and its strategies and provided assistance to support the Town's positions on 2012-2013 State Legislation.
- Assisted with the development and implementation of the Town Council Policy Agenda 2013 and Management Agenda 2013.
- Scheduled guests and staff for WHHI's 843TV.
- Permitted over 55 Special Events and 20 non-special events on the Island.
- Processed over 500 Freedom of Information Requests, 50 Subpoenas, and 160 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 drafting ordinances for the adoption of the new texting ban and outdoor burning ban.
- Assisted with the establishment and 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 implementing new method of enforcement 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. This was a record year for turtle nests.
- 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 2014/ FY 2015 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 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Average review of contracts within 3 days	150	150	150
Workers compensation compliance	98.0%	99.0%	99.0%

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

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Average response to FOIA Requests within 10 days	300	500	500

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

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

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Review and Distribute MASC Legislative Alerts	30	30	30
Draft Committee Agendas and attend meetings	9	9	9
Letters of support or opposition	20	20	20

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.

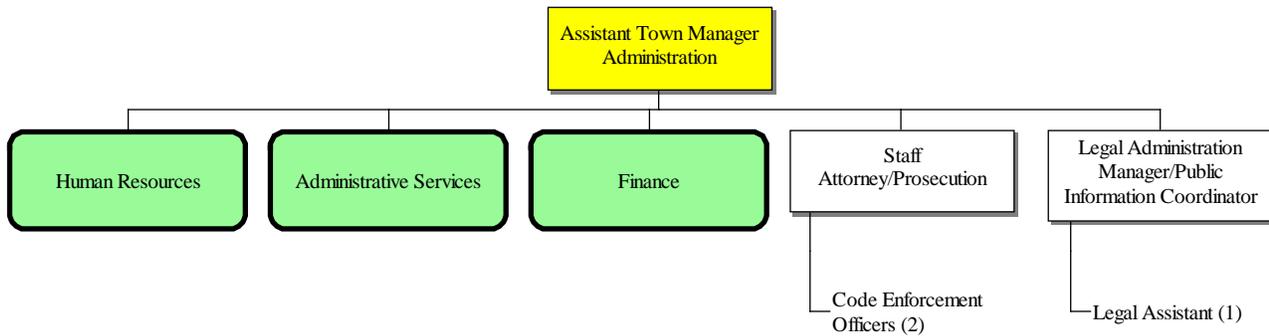
	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Number of special event applications processed	50	55	55
Number of non-special events reviewed and processed	15	20	20

Program: Management Services
 Division: Administration/Legal

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 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Attorney prosecutions	98	75	75
Attorney assists Deputy with prosecution	30	25	25
Attorney assists Code Enforcement with prosecution	22	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 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Estimated Actual	FY 2015 Budget	Budget \$ Change	Budget % Change
Summary by Category								
Personnel	\$ 381,159	\$ 398,375	\$ 356,821	\$ 437,059	\$ 428,356	\$ 454,149	\$ 17,090	3.91%
Operating	21,664	26,021	22,809	38,300	33,795	38,825	525	1.37%
Capital	-	-	-	-	-	26,000	26,000	-
TOTAL	\$ 402,823	\$ 424,396	\$ 379,630	\$ 475,359	\$ 462,151	\$ 518,974	\$ 43,615	9.18%
Positions	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 2014 Accomplishments

1. Completed upgrade of conference rooms.
2. Continued our efforts on a multi-year project to digitize all town records and the implementation of an enterprise records management system.
3. Completed implementation of the new permitting software.
4. Completed several enhancements to the Town’s Website that improved access for citizens to information and documents. Fully developed Public Information Program initiatives.
5. Initiated broadcast services for all Council meetings.

Calendar Year 2014/FY 2015 Goals, Objectives, and Performance Measures

Goal (IT):

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

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

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <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

Program: Management Services
 Division: Administrative Services

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

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <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.

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Number of cases docketed	6,156	4,964	5,063
Number of cases disposed	6,271	5,220	5,324
Number of search warrants issued	28	10	12
Number of arrest warrants issued	502	244	248
Number of bench warrants issued	363	404	412

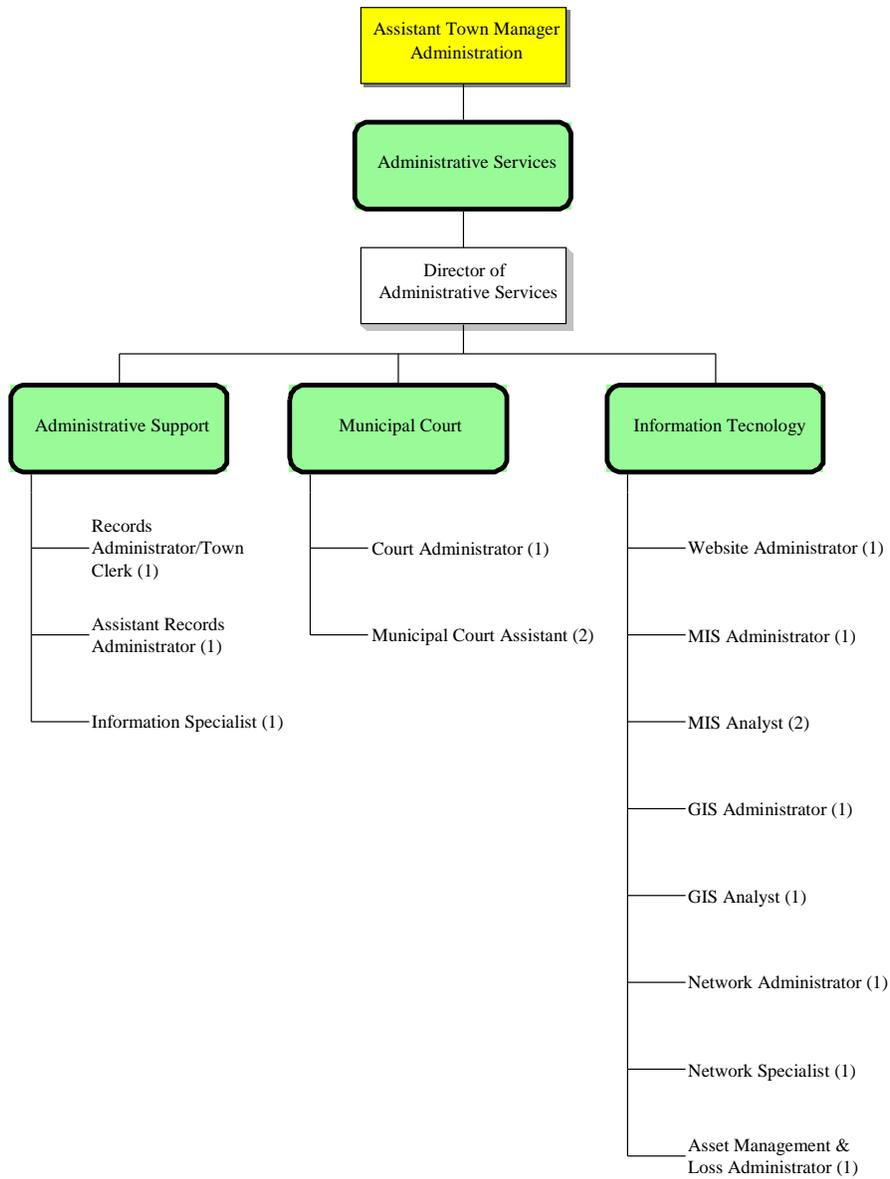
Goal (Records Administration):

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 digital records not later than 12 months from the date received.

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <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 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Estimated Actual	FY 2015 Budget	Budget \$ Change	Budget % Change
Expenditures:								
Program Summary								
Administratve Support	\$ 219,840	\$ 209,677	\$ 171,549	\$ 234,116	\$ 199,215	\$ 234,752	\$ 636	0.27%
Municipal Court	400,355	371,047	376,951	413,405	393,884	425,391	11,986	2.90%
Information Technology	1,573,291	1,576,389	1,813,266	2,308,507	2,368,085	2,075,209	(233,298)	-10.11%
Total	\$ 2,193,486	\$ 2,157,113	\$ 2,361,766	\$ 2,956,028	\$ 2,961,185	\$ 2,735,352	\$ (220,676)	-7.47%
Summary by Category								
Personnel	\$ 1,392,927	\$ 1,324,437	\$ 1,337,325	\$ 1,464,696	\$ 1,497,828	\$ 1,518,627	\$ 53,931	3.68%
Operating	735,579	711,834	763,491	944,347	916,372	972,225	27,878	2.95%
Capital	64,981	120,841	260,950	546,985	546,985	244,500	(302,485)	-55.30%
Total	\$ 2,193,486	\$ 2,157,113	\$ 2,361,766	\$ 2,956,028	\$ 2,961,185	\$ 2,735,352	\$ (220,676)	-7.47%
Positions	17.5	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.

Program: Management Services
Division: Human Resources

FY 2014 Accomplishments

- Led Classification & Compensation Study designed to evaluate internal equity, external competitiveness, and policies and procedures associated with compensation delivery; produced updated class specifications for all employees; included cost-impacting recommendations in FY15 budget proposal.
- Improved employment and onboarding processes to expedite recruitment, facilitate identification of qualified candidates, reduce cost, and support new hire success; significantly improved process for creating Firefighter and Dispatcher candidate pools; administered new Fire Chief selection process and supported selection process for Economic Development Corporation Board of Directors.
- Supported key organization redesigns, succession planning and position modifications, resulting in improved performance quality, increased productivity, increased spans of control, and reduced cost.
- Supported development and delivery of townwide training initiatives designed to effectively support employee business, technology, financial and wellness needs while addressing budget constraints; used in-house training resources where feasible; varied delivery methods to meet employee needs.
- Improved performance management through increased training/support for both new and experienced supervisors, clarification of performance objectives/expectations, more effective evaluation of performance results, and focused HR/upper level management intervention in addressing performance deficiencies.
- Maintained cost-effective Workers' Compensation program and effective return to work process including use of deductible program to reduce premiums, increased discounts/credits, and continued emphasis on employee safety and light duty assignments to encourage return to work.
- Managed HR programs to comply with new/changing federal and state laws, appropriately addressed changes in federal regulations, and monitored pending legislative impact. Finalized audit of Town's compliance with Fair Labor Standards Act, focusing on confirmation of overtime exemption status for designated positions. Monitored impact of Affordable Care Act provisions on Town benefits.
- Continued implementation of process and form changes designed to incorporate user-friendly enhancements and support "green" initiatives, resulting in improved customer service and understanding of HR processes; implemented expanded monthly HR Newsletter.
- Continued delivery of employee wellness initiatives to include health screenings, flu shots, EAP overviews, lunch and learn sessions, individual and team health-related activities, etc. Developed comprehensive strategy for delivery of ongoing wellness initiatives; implemented new Employee Wellness Committee.
- Effectively designed, communicated and implemented compensation and benefit changes in response to economic constraints and changing business needs; modified merit allocation process to allow use of discretionary funds to effectively address individual situations.

Program: Management Services
 Division: Human Resources

Calendar Year 2014/FY 2015 Goals, Objectives, and Performance Measures

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

Objective: Effectively manage recruitment process.

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
# of positions filled	44	40	45
# of external hires	25	24	25
% of external offers accepted	89.3%	85%	85%
Avg. time to fill positions (requisition approval to offer acceptance)	27 Days	25 Days	27 days
Direct cost per hire (exc. staff time)	\$1,473	\$1,000	\$1,400

Objective: Retain employees capable of achieving Town goals.

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Overall turnover rate	10.68%	10.2%	10.0%
Voluntary turnover rate	9.4%	8.5%	8.5%
Involuntary turnover rate	1.28%	1.7%	1.5%
Turnover Rate during 1 st year	28%	20%	20%
High performer loss (rating \geq 3.25)	4	1	2

Goal 2: Offer competitive total rewards program.

Objective: Maintain competitive compensation programs.

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Salary budget increase % vs. public sector nat'l avg	.7% more	.4% more	.2% more
Salary budget increase % vs. private sector nat'l avg (< 500 employees)	.2% less	.3% less	Same
% high performers paid > range mid	47%	47.5%	48.2%
# of resignations due to salary	0	0	1

Program: Management Services
 Division: Human Resources

Objective: Maintain competitive benefit programs.

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Benefits as % of salary	36.79%	37.86%	37.50%
Avg. Town medical cost vs. nat'l avg	\$2,149 less	\$1,852 less	\$1,500 less
Eligible employee participation rate in 401k match plan	84%	90%	90%
# of resignations due to benefits	0	0	0

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

Objective: Facilitate effective succession planning and career development

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
# of promotions	18	15	19
# of transfers	1	1	1
Internal placement rate	43.25%	40%	45%

Objective: Provide effective interdepartmental talent development initiatives.

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
# of interdepartmental participant training hours	1,768	2,400	2,400
% of employees participating in tuition reimbursement program	3%	3%	3%
# certification/degree bonuses given	3	4	4

Objective: Maintain effective employee job performance.

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
% of employees meeting expectations	96%	95%	95%
% of employees with improved ratings	22%	24%	25%
# of Employee Recognition Awards	11	8	10

Program: Management Services
 Division: Human Resources

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

Objective: Optimize position and organization design

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
# of positions created/re-evaluated	8	1*	6
# of organization redesigns supported	2	3	2

* On hold pending Compensation Study results

Objective: Maintain employee productivity and engagement.

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Non-FMLA sick leave (% of work hrs)	1.93%	1.87%	1.75%
Average length of service (in years)	11.05	10.75	11.00

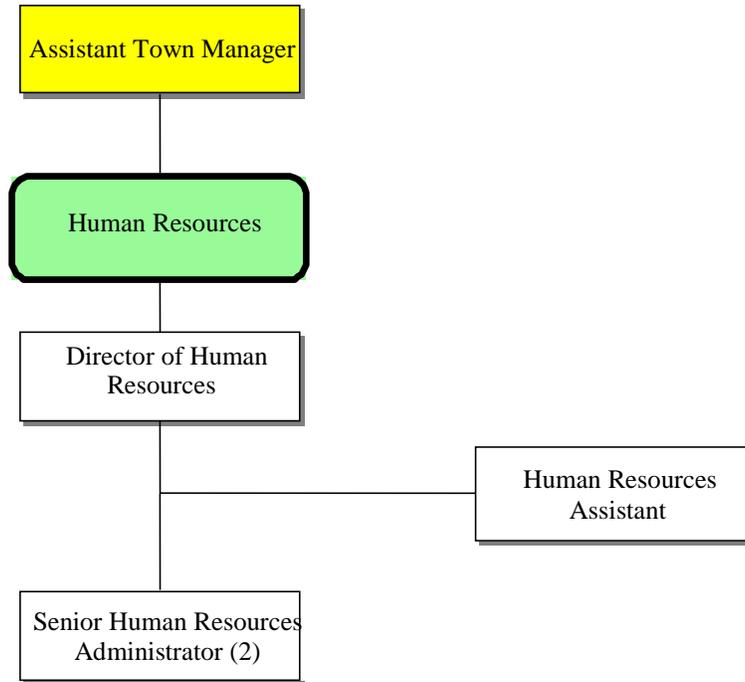
Objective: Support workplace safety

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
# of reported employee injuries	10	12	12
# of lost work days due to injury	15	40	30

Objective: Encourage participation in wellness initiatives

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
% using medical preventive care benefit	31%	35%	40%
% using dental preventive care benefit	34%	30%	30%
% eligible employees participating in health screening	30%	35%	40%

Program: Management Services
 Division: Human Resources



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

Expenditures by Program/Category

Human Resources	FY 2011	FY 2012	FY 2013	FY 2014	FY 2014		Budget \$ Change	Budget % Change
	Actual	Actual	Actual	Budget	Estimated Actual	FY 2015 Budget		
Summary by Category								
Personnel	\$ 398,363	\$ 403,054	\$ 401,493	\$ 419,484	\$ 413,166	\$ 435,857	\$ 16,373	3.90%
Operating	97,062	83,675	124,937	170,430	147,662	138,370	(32,060)	-18.81%
Capital	-	-	-	-	-	-	-	-
TOTAL	\$ 495,426	\$ 486,729	\$ 526,430	\$ 589,914	\$ 560,828	\$ 574,227	\$(15,687)	-2.66%
Positions	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 2014 Accomplishments

- The Town was awarded the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association for the twenty-fifth consecutive year and the Distinguished Budget Presentation Award for the ninth year.
- The Town received an unqualified opinion from the independent external auditors on the financial statements and did not receive any findings related to internal controls over financial reporting.
- The paperless records retention project continues to allow the Finance Department to be environmentally responsible and allows faster and more efficient access to financial information.
- The Town implemented and educated employees on a new purchasing card system with Bank of America.
- The Town negotiated lower credit card merchant processing rates with the implementation of the new permitting software in the Community Development Department.
- The Town implemented a financial dashboard on its external website displaying General Fund budget to actual figures for economic transparency to its citizens.
- The impact of Beaufort County’s property reassessment necessitated the Town to educate not only the public but the Town Council on the implications of reassessment.
- Efforts made towards our ATAX project resulted in more than \$243,000 in collections for FY’2013. The total ATAX project collections through February 28th 2014 are more than \$390,000.

Calendar Year 2014/FY 2015 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 2014 <u>Actual</u>	FY 2015 <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	12.23%	11.53%

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.

	<u>FY 2013</u> <u>Actual</u>	<u>FY 2014</u> <u>Projected</u>	<u>FY 2015</u> <u>Budget</u>
Business license renewals processed:	6,237	6,434	6,450
New business licenses processed	1,270	1,300	1,350
Local ATAX/Beach Preservation Fee Accounts*	1,225	1,250	1,275
Hospitality Tax receipts processed	2,150	2,200	2,220
Local ATAX/Beach Preservation Fees receipts processed	3,639	3,750	3,900
Beach passes issued	1,366	1,375	1,390
Miscellaneous receipts processed	3,234	3,000	3,000
EMS # calls billed	3,593	3,600	3,625
EMS collections (payments)	\$1,142,592	\$1,145,000	\$1,153,000
EMS charges billed	\$1,661,303	\$1,665,000	\$1,676,000

*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.

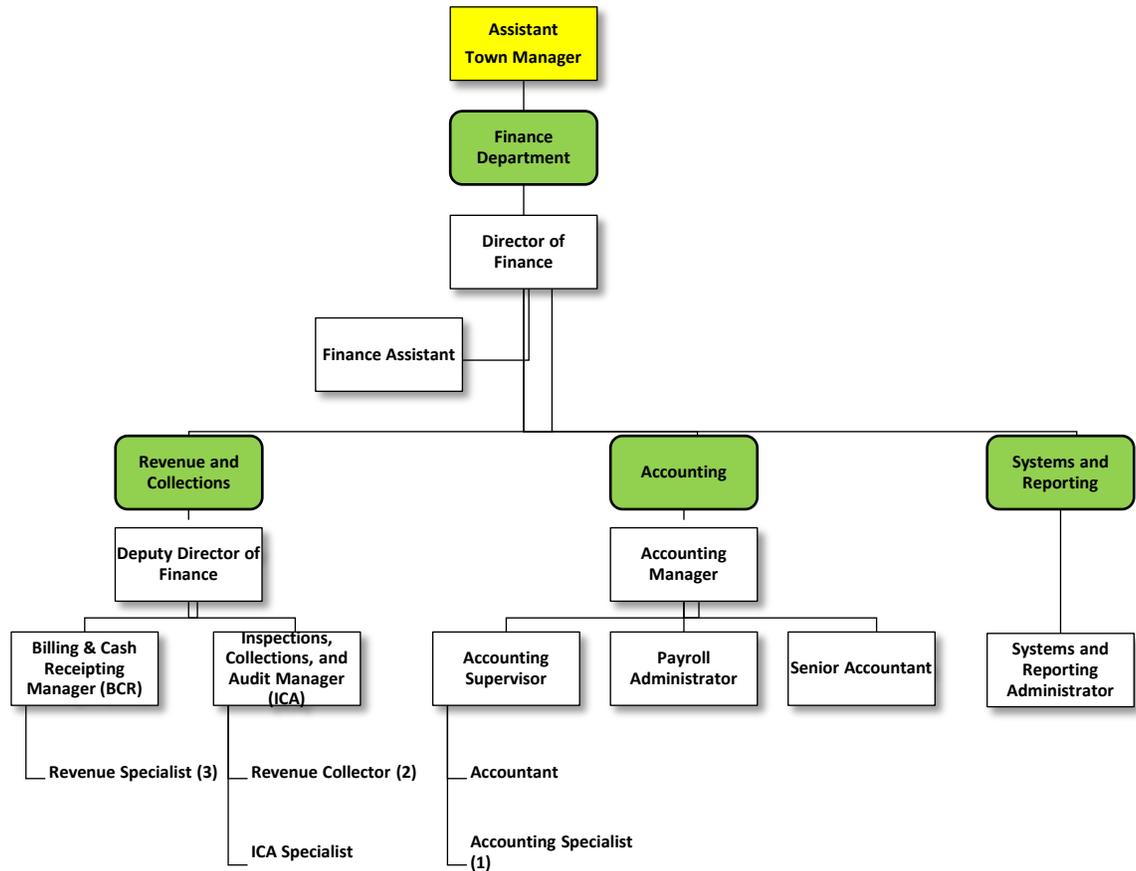
	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
New OOT/OOC business licenses issued within one (1) business day	100%	100%	100%
New home-based business licenses issued within five (5) days	100%	100%	100%
Store front business licenses issued within 15 days	100%	100%	100%

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

Objective: Conduct business license site visits/contacts.

	FY 2013 <u>Actual</u>	FY 2014 <u>Projected</u>	FY 2015 <u>Budget</u>
Business license site visits/contacts	3,519	3,000	4500

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 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Estimated Actual	FY 2015 Budget	Budget \$ Change	Budget % Change
Expenditures:								
Program Summary								
Administration	\$ 211,370	\$ 247,858	\$ 282,117	\$ 302,481	\$ 302,833	\$ 310,398	\$ 7,917	2.62%
Accounting	589,795	538,530	546,355	606,582	590,724	626,488	19,906	3.28%
Revenue and Collections	700,325	569,734	677,526	856,137	698,640	830,957	(25,182)	(0.0)
Total	\$ 1,501,490	\$ 1,356,122	\$ 1,505,998	\$ 1,765,200	\$ 1,592,197	\$ 1,767,843	\$ 2,644	0.15%
Personnel	\$ 1,345,208	\$ 1,246,454	\$ 1,360,226	\$ 1,503,415	\$ 1,408,013	\$ 1,553,207	\$ 49,792	3.31%
Operating	156,281	109,668	145,771	261,785	184,184	214,636	(47,149)	-18.01%
Total	\$ 1,501,490	\$ 1,356,122	\$ 1,505,998	\$ 1,765,200	\$ 1,592,197	\$ 1,767,843	\$ 2,643	0.15%
Positions	18.0	18.0	18.0	18.0	18.0	18.0	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

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 2014 Accomplishments

- Oversaw a consultant to complete draft plans of Chaplin Linear Park to include holding public input sessions and participating in public meetings.
- Oversaw first phase of redevelopment of Shelter Cove Mall site.
- Worked with consultants on plan for new Shelter Cove Community Park.
- Oversaw a consultant to prepare three draft options for the Town owned property in Coligny to include holding public input sessions and participating in public meetings.
- Worked closely with USCB to identify potential Island locations for their hospitality program
- Worked with consultant to develop initial draft of new LMO.
- Hired Arts Consultant to lead effort in a collaboration study. Plan currently being drafted.
- Finalized recommendation on Island Recreation Center Expansion, without Aquatic Center or splash pad.
- Hired a software company to replace aging permitting software. Software is in testing phase.
- Approved creation of a Metropolitan Planning Organization called LATS for regional transportation planning. Long Range Plan currently being drafted by consultant.
- Completed vacant property inventory and mapping application.
- Established the Hilton Head Island Economic Development Corporation.
- Assisted in organizing and coordinating for EDC Strategic Planning Workshop.
- Coordinated EDC meetings, tours, and other logistical and administrative support.
- Provided coordination and Town logistical support for the 2013 Public Art Exposition.
- Building Permits initialized: 2,196 through 2/10/2014.
- Web Permits generated: 898 through 2/10/2014.
- Number of Inspections: 8,320 from July 2013 through 2/10/2014.
- Planning-type permits for 2013: DPR- 10; XDPR- 49; SUB-11; ZMA-9; SE-2; VAR-7; Appeals-7; DRB- 52; Signs-195; NAT-794.
- Awarded Tree City USA.
- Completed total island-wide upgrade of pathway maps and kiosks.
- Secured \$773,528 in grants awards.
- Developed digital educational material for sustainability and alligator safety.
- Partnered in the development of the new storm water electronic kiosk.
- Assisted in facilitation in sale of a portion of Welcome Center property.
- Coordinated Sewer projects in the TIF District with PSD (Spanish Wells and Barker Field).
- Worked with United Way to permit two additional freestanding 'thermometer' signs on Town owned property.
- Drafted and adopted new regulations related to the separation of auto sales from residential use.

Program: Community Services
Department: Community Development

Calendar Year 2014/FY 2015 Goals and Objectives

Goal: Examine extending Tax Increment Financing District timeframe.

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

Goal: Investigate USCB Facility Development in Office Park Road area.

Objective: Determine partnership agreement with the Town and acquire necessary properties.

Goal: Finalize plans for Coligny Area Development.

Objective: Determine capital improvement projects for public facilities in Coligny area.

Goal: Finalize plans for Recreation Center Expansion.

Objective: Approve revised master plan for the site and place in CIP budget.

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

Objective: Complete a draft and move through approval process.

Goal: Complete an Arts Collaboration Study.

Objective: Finalize strategic plan for collaboration, organization and funding.

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

Objective: Coordinate with consultant to design project and provide construction plans.

Goal: Finalize plans for Shelter Cove Park.

Objective: Obtain permit approvals, budget inclusion, and construction oversight.

Goal: Assist in organization and programs for Economic Development Corporation.

Objective: Coordinate with the corporation, determine funding, support services from town staff, operations, and potential projects to pursue.

Goal: Implement Airport Master Plan.

Objective: Continue to coordinate with county and airport officials.

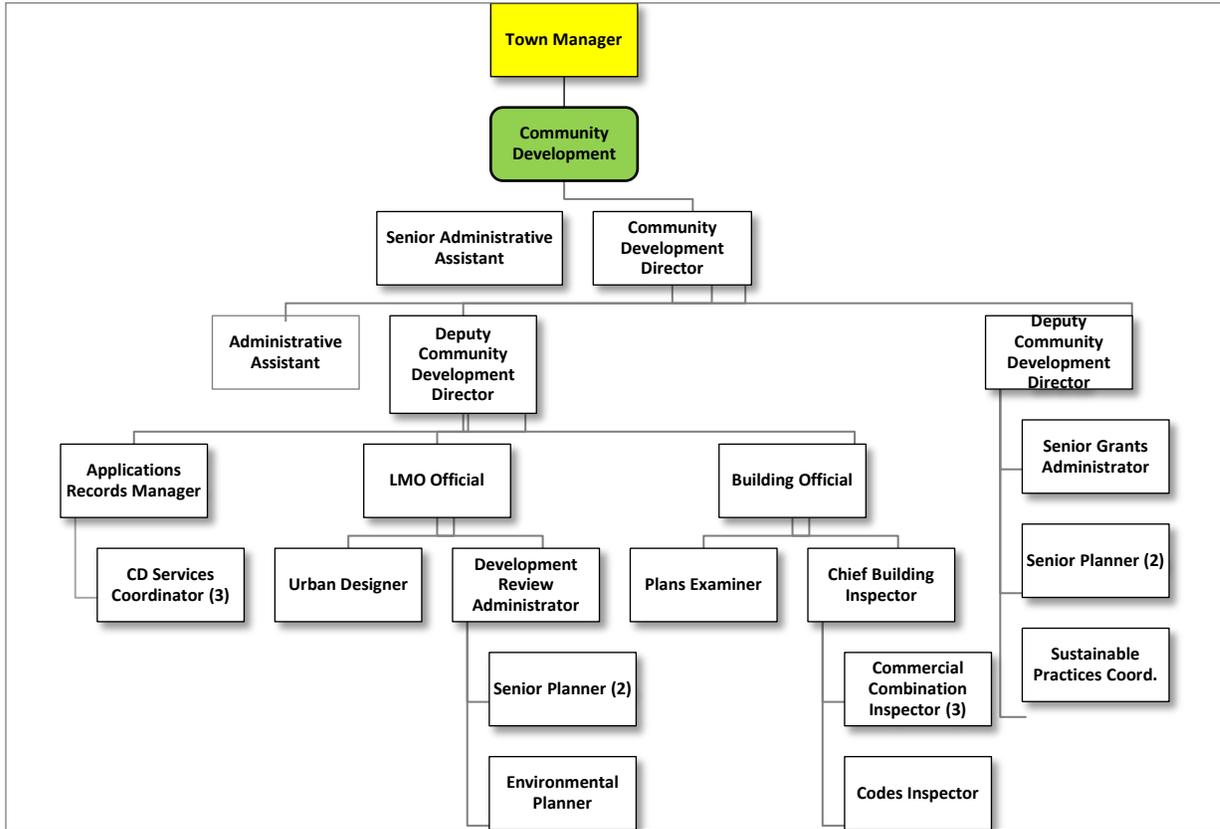
Goal: Vacant Underserved Property Inventory and Map: Report.

Objective: Create a tool to use for businesses looking to locate to or relocate around the Island.

Goal: Draft a Noise Ordinance Revision: Shelter Cove.

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

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 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Estimated Actual	FY 2015 Budget	Budget \$ Change	Budget % Change
Expenditures:								
Program Summary								
Administration	548,303	593,454	562,958	600,343	586,434	548,286	\$ (52,057)	-8.67%
Inseptions/Compliance	603,691	614,999	664,599	636,722	650,615	701,677	\$ 64,955	10.20%
Comprehensive Planning	367,135	347,178	366,297	498,782	500,569	524,929	\$ 26,147	5.24%
Development, Review & Zoning	674,375	633,069	625,143	863,512	844,405	680,578	\$ (182,934)	-21.18%
CD Services	289,892	268,332	274,914	289,392	283,456	304,500	\$ 15,108	5.22%
Total	\$ 2,483,396	\$ 2,457,032	\$ 2,493,911	\$ 2,888,751	\$ 2,865,479	\$ 2,759,970	\$(128,781)	-4.46%
Summary by Category								
Personnel	\$ 2,421,687	\$ 2,326,906	\$ 2,352,056	\$ 2,385,756	\$ 2,401,856	\$ 2,541,054	\$ 155,298	6.51%
Operating	61,708	130,126	141,855	502,995	463,623	218,916	(284,079)	-56.48%
TOTAL	\$ 2,483,395	\$ 2,457,032	\$ 2,493,911	\$ 2,888,751	\$ 2,865,479	\$ 2,759,970	\$(128,781)	-4.46%
Positions	30	27	27	26	26	26	0.0	0.00%

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.

2014 Accomplishments

ENGINEERING

PATHWAYS

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

Program: Community Services
Department: Public Projects and Facilities

ROADWAYS

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

STORMWATER

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

Program: Community Services
Department: Public Projects and Facilities

BEACH

- Continued physical and environmental monitoring of the beach.

DISASTER RECOVERY

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

GENERAL

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

FACILITIES SERVICE

EXISTING FACILITIES

- Anticipated completion of the new Fire Station 6 with LEED certification.

TOWN HALL RENOVATIONS

- Complete renovation of conference room 4.
- Finance/Engineer wing renovations to include offices and new additions for the revenues collections section.

CLEAN UP MAINTENANCE AND DEMO

- Pilot project for vine removal on various Town properties.
- Graded, seeded, and created viewing corridors at the old Welcome Center property.
- Removal of the old guard shack at the Coligny big lot.

Program: Community Services
Department: Public Projects and Facilities

PARK UPGRADES

- Jarvis Creek Park new picnic shelter.
- Chaplin Park additional picnic shelters.
- Chaplin Park outdoor racquetball court.
- Greens Shell Park basketball court re-surfacing.

REHAB/RENOVATION

- Wooden pathway repairs at Jarvis Park, Spanish Wells pathway and Pope Ave.
- Compass Rose decking/roofing repairs.
- Barker Field boardwalk repairs.

PATHWAY MAINTENCE

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

WORK ORDER TOTALS

- Completed over 5,200 W/O's using in house staff.

2015 Objectives

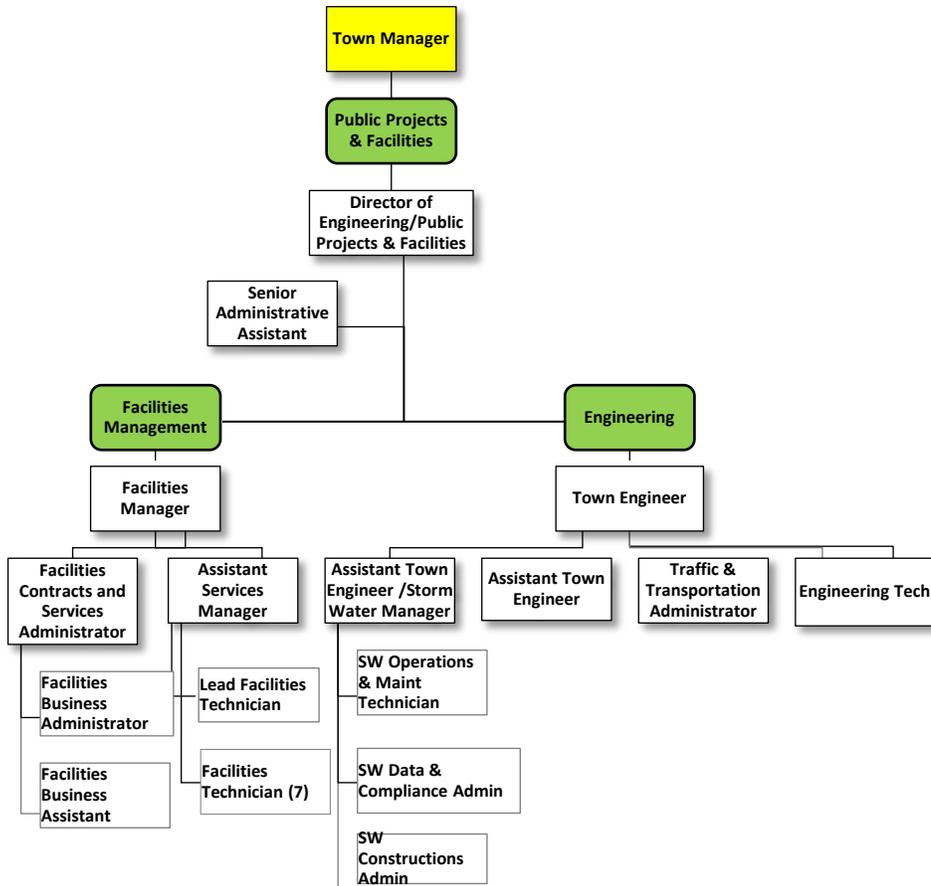
ENGINEERING

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

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 of a comprehensive in house inspection and maintenance program for Town owned properties and facilities utilizing iMaint automated maintenance programs and quarterly inspection reports.
- Support and manage the escalating demands and costs of maintenance of all Town facilities to include the 7 Fire Stations and Fire/Rescue Headquarters.
- Provide Project Management as required for assigned Capital Improvement Projects.
- Provide staff support as may be required for the expansion of the Town’s recycling program.

Program: Community Services
 Department: Public Projects and Facilities



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

Expenditures by Program/Category

Public Projects & Facilities	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014		Budget \$ Change	Budget % Change
					Estimated Actual	FY 2015 Budget		
Expenditures:								
Program Summary								
Administration	\$ 232,326	\$ 233,415	\$ 239,382	\$ 249,972	\$ 248,764	\$ 260,417	\$ 10,445	4.18%
Engineering	643,071	654,347	723,367	816,139	799,941	1,291,589	475,450	58.26%
Facilities Management	2,381,406	2,426,994	2,539,756	3,293,788	3,158,394	3,633,324	339,536	10.31%
Total	\$ 3,256,803	\$ 3,314,757	\$ 3,502,505	\$ 4,359,899	\$ 4,207,099	\$ 5,185,330	\$ 825,431	18.93%
Summary by Category								
Personnel	\$ 1,544,774	\$ 1,628,441	\$ 1,713,161	\$ 1,628,996	\$ 1,638,335	\$ 1,712,867	\$ 83,871	5.15%
Operating	1,712,030	1,686,315	1,789,344	2,703,903	2,554,644	3,472,463	768,560	28.42%
Capital	-	-	-	27,000	14,120	-	(27,000)	-100.00%
TOTAL	\$ 3,256,803	\$ 3,314,756	\$ 3,502,505	\$ 4,359,899	\$ 4,207,099	\$ 5,185,330	\$ 825,431	18.93%
Positions	22	20	20	19	19	19	0.0	0.00%

Program: Public Safety
Department: Fire and Rescue

Mission

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

Core Services

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

2014 Accomplishments

- **Enhanced security of controlled substances** – Introduced the utilization of a vault system that requires the use of a private pin code to access the medications. The improved technology can produce a detailed audit of when the vault was accessed, thus increasing accountability and control.
- **Paramedic Student Selection updated** - Updated the selection process for paramedic student selection and enrolled four incumbent members into a paramedic course.
- **Firefighter Candidate Application and Testing Process** - Conducted the firefighter candidate application and testing process for over 200 applicants and hired seven new firefighters.
- **Special Events Support** - Personnel provided emergency services coverage to the Heritage, Concours, St. Patrick's Day Parade, and other special events.
- **Obtained Heritage Foundation Donation** - Fire Rescue obtained a \$14K donation from the Heritage Foundation to purchase an automatic chest compression device that will help to improve outcomes of sudden cardiac arrest victims through enhanced cardiac compressions established in the field or during transport. (August 2013)

Program: Public Safety
Department: Fire and Rescue

- **Increase AED's in the public-** AEDs have been installed in 15 Fire Rescue administrative vehicles. Additionally 11 AEDs and appropriate signage have been placed at Town owned locations such as parks and public offices. These locations are noted in FR Computer Aided Dispatch and E911 dispatchers will prompt civilians to access the lifesaving devices at those locations.
- **Fleet Maintenance Service Truck Reduction-** Fleet Maintenance vehicles used for repair and maintenance of the Town's vehicle fleet has been reduced by the replacement of 2 service trucks with 1 more versatile service truck.
- **Enhanced Logistical Capabilities -** Purchased and traded in 3 light/medium duty trailers. This reconfiguration of trailers improves FR's ability to move specialized assets in times of emergency and enhance the Towns FM division in their daily transport of equipment.
- **SC Homeland Security Grant – General Urban Search & Rescue (USAR) Equipment -** Received \$167K for the purchase of equipment, training and upkeep of USAR and WMD Haz Mat Regional Response Teams.
- **Conducted Annual Household Hazardous Waste Round Up -** This year, FR collected 35,946 lbs of hazardous materials and 45,734 lbs of Electronic waste including 181 PC's, 180 Monitors, 156 Printers, and 358 Televisions.
- **Purchased and configured a Recovery Node for FR critical data and operating systems-** The recovery node backs up all reporting, inspection and CAD as well as its critical operating systems nightly. This node is used to recreate the Dispatch and reporting infrastructure in case of catastrophic failure of the E911 center and is taken off island in time of Hurricane evacuation.
- **Addressing Scheme Developed -** With the redevelopment of Shelter Cove in 2013, 17 new addresses were added and 7 addresses had to be changed. This took a lot of coordination with the Town, Shelter Cove Harbour Co. and already established businesses, but in the end a good addressing scheme was implemented.
- **Installed Mobile Repeater in the Battalion Chief Vehicle –** This allows better communications in areas that are less than ideal to transmit using current radio system i.e. areas out on the beach, or large metal buildings. It takes a non-repeated channel and re-transmits it over a repeated channel. (January 2013)
- **Installed Wireless Radio system in Battalion Chief Vehicle -** This allows the incident commander to utilize headsets to better hear radio traffic while maintaining mobility. (February 2013)
- **Established Dispatcher Hiring Pool –** To streamline and improve the overall hiring process for the communications center, a new validated electronic test was utilized and a hiring pool of successful candidates was established. This drastically decreases staff time to hire new employees throughout the year. (October 2013)

Program: Public Safety
Department: Fire and Rescue

- **Installed new Patriot Phone System** – In conjunction with Beaufort County Emergency Management, the Voice over IP Phone system was installed. It replaced the old analog Vesta phone system that was at the end of service life. (November 2013)
- **Emergency Fire Dispatch Protocol** – All dispatchers were certified in using the Emergency Fire Dispatch protocol. The ISO Public Protection Classification (PPC) program added points for the use of emergency fire dispatch protocols, and requiring certification, continuing dispatch education and quality assurance. This will help Fire Rescue retain maximum points during the next evaluation period. (December 2013)
- **Response Time Improvements** – Dispatch answered both emergency and non-emergency phone lines in less than five seconds 96.4 percent of the time. (2013)
- **Dispatch Quality Assurance/Quality Improvement Program** – Followed a procedure to review all 911 phone calls requesting medical assistance to ensure they are handled in the best possible manner. The process helps identify any additional training that may be beneficial. After a year and a half of consistent reviews, the communications center is 96.9 percent compliant in use of the Emergency Medical Protocol. (2013)
- **Reduced 911 Error Rates** - Corrected 200 numbers with no associated address. Successfully moved all the phone numbers in Daufuskie back to the correct PSAP. Worked to resolve 135 misrouted phone calls that rang into an incorrect PSAP and had to be transferred. 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)
- **Outdoor Classroom Construction** – Specified and coordinated construction of an outdoor classroom at the Training Center with Facilities Management. This classroom provides a place to conduct training briefings, skills development, and firefighter rehabilitation during live fire training, company drills, South Carolina Fire Academy classes, and other training activities. It also shelters Class A fuels to reduce inclement weather impact on live fire training. (July 2013)
- **South Carolina Wildland Firefighting Course** – Hosted a South Carolina Fire Academy Wildland Firefighting for Structural Firefighters pilot course. This two-day course involved using specialized Forestry firefighting equipment to construct fire lines and to fight simulated woods fires with water and foam. Fourteen of our firefighters completed this course. Two of our officers also completed the instructor requirements for this course. (September 2013)
- **New Cardiac Care Instructors** – Six new instructors were trained and qualified to conduct American Heart Association courses for Fire Rescue. These instructors are certified to teach CPR, Advanced Cardiac Life Support, and Pediatric Life Support. This increases our ability to meet state regulations for annual training for our EMTs and Paramedics while reducing costs. (September 2013)

Program: Public Safety
Department: Fire and Rescue

- **New Live Fire Instructors** – Fifteen new instructors were trained and qualified to conduct live fire training at our Training Center. The addition of these instructors allowed us to meet state and national live fire safety standards while greatly reducing overtime costs. (October 2013)
- **High Angle Rope Rescue Level I and II Course** – The 40-hour class was developed to meet the *National Fire Protection Association (NFPA) Standard 1006 Professional Qualifications for Technical Rescuers* and the *NFPA Standard 1670 Standard on Technical Search and Rescue* for rope rescue. This training was not otherwise available except at great cost. This course met all of the objectives for both levels of rope rescue as specified by the NFPA. The instructors developed course objectives, designed and presented audiovisual materials, designed skills development exercises, and developed and administered written and skills testing. Twenty-five Hilton Head Island and Bluffton firefighters completed this course. Two Hilton Head Island and one Bluffton firefighter also completed their instructor requirements for this course. (December 2013)
- **SC Fitting Station of the Year** - Awarded the Fitting Station of the Year award by SC DHEC for work in installation of child passenger seats. Selected out of 75 fitting stations in SC. (September 2013)
- **CPR Education With HH Hospital** - Jointly teaching free CPR classes to the public at HH Hospital once a month. (Ongoing Program)
- **Mobile Computing** – The fire Inspectors must access and input data to multiple data bases on a daily basis. These include Permits Plus (Building Permits), Quick Serve (Business Licensing), FireRMS (Fire Inspections), Laserfiche (Archived Records). In order to be more efficient in the field they needed to be able to obtain information from all these databases. Through Wi-Fi connectivity & terminal applications, FR Public Safety Systems personnel and Town IT personnel worked to enable email and access to databases from the field.
- **Home Fire Sprinkler Demonstration** - Conducted burn demonstration to show the effectiveness of home fire sprinkler systems. The demonstration and the aftermath of the burn units were viewed by over 800 people during the course of the Fire Prevention Pancake Breakfast. This demonstration educates the public on how fire grows, when the smoke alarm activates, and how little time there is to react so they better understand why FR teaches that you must have working smoke detectors, crawl low in smoke, and why it is important to get out and stay out. The demonstrations also showed the need for residential fire sprinkler systems. (Ongoing Program)
- **Public AED Program** – To provide assistance and patient care coordination for civilian agencies wishing to participate in the Hilton Head Island Fire Rescue Automated External Defibrillator (AED) Program. It is the objective of this program to establish guidelines for the provision of training, education, interagency cooperation, and supervision of civilians utilizing an AED within the parameters set forth by state law and the AED Program. (Ongoing program)

Program: Public Safety
Department: Fire and Rescue

- **Fire Prevention Pancake Breakfast** – Each October, a fire prevention pancake breakfast is held to kick off Fire Prevention Week. The breakfast is held at a fire station and is open to the public at no charge. Fire safety brochures are on hand, safety messages are announced at regular intervals, a burn demonstration is done, and tours of the trucks and the station are conducted with over 800 people in attendance. (Ongoing program)
- **Fire Safety Inspections** - Fire Rescue conducted 1,937 Fire Safety Inspections to include 465 fire inspections for Business Licenses, 856 existing building inspections and 616 fire inspections for new/renovated construction. In addition, 121 construction plan reviews for new and renovated construction projects were completed. (Ongoing program)
- **Car Seat Inspections and Installation** – Fire Rescue offers free car seat safety inspections / installations to the public and conducted 205 installations. (Ongoing program)
- **File of Life** – Fire Rescue provides a program for citizens to record their vital medical information for easy access by medical personnel during emergencies. This program reached approximately 1,130 recipients. (Ongoing program)
- **Smoke Alarm Distribution** – Fire Rescue installed 65 free smoke alarms in private residences. (Ongoing program)
- **CPR, AED, and First Aid Training** – Fire Rescue has taught public CPR, AED, and First Aid training for years. Fire Rescue conducted public CPR / AED classes in FY2014 with 400 students trained.
- **Hydrant Inspections** – Fire Rescue inspects approximately 2,911 fire hydrants each year to ensure they are visible, accessible and will be usable when they are needed.

2014 Goals, Objectives, and Performance Measures

BUREAU OF FIRE PREVENTION

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

Town Council Goal: 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.

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

Program: Public Safety
 Department: Fire and Rescue

Activity	FY 2013	FY 2014 Projected	FY 2015 Projected
Public Education Presentations (includes Company Pub Ed taught, Company public events, Risk Watch, Station Tours and Public Ed Officer Pub Ed taught)	447	500	500
CPR/AED/First Aid Students	400	450	450
Fire Extinguisher Training Students	126	130	130
Car Seat Installations	205	215	215
File of Life Recipients	1,130	1,300	1,300
Smoke Detectors Installed	65	65	65
Plan Reviews	121	150	150
Total Fire Safety Inspections (includes Total number of annual inspections, re-inspections and fire inspections for business licenses)	1,937	2,000	2,000
Business License Inspections	465	500	500
Existing Building Inspections (Initial Inspections & Re-inspections)	856	1000	1000
New Renovated Construction Inspections	616	625	625
Violations found during inspections	1,631	1,600	1,600
Violations Corrected	1,279	1,400	1,400
Planning project reviews & inspections	85	90	90
Fire cause/origin investigations	25	30	30

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

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

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

Develop a five year emergency management training and exercise program for Town staff members, making sure this is accomplished in a cost effective and minimally disruptive manner.

Program: Public Safety
Department: Fire and Rescue

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 2013 Actual	FY 2014 Projected	FY 2015 Projected
Plans & procedures updated / developed	13	15	20
Exercises participated in	5	6	6
Exercises / Training program staff attendees	60	100	100
Disaster Preparedness presentations conducted	15	15	20
Disaster presentations / training public attendees	400	500	600
<i>Citizen's Guide to Emergency Preparedness</i> folders distributed	1,500	2,000	2,500

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

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

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

	FY 2014 Projected	FY 2015 Projected
Calls answered 0-5 seconds	96.4 %	96.5 %
Calls answered 6-10 Seconds	99.4 %	99.5 %

	FY 2013	FY 2014 Projected	FY 2015 Projected
Total telephone requests received:	45,385	48,434	53,550
Pool & Elevator Lines	7,518	6,931	7,500
911 calls for service line	17,374	19,930	20,000
Dispatch administration	20,445	21,555	26,000
Dispatch other business	48	18	50

Program: Public Safety
 Department: Fire and Rescue

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 Goal: 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 emergency medical, fire, and special operation incidents while maintaining an average response time of 5 minutes 90% of the time for the first arriving fire truck or ambulance.

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

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

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

	FY 2013 Actual	FY 2014 Projected	FY 2015 Budget
Total Emergency Incidents	6,301	6,500	6,700
Emergency Medical Service (EMS) responses	4,472	4,550	4,700
EMS patients transported	3,445	3,500	3,600
EMS patients treated but not transported	170	185	200
Fire Suppression and other responses	1,829	1,865	2,000
Actual number of fires	137	150	150
Incident response travel times for all calls (percent < or = 5 minutes)	82.5%	83%	85%
Minimum average daily staffing level	32	32	32

Program: Public Safety
 Department: Fire and Rescue

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 improve the tracking, repairs and inventory of all Town owned vehicles and equipment.

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

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

	FY 2013 Actual	FY 2014 Projected	FY 2015 Projected
Total Maintenance Requests – All Types	1,286	1,330	1,330
Scheduled Maintenance (Preventative and Safety)	127	140	140
Unscheduled Maintenance (Vehicle Repairs)	1,043	1,075	1,070
Other Repairs (Mowers, powered equipment)	116	115	120

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

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

Program: Public Safety
Department: Fire and Rescue

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

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

	FY 2013 Actual	FY 2014 Projected	FY 2015 Budget
EMS incident reports completed	4,472	4,550	4,625
Fire incident reports completed	6,301	6,500	6,550
New Addresses created	66	35	35
Existing addresses corrected	17	90	75
FOIA Requests Processed	249	350	500
Pounds of hazardous materials collected	39,637	35,000	33,000
Pounds of e-waste collected	33,770	31,500	29,000
FF protective clothing sets purchased	14	10	8
Emergency Access Gates Installed	1	1	0
Security card access systems installed	1	0	1

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 program that will enhance the abilities of personnel in order to improve department operations and service delivery.

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

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

Provide development programs for driver-operators at least once per quarter while on duty.

Assist all EMTs and Paramedics with National Registry and DHEC-EMS certification and recertification as required.

Program: Public Safety
 Department: Fire and Rescue

**Hilton Head Island Fire & Rescue
 FY2014 Training Summary Report**

Training Hours/Type	FY 2013 Actual	FY 2014 Projected	FY 2015 Budget
Firefighting	23,010	23,073	22,000
EMS	5,949	6,238	6,000
Rescue/Extrication	1,069	3,795	1,500
Hazardous Materials/WMD	1,062	1,365	1,500
Total Hours	31,090	34,471	31,000

Exercises, Drills, and Classes*	FY 2013 Actual	FY 2014 Projected	FY 2015 Budget
Company Drills	94	90	90
Live Burn Training	24	24	24
Hazardous Materials Training	27	30	30
USAR Training	11	11	11
S.C. Fire Academy Classes	12	9	8
Medical Classes**	30	18	18
Fire & Rescue Classes	18	10	10
Driver/Operator Training/Testing	55	36	36
New Firefighter Orientation	5	8	5
Officer Training	7	6	6
Total	283	242	238

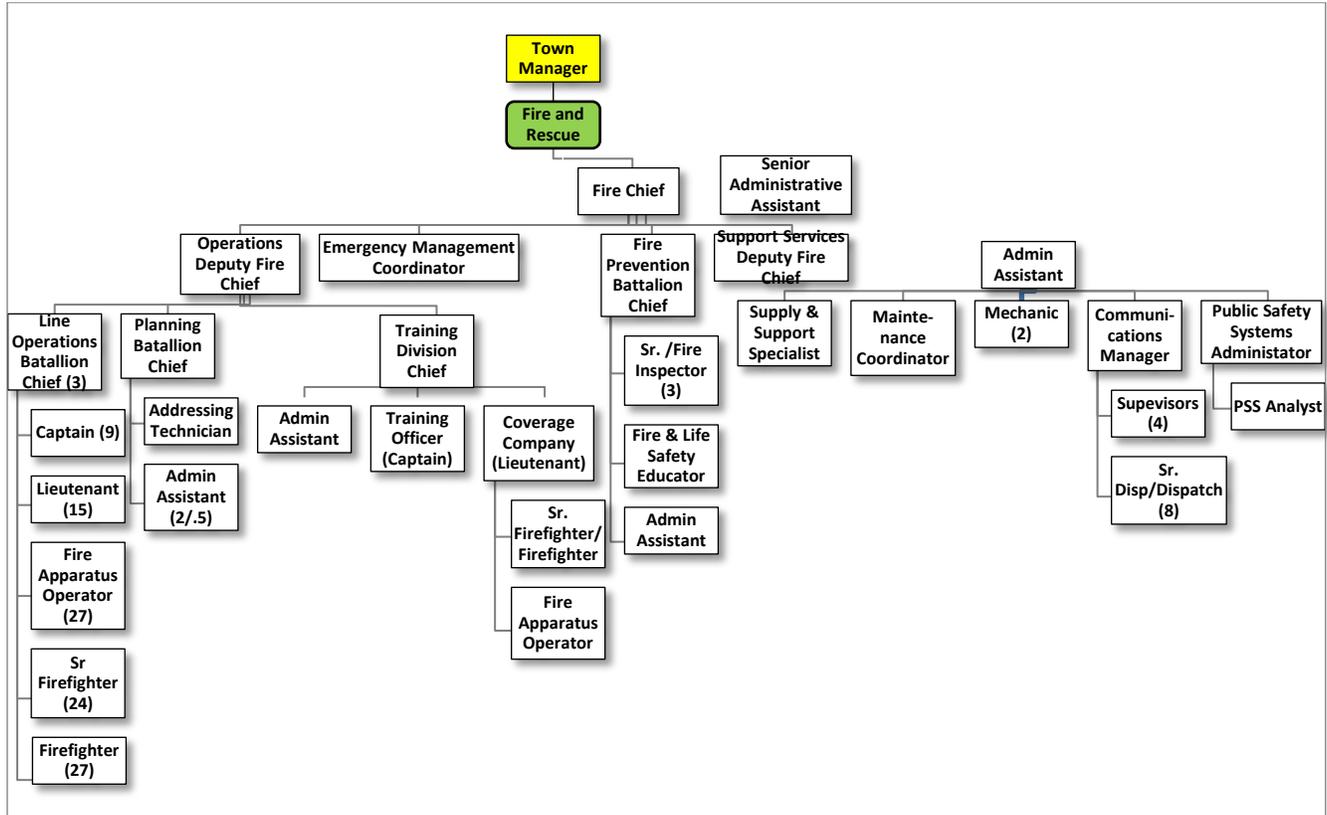
*Most of this training occurs at Headquarters and Training Center, with a few exceptions.

Example – Acquired Structure training took place at the old Welcome Center

Example – Firefighter Water Survival training took place at the Island Recreation Center pool

**This change is due to the normal fluctuations in the medical specialty certification cycle.

Program: Public Safety
 Department: Fire and Rescue



Expenditures by Program/Category

Public Safety/Fire & Rescue									
Fire and Rescue	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Estimate	FY 2015 Budget	Budget \$ Change	Budget % Change	
Expenditures:									
Program Summary									
Administration	\$ 285,916	\$ 321,194	\$ 308,546	\$ 368,491	\$ 410,109	\$ 368,716	\$ 225	0.06%	
Operations	8,964,000	9,068,353	9,138,386	9,135,064	9,533,766	9,496,249	361,185	3.95%	
Communications	1,047,754	1,080,123	1,136,446	1,133,177	1,112,699	1,148,716	15,539	1.37%	
E-911 Communications	232,346	232,094	238,152	273,705	245,414	283,313	9,608	3.51%	
Emergency Management	218,785	160,819	122,290	135,524	127,487	141,204	5,680	4.19%	
Prevention	521,577	491,236	540,727	565,001	577,198	610,411	45,410	8.04%	
Logistics	530,085	570,639	504,545	563,954	564,152	572,823	8,869	1.57%	
Support Services*	716,225	737,171	760,131	1,102,664	1,102,658	1,787,631	684,967	62.12%	
Training	625,232	683,782	701,681	715,508	691,366	718,481	2,973	0.42%	
Total	\$ 13,141,920	\$13,345,411	\$ 13,450,904	\$ 13,993,088	\$ 14,364,849	\$ 15,127,544	\$ 1,134,457	8.11%	
Personnel	\$ 12,040,017	\$ 12,182,009	\$ 12,106,016	\$ 12,270,605	\$ 12,515,415	\$ 12,775,847	\$ 505,242	4.12%	
Operating	1,033,097	1,130,973	1,216,571	1,353,220	1,267,457	1,393,265	40,045	2.96%	
Capital	68,805	32,426	128,318	369,263	581,977	958,432	589,169	159.55%	
TOTAL	\$ 13,141,919	\$13,345,408	\$ 13,450,905	\$ 13,993,088	\$ 14,364,849	\$ 15,127,544	\$ 1,134,457	8.11%	
Positions	147.1	147.1	145.1	145.1	145.1	145.1	0.0	0.00%	

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

Program: Public Safety
Department: Police

Mission

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

Core Services

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

Ancillary Services

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

Basic Law Enforcement Services

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

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

Program: Public Safety
 Department: Police

Basic Law Enforcement Services (continued)

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

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

Expenditures by Program/Category

Police	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014 Estimated Actual	FY 2015 Budget	Budget \$ Change	Budget % Change
Summary by Category								
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Operating	3,119,183	3,124,627	3,181,739	3,181,111	3,181,111	3,264,113	83,002	2.61%
TOTAL	\$ 3,119,183	\$ 3,124,627	\$ 3,181,739	\$ 3,181,111	\$ 3,181,111	\$ 3,264,113	\$ 83,002	2.61%
Expenditure Detail								
Police Service Contract	2,731,804	2,763,629	2,806,908	2,801,438	2,801,438	2,853,320	\$ 51,882	1.85%
Shore Enterprises	212,568	192,058	203,339	205,638	205,638	232,065	\$ 26,427	12.85%
Victims Services	53,010	57,640	59,492	59,035	59,035	60,728	\$ 1,693	2.87%
Stipend	121,800	111,300	112,000	115,000	115,000	118,000	\$ 3,000	2.61%
TOTAL	\$ 3,119,182	\$ 3,124,627	\$ 3,181,739	\$ 3,181,111	\$ 3,181,111	\$ 3,264,113	\$ 83,002	2.61%
Positions	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 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014		% change	
					Estimated Actual	FY 2015 Budget	FY 2014 Budget	FY 2014 Est. Actual
Personnel:								
Subtotal	151,953	185,616	123,581	178,024	147,255	355,960	99.95%	141.73%
Operating:								
Unemployment	1,201	-	-	-	-	-		
Travel	247	-	8	500	100	500	0.00%	400.00%
Professional Dues	2,150	1,900	23,951	25,000	32,000	26,000	4.00%	-18.75%
Short Term Temp/Agency	5,177	497	-	5,000	1,900	5,000	0.00%	163.16%
Professional Services	146,832	-	-	46,000	14,000	-		
Photocopying	7,760	7,202	7,983	10,000	7,600	10,000	0.00%	31.58%
Courier	18,355	17,687	16,130	18,000	18,000	18,000	0.00%	0.00%
Palmetto Pass - Town Vehicles	4,575	6,100	6,100	6,500	4,500	6,500	0.00%	44.44%
Insurance	301,969	310,544	331,693	367,630	367,630	376,100	2.30%	2.30%
Telephone	229,991	217,589	214,820	222,000	220,560	225,000	1.35%	2.01%
Cell Phone	55,997	52,828	54,196	57,000	52,833	67,000	17.54%	26.81%
Electricity	254,792	275,503	270,926	324,000	295,318	330,000	1.85%	11.74%
Utilities	115,586	53,633	63,488	150,000	126,270	155,000	3.33%	22.75%
Taxes & Assessments	-	66,800	70,037	-	5,000	5,000		
Office Supplies	44	-	-	-	5,000	5,000		
Postage	31,790	28,220	27,140	32,000	29,000	33,000	3.13%	13.79%
Vehicle Fuel	165,496	186,582	191,530	220,000	192,355	225,000	2.27%	16.97%
Accident Insurance Fund	33,816	46,495	8,605	35,000	30,000	35,000	0.00%	16.67%
Equipment Maintenance	2,974	1,225	945	2,000	1,700	2,000	0.00%	17.65%
Lease Payments	51,325	49,627	56,770	60,325	60,325	67,900	12.56%	12.56%
Printers Fax Supplies	20,640	21,416	15,073	22,000	19,000	20,000	-9.09%	5.26%
General Contingency	15,997	13,022	5,161	50,000	11,500	50,000	0.00%	334.78%
Subtotal	1,466,714	1,356,870	1,364,556	1,652,955	1,494,591	1,662,000	0.55%	11.20%
Capital:								
Security Cameras	-	-	-	35,000	35,000	35,000	0.00%	0.00%
Subtotal	-	-	-	35,000	35,000	35,000	0.00%	0.00%
Operating Grants:								
Turtle Watch	39,215	29,900	37,700	33,900	33,900	37,300	10.03%	10.03%
Economic Development Commission	-	-	-	156,044	156,044	441,012	182.62%	182.62%
Recreation Center - General	616,940	616,940	629,278	629,278	629,278	629,278	0.00%	0.00%
Recreation Center - Capital	-	-	-	322,203	322,203	240,650	-25.31%	-25.31%
Coastal Discovery Museum - General	75,000	75,000	75,000	75,000	75,000	75,000	0.00%	0.00%
Coastal Discovery Museum - Capital	-	-	-	77,000	77,000	67,700	-12.08%	-12.08%
Disaster Advertising Reserve	274,790	-	-	-	-	-		
Event Management & Hospitality Training	94,387	72,860	117,927	149,844	149,844	134,000	-10.57%	-10.57%
LRTA	175,000	175,000	175,000	175,000	175,000	200,000	14.29%	14.29%
Drug Court	48,500	48,500	48,500	48,500	48,500	50,000	3.09%	3.09%
Solicitor Career Criminal Program	35,000	35,000	35,000	35,000	35,000	33,500	-4.29%	-4.29%
Community Foundation - Arts	35,768	37,500	36,961	37,500	37,500	37,500	0.00%	0.00%
Operating Grants	59,661	21,717	78,220	23,000	247,000	-	-100.00%	-100.00%
First Tee	-	-	-	-	-	150,000	0.00%	0.00%
Heritage Classic Foundation	1,000,000	500,000	295,313	320,156	320,156	351,164	9.69%	9.69%
Subtotal	2,454,261	1,612,417	1,528,899	2,082,425	2,306,425	2,447,104	17.51%	6.10%
TOTAL	4,072,931	3,154,901	3,017,037	3,948,404	3,983,271	4,500,064	13.97%	12.97%

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 2016 3.0% increase; FY 2017 2.0%; FY 2018 2.0%
- ATAX local 1% – FY 2016 3.0% increase; FY 2017 2.0%; FY 2018 2.0%%
- Transfers In from Other Funds:
 - ⇒ Beach Preservation Fees – FY 2016 no increase; FY 2017 0.0%; FY 2018 0.0%
 - ⇒ Electric Franchise Fees – FY 2016 no increase; FY 2017 0.0%; FY 2018 0.0%
 - ⇒ Hospitality Taxes – FY 2016 11.52% increase; FY 2017 (18.67%); FY 2018 18.03%
 - ⇒ Stormwater Utility Fees – FY 2016 no increase; FY 2017 0.0%; FY 2018 0.0%
 - ⇒ TIF – increase: – FY 2016 no increase; FY 2017 1.5%; FY 2018 1.5%
- Transfers In from Capital Projects Fund:
 - ⇒ Ad Valorem Taxes – FY 2016 150.46% increase; FY 2017 6.29%; FY 2018 (46.75%)
 - ⇒ Lease – FY 2016 no increase; FY 2017 0.0%; FY 2018 0.0%
 - ⇒ Sunday Liquor Fees – FY 2016 (33.64%) decrease; FY 2017 0.0%; FY 2018 0.0%
- Business License Fees – FY 2016 3.0% increase; FY 2017 2.0%; FY 2018 2.0%
- Franchise Fees
 - ⇒ Cable – FY 2016 3.0% increase; FY 2017 2.0%; FY 2018 2.0%
 - ⇒ Beach fees – FY 2016 3.0% increase; FY 2017 2.0%; FY 2018 2.0%
- Permit Fees
 - ⇒ Construction fees – FY 2016 3.0% increase; FY 2017 2.0%; FY 2018 2.0%
 - ⇒ Development fees – FY 2016 3.0% increase; FY 2017 2.0%; FY 2018 2.0%
 - ⇒ Other permit fees – FY 2016 3.0% increase; FY 2017 2.0%; FY 2018 2.0%
- Intergovernmental – FY 2016 no increase; FY 2017 0.0%; FY 2018 0.0%
- Public Safety EMS – FY 2016 3.0% increase; FY 2017 2.0%; FY 2018 2.0%
- Investments – FY 2016 3.0% increase; FY 2017 2.0%; FY 2018 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 2016 2.0% increase; FY 2017 2.0%; FY 2018; 2.0%

Operating Expenditures/Capital Outlay

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

	2014								
	2011	2012	2013	Revised Budget	Estimated Actual	FY 2015 Budget	2016	3-Year 2017 2018	
Revenues									
Property Taxes	10,956,179	11,585,070	11,500,914	11,769,908	11,400,000	11,810,750	12,165,073	12,408,374	12,656,542
ATAX Local 1%	2,416,264	2,420,698	2,499,067	2,694,236	2,750,000	2,833,000	2,917,990	2,976,350	3,035,877
Business Licenses	6,900,425	7,144,326	7,774,138	7,530,740	7,800,000	8,032,000	8,272,960	8,438,419	8,607,188
Franchise Fees	733,786	1,040,053	935,569	902,100	918,184	812,750	837,133	853,875	870,953
Permit Fees	954,419	952,539	1,368,166	1,297,799	1,406,000	1,448,180	1,491,625	1,521,458	1,551,887
Intergovernmental	752,988	678,370	800,659	806,234	806,234	800,000	800,000	800,000	800,000
Grants	151,732	124,843	254,760	125,080	376,168	161,777	164,204	166,667	169,167
Miscellaneous Revenue	2,320,338	2,114,355	2,009,437	2,185,907	2,072,005	2,130,750	2,194,673	2,238,566	2,283,337
Transfers In	5,681,670	5,568,349	5,673,200	6,453,876	6,637,462	8,537,215	9,940,557	9,055,370	9,017,748
Investments	41,785	1,865	2,732	2,512	2,500	2,700	2,781	2,837	2,893
Total Revenues	30,909,586	31,630,468	32,818,642	33,768,392	34,168,553	36,569,122	38,786,996	38,461,916	38,995,592
Expenditures									
General Government	1,119,831	882,111	968,506	1,142,681	1,092,929	1,142,951	1,165,810	1,189,126	1,212,909
Management Services	4,593,225	4,424,359	4,773,823	5,786,501	5,576,360	5,596,396	5,708,323	5,822,490	5,938,940
Community Services	5,740,198	5,771,788	5,996,416	7,248,650	7,072,577	7,945,300	8,619,064	8,821,689	8,161,780
Public Safety	16,261,101	16,470,036	16,632,643	17,174,199	17,545,960	18,391,657	19,764,058	19,028,339	20,388,906
Townwide	4,072,929	3,154,903	3,017,036	3,948,404	3,983,271	4,500,064	4,420,042	4,491,219	4,563,616
Total Expenditures	31,787,286	30,703,195	31,388,424	35,300,435	35,271,097	37,576,368	39,677,297	39,352,863	40,266,151
Net change in fund balances	(877,699)	927,270	1,430,217	(1,532,041)	(1,102,545)	(1,007,246)	(890,302)	(890,948)	(1,270,560)
Fund balance - beginning	15,763,985	14,886,286	15,813,556	17,243,773	17,243,773	16,141,228	15,133,983	14,243,679	13,352,733
Fund balance - ending	14,886,286	15,813,556	17,243,773	15,711,732	16,141,228	15,133,983	14,243,679	13,352,733	12,082,172

Debt Service Fund

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

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

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Revised Budget	FY 2014 Estimated Actual	FY 2015 Budget	% change FY 2014	
							FY 2014 Budget	Est. Actual
Revenues:								
Ad Valorem Property Taxes	5,583,395	5,548,641	5,493,152	5,235,138	5,235,138	5,047,962	-3.58%	-3.58%
Issuance of Bonds	-	20,635,000	-	-	-	-		
Bond Premium	-	228,064	-	-	-	-		
BABS Subsidy	207,868	191,713	189,634	185,938	171,155	164,880	-11.33%	-3.67%
Investment Income	82,349	114,656	76,527	76,000	76,000	36,905	-51.44%	-51.44%
Transfers In:								
Beach Preservation Fees	2,785,750	2,853,015	3,113,645	3,103,968	3,103,968	4,378,838	41.07%	41.07%
Hospitality Fees	760,133	2,115,452	1,637,313	1,631,213	1,631,213	1,629,813	-0.09%	-0.09%
Tax Increment Financing	4,011,252	4,040,446	4,064,432	4,094,121	4,094,121	4,122,960	0.70%	0.70%
Real Estate Transfer Fees	2,469,965	1,863,828	2,152,296	2,169,796	2,169,796	2,268,727	4.56%	4.56%
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	0.00%	-45.45%
Total Revenue	15,900,712	38,690,815	18,452,195	16,496,174	16,601,173	17,715,421	7.39%	6.71%
Expenditures:								
Administrative	17,300	20,575	23,625	19,000	19,000	19,000	0.00%	0.00%
Payment to Escrow Agent	-	21,675,878	-	-	-	-		
Debt Issue Costs	27,090	387,940	-	-	-	-		
Principal	12,305,000	12,105,000	11,645,000	12,950,000	12,950,000	12,995,000	0.35%	0.35%
Interest	4,524,266	3,914,974	4,265,011	4,081,403	4,081,403	3,702,756	-9.28%	-9.28%
Total Expenditures	16,873,656	38,104,367	15,933,636	17,050,403	17,050,403	16,716,756	-1.96%	-1.96%
Net Change in Fund Balance	(972,945)	586,447	2,518,559	(554,229)	(449,230)	998,665		
Beginning Fund Balance	6,974,490	6,001,546	6,587,994	9,106,552	9,106,552	8,657,322		
Ending Fund Balance	6,001,545	6,587,993	9,106,552	8,552,323	8,657,322	9,655,987		

Debt Service Fund Expenditures for Fiscal Year 2015

Town of Hilton Head Island
Debt Service Fund Expenditures for Fiscal Year 2015

Debt Service Payments

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
<u>General Obligation Bonds</u>			
Series 2005 General Obligation Bonds (\$24,265,000)	\$ 721,590	\$ 1,710,000	\$ 2,431,590
Series 2008 General Obligation Bonds (\$12,215,000)	377,137	720,000	1,097,137
Series 2009 General Obligation Bonds (\$5,005,000)	132,296	360,000	492,296
Series 2010 General Obligation Bonds (\$12,000,000)	517,678	450,000	967,678
Series 2011 General Obligation Bonds (\$12,385,000)	353,444	630,000	983,444
Series 2013A General Obligation Bonds (\$5,000,000)	182,778	147,222	330,000
Series 2013B General Obligation Bonds (\$4,000,000)	<u>146,222</u>	<u>117,778</u>	<u>264,000</u>
Total General Obligation Bonds	\$ 2,431,145	\$ 4,135,000	\$ 6,566,145
<u>Revenue/Special Obligation Bonds</u>			
Series 2006 Beach Preservation Revenue Bonds (\$19,000,000)	\$ 67,500	\$ 2,700,000	\$ 2,767,500
Series 2011A Special Obligation Bonds (Hospitality Tax) (\$8,250,000)	218,394	410,000	628,394
Series 2011B Special Obligation Bonds (Hospitality Tax) (\$15,250,000)	576,419	425,000	1,001,419
Series 2011 Special Obligation Bonds (Beach Preservation Fee) (\$11,000,000)	296,338	1,315,000	1,611,338
Series 2004 Tax Increment Financing Bonds (\$8,000,000)	22,669	975,000	997,669
Series 2008 Tax Increment Financing Bonds (\$22,000,000)	<u>90,291</u>	<u>3,035,000</u>	<u>3,125,291</u>
Total Revenue/Special Obligation Bonds	\$ 1,271,611	\$ 8,860,000	\$ 10,131,611
Grand Total	<u>\$ 3,702,756</u>	<u>\$ 12,995,000</u>	<u>\$ 16,697,756</u>

Calculation of the Legal Debt Limit

Assessed Value as of December 2012	\$ 840,326,016
Debt Limit - Eight Percent (8%) of Assessed Value, without Voter Approval	67,226,081
Town Council Imposed Eighty Percent (80%) Cap	53,780,865
Amount Applicable to Debt Limit:	
General Obligation Bonds Series 2009A (Refunding Series 1999A)	4,520,000
General Obligation Bonds Series 2013B	<u>3,706,667</u>
	<u>8,226,667</u>
Legal Debt Margin without a Referendum	<u>\$ 45,554,198</u>

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>
General Obligation Bonds		
Series 2005 General Obligation Bonds (\$24,265,000)	\$ 24,265,000	\$ 16,705,000
Series 2008 General Obligation Bonds (\$12,215,000)	12,215,000	8,770,000
Series 2009 General Obligation Bonds (\$5,005,000)	5,005,000	4,520,000
Series 2010 General Obligation Bonds (\$12,000,000)	12,000,000	10,425,000
Series 2011 General Obligation Bonds (\$12,385,000)	12,385,000	11,320,000
Series 2013A General Obligation Bonds (\$5,000,000)	5,000,000	4,633,333
Series 2013B General Obligation Bonds (\$4,000,000)	4,000,000	3,706,667
Total General Obligation Bonds	\$ 74,870,000	\$ 60,080,000
Revenue/Special Obligation Bonds		
Series 2006 Beach Preservation Revenue Bonds (\$19,000,000)	\$ 19,000,000	\$ 2,700,000
Series 2011A Special Obligation Bonds (Hospitality Tax) (\$8,250,000)	8,250,000	6,915,000
Series 2011B Special Obligation Bonds (Hospitality Tax) (\$15,250,000)	15,250,000	14,185,000
Series 2011 Special Obligation Bonds (Beach Preservation Fee) (\$11,000,000)	11,000,000	11,000,000
Series 2004 Tax Increment Financing Bonds (\$8,000,000)	8,000,000	975,000
Series 2008 Tax Increment Financing Bonds (\$22,000,000)	22,000,000	3,035,000
Total Revenue/Special Obligation Bonds	\$ 83,500,000	\$ 38,810,000
Grand Total	\$ 158,370,000	\$ 98,890,000

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

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

Ad Valorem tax revenues of the Debt Service Fund are used to repay the first \$1,260,489 annually. The remaining annual debt service requirement is funded by transfers of real estate fees to the Debt Service Fund.

Outstanding Debt Issues (continued)

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 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.

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

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

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

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

Outstanding Debt Issues (continued)

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, 2013, \$1,078,997 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, 2013, \$629,520 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.

8. Beach Preservation Fees Bonds; \$19,000,000, Dated August 1, 2006

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

The Town is required to maintain a reserve for the beach preservation bonds. The original required deposit was 10% of the stated amount of the certificates or \$1,900,000. The Town has allowed the investment income to remain in the reserve. At June 30, 2013, \$1,900,079 was the fair value amount held in the reserve fund.

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

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

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

Beach preservation fees are transferred annually to the Debt Services Fund in an amount sufficient to repay the annual debt service. As of June 30, 2013, \$1,100,000 was the fair value amount held in the reserve which is reported in the Debt Service Fund.

Outstanding Debt Issues (continued)

10. Series 2004 Tax Increment Financing Bonds; \$8,000,000, Dated June 25, 2004

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

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

11. Series 2008 Tax Increment Financing Bonds; \$22,000,000, Dated April 17, 2008

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

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

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

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

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

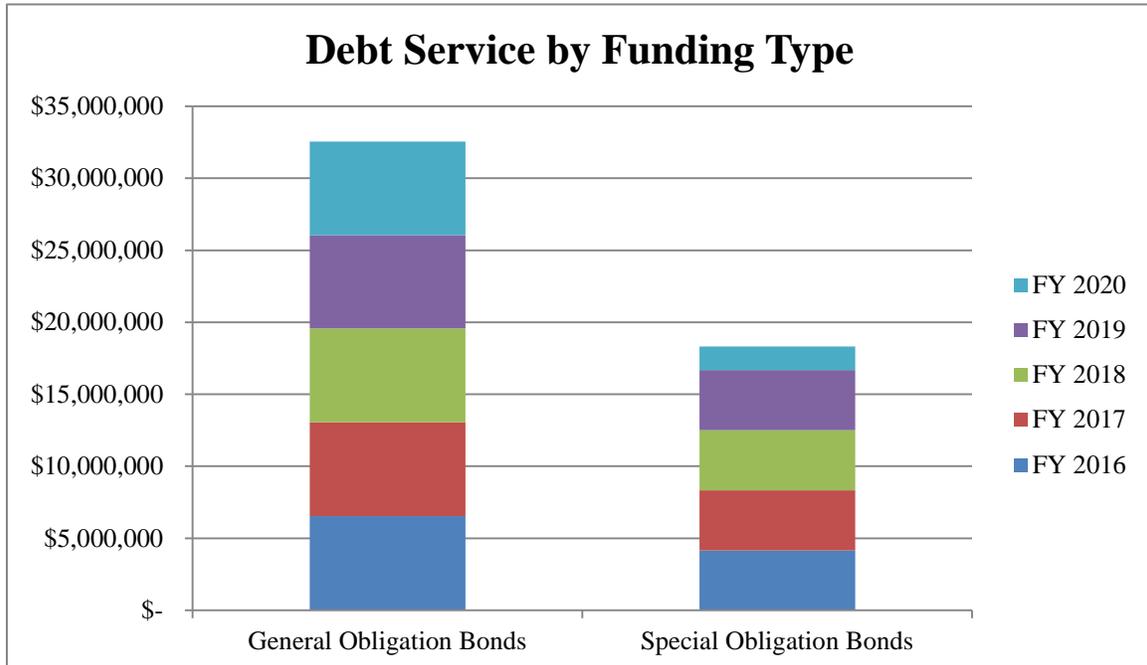
13. Series 2013B General Obligation Bonds; \$4,000,000 Dated June 12, 2013

On June 12, 2013, the Town issued \$4,000,000 in general obligation bonds for the purchase of land, building and 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Obligation Bonds					
Series 2005 General Obligation Bonds (\$24,265,000)	\$ 2,427,765	\$ 2,426,265	\$ 2,415,390	\$ 2,410,015	\$ 2,410,640
Series 2008 General Obligation Bonds (\$12,215,000)	1,092,837	1,088,562	1,088,813	1,091,338	1,090,325
Series 2009 General Obligation Bonds (\$5,005,000)	483,476	488,820	488,370	487,645	491,064
Series 2010 General Obligation Bonds (\$12,000,000)	963,053	955,343	951,543	945,445	938,195
Series 2011 General Obligation Bonds (\$12,385,000)	980,844	973,044	968,694	968,894	963,594
Series 2013A General Obligation Bonds (\$5,000,000)	329,667	327,862	328,417	331,184	330,512
Series 2013B General Obligation Bonds (\$4,000,000)	<u>263,733</u>	<u>262,288</u>	<u>262,733</u>	<u>260,216</u>	<u>259,688</u>
Total General Obligation Bonds	\$ 6,541,375	\$ 6,522,184	\$ 6,503,960	\$ 6,494,737	\$ 6,484,018
Revenue/Special Obligation Bonds					
Series 2011A Special Obligation Bonds (Hospitality Tax) (\$8,250,000)	\$ 630,194	\$ 627,794	\$ 633,231	\$ 632,731	\$ 630,981
Series 2011B Special Obligation Bonds (Hospitality Tax) (\$15,250,000)	997,919	999,319	1,001,119	1,002,469	998,669
Series 2011 Special Obligation Bonds (Beach Preservation Fee) (\$11,000,000)	<u>2,528,938</u>	<u>2,536,913</u>	<u>2,551,288</u>	<u>2,543,294</u>	<u>-</u>
Total Revenue/Special Obligation Bonds	\$ 4,157,051	\$ 4,164,026	\$ 4,185,638	\$ 4,178,494	\$ 1,629,650
Grand Total	<u>\$ 10,698,426</u>	<u>\$ 10,686,210</u>	<u>\$ 10,689,598</u>	<u>\$ 10,673,231</u>	<u>\$ 8,113,668</u>



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 2015 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 2014 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 Coop. These funds are committed to power line burials and hook ups which are estimated to cost approximately \$30 million over 15 years. The fee generates approximately \$2.7 million annually. 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 \$689,244.
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 \$478,150.
5. **Beach Preservation Fees** are derived from an additional two percent (2%) Local Accommodations Tax levied by Town Council. This source will generate approximately \$5.7 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 \$4.4 million of these funds to pay debt service on bonds associated with beach re-nourishment projects and has budgeted \$1.25 million for projects in the CPF.
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 \$5.6 million in revenue next fiscal year. The Town has budgeted \$600,000 for projects; the remainder goes for debt service and to support public safety 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; \$3.3 million is budgeted for CPF projects.
8. **Real Estate Transfer Fee** which is .25 of 1% on each real estate transaction in the Town. This source will generate approximately \$2.3 million in revenue next fiscal year. These funds are dedicated to the Land Acquisition Program and its debt service.

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 \$89,000 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 2015 the Town budgeted \$1.87, \$3.075 and \$1.375 million for capital projects from beach fee, hospitality tax and general obligation bonds, respectively.

Implementation of the fiscal year 2015 CPF will require about \$12.7 million during the fiscal year. The chart below reflects a comparison of the major budgeted revenue sources for fiscal years 2014 and 2015.

Revenue Source	FY 2014 Budget	FY 2015 Budget	\$ Change	% Change
Property Taxes	\$ 716,161	\$ 689,244	\$ (26,917)	-3.76%
Sunday Permit Fees	480,936	478,150	(2,786)	-0.58%
Beach Preservation Fees	2,800,837	1,250,000	(1,550,837)	-55.37%
Tax Increment Financing	9,563,200	3,300,000	(6,263,200)	-65.49%
Hospitality Tax	3,201,023	600,000	(2,601,023)	-81.26%
Bond Proceeds	8,426,465	6,320,000	(2,106,465)	-25.00%
Impact Fees - Roads	840,594	0	(840,594)	-100.00%
Other	12,000	89,336	77,336	644.47%
Total	\$ 26,041,216	\$ 12,726,730	\$ (13,314,486)	-51.13%

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 program, are funded for approximately \$1,250,000 in fiscal year 2015.

In the **Existing Facilities/Infrastructure** category, there are 3 projects programmed during the next ten years, 2 projects are funded for approximately \$300,000 in fiscal year 2015.

In the category of **Park Development**, 3 projects (including 1 on-going maintenance project) are programmed during the next ten years, 3 projects are funded for approximately \$2,810,000 in fiscal year 2015.

In the **New Facilities/Infrastructure** category, there are 4 projects programmed during the next ten years, 2 projects are funded for approximately \$3,100,000 in fiscal year 2015.

In the **Pathways** category, there are 3 projects programmed during the next ten years. Of those 3 projects, 2 are funded for approximately \$1,720,000 in fiscal year 2015. Funded projects may involve land acquisition, legal work, design, concept and survey, and/or construction.

In the category of **Roadway Improvements**, there are 14 projects programmed during the next ten years; 8 of them are funded for approximately \$2,180,000 in fiscal year 2015.

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*	deeded to the County if possible

In fiscal year 2015, the major impact items of the Town’s capital assets on the operating budget are as follows:

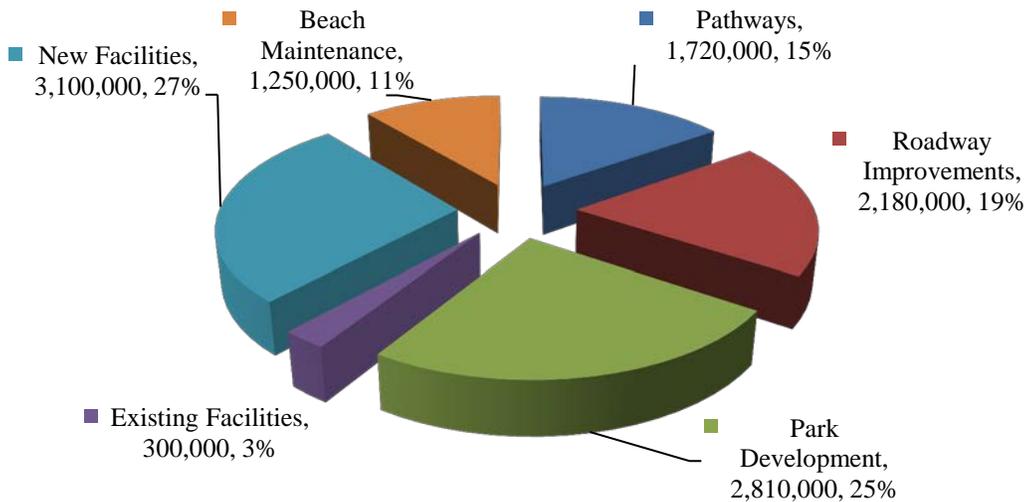
- The fiscal year 2015 General Fund operating budget associated with the upkeep of the Town’s facilities and parks (including the shift of budgeting of non-project capital outlay from the Capital Projects Fund to the General Fund) has increased by \$475,450 in fiscal year 2015.
- The Town established 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 2015, the roads maintenance budget will be \$632,000.

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

Fiscal Year 2015 Capital Projects Fund (CPF)

The Capital Projects Fund budget for fiscal year 2015 is \$11,360,000 plus \$250,000 for bond issue costs and \$1,149,486 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 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2014		% change	
					Estimated Actual	FY 2015 Budget	FY 2014 Budget	FY 2014 Est. Actual
Revenues:								
Ad Valorem Property Taxes	696,763	692,418	685,501	716,161	656,689	689,244	-3.76%	4.96%
Investment Income	23,751	3,378	3,269	-	-	-		
Grants	-	944,854	27,622	-	-	-		
Contributions	7,500	100,000	20,000	-	-	-		
Sunday Permit Fees	356,900	332,230	381,015	480,936	380,700	478,150	-0.58%	25.60%
Traffic Impact Fees	79,254	151,989	100,572	840,594	162,700	-	-100.00%	-100.00%
Park Impact Fees	26,334	36,366	63,160	-	113,800	-		-100.00%
Beaufort County Bond	275,000	-	-	-	-	-		
Refund of Prior Year Expenditure	-	-	-	-	458,479	-		-100.00%
Bond Premium	-	742,422	664,056	-	-	-		
Bond Proceeds (Beach Preservation)	-	11,000,000	-	-	-	-		
Bond Proceeds (Hospitality)	-	15,250,000	-	4,597,228	-	1,870,000	-59.32%	
Bond Proceeds (TIF)	-	-	-	-	-	3,075,000		
Bond Proceeds (2013 General Obligation)	-	-	9,000,000	1,329,237	-	-	-100.00%	
Bond Proceeds (2014 General Obligation)	-	-	-	2,500,000	-	1,375,000	-45.00%	
Lease Revenue	19,200	46,978	208,998	12,000	125,700	89,336	644.47%	-28.93%
Sale of Property & Equipment	247,712	264,930	266,622	-	175,000	-		-100.00%
Transfers In:								
Beach Preservation Fees	606,267	608,882	642,078	2,800,837	2,800,838	1,250,000	-55.37%	-55.37%
Hospitality Fees	1,543,734	888,292	273,575	3,201,023	3,201,023	600,000	-81.26%	-81.26%
Tax Increment Financing	376,744	3,436,996	1,594,527	9,563,200	9,563,200	3,300,000	-65.49%	-65.49%
Real Estate Transfer Fees	33,081	821	-	-	-	-		
Total Revenue	4,292,240	34,500,556	13,930,996	26,041,216	17,638,129	12,726,730	-51.13%	-27.85%
Expenditures:								
Beach Maintenance	568,575	11,357,778	711,633	2,800,837	2,800,837	1,250,000	-55.37%	-55.37%
Existing Facilities	2,997,297	1,853,681	1,220,282	4,470,518	4,470,518	300,000	-93.29%	-93.29%
Park Development	257,991	849,815	765,810	2,241,957	2,241,957	2,810,000	25.34%	25.34%
New Facilities	354,643	1,426,276	1,340,994	5,742,528	5,742,528	3,100,000	-46.02%	-46.02%
Pathway Improvements	548,127	510,075	1,354,268	1,836,133	1,836,133	1,720,000	-6.32%	-6.32%
Roadway Improvements	1,154,475	1,297,643	1,669,550	6,145,846	6,145,846	2,180,000	-64.53%	-64.53%
Land Acquisition	2,917,122	8,909,874	6,080,116	2,500,000	15,227	0	-100.00%	-100.00%
Bond Issue Costs	0	525,364	127,167	108,500	108,500	250,000	130.41%	130.41%
Transfers Out	37,500	1,137,500	4,215,828	318,400	438,182	1,149,486	261.02%	162.33%
Total Expenditures	8,835,731	27,868,005	17,485,649	26,164,720	23,799,728	12,759,486	-51.23%	-46.39%
Other Financing Sources:								
Bond Proceeds Previously Recognized	-	-	-	(4,597,228)	-	(1,870,000)	-59.32%	
Net Change in Fund Balance	(4,543,492)	6,632,552	(3,554,653)	(4,720,732)	(6,161,599)	(1,902,756)		
Beginning Fund Balance	18,385,008	13,841,516	20,474,068	16,919,415	16,919,415	10,757,816		
Ending Fund Balance	13,841,516	20,474,068	16,919,415	12,198,683	10,757,816	8,855,060		

* - 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 2015

Capital Projects Fund Expenditures by Funding Source - FY 2015										
THOUSANDS OF DOLLARS										
Estimated FY 2014 Funding (Enc./Roll)	FY 2015 Budget	FY 2015 Property Taxes	Beach Fee	Hospitality Bond	Hospitality Tax	TIF Bond	TIF	Sunday Liquor Permit Fees	Lease	GO Bond
BEACH MAINTENANCE										
Beach Management & Monitoring	272	500		500						
Beach Renourishment - FY 2016	323	750		750						
Beach Renourishment - Ocean Point	302	-		-						
TOTAL	897	1,250	-	1,250	-	-	-	-	-	-
EXISTING FACILITIES & INFRASTRUCTURE										
Fire Station 2 Replacement	-	150			150					
Town Hall Office Space Reconfiguration		150				150				
Town Hall Renovations	26	-								
Fire Station 6 Replacement	367	-								
TOTAL	393	300	-	-	150	150	-	-	-	-
PARK DEVELOPMENT										
Park Upgrades	30	60						60		
Chaplin Linear Park	515	2,000					2,000			
Recreation Center Expansion	16	750								750
Rowing and Sailing Center	1,149									
TOTAL	1,710	2,810	-	-	-	-	2,000	60	-	750
NEW FACILITIES & INFRASTRUCTURE										
USCB Hospitality Management Program Building	4,020	2,600					2,600	-		
Sewer Service Projects		500								500
58 Shelter Cove Lane - Tenant Upfit (BCSO)	179	-								
Tenant Upfit Project at 58 Shelter cove	59									
Coligny/Pope Avenue Area Initiative	143	-								
TOTAL	4,401	3,100	-	-	-	-	2,600	-	-	500

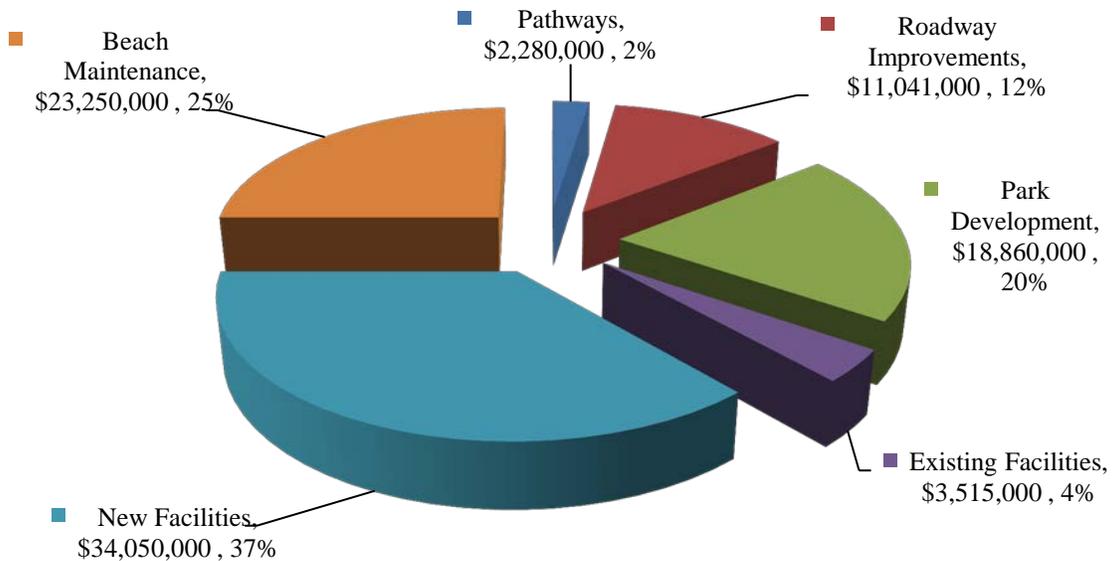
Capital Projects Fund Expenditures by Funding Source – FY 2015

	Estimated FY 2014 Funding (Enc./Roll)	FY 2015 Budget	FY 2015		Hospitality	Hospitality			Sunday		
			Property Taxes	Beach Fee	Bond	Tax	TIF Bond	TIF	Liquor Permit Fees	Lease	GO Bond
PATHWAYS											
US 278 (Shelter Cove/Chaplin to Mathews North)	89	-									
US 278 (Gardner Drive to Jarvis Park / Honey Horn)	119	-									
US 278 (Gum Tree Road to Squire Pope Road)	54	-									
US 278 (Village at Wexford to Arrow Road)	46	-									
US 278 (Fresh Market Shoppes to Shelter Cove/Chaplin)	93	1,320			1,320						
Pathway Safety Improvements		400			400						
TOTAL	401	1,720	-	-	1,720	-	-	-	-	-	-
ROADWAY IMPROVEMENTS											
Mathews Dr/Marshland Rd Roundabout		1,000						1,000			
Office Park Rd Intersection Improvements		150						150			
Heritage Plaza Road Extension	2,509	350					350				
Intersection Improvements at Shelter Cove Town Center		TBD									
Bluffton Parkway - Phase 5A Beautification		250				250					
Traffic Signal Mast Arms		150						150			
Private (Dirt) Road Acquisition	73	50	50								
WM. Hilton Parkway Intersection Improvements at Squire Pope Road- westbound third lane		30	30								
Honey Horn Drive Apron and Access Aisle Improvements (facilitate special events parking)		200					200				
Lemoyne Road Reconstruction & Extension	82	-									
Traffic Signal System Pre-emption	375	-									
F&R Emergency Access Points	96	-									
Mathews Dr./Chaplin Area Connectivity	897	-									
Leamington Fresh Market Shoppes	25	-									
TOTAL	4,057	2,180	80	-	-	450	350	1,300	-	-	-
TOTAL FY 2015 BUDGET	11,859	11,360	80	1,250	1,870	600	2,950	3,300	60	-	1,250

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 \$92,211,000. The Town estimates the following expenditures by program.

Ten-Year Capital Improvements Program Expenditures by Program



CIP Expenditures by Category 2015-2024

	THOUSANDS OF DOLLARS					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020-2024
Summary						
Beach Maintenance	1,250	18,000	500	500	500	2,500
Existing Facilities & Infrastructure	300	240	2,925	50	-	-
Park Development	2,810	5,450	2,700	200	200	7,500
New Facilities & Infrastructure	3,100	3,750	17,550	750	2,100	6,800
Pathways	1,720	-	-	-	-	560
Roadway Improvements	2,180	1,105	2,296	3,710	1,000	750
TOTALS (THOUSANDS OF DOLLARS)	11,360	28,545	25,971	5,210	3,800	18,110

CIP Expenditures by Category 2015-2024

	THOUSANDS OF DOLLARS					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020- 2024
BEACH MAINTENANCE						
Beach Management & Monitoring	500	500	500	500	500	2,500
Beach Renourishment - Island Wide	750	17,500				
TOTAL	1,250	18,000	500	500	500	2,500
EXISTING FACILITIES & INFRASTRUCTURE						
Town Hall Renovations	150	50	50	50		
Fire Station 2 Replacement	150	150	2,700			
F&R Training Center Enhancements		40	175			
TOTAL	300	240	2,925	50	-	-
PARK DEVELOPMENT						
Park Upgrades	60	200	200	200	200	1,000
Chaplin Linear Park	2,000					6,500
Recreation Center Enhancements	750	5,250	2,500			
TOTAL	2,810	5,450	2,700	200	200	7,500

CIP Expenditures by Category 2015-2024

	THOUSANDS OF DOLLARS					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020- 2024
NEW FACILITIES & INFRASTRUCTURE						
Coligny/Pope Avenue Area Initiative	-	750	50	750	2,100	6,800
USCB Campus	2,600	2,500	17,500			
58 Shelter Cove Lane - Tenant Upfit (Town Use)	-	-	-	-	-	-
Sewer Services Projects	500					
Wall at Airport	-	500				
TOTAL	3,100	3,750	17,550	750	2,100	6,800
PATHWAYS						
US 278 (Gum Tree Road to Squire Pope Road)						560
US 278 (Fresh Market Shoppes to Shelter Cove/Chaplin)	1,320					-
Pathway Safety Improvements	400					-
TOTAL	1,720	-	-	-	-	560
ROADWAY IMPROVEMENTS						
Mathews Drive/Marshland Road Roundabout	1,000					
Office Park Road Intersection Improvements	150	500	1,000			
Reconstruction of South Lagoon Road		120		1,200		
Reconstruction of Nassau Street		100		760		
Pope Avenue Improvements			100		1,000	
South Forest Beach Drive Improvements				100		750
Heritage Plaza Road Extension	350			1,500		
Wm. Hilton Parkway Intersection Improvements at Squire Pope Road - westbound third lane	30		300			
Honey Horn Drive Apron and Access Aisle Improvements (facilities special events parking)	200					
Intersection Improvements at Shelter Cove Towne Centre	TBD	TBD				
Miscellaneous Turning lane Improvements: EB Wm. Hilton parkway @ Queens Folly, WB Wm. Hilton Pkwy @ Beach City Rd., Arrow rd. @ Palmetto Bay		35	300			
Bluffton Parkway - Phase 5A Beautification	250	250	500			
Traffic Signal Mast Arms	150	100	96	150		
Private (Dirt) Roads Acquisition	50	TBD	TBD	TBD	TBD	TBD
TOTAL	2,180	1,105	2,296	3,710	1,000	750
TOTALS (THOUSAND OF DOLLARS)	11,360	28,545	25,971	5,210	3,800	18,110

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 2015 is \$3.5 million including a transfer to the General Fund. The annual base fee per SFU will remain at \$108.70 for fiscal year 2015.

	FY 2012 Actual	FY 2013 Actual	FY 2014		FY 2015 Budget	% change	
			FY 2014 Budget	Estimated Actual		FY 2014 Budget	FY 2014 Est. Actual
Revenues:							
Stormwater Fees	3,491,879	3,574,933	3,587,573	3,587,573	3,564,900	-0.63%	-0.63%
Miscellaneous Income	-	5,512	-	-	-		
Investment Income	-	253	-	-	-		
Total Revenue	3,491,879	3,580,698	3,587,573	3,587,573	3,564,900	-0.63%	-0.63%
Expenditures:							
Personnel:							
Total Personnel	152,974	154,099	256,588	268,712	357,399	39.29%	33.00%
Operating:							
Public Education	-	6,507	44,955	19,954	15,000	-66.63%	-24.83%
Mapping Update	-	-	88,470	88,470	-	-100.00%	-100.00%
Professional Services	-	-	40,000	40,000	-	-100.00%	-100.00%
General Operating Expense	-	3,201	17,800	16,300	38,100	114.04%	133.74%
Beaufort County SWU Admin Fees	14,179	90,039	92,109	92,109	91,992	-0.13%	-0.13%
Permitting	-	-	-	-	25,000		
Water Quality Monitoring	34,359	42,353	90,002	41,172	120,000	33.33%	191.46%
Total Operating	48,538	142,100	373,336	298,005	290,092	-22.30%	-2.66%
Projects:							
Infrastructure and Capital	1,262,727	662,236	1,139,836	621,825	440,000	-61.40%	-29.24%
Inventory and Modeling	86,382	522,127	626,533	356,076	264,000	-57.86%	-25.86%
Maintenance and Repairs	307,957	264,092	991,914	408,830	753,000	-24.09%	84.18%
Pump Station Costs	174,183	249,884	538,370	457,052	201,000	-62.67%	-56.02%
Total Project Costs	1,831,249	1,698,339	3,296,653	1,843,783	1,658,000	-49.71%	-10.08%
Debt Service:							
Principal	605,000	780,000	805,000	805,000	825,000	2.48%	2.48%
Interest	379,470	366,077	344,000	344,261	322,000	-6.40%	-6.47%
Other Charges	105,258	2,500	3,000	2,500	3,000	0.00%	20.00%
Total Debt Service	1,089,728	1,148,577	1,152,000	1,151,761	1,150,000	-0.17%	-0.15%
Total Expenditures	3,122,488	3,143,114	5,078,577	3,562,261	3,455,491	-31.96%	-3.00%
Transfer to General Fund	235,330	236,130	74,258	74,258	94,258	26.93%	26.93%
Total Expenditures and Transfers Out	3,357,818	3,379,244	5,152,835	3,636,519	3,549,749	-31.11%	-2.39%
Net Change in Fund Balance	134,062	201,454	(1,565,262)	(48,946)	15,151		

Revenues and Expenses Analysis - Historical, Estimated Actual, and Budget
Stormwater Expenditures by Category 2015-2018

STORMWATER BUDGET SUMMARY	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2015	FY 2016	FY 2017	FY 2018
CATEGORY					
Salary, Benefits, Operating Expenses	25	647	686	663	671
Debt Service		1,150	1,152	1,153	1,154
Capital & Infrastructure Upgrades and Improvements	551	440	185	355	355
Inventory & Modeling	293	264	304	325	330
Maintenance & Repairs	269	753	780	615	595
Pump Station Costs	57	201	351	351	351
TOTAL	1,195	3,455	3,458	3,462	3,456

STORMWATER BUDGET DETAIL	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2015	FY 2016	FY 2017	FY 2018
SALARY, BENEFITS, OPERATING EXPENSES AND DEBT SERVICE					
SALARY AND BENEFITS					
Total Salary and Benefits	-	357	364	371	379
OPERATING EXPENSES					
Beaufort County SWU Administration Fee (<i>withheld by County</i>)	-	92	103	103	103
NPDES Permit Costs	-	25	25	25	25
Beaufort County Stormwater Master Plan Update	-	-	30	-	-
Public Education	25	15	25	25	25
Water Quality Monitoring	-	120	120	120	120
General Operating Costs	-	38	19	19	19
Total Operating Expenses	25	290	322	292	292
DEBT SERVICE (<i>matures fiscal year 2026</i>)					
Principal	-	825	850	875	900
Interest	-	322	299	275	251
Other Charges and Fees	-	3	3	3	3
Total Debt Service	-	1,150	1,152	1,153	1,154
TOTAL SALARY, BENEFITS, OPERATING EXPENSES AND DEBT SERVICE	25	1,797	1,838	1,816	1,825

Stormwater Expenditures by Category 2015-2018

STORMWATER BUDGET DETAIL	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2015	FY 2016	FY 2017	FY 2018
CAPITAL & INFRASTRUCTURE UPGRADES & IMPROVEMENTS					
HILTON HEAD PLANTATION - PUD					
Bear Creek Outfall - Riser-Barrel Rehab/Replacement	97	-	-	-	-
Golden Hind - Pipe Lining / Removal	-	250	-	-	-
Pipe Cleaning/TV/Lining/Replacement	-	-	-	50	-
Prestwick Court Lagoon Connector	-	-	-	-	25
INDIGO RUN - PUD					
Colonial Dr. Flooding	50	-	-	-	-
Replace Gate at golf drainage system outfall lagoon	-	-	-	40	-
LONG COVE - PUD					
Friendfield Ct.	76	-	-	-	-
Pipe Cleaning/TV/Lining/Replacement	-	-	-	35	-
PALMETTO DUNES - PUD					
Mooring Buoy Pipe Replacement	24	50	-	-	-
Queens Folly Pipe rehab	-	-	35	-	-
Pipe Cleaning/TV/Lining/Replacement	-	-	-	50	-
PORT ROYAL PLANTATION - PUD					
Marketplace and Oak Creek - Culvert Upgrades	-	-	-	-	150
SEAPINES - PUD					
Baynard Cove Outfall structure gate screw/frame replacement	-	-	-	-	-
Pipe Cleaning/TV/Lining/Replacement	-	-	-	50	-
SHIPYARD - PUD					
Cart Path Culvert Replacement	-	-	-	-	25
WEXFORD - PUD					
Pipe Cleaning/TV/Lining/Replacement	-	-	-	-	25
NON-PUD AREAS					
Gum Tree Outfall Channel at Katie Miller	133	-	-	-	-
Myrtle & Hickory Lane	171	135	-	-	-
Arrow Road / Target Road culvert lengthening	-	5	-	-	-
Tanglewood Dr. Flooding - (tie Nassau/outfall to Coligny Re-development)	-	-	100	-	-
Bay Pines / Point Comfort - Design and Construction	-	-	50	100	-
US 278 Turn Lane Ponding	-	-	-	30	-
Crossing / Haig Point Channel Stabilization	-	-	-	-	25
Fish Haul Creek at Union Cemetery - Culvert Upgrade	-	-	-	-	80
Marshland Road at Mathews Drive ditch junction	-	-	-	-	25
TOTAL CAPITAL & INFRASTRUCTURE UPGRADES & IMPROVEMENTS	551	440	185	355	355
INVENTORY, MODELING, AND MASTER PLANNING					
Hilton Head Plantation	-	-	-	-	-
Leamington	26	-	-	-	-
Palmetto Dunes	166	-	-	-	-
Port Royal	-	-	-	-	-
Indigo Run	67	100	68	-	-
Unaffiliated Watersheds	34	27	32	-	138
Sea Pines	-	95	204	214	-
Shelter Cove	-	42	-	-	-
Long Cove Club	-	-	-	27	40
Wexford	-	-	-	37	54
Palmetto Hall	-	-	-	47	70
Spanish Wells	-	-	-	-	28
Inventory & Modeling Updates	-	-	-	-	-
TOTAL INVENTORY, MODELING, AND MASTER PLANNING	293	264	304	325	330

Stormwater Expenditures by Category 2015-2018

STORMWATER BUDGET DETAIL (continued)	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2015	FY 2016	FY 2017	FY 2018
MAINTENANCE & REPAIRS					
Emergency Contingency for Repairs		50	50	50	50
HILTON HEAD PLANTATION - PUD					
Gen Maintenance	20	50	50	50	50
Sweetwater	19	-	-	-	-
Edgewood Dr. / Edgewood Ct. Flooding	-	25	-	-	-
Bear Creek Golf Course Lagoon Flap Gate Replacement	-	-	-	-	5
INDIGO RUN - PUD					
Gen Maintenance	-	20	20	20	25
Sunningdale Lane triple culvert cleaning	-	-	10	-	-
Preserve at Indigo Run channel crossing	-	-	-	10	-
Golden Bear pipe cleaning	-	-	-	-	5
LEAMINGTON - PUD					
Gen Maintenance	-	15	15	15	15
LONG COVE CLUB - PUD					
Gen Maintenance	-	15	15	15	15
Pipe repairs (Fife Ln., Belfair Ct., Turnbridge, Combahee, Lavington)	-	-	75	-	-
PALMETTO HALL - PUD (Assume Responsibilities in FY 2015)					
Gen Maintenance		15	15	15	20
PALMETTO DUNES - PUD					
Gen Maintenance	-	20	20	20	25
Pipe / sinkhole repairs (Ginger Beer and Lookout Ln.)	-	-	-	30	-
PORT ROYAL PLANTATION - PUD					
Gen Maintenance	-	30	30	30	30
Channel Maintenance (S. Port Royal/Century/Scarborough)	100	-	-	-	-
Silt Clearing - (Coggins Point Road / The Links Bridge)	-	-	50	-	-
SEAPINES - PUD					
Gen Maintenance	-	50	50	50	50
Greenwood Dr. Ditch (Heritage)	60	-	-	-	-
Baynard Cove OF structure cleaning and repairs	20	-	-	-	-
Harbour Town Hole 14 Weir Failure	-	25	-	-	-
Port & Lagoon Villas / Wren Drive outfall	-	20	-	-	-
Windjammer drainage system cleaning	-	15	-	-	-
Lawton Dr. at Tupelo Rd. ditch and pipe cleaning	-	-	15	-	-
Greenwood Dr. at Tupelo Rd. ditch and pipe cleaning	-	-	15	-	-
Greenwood Dr. at pathway ditch and pipe cleaning	-	-	15	-	-
Cordillo Parkway to Lawton Drive channel cleaning	-	-	-	25	25
Lawton Rd. at Lawton Dr. weir cleaning	-	-	-	5	-
Fire Station 2 lagoon outfall cleaning	-	-	-	10	-
Club Course Dr. pipe cleaning	-	-	-	-	10
Club Course drainage system cleaning (Otter Rd. to Newhall Rd.)	-	-	-	-	25
Club Course drainage system cleaning (Wood Duck Rd. to Pine Island Rd.)	-	-	-	-	25
SHIPYARD - PUD					
Gen Maintenance	-	25	25	25	25
Galleon fairway flooding - adi pipe and repair control structure	-	-	20	-	-
WEXFORD - PUD					
Gen Maintenance	-	20	20	20	20
Outfall cleaning at clubhouse	-	25	-	-	-
Channel Maintenance (along Power Line Esmt)	-	40	-	40	-

Stormwater Expenditures by Category 2015-2018

STORMWATER BUDGET DETAIL (continued)	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2015	FY 2016	FY 2017	FY 2018
NON-PUD AREAS					
Gen Maintenance	-	100	100	100	100
Recurring Channel Maintenance	-	75	75	75	75
Mathews / Matilda - Bank Stabilization	30	25	50	-	-
Folly Field (Island Club to Fiddlers Cove)	-	35	-	-	-
Cordillo Parkway - Pope to Deallyon - Channel and culvert repairs	20	50	-	-	-
Folly Field Beach Park Flooding	-	8	-	-	-
Mathews Drive Culvert Pinch Valves / Sediment Removal (Ashmore Outfall)	-	-	10	-	-
Arrow Rd. ditch and pipe cleaning (Post Office)	-	-	5	-	-
Marshland Rd. Shoulder Swale	-	-	15	-	-
William Hilton Pkwy Median (Dillon Road to Union Cemetery) outfall	-	-	15	-	-
Arrow Rd. Ditches and Tide Flaps	-	-	-	10	-
TOTAL MAINTENANCE & REPAIRS	269	753	780	615	595
PUMP STATION COSTS (MAINTENANCE, REPAIRS and REPLACEMENT)					
Sea Pines Pump Station	-	30	30	30	30
Shipyard Pump Station	-	10	10	10	10
Wexford Pump Station	-	11	11	11	11
Jarvis Creek Pump Station	57	50	50	50	50
Annual Pump Replacement	-	-	150	150	150
Emergency Contingency for Pump Repairs	-	100	100	100	100
TOTAL PUMP STATION COSTS (MAINTENANCE, REPAIRS & REPLACEMENT)	57	201	351	351	351
TOTAL BUDGET	1,195	3,455	3,458	3,462	3,456

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.

Business Type Activities

Stormwater Revenue Bonds; \$13,810,000

Issued December 1, 2010

Matures: 2026

Debt Outstanding as of June 30, 2014: \$11,585,000

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020-2024	FY 2025-2026
Interest	322,063	299,128	275,498	251,173	226,153	731,696	92,435
Principal	825,000	850,000	875,000	900,000	920,000	5,010,000	2,205,000
Total	1,147,063	1,149,128	1,150,498	1,151,173	1,146,153	5,741,696	2,297,435

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 2015 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
Revenues:											
Real and Personal Property Taxes	\$ 11,810,750	\$ 6,890,704	\$ -	\$ -	\$ -	\$ -	\$ 5,047,962	\$ 689,244	\$ -	\$24,438,660	\$ -
Accommodations Tax	2,833,000	-	4,815,959	-	-	-	-	-	-	7,648,959	-
Hospitality Tax	-	-	-	-	-	5,613,500	-	-	-	5,613,500	-
Business Licenses/Franchise Fees	8,844,750	-	-	-	-	-	-	-	-	8,844,750	-
Permits	1,448,180	-	-	-	-	-	-	-	-	1,448,180	-
Other Fees:											
Impact	-	-	-	-	-	-	-	-	-	-	-
Real Estate Transfer	-	-	-	2,305,605	-	-	-	-	-	2,305,605	-
Beach Preservation	-	-	-	-	5,662,940	-	-	-	-	5,662,940	-
Electric Franchise	-	-	-	-	-	-	-	2,700,000	-	2,700,000	-
Stormwater	-	-	-	-	-	-	-	-	-	-	3,564,900
State Shared Funds	800,000	-	-	-	-	-	-	478,150	-	1,278,150	-
Grants	161,777	-	-	-	-	-	-	-	-	161,777	-
Miscellaneous Revenue	2,130,750	-	-	-	-	-	164,880	89,336	-	2,384,966	-
Investment Income	2,700	1,050	350	200	3,100	450	36,905	-	-	44,755	-
Total revenues	28,031,907	6,891,754	4,816,309	2,305,805	5,666,040	5,613,950	5,249,747	1,256,730	2,700,000	62,532,241	3,564,900
Expenditures/Expenses:											
General Government											
Town Council	500,276	-	-	-	-	-	-	-	-	500,276	-
Town Manager	642,675	-	-	-	-	-	-	-	-	642,675	-
Total	1,142,951	-	-	-	-	-	-	-	-	1,142,951	-
Administration											
Finance	1,767,843	-	-	-	-	-	-	-	-	1,767,843	-
Administration/Legal	3,828,553	-	-	-	-	-	-	-	-	3,828,553	-
Total	5,596,396	-	-	-	-	-	-	-	-	5,596,396	-
Community Services											
Community Development	2,759,970	-	-	-	-	-	-	-	-	2,759,970	-
Public Projects and Facilities	5,185,330	-	-	-	-	-	-	-	-	5,185,330	647,491
Total	7,945,300	-	-	-	-	-	-	-	-	7,945,300	647,491
Public Safety											
Fire and Rescue	15,127,544	-	-	-	-	-	-	-	-	15,127,544	-
Sheriff/Other Public Safety	3,264,113	-	-	-	-	-	-	-	-	3,264,113	-
Total	18,391,657	-	-	-	-	-	-	-	-	18,391,657	-
Townwide											
	4,500,064	-	-	-	-	-	-	-	-	4,500,064	-
Capital Projects											
	-	-	-	-	-	-	-	11,610,000	2,700,000	14,310,000	1,658,000
Accommodations Tax Grants											
Heritage Classic	-	-	1,472,500	-	-	-	-	-	-	1,472,500	-
Visitor and Convention Bureau	-	-	1,767,288	-	-	300,000	-	-	-	3,000,000	-
Administration	-	-	-	-	-	-	19,000	-	-	1,767,288	-
Debt Service	-	-	-	-	-	-	16,697,756	-	-	19,000	-
Total expenditures	37,576,368	-	3,239,788	-	-	300,000	16,716,756	11,610,000	2,700,000	72,142,911	1,150,000
Excess (deficiency) of revenues over (under) expenditures/expenses	(9,544,460)	6,891,754	1,576,521	2,305,805	5,666,040	5,313,950	(11,467,009)	(10,353,270)	-	(9,610,670)	109,409
Other financing sources (uses):											
Transfers In:											
Accommodations Tax - State	1,264,324	-	-	-	-	-	-	-	-	1,264,324	-
Accommodations Tax - Local	-	-	-	-	-	-	-	-	-	-	-
Hospitality Tax	4,726,069	-	-	-	-	-	1,629,813	600,000	-	6,955,882	-
Real Estate Transfer	-	-	-	-	-	-	2,268,727	-	-	2,268,727	-
Beach Preservation	1,111,138	-	-	-	-	-	4,378,838	1,250,000	-	6,739,976	-
Electric Franchise	87,878	-	-	-	-	-	-	-	-	87,878	-
TIF	169,398	-	-	-	-	-	4,122,960	3,300,000	-	7,592,358	-
Capital Projects Fund:											
Hospitality Bond	-	-	-	-	-	-	-	-	-	-	-
Ad Valorem Taxes	654,000	-	-	-	-	-	-	-	-	654,000	-
Lease	12,000	-	-	-	-	-	65,336	-	-	77,336	-
Sunday Liquor Fees	418,150	-	-	-	-	-	-	-	-	418,150	-
Stormwater	94,258	-	-	-	-	-	-	-	-	94,258	-
Transfers Out:											
Accommodations Tax	-	-	(1,264,324)	-	-	-	-	-	-	(1,264,324)	-
Hospitality Tax	-	-	-	-	-	(6,955,882)	-	-	-	(6,955,882)	-
Real Estate Transfer	-	-	-	(2,268,727)	-	-	-	-	-	(2,268,727)	-
Beach Preservation	-	-	-	-	(6,739,976)	-	-	-	-	(6,739,976)	-
Electric Franchise	-	-	-	-	-	-	-	(87,878)	-	(87,878)	-
TIF	-	(7,592,358)	-	-	-	-	-	-	-	(7,592,358)	-
Capital Projects Fund:											
Ad Valorem Taxes	-	-	-	-	-	-	-	(654,000)	-	(654,000)	-
Lease	-	-	-	-	-	-	-	(77,336)	-	(77,336)	-
Sunday Liquor Fees	-	-	-	-	-	-	-	(418,150)	-	(418,150)	-
Stormwater Fees	-	-	-	-	-	-	-	-	-	-	(94,258)
Bond Proceeds	-	-	-	-	-	-	-	6,320,000	-	6,320,000	-
Bond Proceeds Previously Recognized	-	-	-	-	-	-	-	(1,870,000)	-	(1,870,000)	-
Total other financing sources (uses)	8,537,215	(7,592,358)	(1,264,324)	(2,268,727)	(6,739,976)	(6,955,882)	12,465,674	8,450,514	(87,878)	4,544,258	(94,258)
Revenues Over/(Under) Expenditures/Expenses	(1,007,245)	(700,604)	312,197	37,078	(1,073,936)	(1,641,932)	998,665	(1,902,756)	(87,878)	(5,066,412)	15,151
Fund balance - beginning (estimated)	16,141,229	(809,054)	2,308,819	1,297,934	14,006,491	1,008,672	8,657,322	10,757,816	1,961,540	55,330,768	3,844,287
Fund balance - ending	\$ 15,133,983	\$ (1,509,658) A	\$ 2,621,016	\$ 1,335,012	\$ 12,932,555	\$ (633,260) B	\$ 9,655,986	\$ 8,855,060	\$ 1,873,662	\$50,264,356	\$ 3,859,438

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 2015 Flow of Funds - All Funds

