

*TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA
CONSOLIDATED MUNICIPAL BUDGET*



Fiscal Year July 1, 2018 through June 30, 2019

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TOWN OF HILTON HEAD ISLAND, SC CONSOLIDATED MUNICIPAL BUDGET FISCAL YEAR ENDED JUNE 30, 2019

ELECTED OFFICIALS



From Left to Right: John McCann, William D. Harkins, Kimberly W. Likins (Mayor Pro Tempore), David G. Bennett (Mayor), Marc A. Grant, Thomas W. Lennox, and David Ames

ADMINISTRATIVE STAFF

Stephen G. Riley
Gregory DeLoach
Bradley Tadlock
John Troyer
Charles F. Cousins
Scott Liggett

Town Manager
Assistant Town Manager
Fire 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, 2017

Christopher P. Morill

Executive Director

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Reader's Guide

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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 2018.

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.

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 2019 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.

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 Improvement Plan (multiple funds)

This section includes a summary of capital projects by funding source for the current fiscal year, the next four years, and projects that have been deferred beyond the next five years.

Reader's Guide

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. Financial structure multi-year – all funds
2. FY 2019 flow of funds – all funds
3. Financial balance changes greater than 10%
4. Glossary of terms



Town Manager's Letter

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Town Manager's Letter

May 1, 2018

Dear Council Members:

I am pleased to submit to you the fiscal year 2019 budget. The budget presents a balanced and prudent financial plan. The 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.

The Town is completing its response to Hurricane Matthew and continues to work closely with FEMA and the State for allowable reimbursements. As of the publication date hurricane response costs are expected to be near \$57.0 million. The Town has been reimbursed over \$39.0 million with more expected. We celebrate how far we have come so far; however, until we as a community are further along in the process, we felt compelled to be cautious in our plans for next fiscal year.

Budget Summary

The fiscal year 2019 budget represents a funding plan designed to meet the needs of the Town's citizens. The total consolidated budget for governmental funds is \$74,333,829, representing the General and Debt Service Funds, as well as the Capital Improvement Plan that is comprised of multiple funds. The budget for the Stormwater Fund (Enterprise Fund) is programmed at \$5,311,000.

The following tables show the amount and percent of change to these funds over last fiscal year:

Figure 1 Budget Comparison in Dollars

	General Fund	Debt Service Fund	Capital Improvement Plan	Total Governmental Funds	Stormwater	Total Budget
FY 2018 Adopted Budget	\$ 40,319,036	\$ 24,200,000	\$ 16,924,000	\$ 81,443,036	\$ 7,898,000	\$ 89,341,036
FY 2019 Adopted Budget	40,257,829	24,200,000	9,876,000	74,333,829	5,311,000	79,644,829
Amount of Increase/(Decrease)	\$ (61,207)	\$ -	\$ (7,048,000)	\$ (7,109,207)	\$ (2,587,000)	\$ (9,696,207)

Figure 2 Budget Comparison as Percentage of Total Budget

	General Fund	Debt Service Fund	Capital Improvement Plan	Total Governmental Funds	Stormwater	Total Budget
FY 2018 Adopted Budget	45%	27%	19%	91%	9%	100%
FY 2019 Adopted Budget	51%	30%	13%	94%	7%	100%
Amount of Increase/(Decrease)	5%	3%	-6%	2%	-2%	

Town Manager's Letter

Millage Rate

Calendar year 2018 is a property reassessment year. The Town's property values increased by 2.72% between 2013 and 2018 because of reappraisal. In accordance with South Carolina law the Town rolled-back its millage rate by the percentage increase in property values (revenue neutrality). The exception is the disaster recovery millage rate which will remain the same. The Town's rolled-back millage rate was calculated by Beaufort County officials and approved by the State. The table below reflects the millage rates for fiscal years 2018 and 2019.

Figure 3 Millage Rate Comparison

Millage Rate by Fund	<u>FY 2018</u>	<u>FY 2019</u>
General Fund	16.38	15.93
Disaster Recovery *	5.00	5.00
Debt Service Fund	6.14	5.97
Capital Projects Fund	<u>0.84</u>	<u>0.82</u>
	<u>28.36</u>	<u>27.72</u>

* A temporary millage rate increase is being imposed in accordance with Section 6-1-320(B)(2) of the South Carolina Code of Laws. The 5 mil increase will be used to pay the debt service costs on bonds issued to replenish Town **reserves** used as part of the recovery funding associated with Hurricane Matthew in order to be better prepared for the next storm. The millage rate increase will be imposed for a five (5) years period and is expected to generate approximately \$21.2 million dollars. Fiscal year 2019 is the second year of five (5) years.

General Fund

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.

Revenues

The General Fund budget maintains the current level of high quality service. Overall, General Fund expenditures are programmed at \$40.3 million approximately the same last fiscal year. A mix of property taxes, business licenses and franchise fees, 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.

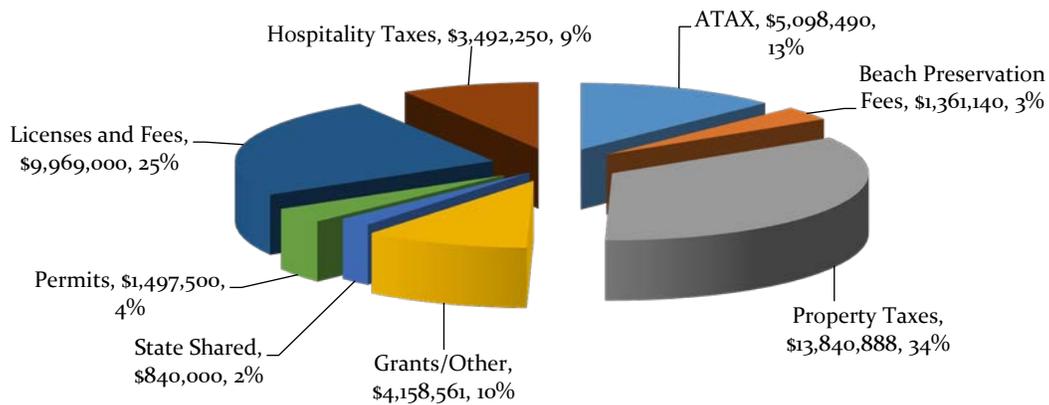
The chart on the following page reflects the anticipated growth or decline in the General Fund's major (does not include use of fund balance) revenue sources.

Town Manager's Letter

Figure 4 Major Revenue Sources

Revenue Source	2015 Actual	2016 Actual	2017 Actual	2018		2019 Budget	% Change		
				Adopted Budget	2018 Estimated Actual		FY 2018 Budget	FY 2018 Estimated Actual	
Property Taxes	\$ 11,894,284	\$ 12,647,166	\$ 12,971,500	\$ 13,473,000	\$ 13,703,850	\$ 13,840,888	2.7%	1.0%	
Business Licenses & Franchise Fees	9,210,538	9,143,438	9,289,682	9,983,007	9,918,528	9,969,000	-0.1%	0.5%	
Permit Fees	1,380,846	2,039,570	1,697,439	1,443,239	1,805,303	1,497,500	3.8%	-17.0%	
Local Accommodations Taxes	3,068,339	3,215,849	3,430,379	3,312,968	3,482,593	3,532,590	6.6%	1.4%	
Transfers In:									
State Accommodations Taxes	1,338,188	1,596,097	1,696,220	1,565,900	1,565,900	1,565,900	0.0%	0.0%	
Beach Preservation Fees	1,111,138	1,111,138	1,111,138	1,361,138	1,361,138	1,361,140	0.0%	0.0%	
Hospitality Taxes	4,391,195	3,270,069	3,392,245	3,492,245	3,492,245	3,492,250	0.0%	0.0%	
Subtotal "Major" Revenue Sources	32,394,528	33,023,327	33,588,603	34,631,497	35,329,557	35,259,268	1.8%	-0.2%	
All Other Revenue Sources	4,404,875	5,932,976	5,182,071	5,687,539	4,488,913	4,998,561	-12.1%	11.4%	
Total General Fund Revenues	\$ 36,799,403	\$ 38,956,303	\$ 38,770,674	\$ 40,319,036	\$ 39,818,470	\$ 40,257,829	-0.2%	1.1%	

Figure 5 Revenues by Source as Percentage of Total Revenues



Expenditures

Figure 6 General Historical Comparison of Expenditures by Source

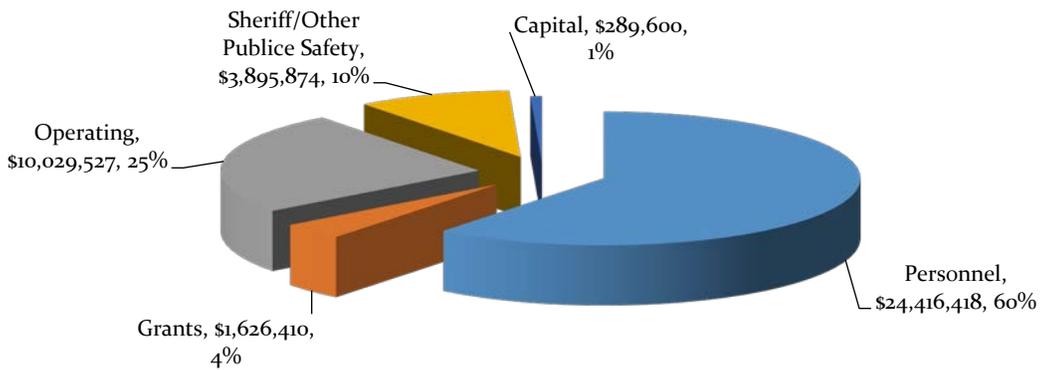
Expenditures Type	2015 Actual	2016 Actual	2017 Actual	2018		2019 Budget	% Change	
				Adopted Budget	2018 Estimated Actual		FY 2018 Budget	FY 2018 Estimated Actual
Personnel	\$ 21,604,603	\$ 22,056,036	\$ 21,719,809	\$ 23,688,294	\$ 22,957,276	\$ 24,416,418	3.1%	6.4%
Operating	7,177,724	7,486,017	15,419,269	10,412,569	9,801,918	10,029,527	-3.7%	2.3%
Sheriff/Other Public Safety	3,220,413	3,443,143	3,634,798	3,728,316	3,678,316	3,895,874	4.5%	5.9%
Capital	1,196,989	594,061	1,229,271	927,322	1,004,701	289,600	-68.8%	-71.2%
Grants	2,285,748	3,774,941	1,615,737	1,562,535	1,562,535	1,626,410	4.1%	4.1%
Grand Total	\$ 35,485,477	\$ 37,354,198	\$ 43,618,884	\$ 40,319,036	\$ 39,004,746	\$ 40,257,829	-0.2%	3.2%

Note: The personnel line for fiscal year 2019 above does not include 6 positions directly budgeted in the proprietary fund, the Stormwater Fund.

Town Manager's Letter

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

Figure 7 General Fund Expenditures by Type as a Percentage of Total Expenditures



The major changes in the budget are as follows (increase / (decrease) from prior year):

Major expenditure changes expenditure changes for fiscal year 2019 from fiscal year 2018		
1.	3% average merit increase (including salary and benefit cost)	\$593,000
2.	Vantage retirement funding	134,700
3.	Police Services	150,000
4.	Shore Beach Services	17,558
5.	Event management and hospitality training	55,648
6.	Recreation center	137,021
7.	LRTA (Palmetto Breeze)	(71,794)
8.	Fire Rescue medical supplies	27,000
9.	Fire Rescue maintenance contracts	17,000
10.	Finance bank charges	12,000
11.	Town Council initiatives (\$500,000 will be carried forward to fiscal year 2019)	(740,000)

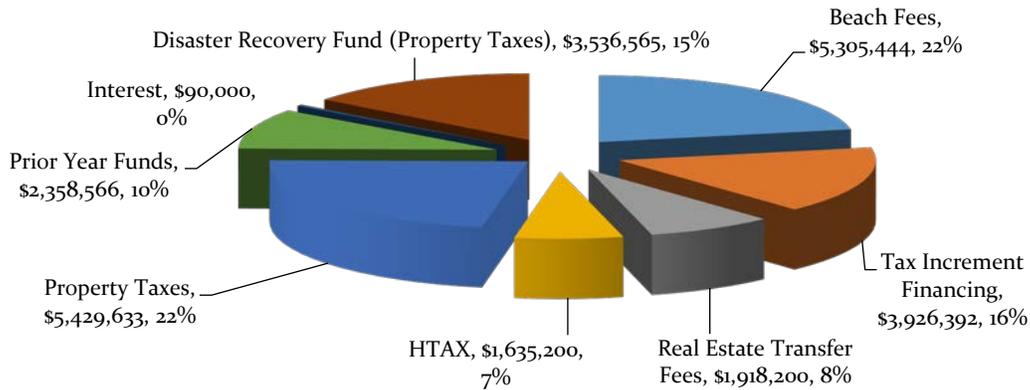
Debt Service Fund

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.)

Debt services costs are budgeted at \$24.2 million for fiscal year 2019, the same as last fiscal year.

Town Manager's Letter

Figure 8 Debt Service Revenue by Source as Percentage of Total Revenues



Note: The Stormwater Proprietary Fund reports its own debt service.

Capital Improvement Plan (CIP)

The Capital Improvement Plan (multiple funds) accounts for the financial resources used to acquire land and facilities; and to construct and improve public facilities, including roads, bike paths, fire stations, capital equipment, and parks. It also includes beach renourishment including beach management and monitoring.

The Town adopts a formal Capital Improvement Plan (CIP) for fiscal year 2019 and also presents a ten-year projection of anticipated new projects. The cost of new projects and equipment added to the Capital Improvement Plan in fiscal year 2019 are programmed at \$9.9 million compared to a budget of \$16.9 million for fiscal year 2018.

Town Manager's Letter

Capital Improvement Plan (CIP)

Sources of funding for new projects in the Capital Improvement Plan for fiscal year 2019 are as follows:

Figure 9 CIP Revenue by Source as Percentage of Total Revenues

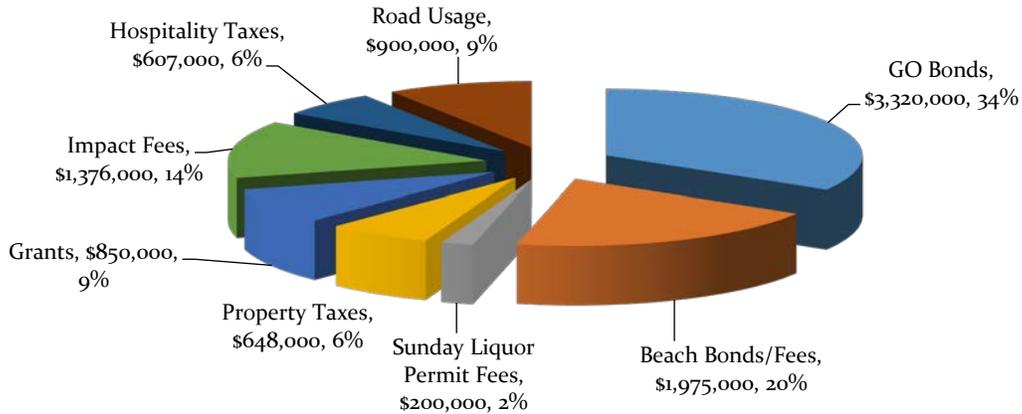


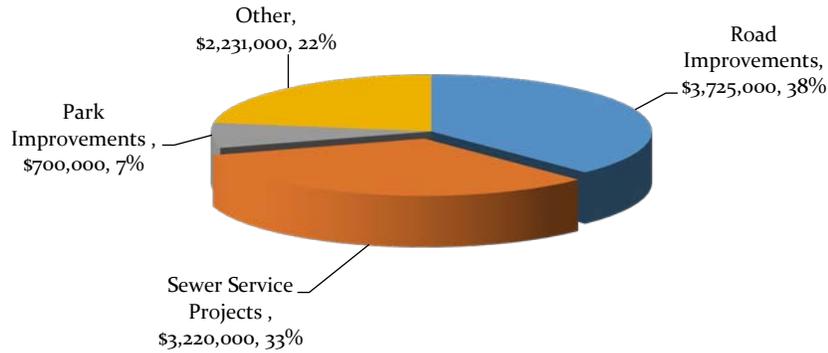
Figure 10 CIP Historical Comparison of Expenditures by Category

Expenditures by Category	2015 Actual	2016 Actual	2017 Actual	2018 Adopted Budget	2018 Estimated Actual	2019 Budget	% Change	
							FY 2018 Budget	FY 2018 Estimated Actual
Beach Maintenance	\$ 794,774	\$ 7,034,654	\$ 17,213,169	\$ 8,550,000	\$ 8,550,000	\$ 500,000	-94%	-94%
Public Facilities	2,227,088	2,535,507	1,833,305	884,000	884,000	155,000	-82%	-82%
Park Development	1,115,701	506,922	3,218,040	500,000	500,000	700,000	40%	40%
Facilities Improvements	552,052	273,356	146,258	2,626,000	2,626,000	3,470,000	32%	32%
Pathway Improvements	1,007,895	573,146	30,824	100,000	100,000	100,000	0%	0%
Roadway Improvements	2,650,081	542,298	1,477,351	775,000	775,000	3,725,000	381%	381%
Land Acquisition	2,012,510	101,515	9,926	20,000	20,000	20,000	0%	0%
Vehicles & Specialized Equipment	-	-	-	2,085,000	2,085,000	428,000	-79%	-79%
Transfers and Other Bond Costs	1,035,039	2,502,588	807,336	1,384,000	1,384,000	778,000	-44%	-44%
Grand Total	\$ 11,395,140	\$ 14,069,986	\$ 24,736,209	\$ 16,924,000	\$ 16,924,000	\$ 9,876,000	-42%	-42%

Town Manager's Letter

The chart below reflects anticipated capital expenditures by type for fiscal year 2019.

Figure 11 CIP Planned Capital Projects



FY 2019 Capital Improvement Plan – Major Projects	
1. Pathway accessibility	\$100,000
2. Roadway improvements – west bound 278 at Squire Pope; 3 rd lane	500,000
3. Roadway improvements – extension of Lagoon Road	675,000
4. Roadway improvements – reconstruction of Nassau Street	400,000
5. Roadway improvements – dirt road/other paving	900,000
6. Roadway improvements – Pope Avenue resurfacing	850,000
7. Park development – Cordillo area improvements	400,000
8. Infrastructure – sewer service projects	3,220,000

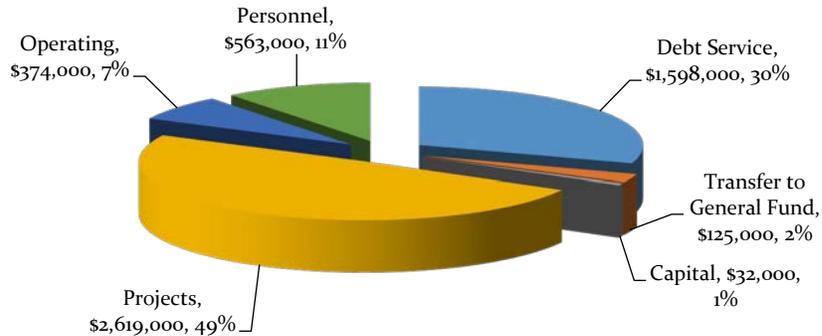
Proprietary Fund

The Town has one proprietary fund, the Stormwater Fund, which operates as an enterprise fund. The Fund's expenses and transfers out are programmed at \$5.3 million for fiscal year 2019 compared to \$7.9 million for fiscal year 2018. Funds will be used to perform routine channel, ditch, and culvert maintenance; weir, lagoon and drainage pipe cleaning; and systems repairs.

Fiscal year 2018 included a stormwater bond to supplement the annual stormwater fees. Fiscal year 2019 does not include any stormwater bonds to fund the budget.

Town Manager's Letter

Figure 12 Stormwater Fund Expenditures by Type as a Percentage of Total Expenditures



Town Manager's Summary

We developed the budget under the premises of fiscal conservancy and sustainability. The General Fund and Debt Service budgets are essentially the same as last year. Funding for the Capital Improvement Plan provides funding for key road improvements as well as funding for sewer service projects.

Tourism on the Island continues its importance. It is a retirement destination for many. It is a home to many young families. As a result, our budget addresses the need to maintain our facilities reflecting the expectations of a diverse residential population as well as visitors that make the island their tourism destination. Revenue growth has slowed due to the Town approaching buildout. The challenge will be to find ways to stimulate the economy as well as realign our funding streams in order to face the many challenges of increasing demands for service by residents and tourists alike. We remain optimistic about the Town's future.

Sincerely,

Stephen G. Riley, ICMA-CM
Town Manager
Town of Hilton Head Island



Town Vision

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Town Vision

The Town Council held an intensive two day workshop on November 16th and 17th 2017 to guide the Town's operations for fiscal year 2018. A number of important factors were identified.

BENEFITS FROM GOOD GOVERNMENT

- Anticipate change
- Allocate resources
- Safe community
- Meeting needs of constituents
- Fiscal solvency
- Effective and efficient implementation
- Transparency
- Trust
- Competitive position
- Well positioned for the future
- Good infrastructure
- Well informed community
- Thriving business environment
- Heart and soul
- Civic pride
- Two-way trust, respect and communication
- Delivering on your commitments
- Own the messaging
- Compromise without losing principles
- Expecting accountability

HEADWINDS: TRENDS IMPACTING THE COMMUNITY

- Traditional retail is declining
- Number of permanent/year-round residents are declining
- Increasing demands on government
- Center of region's economic development is moving west
- Demographics of tourists is changing
- Continuing rapid change in technology
- Climate changes
- Health care service providers are moving to neighboring city
- ACT 388
- Rising labor costs
- Declining supply of labor availability
- Rising mean age of residents
- Rising median income and cost of living
- Real estate appreciation is less than competitive markets
- Continual growth of low-income residents
- Amazon effect (on retail and sales tax)
- Tastes of tourists are changing
- Moving away from unique shopping to more chains
- Looking for sense of place
- Movement towards an experience based economy
- Rising water table
- Severe resistance to change

Town Vision

THE TOWN'S KEY PRIORITIES FOR 2018

1. **Hurricane Recovery:** continue clean up and reconciliation of financial commitments.
2. **Visioning:** continue process.
3. **Venue Committee:** recommendations are forthcoming.
4. **Gullah-Geechee:** consider recommendations from Gullah-Geechee Land and Cultural Preservation Task Force.
5. **Workforce Development and Affordable Housing:** consider recommendations from the Public Facilities and Public Planning Committee scheduled to be provided in February of 2018.
6. **Infrastructure:**
 - Bridge and Roads
 - Sewer
 - Stormwater
7. **Regionalism:** In order to define the purpose and impact from pursuing a regionalism effort the IGR Committee will compile and review an entire list of areas for regional efforts and craft a strategy and series of tactics to enact that strategy.

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About Hilton Head

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About Hilton Head Island¹

History

Hilton Head Island, sometimes referred to as simply **Hilton Head**, is a Lowcountry resort town located on an island of the same name in Beaufort County, South Carolina, United States. It is 20 miles (32 km) northeast of Savannah, Georgia, and 95 miles (153 km) southwest of Charleston. The island is named after Captain William Hilton, who in 1663 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. In 2004, an estimated 2.25 million visitors pumped more than \$1.5 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. Over the past decade, the island's population growth rate was 32%. Hilton Head Island is a primary city within the Hilton Head Island-Bluffton-Beaufort metropolitan area.

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 on to 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 Natural Resources Division enforces the Land Management Ordinance which minimizes the impact of development and governs the style of buildings and how they are situated amongst existing trees. As a result, Hilton Head Island enjoys an unusual amount of tree cover relative to the amount of development. Approximately 70% of the island, including most of the tourist areas, is located inside gated communities. However, the town maintains several public beach access points, including one for the exclusive use of town residents, who have approved several multimillion-dollar land-buying bond referendums to control commercial growth.

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.

New World Discovery

The Sea Pines 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 4,000 years old. Archeologists believe that the ring was a refuse heap, created by Indians who 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 Green's Shell Enclosure, Sea Pines, and Skull Creek shell rings are listed in the National Register of Historic Places and are protected by law.

¹ Wikipedia with updates

About Hilton Head Island

History

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".

17th to 19th Centuries

In 1698, Hilton Head Island was granted as part of a barony to John Bayley of Ballingclough, County of Tipperary, and 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 the mid-1740s, the South Carolina provincial half-galley *Beaufort* was stationed in a cove at the southern tip of Hilton Head to guard against intrusions by the Spanish of St. Augustine. The point and cove are named after Captain David Cutler Braddock, commander of the *Beaufort*. Captain Braddock was a mariner and privateer of note in Colonial times. Earlier, he had been placed in command of the Georgia schooner *Norfolk* by James Oglethorpe, founder of Georgia, and helped chase the Spanish back to St. Augustine after their failed 1742 invasion of St. Simons Island. After relocating to Savannah in 1746, he served two terms in the Georgia Commons House of Assembly while earning a living as a highly active privateer. He drew a well-known chart of the Florida Keys while on a privateering venture in 1756. The chart is in the Library of Congress.

In 1788, a small Episcopal church called the Zion Chapel of Ease was constructed for plantation owners. The chapel's 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. Davant was shot by Captain Martinangel of Daufuskie Island in 1781. This location 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.

During the Civil War, 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 wide (3 km) 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 was renamed Fort Welles, in honor of Gideon Welles, the Secretary of the Navy.

About Hilton Head Island

History

Hilton Head Island had tremendous significance in the Civil War and became an important base of operations for the Union blockade of the Southern ports, particularly Savannah and Charleston. The Union also built 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, 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 to 21st Centuries

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, large concrete gun platforms 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 shipbuilding, 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 E. 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 songwriter Gregg Russell perform under the tree for over 25 years. Fraser was buried next to the tree when he died in 2002.

About Hilton Head Island

History

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

Geography

Topography

Hilton Head Island is a shoe-shaped island that lies 20 miles (32 km) by air northeast of Savannah, Georgia, and 90 miles (140 km) south of Charleston.

According to the United States Census Bureau, the town has a total area of 69.2 square miles (179.1 km), of which 41.4 square miles (107.1 km) is land, and 27.8 square miles (71.9 km), or 40.17%, is water.

Barrier Island

Hilton Head Island is sometimes 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, however, Hilton Head Island is only a 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.

Wildlife

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

About Hilton Head Island

Geography

The Coastal Discovery Museum, in conjunction with the South Carolina Department of Natural Resources, patrol 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.

Particularly prominent in the ocean waters surrounding Hilton Head Island, the stingray serves as a fascination and painful natural encounter for many beach goers. Small stingrays inhabit the quieter, shallow region of ocean floor just beyond the break of the surf, typically buried beneath a thin layer of sand. Stingrays are a type of demersal, cartilaginous fish common to the South Carolina coast as well as other areas on the Atlantic shoreline. Typically, stingrays avoid contact with humans unless they are accidentally stepped upon, a situation often ending in a stingray injury, where the stingray punctures the human with its poisonous barb. While these injuries are extremely painful, they are not usually life-threatening as long as they are properly attended to by a medical professional. One complaint shared by many Hilton Head Island tourists is that the lifeguards maintain a poor alert system for notifying swimmers when numerous stingrays have been sighted within a specific stretch of the shore. This lack of notification on days when multiple sightings are reported can sometimes end in a high number of stingray injuries that might have otherwise been avoided; in 2009, 121 people were treated for stingray injuries.

The saltmarsh 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.

Climate

Hilton Head Island has a humid subtropical climate. Source: Weatherbase

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Average high °F (°C)	60 (15)	63 (17)	69 (20)	76 (24)	82 (28)	87 (30)	89 (32)	88 (31)	84 (29)	77 (25)	69 (21)	62 (17)	75 (24)
Average low °F (°C)	39 (4)	41 (5)	47 (9)	54 (12)	62 (17)	69 (20)	72 (22)	72 (22)	68 (20)	58 (14)	48 (9)	41 (5)	56 (13)
Average precipitation inches (mm)	3.8 (98)	3.5 (89)	3.9 (100)	3.0 (75)	3.8 (96)	5.1 (131)	6.3 (161)	7.8 (199)	5.9 (149)	3.5 (89)	2.5 (62)	2.9 (74)	52.1 (1,323)

About Hilton Head Island

Demographics

As of the census of 2010, there were 37,099 people, 16,535 households, and 10,700 families residing in the town, occupying a land area of 42.06 square miles (109 km). The population density was 882.0 people per square mile (340.4/km). There were 33,602 housing units at an average density of 798.9 per square mile (308.3/km).

Although the town occupies most of the land area of the island, it is not coterminous with it; there is a small part near the main access road from the mainland, William Hilton Parkway, which is not incorporated into the town. Hilton Head (the island) therefore has a slightly higher population (48,407 in Census 2000, defined as the Hilton Head Island Urban Cluster) and a larger land area (42.65 sq mi or 110.5 km) than the town. The Hilton Head Island-Bluffton Beaufort Metropolitan Statistical Area, which includes Beaufort and Jasper counties, had a 2012 estimated year-round population of 193,882.

The racial makeup of the town was 82.9% White, 7.5% African American, 0.2% Native American, 0.9% Asian, 0.1% Pacific Islander, 7.3% from other races, and 1.2% from two or more races. Hispanic or Latino of any race were 15.8% of the population.

There were 16,535 households in which 18.4% had children under the age of 18 living with them, 54.7% were married couples living together, 6.8% had a female householder with no husband present, and 35.3% were non-families. 28.3% of all households were made up of individuals and 14.0% had someone living alone who was 65 years of age or older. The average household size was 2.23 and the average family size was 2.66. In the town, the population was spread out with 18% under the age of 20, 4.4% from 20 to 24, 20.4% from 25 to 44, 28.4% from 45 to 64, and 28.8% who were 65 years of age or older. The median age was 50.9 years. For every 100 females there were 103.8 males. For every 100 females age 18 and over, there were 105.5 males.

According to a 2014 estimate, the median income for a household in the town was \$68,437, and the median income for a family was \$85,296. Males had a median income of \$51,463 versus \$36,743 for females. The per capita income for the town was \$45,116. About 5.4% of families and 9.3% of the population were below the poverty line, including 16.9% of those under age 18 and 3.9% of those age 65 or over.

About Hilton Head Island

Economy

According to Hilton Head Island's 2017 Comprehensive Annual Financial Report, the top employers in the Town are:

#	Employer	# of Employees
1	Serg Group Restaurants	869
2	Sea Pines Resort	672
3	Hilton Head Medical Center and Clinics	558
4	Beaufort County School District	518
5	Marriott Vacation Club	463
6	Salty Dog	388
7	Cypress of Hilton Head	352
8	Westin Hotels & Resorts	350
9	Omni Hilton Head Oceanfront Resort	300
10	Sonesta Resort Hilton Head Island	280

Arts and Culture

Organizations

- Formerly the Self Family Arts Center, the "Arts Center of Coastal Carolina" is a showcase for professional performing and visual arts, as well as cultural festivals and educational outreach. The Arts Center also offers community education, including Visual and Performing Arts Camps, Theater Camp, and other workshops and classes.
- The "Coastal Discovery Museum", located at 70 Honey Horn Drive, offers a variety of programs, activities, and indoor and outdoor exhibits year-round to over 125,000 visitors. The Discovery House has permanent exhibitions about the natural history and cultural heritage of the Lowcountry, a gift store, Kids' Zone and a temporary gallery space. The museum offers many tours of its 68-acre (28 ha) property that includes salt marsh boardwalks, trails, a native butterfly habitat and various gardens. The Coastal Discovery Museum is open Monday — Saturday, 9:00 a.m. – 4:30 p.m. and Sunday 11:00 a.m. – 3:00 p.m.
- The "Hilton Head Choral Society", founded in 1975, is a non-profit organization "open to community members who love to sing and enjoy good fellowship." The choirs of the Hilton Head Choral Society are known for their diverse musical repertoire including classical masterworks, pops concerts and lighter fare, patriotic and Americana, and gospel and musical theatre. There is also a 20-voice chamber choir and a youth choir. The 120-member full chorus presents four major programs per season: *A Fall Pops Concert*, *The Christmas Concert*, *The Musical Masterworks Concert* and a pair of Memorial Day concerts celebrating the art of American choral singing and a patriotic tribute.
- The "Hilton Head Symphony Orchestra" was started 25 years ago by a handful of musicians and classical music aficionados who dreamed of bringing "big city" culture to Hilton Head. Since then, they have transformed from a small group of classical music lovers to a highly rated symphony orchestra. Their main performance hall is the First Presbyterian Church on William Hilton Parkway, next to Fire Station 3. A branch formed from the Hilton Head Symphony Orchestra is the Hilton Head Youth Orchestra, helping young musicians across the county with their love for music.

About Hilton Head Island

Organizations

- The "Arts Council of Beaufort County" (ACBC)'s mission is to promote and foster the arts of Beaufort County, including Hilton Head Island. ACBC's vision is to position and maintain Beaufort County as a vibrant arts community and destination through active marketing, service to current arts organizations and artists and advocacy for the arts. ACBC programs include Quarterly Community Arts Grants, the Ever Expanding Arts Calendar, Get Your Art Out emerging artist initiative, the print publication ArtNews, and Arts of the Roundtables, which are free quarterly seminars exploring the business of art.
- The "Main Street Youth Theatre", located on the north end of the island on Main Street, is a non-profit community theatre dedicated to enriching the lives of the island's youth by providing a true theatrical experience. Each year, MSYT performs four or five Broadway-quality shows that run about two months at a time. During the tourist season, MSYT is a major tourist attraction and is also a local hot spot year round. The organization also provides acting, dance, and vocal instruction after school and during the summer.
- "Lifelong Learning of Hilton Head Island" offers the adult community of Hilton Head Island a collection of educational and fun classes covering subjects from history, arts, yoga, and current events to outer space exploration and beyond. Each semester promises choices from 20–30 topics. Annual membership is \$30. Fall and winter terms are \$45 each with no limit on the number of classes a member can take.
- "The Heritage Library of Hilton Head Island" is the repository for Hilton Head Island history and a premier ancestry research center. The Heritage Library is a non-profit member library that is open to the public for a small daily fee, and offers history programs, genealogy classes, and special programs throughout the year.

Annual Events

- Gullah Celebration – Although threatened by the rapid increase in tourism, Gullah culture can be seen at the annual Hilton Head Island Gullah Celebration which is held at Shelter Cove Community Park in February. In the summer, the acclaimed Hallelujah Singers present a Gullah concert series at Hilton Head's Arts Center of Coastal Carolina.
- WineFest – The Annual WineFest is the largest outdoor, tented wine tasting on the East Coast, featuring over 1,500 domestic and international wines.
- St. Patrick's Day Parade – The annual St. Patrick's Day Parade draws over 20,000 people.
- WingFest – The annual Hargray WingFest is held at Shelter Cove Community Park. The event is operated by the Island Recreation Association, and all proceeds benefit the Island Recreation Scholarship Fund.
- HarbourFest – HarbourFest, now in its 26th season, is held every Tuesday night from June to August at Shelter Cove Marina. It features arts and crafts, live entertainment, and fireworks at sunset. There is a special HarbourFest celebration on July 4.
- Heritage Golf Classic – The annual Heritage Classic Golf Tournament is held every April at Harbour Town Golf Links in Sea Pines Resort.
- Rib Burnoff and Barbecue Fest – The annual Rib Burnoff & Barbecue Fest is held at Honey Horn Plantation.
- Celebrity Golf Tournament – The annual Celebrity Golf Tournament is held at the Golf Club at Indigo Run, the Robert Trent Jones course in Palmetto Dunes and Harbour Town Golf Links. The tournament has contributed over \$3 million to 18 children's charities.
- FoodFest – FoodFest celebrates the talent of the local hospitality industry and provides attendees with several spectator events including: The Best Bartender Drink Making Contest, The Hospitable Waiter's Race, and The Tailgate Gourmet Challenge.

About Hilton Head Island

Annual Events

- Chili Cookoff – The annual Chili Cookoff is held at Honey Horn Plantation.
- Community Festival – The annual Community Festival at Honey Horn Plantation features a "haunted trail" in the "haunted forest" presented by the Hilton Head Rotary Club and the Interact Clubs from Hilton Head Island High School and Hilton Head Preparatory School.
- Motoring Festival and Concours d'Elegance – World-class automobiles take center stage each November at the annual Hilton Head Island Motoring Festival & Concours d'Elegance at the Honey Horn Plantation. The festival features some of the country's finest collector automobiles, including classic cars, two-wheeled machines, wooden boats, and beach mobiles.
- The Dove Street Festival of Lights – Begun 1990, the Dove Street Festival of Lights takes place each December. It began when a local family on the street adopted their daughter and wanted to dedicate an event to her. Local families on Dove Street decorated the entire street with holiday lights, connecting the homes together to create a light tunnel effect. Previously, the Glee Club of the Miami University of Ohio serenaded residents with holiday songs. Town volunteers collect donations of money, food and toys at the festival that are given to The Deep Well Project, a local charity. In recent years the festival has moved from the original Dove Street to Shelter Cove Lane where the town can assist in the electrical costs.

Government

The Town of Hilton Head Island incorporated as a municipality in 1983 and has jurisdiction over the entire island except Mariner's Cove, Blue Heron Point, and Windmill Harbor. The Town of Hilton Head Island has a Council-Manager form of government. The Town Manager is the chief executive officer and head of the administrative branch and is responsible to the municipal council for the proper administration of all the affairs of the town. The Town Council exercises all powers not specifically delegated to the Town Manager. The Mayor has the same powers, duties, and responsibilities as a member of Town Council. In addition, the Mayor establishes the agenda for Town Council meetings, calls special meetings, executes contracts, deeds, resolutions, and proclamations not designated to the Town Manager, and represents the town at ceremonial functions.

Town functions include: General Government, Finance, Administrative Services, Community Development, Public Projects and Facilities, and Fire and Rescue.

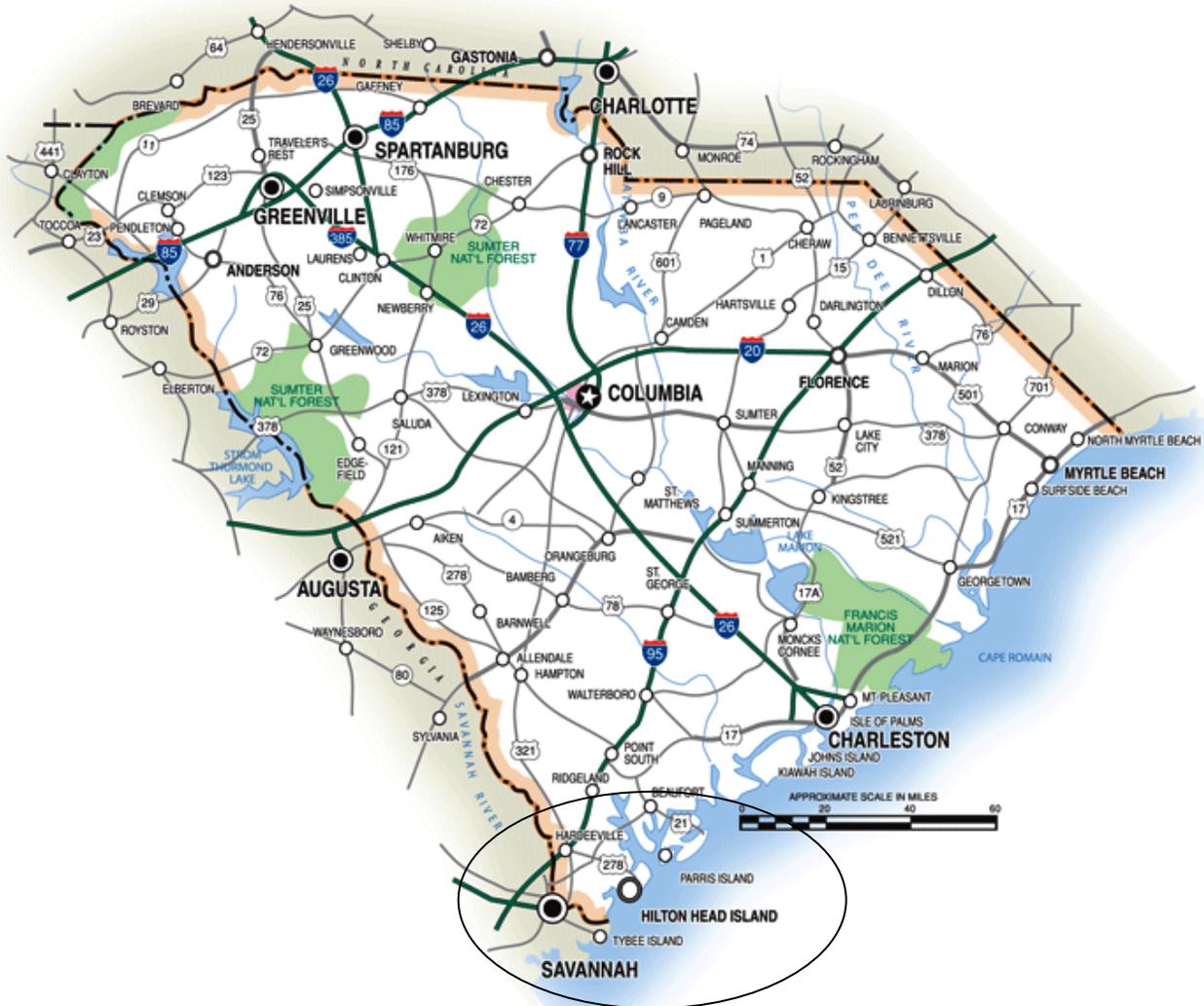
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General Information

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Where is Hilton Head Island?



General Information

Hilton Head Island at a Glance

Population

2004	34,638
2005	34,817
2006	34,368
2007	34,146
2008	34,243
2009	34,249
2010 Census	37,099
2011	37,585
2012	38,366
2013	39,412
2014	40,039
2015	40,512
2016	40,500
Median Age	50.9
Number of Households	17,005
Average Persons per Household	2.29
Average Family Size	2.64
Per Capita Income	\$47,869
Racial Composition (2010 Census)	
White	82.9%
Black or African American	7.5%
American Indian, Alaskan Native	0.2%
Asian	0.9%
Other	.1%
Hispanic Ethnicity	15.8%

Land Use

Land Area	54 sq. miles
Miles of Beach	13

Tourism

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

Property Tax Millage Rate

General Fund (Operating)	15.93
Emergency Override – Hurricane Matthew	5.00
Voter Approved Debt	5.97
Capital Projects Fund (CIP)	.82
Total Millage Rate	27.72

Bond Ratings

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

FY 2019 Budget

Combined Governmental Funds	\$74,333,829
Enterprise Fund	\$5,311,000
Total Town Staff (FTEs)	260.6

Recreation and Culture

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

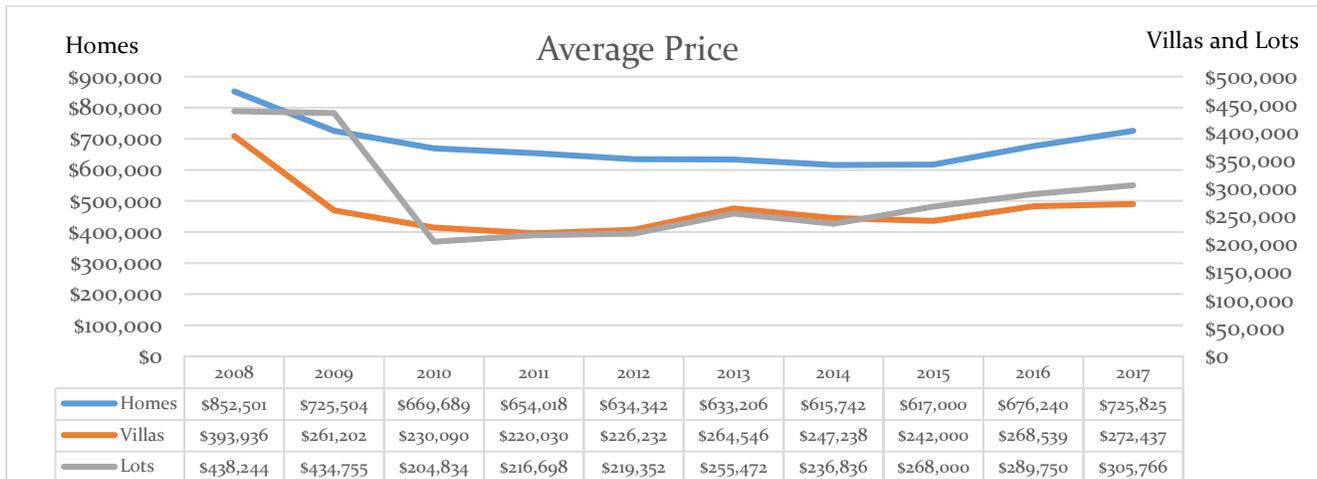
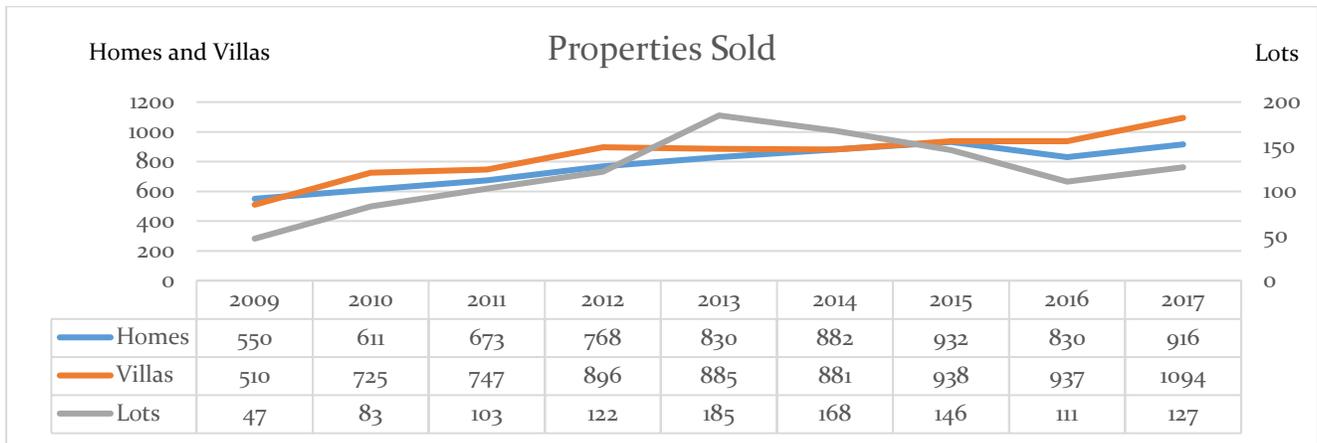
Hilton Head Island at a Glance

Property Sold Through Real Estate Agents¹

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Homes Sold	538	550	611	673	768	830	882	932	830	916
% change		2%	11%	10%	14%	8%	6%	6%	-11%	10%
Average Price	\$ 852,501	\$ 725,504	\$ 669,689	\$ 654,018	\$ 634,342	\$ 633,206	\$ 615,742	\$ 617,000	\$ 676,240	\$ 725,825
% change		-15%	-8%	-2%	-3%	0%	-3%	0%	10%	7%

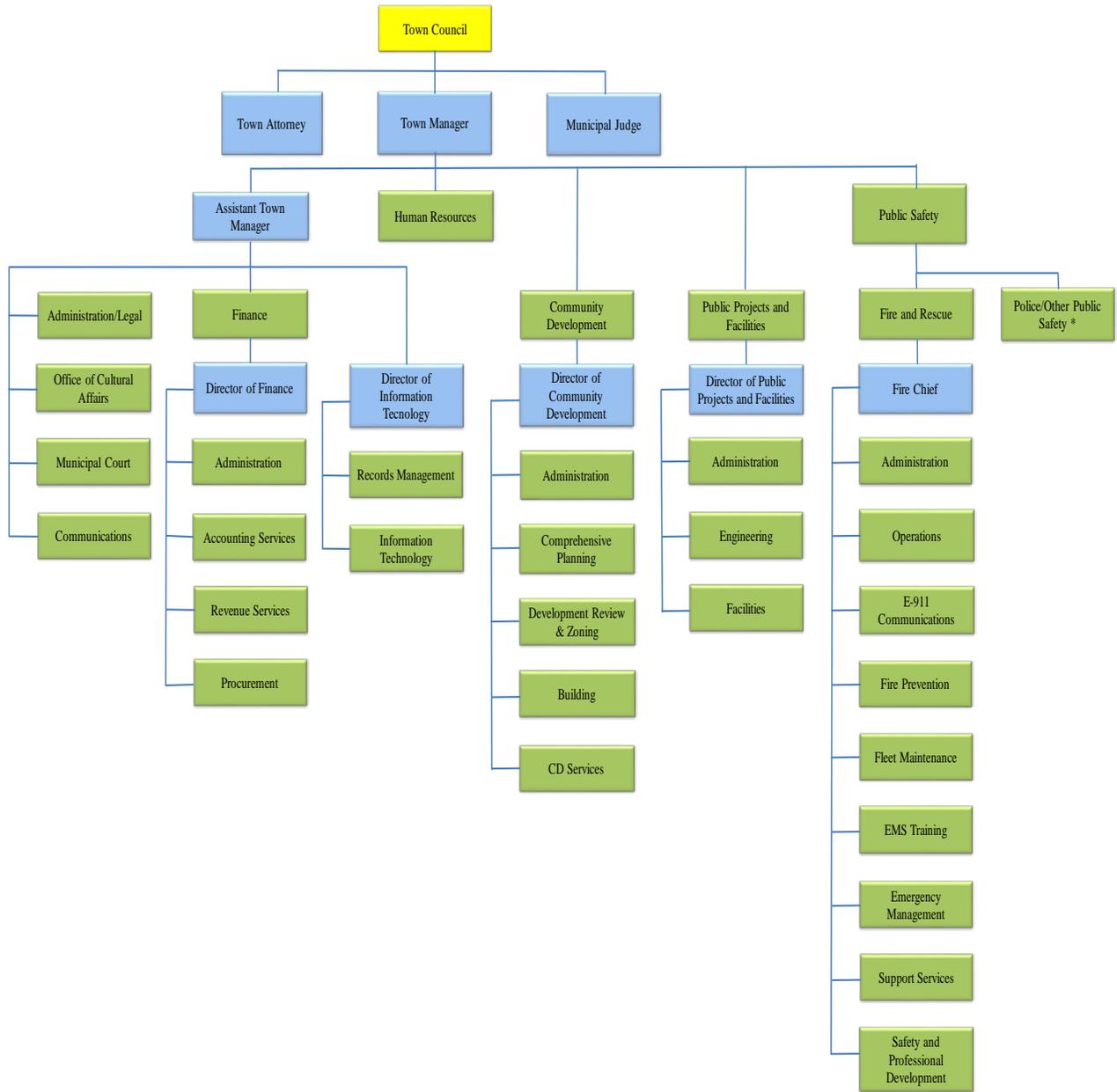
Villas Sold	476	510	725	747	896	885	881	938	937	1,094
% change		7%	42%	3%	20%	-1%	0%	6%	0%	17%
Average Price	\$ 393,936	\$ 261,202	\$ 230,090	\$ 220,030	\$ 226,232	\$ 264,546	\$ 247,238	\$ 242,000	\$ 268,539	\$ 272,437
% change		-34%	-12%	-4%	3%	17%	-7%	-2%	11%	1%

Lots Sold	34	47	83	103	122	185	168	146	111	127
% change		38%	77%	24%	18%	52%	-9%	-13%	-24%	14%
Average Price	\$ 438,244	\$ 434,755	\$ 204,834	\$ 216,698	\$ 219,352	\$ 255,472	\$ 236,836	\$ 268,000	\$ 289,750	\$ 305,766
% change		-1%	-53%	6%	1%	16%	-7%	13%	8%	6%



¹ Data obtained from MLS of Hilton Head Island, Inc.

Town Organizational Chart



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



Accounting and Financial Policies

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Accounting and Financial Policies

The accounting and financial policies of the Town are adopted/reaffirmed as part of the budget adoption process.

Accounting Policies

General Guidelines

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

Government-Wide Statements (CAFR)

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

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

Fund Financial Statements (CAFR)

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

The Town reports the following major governmental funds:

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

Natural Disaster Fund. This fund is used for accumulating resources for post-disaster recovery funding.

Accounting and Financial Policies

Fund Financial Statements (CAFR)

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.

Capital Projects Funds. These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. For the new fiscal year, these funds are transitioning from a fiscal year budget to a project length budget. In the aggregate they are known as the Capital Improvement Program (CIP).

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.

Accounting and Financial Policies

Fund Financial Statements (CAFR)

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.

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

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

Note on Funds without Formally Adopted Budgets. The Town does not formally adopt budgets for its Special Revenue Funds. These funds have minimal direct expenditures; instead, the majority of the sources in these funds are transferred to the three budgeted governmental funds and expended from those funds. The Tax Increment Financing Fund (TIF), Accommodations Tax Fund, Beach Preservation Fees Fund, Real Estate Transfer Fee Fund, Road Usage Fee, 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.

Accounting and Financial Policies

Measurement Focus and Basis of Accounting (continued)

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

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

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)

Accounting and Financial Policies

Investments

- General Services Administration (GSA)
- Department of Housing and Urban Development (HUD)
- Repurchase agreements whose underlying purchased securities consist of the afore-mentioned instruments;
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
- Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation.

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

Unrated investments (overnight funds) are invested in a money market "account" vs. a true "fund." That is, the funds are held by 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.

Accounting and Financial Policies

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.

Accounting and Financial Policies

Bond Discounts/Issuance Costs/Deferred Charges on Advance Refunding

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

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

Budgetary Accounting

The Town uses the modified-accrual basis for budgeting, the same as the basis of accounting used in the Town's audited financial statements. Budgets are formally adopted for governmental funds: the General Fund, Debt Service Fund, and funds associated with the Capital Improvement Plan (CIP). The Town also adopts a formal budget for its proprietary fund: the Stormwater Fund operating as an enterprise. These are annual appropriations, except for the capital projects funds which are project-based appropriations.

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

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

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

Public hearings are held for citizens' comments regarding the budgets for the General Fund, Debt Service Fund, CIP (capital projects funds), and the Stormwater Fund.

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

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

The Town prepares and adopts budgets on a basis consistent with the appropriate generally accepted accounting principles and basis of accounting. All appropriations except capital projects lapse at year end.

Accounting and Financial Policies

Encumbrances at year-end are approved to be carried forward to the new-year. Amounts specifically designated to be carried forward to the subsequent year are re-appropriated by ordinance in the following year.

Financial Policies

Revenues

The Town estimates its annual revenues by objective and analytical processes to include trend analysis and economic factors. General Fund revenue forecasts for the next three years shall be conservative and will be reviewed and updated annually.

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

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

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

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

Expenditures/Expenses

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

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

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

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

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

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

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

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

Accounting and Financial Policies

Capital Improvement Plan (CIP)

The Town is required by State law to develop a ten-year Capital Improvements Plan (CIP) and update it annually. The CIP is the initial source for developing the capital improvement funding for the upcoming year. There are multiple funding sources (each a separate fund within the accounting system) for the CIP. This document reflects the projects to be undertaken by funding source.

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

Once a project is approved and funds appropriated the project will automatically roll-over from year to year until the project is finished, unless Town Council directs otherwise. During the annual budget process Town Council will be asked to approve any new projects or adjustments to the already approved projects and appropriate into the CIP. Town staff will recommend funding sources for any new projects. Excess appropriated funds shall be used to fund future capital projects, over budget projects, or to refund financial instruments.

The Town coordinates the development of the CIP 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.

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).

Accounting and Financial Policies

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

Debt Service Levels

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

Based on the April 2018 County-wide assessment, the total assessed value is \$911,227,826. The legal debt margin for the Town of Hilton Head Island is \$72,898,226. The Town Council has self-imposed a further limiting 80% cap to reserve bonding capacity in case of a disaster, reserving a minimum of \$20 million. At June 30, 2018 the Town had \$2,682,117 in bonding capacity available.

Bond Ratings

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

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.

Accounting and Financial Policies

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 following funds:

1. The Debt Service Fund to maintain an account reserved for the reduction of the Town's general obligation debt. This account shall be called debt defeasance. These funds may be used for early debt retirement or other debt payments; or
2. The Disaster Recovery Fund to maintain an account for post-disaster recovery.

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.

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.

Accounting and Financial Policies

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.

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.

Disaster Response Reserve

Following Hurricane Matthew, the Town will endeavor to hold emergency reserves and unused debt bonding capacity in order to be able to respond to an emergency with at least as many resources as Hurricane Matthew required. This amount may be increased for higher damage levels and higher expected costs. This calculation will incorporate the Town's various disaster reserves with its debt capacity as its measure for financial preparedness for the next disaster. Amounts needed to accommodate for the seasonality of General Fund operations will not be counted toward these amounts – as Hurricane season corresponds with the low point of the Town's cash flow levels.

Disaster Response Reserve

The table below reflects the Town’s current reserve funds available for disasters compared to the proposed goal.

Funding Available for a Disaster	
Proceeds of Disaster Reserve Bonds	\$ 18,000,000
Debt Capacity reserved for Disasters	20,000,000
Estimate of General Fund reserves above the \$10 million needed for seasonality	<u>5,000,000</u>
Funding Available for a Disaster	<u>\$ 43,000,000</u>
Funding Needed for a Disaster	
Hurricane Matthew Cost (goal)	<u>\$ 57,000,000</u>
Funds Available as a % of Goal	<u>75.4%</u>

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Budget Process

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Budget Process

Budget Calendar

January 12, 2018	Finance personnel meet with the Town Manager and Assistant Town Manager to develop broad, overall goals and strategies for the budget and the budget process
February 9, 2018	Budget kick-off departmental budget packages distributed
March, 12 2018	Department budgets due to Asst. Town Manager for initial review
March 21 – 30, 2018	Finance Department prepares proposed budget
May 1, 2018	Town Manager delivers the proposed budget to the Town Council for first reading of ordinance
May 15, 22, and June 5, 2018	Town Council workshops
June 12, 2018	Public hearing; revised first reading of the budget ordinance by Town Council
June 19, 2018	Second and final reading of budget
July 1, 2018	Begin new fiscal year with adopted 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.

Budget Process Overview

Format of Department Budgets (continued)

Goals

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

Objectives

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

Performance Measures (not all departments report this information)

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

2. Department Expenditures by Division and Category

The budget for a department is summarized by division, if applicable, and by category of expenditure. Categories of expenditures are as follows:

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

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

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

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

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

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

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

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.

Budget Process Overview

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

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

Approach to the Budget Review Process

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

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

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

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

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

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

The Director of Finance, in conjunction with the Deputy Director of Finance develop the revenue budget based on historical records, trends, and economic conditions – local, regional, and national.

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 Improvement Plant (capital projects funds); 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 Process Overview

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 as long as the project is complete and closed.
If reserve funds (amending the cost of the Capital Improvement Plan (CIP)) need to be used or a project slid (amending the CIP spending plan) the transfer must be approved by Town Council.
- d. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved capital projects in the Tax Increment Financing Fund (TIF) per (c) above.
- 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 between the General Fund, Capital Projects Fund, Debt Service Fund, or Tax Increment Financing Fund (TIF) with the exception of transfers identified in (c) above related to the Capital Projects Funds , 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 Process Overview

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 legal encumbrances at year-end of the fund balance are provided through the passage of the new fiscal year budget to increase the revenues (funds from previous fiscal year(s)) and roll-forward the appropriated budget expenditures from the prior year. 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.

Capital Budgets are Project-Based

Capital budgets are approved on a project-based basis. Unlike operating budgets that expire at year-end, capital budgets carry-forward until the project is complete. **This includes projects budgeted in the CIP as well as the Stormwater Fund.**

Specific Carryforwards and Designations

During the budget process, it was agreed to carryforward \$500,000 of unspent Town Council initiatives to the new fiscal year. The budget will carryforward, however, Town Council will need to vote to expend any of these funds.

Town Council also designated the proceeds of a legal settlement of \$449,261 of business license fees toward work force housing and transportation initiatives. The funds are set aside, and further direction from Town Council for specific criteria to utilize these funds is forthcoming.



Consolidated Budget Summary- Governmental Funds

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Consolidated Budget Summary – Governmental Funds

Introduction

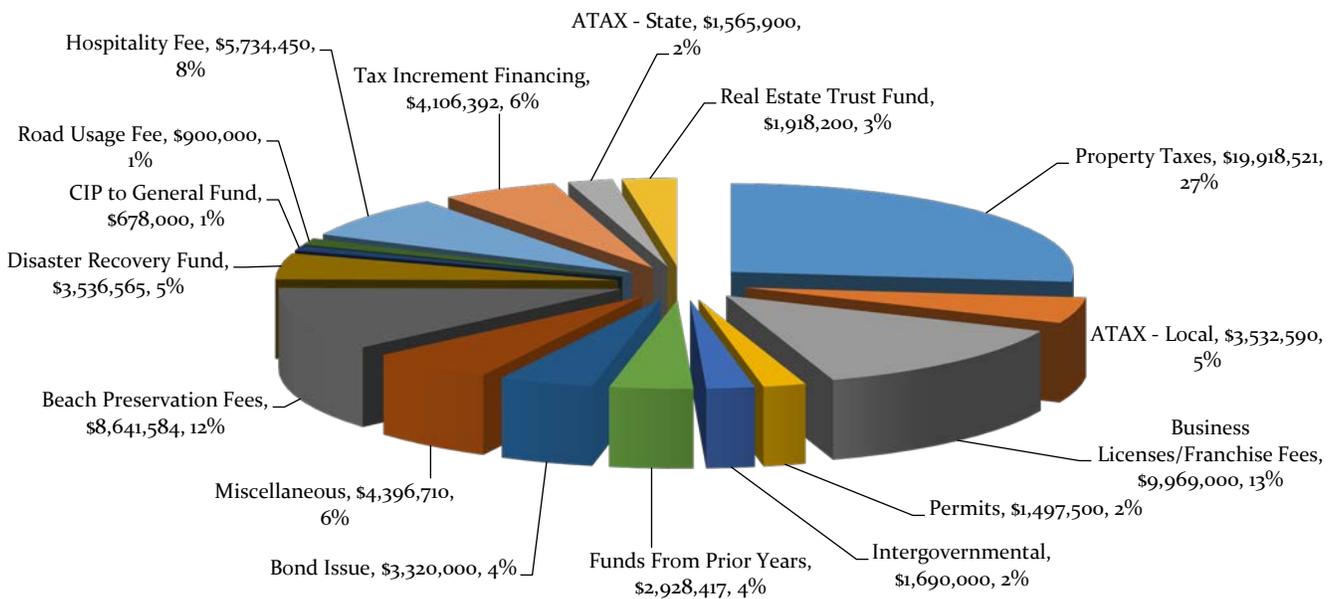
The fiscal year 2019 annual budget was developed based on the goals and vision of Town Council. The financial resources have been allocated in the budget in a manner that we believe will successfully meet the challenges and opportunities before the Town and set the stage for the Town’s continued success in the future.

Fiscal Year 2019 Combined Budget Governmental Funds

The combined fiscal year 2019 budgeted expenditures for the three major governmental funds is \$74,333,829, including transfers into the General Fund from the Capital Improvement Plan (CIP). This represents a decrease of \$7.1 million compared to the fiscal year 2018 adopted budget. The General Fund budget decreased by \$61,207 or .15%, the Debt Service Fund budget remained the same as last fiscal year, and the Capital Improvement Plan budget decreased by \$7.0 million or 42%.

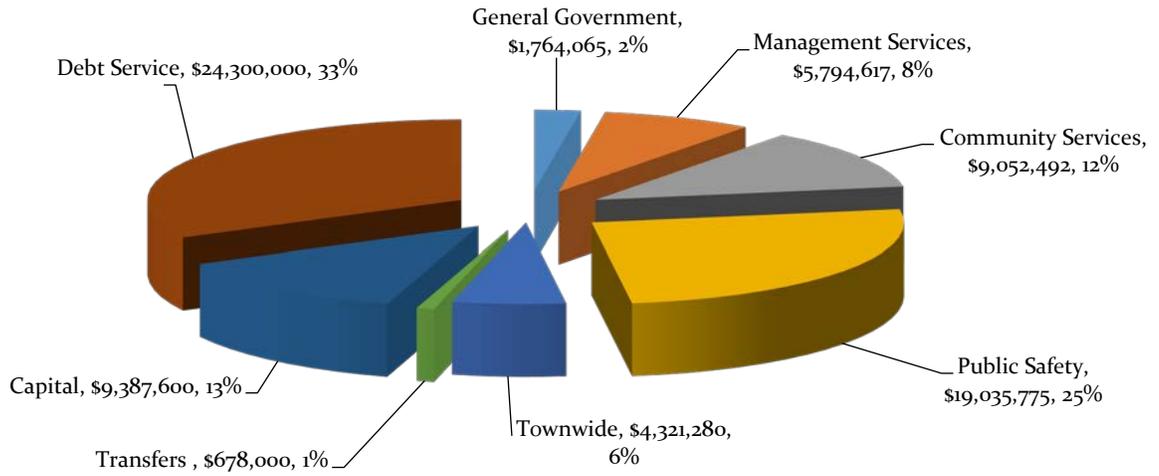
The fiscal year 2019 budget is balanced, prudent and responsive to community needs. Projected revenues will be sufficient to support program expenditures.

All Government Funds - Where the Money Comes From

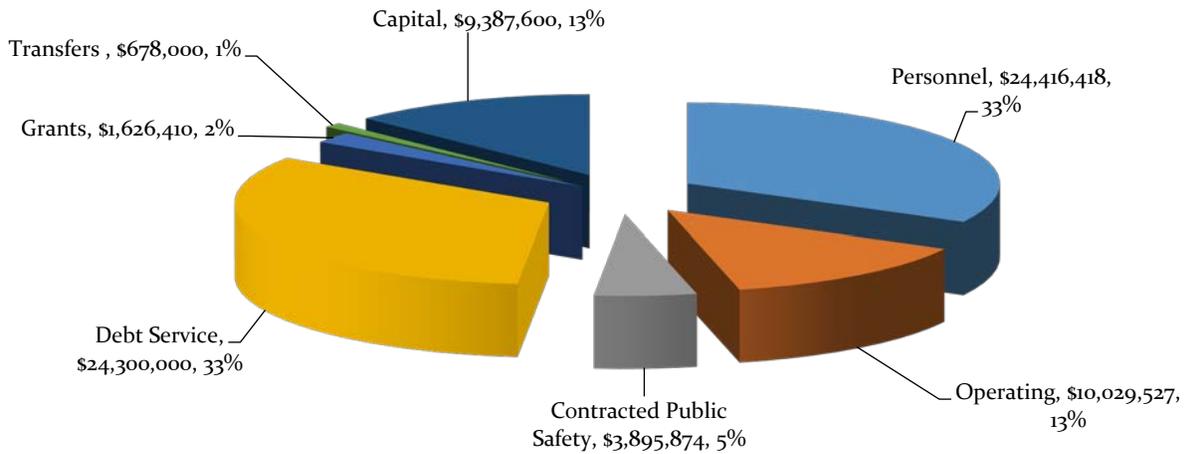


Consolidated Budget Summary – Governmental Funds

All Government Funds - Where the Money Goes by Program

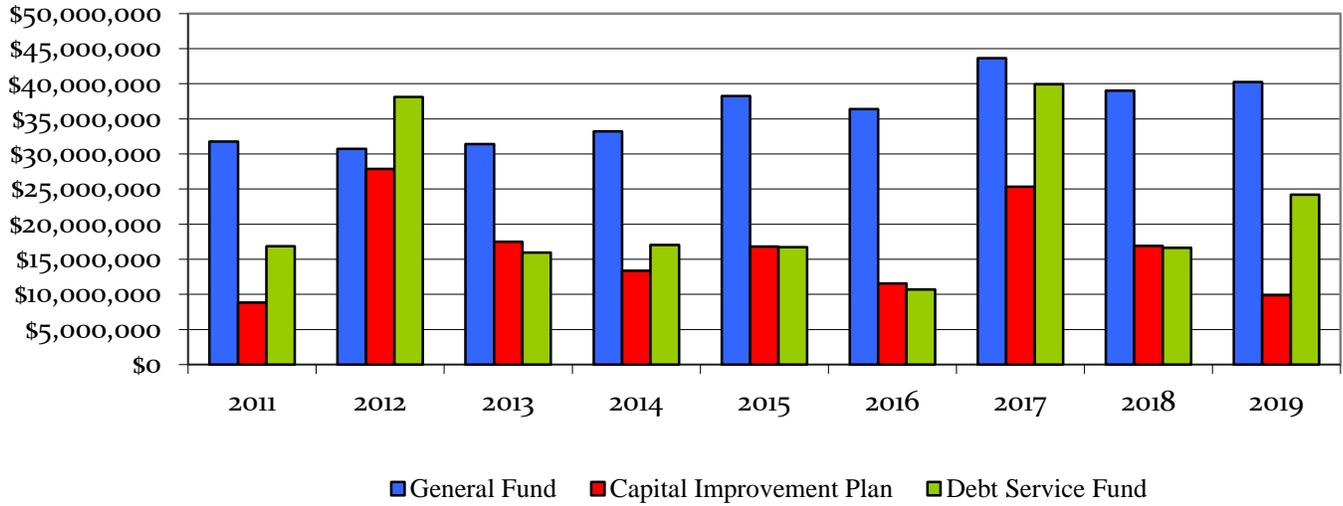


All Government Funds - Where the Money Goes by Category



Consolidated Budget Summary – Governmental Funds

Trend Analysis of Expenditures by Fund



Actual through 2017, expected in 2018, and budgeted in 2019.

Consolidated Budget Summary – Governmental Funds

Consolidated Budget Governmental Funds (General Fund, Debt Service Fund, and CIP)

	2015	2016	2017	2018 Adopted Budget	2019 Aopted Budget	+/- 2018 Adopted Budget	% 2018 Adopted Budget
Revenues							
Property Taxes	\$ 16,978,477	\$ 18,486,059	\$ 18,916,209	\$ 19,499,549	\$ 19,918,521	\$ 418,972	2%
ATAX - Local	3,362,270	3,215,849	3,430,379	3,312,968	3,532,590	219,622	7%
Business Licenses and Franchise Fees	9,210,538	9,143,438	9,289,682	9,983,008	9,969,000	(14,008)	0%
Permits	1,380,846	2,039,570	1,697,438	1,793,239	1,497,500	(295,739)	-16%
Intergovernmental	1,176,192	1,131,882	1,185,671	1,162,000	1,690,000	528,000	45%
Investment Income	39,721	41,619	46,586	38,500	265,000	226,500	588%
Funds from Prior Years	-	-	-	951,892	2,928,417	1,976,525	208%
Bond Issue	-	1,143,746	26,255,949	13,886,000	3,320,000	(10,566,000)	-76%
Operating Transfers In	25,961,793	23,322,889	16,883,505	28,708,184	27,296,091	(1,412,093)	-5%
Miscellaneous	3,526,519	3,196,413	4,494,137	4,058,016	3,916,710	(141,306)	-3%
Total	\$ 61,636,356	\$ 61,721,465	\$ 82,199,556	\$ 83,393,356	\$ 74,333,829	\$ (9,059,527)	-11%
Expenditures							
General Government	\$ 1,046,890	\$ 1,203,788	\$ 1,405,309	\$ 2,596,006	\$ 1,764,065	\$ (831,941)	-32%
Management Services	5,373,628	4,947,486	4,990,115	5,504,764	5,794,617	289,853	5%
Community Services	7,238,600	7,793,950	7,734,491	8,861,452	9,052,492	191,040	2%
Public Safety	17,904,895	17,463,673	17,566,480	18,536,458	19,035,775	499,317	3%
Townwide	3,921,463	4,350,152	3,505,217	4,031,356	4,321,280	289,924	7%
Transfers Out	1,035,039	3,489,340	7,866,000	743,000	678,000	(65,000)	-9%
Capital	10,330,101	12,175,793	25,158,144	16,329,000	9,387,600	(6,941,400)	-43%
Debt Issue Costs	-	-	536,186	641,000	100,000	(541,000)	-84%
Debt Service	18,608,406	10,709,450	10,489,871	24,200,000	24,200,000	-	0%
Total	\$ 65,459,022	\$ 62,133,632	\$ 79,251,813	\$ 81,443,036	\$ 74,333,829	\$ (7,109,207)	-9%
Excess/(Deficiency) of Revenues over Expenditures	\$ (3,822,666)	\$ (412,167)	\$ 2,947,743	\$ 1,950,320	\$ -	\$ (1,950,320)	-100%

Consolidated Budget Summary – Governmental Funds

Revenues

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.

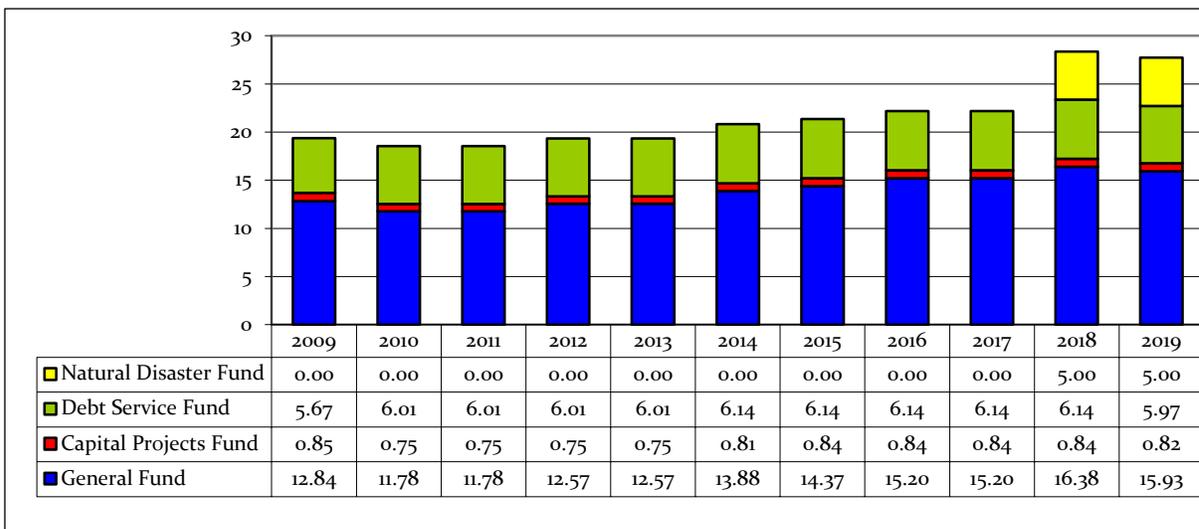
Collection and Distribution

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.

FY 2019 Tax Levy

Calendar year 2018 is a property reassessment year. The Town’s property values increased by 2.72% between 2013 and 2018 because of reappraisal. In accordance with South Carolina law the Town rolled-back its millage rate by the percentage increase in property values (revenue neutrality). The exception is the disaster recovery millage rate which will remain the same. The Town’s rolled-back millage rate was calculated by Beaufort County officials and approved by the State. The table below reflects the millage rates for fiscal years 2018 and 2019. The total millage reduced to 27.72 for fiscal year 2019 from 28.36 for fiscal year 2018. This includes the second year of the planned five years of the 5 mil override for disaster recovery.

Historical Millage Rates by Fund



Revenues

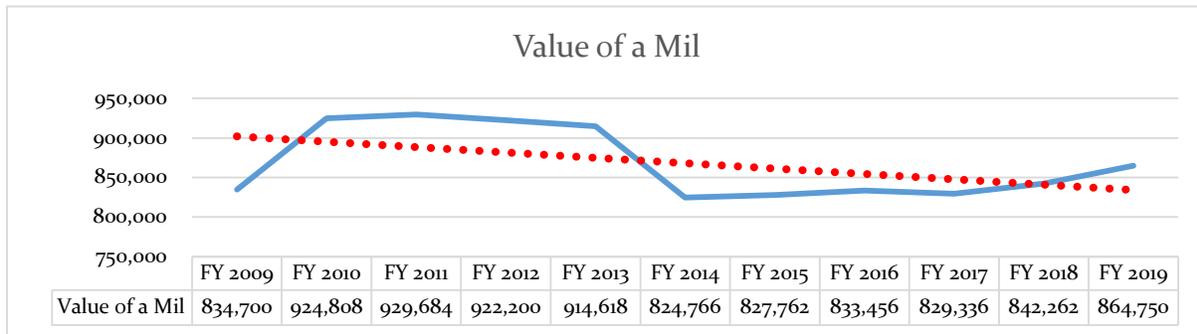
Property Tax Impact on a Primary Residence

Millage Rate by Fund	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
General Fund	12.84	11.78	11.78	12.57	12.86	13.88	14.37	15.20	15.20	16.38	15.93
Disaster Recovery	-	-	-	-	-	-	-	-	-	5.00	5.00
Debt Service Fund	5.67	6.01	6.01	6.01	5.72	6.14	6.14	6.14	6.14	6.14	5.97
Capital Projects Fund	0.85	0.75	0.75	0.75	0.75	0.81	0.84	0.84	0.84	0.84	0.82
Total Millage Rate	19.36	18.54	18.54	19.33	19.33	20.83	21.35	22.18	22.18	28.36	27.72

Value of Home	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Taxable Value (4% Primary Residence)	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Taxes Paid											
General Fund	179.76	164.92	164.92	175.98	180.04	194.32	201.18	212.80	212.80	229.32	223.02
Natural Disaster Fund	-	-	-	-	-	-	-	-	-	70.00	70.00
Debt Services Fund	79.38	84.14	84.14	84.14	80.08	85.96	85.96	85.96	85.96	85.96	83.58
Capital Projects Fund	11.90	10.50	10.50	10.50	10.50	11.34	11.76	11.76	11.76	11.76	11.48
Taxes Paid	271.04	259.56	259.56	270.62	270.62	291.62	298.90	310.52	310.52	397.04	388.08

Historical Value of a Mil

Millage Rate	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Budget	827,260	940,316	933,073	928,031	946,591	846,109	821,918	851,870	855,702	834,741	876,695
Actual	834,700	924,808	929,684	922,200	914,618	824,766	827,762	833,456	829,336	842,262	
Actual as % of Budget	0.9%	-1.6%	-0.4%	-0.6%	-3.4%	-2.5%	0.7%	-2.2%	-3.1%	0.9%	



1. **Business License** revenues are expected to remain approximately the same as last fiscal year at \$9.0 million. (General Fund)
2. **Franchise Fees** revenues are expected to remain approximately the same as last fiscal year at \$955,000. (General Fund)
3. **General Obligation Bonds** \$3.3 million – these funds will be used to fund sewer service projects in the CIP.
4. **Hospitality Taxes** \$5.7 million – these funds will be used to fund various operating expenditures, debt service payments, and various capital projects.
5. **Beach Preservation Fees** \$8.6 million – these funds will be used to fund various operating expenditures, debt service payments, and various beach related capital projects.

Revenues

6. **Tax Increment Financing (TIF)** \$4.1 million – these funds will be used to fund project management expenditures in the operating budget, debt service payments, and various capital projects.
7. **Road Usage Fees** \$900,000 – these funds will be used for road improvement projects.
8. **State Accommodation Tax** \$1.6 million – these funds will be used to fund various operating expenditures.
9. **Real Estate Transfer Fees (RETF)** \$1.9 million – these funds will be used to for debt service payments.
10. The **Stormwater Enterprise Fund** provides \$125,000 to the General Fund for project management.
11. The **Electric Franchise Fund** provides \$90,000 to the General Fund for project management.
12. **Minor grants** are not included in the budget. The matching funds associated with the minor grants are included in the operating budget.
13. **Transfers from Special Revenue Funds to the General Fund, Debt Service Fund, and CIP**
The table below reflects transfers between the special revenue funds and the General Fund, Debt Service Fund, and CIP. The table also reflects transfers from the CIP to the General Fund.

	General Fund	Debt Service	CIP	Total
Beach Fees	1,361,140	5,305,444	1,975,000	8,641,584
Disaster Reserve		3,536,565		3,536,565
CIP - Ad Valorem	453,000			453,000
CIP - Sunday Liquor	50,000			50,000
CIP - Land	175,000			175,000
Road Usage Fee			900,000	900,000
Hospitality Fee	3,492,250	1,635,200	607,000	5,734,450
TIF	180,000	3,926,392		4,106,392
ATAX	1,565,900			1,565,900
Electric Franchise Fee	90,000			90,000
Stormwater	125,000			125,000
RETF		1,918,200		1,918,200
	7,492,290	16,321,801	3,482,000	27,296,091

Expenditures

The Town’s budgeted governmental funds expenditures will decrease by \$7.1 million in fiscal year 2019 over the fiscal year 2018 budget. The decrease is primarily due to a reduction in the number of capital projects added to the Capital Improvement Plan. The total General Fund and Debt Service Fund budgets will remain essentially the same as last fiscal year.

General Fund

Overall, General Fund expenditures are programmed at \$40.3 million for fiscal year 2019 essentially the same as last fiscal year.

Expenditures

Personnel costs are anticipated to increase by \$728,124. The increase is due to a planned 3% merit increase plus an increase in retirement and benefit costs. A position was added in Information Technology mid-year fiscal year 2018, created as part of a personnel realignment. In fiscal year 2019, a Gullah/Geechee Coordinator will be added.

Operating expenditures will be reduced by \$383,042. The following major changes were made:

1. Elimination of funding for Town Council initiatives. *
2. An increase in funding for October elections.
3. An increase in funding for banking services due to higher citizen usage of credit cards.
4. A reduction in consulting fees in Community Development.
5. An increase in funding for Fire Rescue associated with various system and technological upgrades.
6. A reduction in fuel costs.

* Note: \$500,000 in current (FY 2018) funding for Town Council initiatives will be specially reserved and carried forward to the new-year. Town Council will approve the specific use of these funds in the new-year.

Contracted Public Safety; the Town budgeted \$3.6 million for the Sheriff's Offices, a \$150,000 (5%) increase from the previous year. Shore Beach services is budgeted at \$275,235 a \$17,558 increase for fiscal year 2019.

Capital Outlay; the Town's budget for capital is \$289,600 a decrease of \$637,722. The one-time capital cost of \$600,000 to establish a reserve for future dredging projects was eliminated.

Community Grants; Grant funding will increase slightly in fiscal year 2019 by \$63,875 or 4%.

Grant funding for fiscal year 2019 is as follows:

1. **Recreation Association** – \$844,073, an increase of \$137,021.
2. **Coastal Discovery Museum** – \$75,000, the same as last fiscal year.
3. **Coastal Discovery Museum (capital)** – \$54,500 a decrease of \$2,500. This grant is funded in the CIP.
4. **Coastal Discovery Museum; Historic Mitchelville Initiative** – \$110,000, the same as last fiscal year.
5. **Heritage Classic Foundation** – funded in the Hospitality Tax Fund; \$260,000.
6. **Sea Turtle Project** – funded in the Beach Preservation Fee Fund; \$42,000.
7. **Multidisciplinary Court** – \$50,000, the same as last fiscal year.
8. **Career Criminal Program** – \$118,500, the same as last fiscal year.
9. **Public Art; Community Foundation** \$100,000 – \$50,000 was funded in fiscal year 2018 and \$50,000 will be funded in fiscal year 2019; this grant is funded with Sunday Liquor Permit Fees.
10. **Event Management and Hospitality Program** – \$165,648; this program is funded from 5% of the local Accommodations Tax revenues per the Town Code.
11. **LRTA** – \$187,359 a \$71,794 decrease over last fiscal year.
12. **County EDC** – \$15,000, the same as last fiscal year.

Debt Service Fund

The budget for the Debt Service Fund is the same as last fiscal year, \$24.2 million. In fiscal year 2019 the Town is planning to issues a \$3.3 million in general obligation bonds to fund sewer service projects. Sufficient funds have been budgeted to cover the additional debt service costs associated with the new issuance.

Capital Improvement Plan (CIP)

The budget for the CIP is \$9.8 million, \$7.0 million less than last fiscal year.

Some of the planned expenditures for fiscal year 2019 are as follows:

1. Roadway improvements \$3.7 million
2. Sewer service projects \$3.3 million
3. Park improvements Cordillo area \$400,00
4. Fire Rescue equipment \$102,000
5. Emergency Operations Center \$150,000
6. Fuel Truck storage facility \$55,000
7. Recreation Center \$271,000
8. Honey Horn \$55,000

Town Staffing (F.T.E.s)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Variance</u>
<u>General Government</u>						
Town Council	7.0	7.0	7.0	7.0	7.0	0.0
Town Manager	4.0	4.0	4.0	4.0	4.0	0.0
Human Resources	4.0	4.0	4.0	4.0	4.0	0.0
<u>Management Services</u>						
Administration/Legal	22.0	22.0	22.3	25.3	23.3	-2.0
Finance *	19.3	19.3	19.3	19.3	21.3	2.0
<u>Community Services</u>						
Community Development	26.1	27.4	27.7	30.1	31.1	1.0
Public Projects and Facilities	19.0	19.0	19.0	19.0	19.0	0.0
<u>Public Safety</u>						
Fire and Rescue	145.1	144.7	145.9	145.9	145.9	0.0
Total General Fund	246.5	247.4	249.2	254.6	255.6	1.0
PPF Stormwater Fund	4.0	4.0	4.0	6.0	6.0	0.0
Total Town Staff	250.5	251.4	253.2	260.6	261.6	1.0

Staffing Changes

FY 2019 New Positions

1. One (1) Gullah/Geechee Coordinator was added to Community Services.

FY 2019 Mid-Year Additions

1. Administration/Legal – One (1) Communications Director
2. Administration/Legal – One (1) Information Technology Director
3. Community Services – One (1) Codes Inspector
4. Community Services – Increase Administrative Clerk from 22.5 hours per week to 37.5 (full-time)

FY 2019 Mid-Year Transfers

1. Administration/Legal (Director of Administrative Services) to Finance (Procurement Officer)
2. Administration/Legal (Asset Management and Loss Prevention Administrator) to Finance (Asset Management and Loss Prevention Administrator)

* Note: The Accounting Supervisor position in Finance is currently frozen. Future use of this position is currently under discussion.



General Fund

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General Fund

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.

Expenditures by Department/Category

Department	Personnel	Operating	Capital	Grants	Expenditures
Town Council	\$ 158,401	\$ 352,500	\$ -	\$ -	\$ 510,901
Town Manager	587,583	32,250	-	-	619,833
Human Resources	448,919	184,412	-	-	633,331
Administrative Services	2,361,004	1,376,267	85,600	-	3,822,871
Finance	1,849,076	208,270	-	-	2,057,346
Community Development	3,118,346	197,180	-	-	3,315,526
Public Projects and Facilities	1,861,887	3,875,079	-	-	5,736,966
Fire and Rescue	13,512,676	1,627,225	-	-	15,139,901
Sheriff/Other Public Safety	-	3,895,874	-	-	3,895,874
Non-Departmental (Townwide)	518,526	2,176,344	204,000	1,626,410	4,525,280
Totals	\$ 24,416,418	\$ 13,925,401	\$ 289,600	\$ 1,626,410	\$ 40,257,829

Expenditures by Historical/Category

	FY 2015	FY 2016	FY 2017	FY 2018		FY 2019	Budget	Budget
	Actual	Actual	Actual	FY 2018 Budget	Estimated Actual	Budget	\$ Change	% Change
Personnel	21,604,603	22,056,036	21,719,809	23,688,294	22,957,276	24,416,418	728,124	3%
Operating	7,177,724	7,486,017	15,419,269	10,412,569	9,801,918	10,029,527	(383,042)	-4%
Public Safety	3,220,413	3,443,143	3,634,798	3,728,316	3,678,316	3,895,874	167,558	4%
Capital	1,196,989	594,061	1,229,271	927,322	1,004,701	289,600	(637,722)	-69%
Grants	2,285,748	3,774,941	1,615,737	1,562,535	1,562,535	1,626,410	63,875	4%
Total	35,485,477	37,354,198	43,618,884	40,319,036	39,004,746	40,257,829	(61,207)	0%

General Fund Summary

	2015	2016	2017	2018		2019		
				Adopted Budget	Estimated Actual	Budget	% change FY 2018 Est. Actual	
Revenues								
Property Taxes	11,894,284	12,647,166	12,971,590	13,473,000	13,703,850	13,840,888	3%	1%
ATAX Local 1%	3,068,339	3,215,849	3,430,379	3,312,968	3,482,593	3,532,590	7%	1%
Business Licenses:								
Business Licenses - Town	3,941,652	3,866,698	3,929,882	4,620,576	4,555,079	4,600,000	0%	1%
Business Licenses - MASC	4,392,826	4,357,613	4,414,070	4,405,590	4,407,419	4,414,000	0%	0%
Franchise Fees:								
Cable	848,708	890,697	913,142	926,681	920,944	920,000	-1%	0%
Beach Fee	27,352	28,430	32,588	30,160	35,086	35,000	16%	0%
Recycling	-	-	-	-	-	-	0%	0%
Permit Fees:								
Construction	552,722	1,189,212	561,565	592,076	881,916	560,000	-5%	-37%
Development	15,101	20,902	12,344	12,863	12,181	12,500	-3%	3%
Other	813,023	829,456	1,123,530	838,300	911,206	925,000	10%	2%
Intergovernmental	812,085	812,322	849,906	812,000	838,982	840,000	3%	0%
Grants:								
Beaufort County - Hazmat	11,677	11,677	11,677	11,677	11,677	11,680	0%	0%
Beaufort County - E911	132,041	135,083	128,729	132,000	132,000	132,000	0%	0%
DHEC	-	-	10,666	5,000	-	-	-100%	0%
Other	-	-	20,258	-	27,081	-	0%	0%
SC Regional	-	-	-	-	-	-	0%	0%
Miscellaneous Revenue:								
Beach Services	239,358	229,643	249,688	230,000	251,291	250,000	9%	-1%
Donations	2,429	146	200	200	-	-	-100%	0%
Municipal Court	198,948	210,243	245,826	220,000	187,241	190,000	-14%	1%
Other	223,925	268,241	433,674	267,070	252,921	270,000	1%	7%
Public Safety - EMS	1,403,782	1,383,496	1,428,391	1,490,000	1,455,345	1,400,000	-6%	-4%
Public Safety - County D/T	55,721	53,781	52,512	54,000	51,995	52,000	-4%	0%
Town Codes	46	10	20	200	30	30	-85%	0%
Fund Balance/Prior Year Funds	-	-	-	751,892	-	569,851	-24%	0%
Victim's Assistance	34,399	37,134	38,525	38,000	30,346	35,000	-8%	15%
Transfers In:								
EDC	-	-	-	-	-	-	0%	0%
Beach Preservation Fees	1,111,138	1,111,138	1,111,138	1,361,138	1,361,138	1,361,140	0%	0%
Special Revenue Federal	-	-	12,164	-	-	-	0%	0%
CIP - Ad Valorem	-	1,413,000	453,000	453,000	453,000	453,000	0%	0%
CIP - Sunday Liquor	418,150	37,500	50,000	50,000	50,000	50,000	0%	0%
CIP - Land	594,000	986,752	175,000	175,000	175,000	175,000	0%	0%
Road Usage Fees	-	-	658,135	-	-	-	0%	0%
Hospitality Taxes	4,391,195	3,270,069	3,392,245	3,492,245	3,492,245	3,492,250	0%	0%
Tax Increment Financing	169,398	169,398	175,000	180,000	180,000	180,000	0%	0%
ATAX - State	1,338,188	1,596,057	1,696,220	1,565,900	1,565,900	1,565,900	0%	0%
Electric Franchise Fees	311	87,878	90,000	90,000	90,000	90,000	0%	0%
Stormwater	94,258	94,258	95,000	125,000	125,000	125,000	0%	0%
Lease/Other	12,000	-	-	600,000	-	-	0%	0%
Investments	2,347	2,454	3,610	2,500	177,004	175,000	6900%	-1%
Total Revenues	36,799,403	38,956,303	38,770,674	40,319,036	39,818,470	40,257,829		
Increase/Decrease		2,156,900	(185,629)	1,548,362	1,047,796	439,359		
%		5.86%	-0.48%	3.99%	2.70%	1.10%		

General Fund Summary

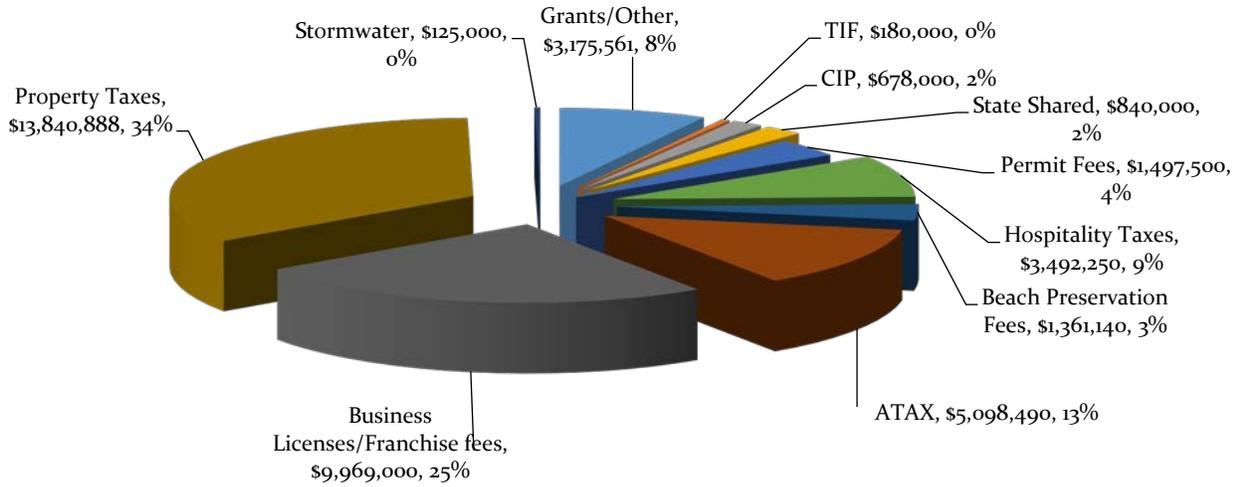
	2015	2016	2017	2018		2019		
				Adopted Budget	Estimated Actual	Budget	% change FY 2018 Budget Est. Actual	
Expenditures								
General Government:								
Town Council	408,860	427,765	594,083	526,646	524,256	510,901	-3%	-3%
Town Council - Initiative	-	122,255	170,061	740,000	740,000	-	-100%	-100%
Town Manager	638,030	653,768	641,165	666,124	635,216	619,833	-7%	-2%
Human Resources	537,289	555,813	549,556	663,236	600,871	633,331	-5%	5%
Total General Government	1,584,179	1,759,601	1,954,865	2,596,006	2,500,343	1,764,065	-32%	-29%
Management Services:								
Finance								
Administration	291,907	291,019	302,132	319,757	322,990	329,264	3%	2%
Accounting	606,567	606,998	542,740	693,463	631,248	724,583	4%	15%
Procurement	-	-	-	-	-	206,347	100%	100%
Revenue Services	606,206	604,859	606,193	844,274	741,025	797,152	-6%	8%
	1,504,680	1,502,876	1,451,065	1,857,494	1,695,263	2,057,346	11%	21%
Administrative Services								
Records Management	264,885	220,591	253,243	257,268	254,862	301,313	17%	18%
Legal	495,858	465,729	470,845	545,918	479,205	553,354	1%	15%
Office of Cultural Affairs	-	-	-	182,853	144,867	179,393	-2%	24%
Communications	-	-	-	-	-	309,207	100%	100%
Municipal Court	404,911	413,928	386,734	398,872	381,474	386,930	-3%	1%
Information Technology	2,166,005	1,929,433	2,014,334	2,262,359	2,305,146	2,092,674	-8%	-9%
	3,331,659	3,029,681	3,125,156	3,647,270	3,565,554	3,822,871	5%	7%
Total Management Services	4,836,339	4,532,557	4,576,221	5,504,764	5,260,817	5,880,217	7%	12%
Community Services:								
Community Development								
Administration	469,752	479,077	538,333	513,950	499,650	636,956	24%	27%
Inspection Compliance	653,044	754,959	567,486	726,381	640,021	798,575	10%	25%
Comprehensive Planning	518,454	520,792	509,473	704,285	638,580	687,327	-2%	8%
Development, Review and Zoning	613,114	688,858	601,484	815,183	778,740	784,407	-4%	1%
CD Services	303,408	329,021	335,453	376,894	382,017	408,261	8%	7%
	2,557,772	2,772,707	2,552,229	3,136,693	2,939,008	3,315,526	6%	13%
Public Projects and Facilities								
Administration	254,895	263,379	251,524	289,604	264,989	292,015	1%	10%
Engineering	924,937	923,622	1,235,129	1,071,992	1,075,650	1,019,466	-5%	-5%
Facilities Management	3,500,999	3,858,960	3,741,656	4,363,163	4,288,813	4,425,485	1%	3%
	4,680,831	5,045,961	5,228,309	5,724,759	5,629,452	5,736,966	0%	2%
Total Community Services	7,238,603	7,818,668	7,780,538	8,861,452	8,568,460	9,052,492	2%	6%

General Fund Summary

				2018		2019		
	2015	2016	2017	Adopted Budget	Estimated Actual	Budget	FY 2018 Budget	FY 2018 Est. Actual
Public Safety:								
Fire Resuce								
Administration	321,583	310,870	349,703	378,015	381,172	386,413	2%	1%
Operations	9,501,028	9,599,610	9,632,711	9,966,135	9,881,401	9,983,568	0%	1%
E-911 Communications	1,108,894	1,067,696	1,081,980	1,160,990	1,145,890	1,293,655	11%	13%
E-911 Communications Support	257,640	284,158	286,042	234,439	234,201	249,490	6%	7%
Emergency Management	133,138	140,944	137,342	158,023	152,487	162,865	3%	7%
Fire Prevention	572,246	599,699	576,729	624,994	581,795	603,968	-3%	4%
Fleet Maintenance	538,316	547,936	512,305	595,463	500,708	600,493	1%	20%
EMS Training	197,348	204,384	101,564	322,784	298,487	408,335	27%	37%
Support Services	1,340,866	951,155	1,556,084	712,941	662,201	765,395	7%	16%
Safety and Professional Development	713,425	726,861	712,784	654,358	649,075	685,719	5%	6%
Total Fire Rescue	14,684,484	14,433,313	14,947,244	14,808,142	14,487,417	15,139,901	2%	5%
Public Safety - Police Services	3,220,413	3,443,143	3,634,798	3,728,316	3,678,316	3,895,874	4%	6%
Townwide (non-departmental):								
Personnel	214,044	167,127	452,251	351,010	548,067	518,526	48%	-5%
Operating	1,380,033	1,402,859	1,443,213	2,117,811	1,609,791	2,176,344	3%	35%
Capital	41,635	30,012	32,000	789,000	789,000	204,000	-74%	-74%
Transfers Out	-	986,752	7,188,000	-	-	-	-	-
Grants	2,285,747	2,780,166	1,609,754	1,562,535	1,562,535	1,626,410	4%	4%
Total Townwide (non-departmental)	3,921,459	5,366,916	10,725,218	4,820,356	4,509,393	4,525,280	-6%	0%
Total Expenditures	35,485,477	37,354,198	43,618,884	40,319,036	39,004,746	40,257,829	0%	3%
Net change in fund balances	1,313,926	1,602,105	(4,848,210)	-	813,724	-		
Fund balance - beginning	18,035,399	19,349,325	20,951,430	16,103,220	16,103,220	16,916,944		
Use of Fund Balance	-	-	-	-	-	-		
Fund balance - ending	19,349,325	20,951,430	16,103,220	16,103,220	16,916,944	16,916,944		

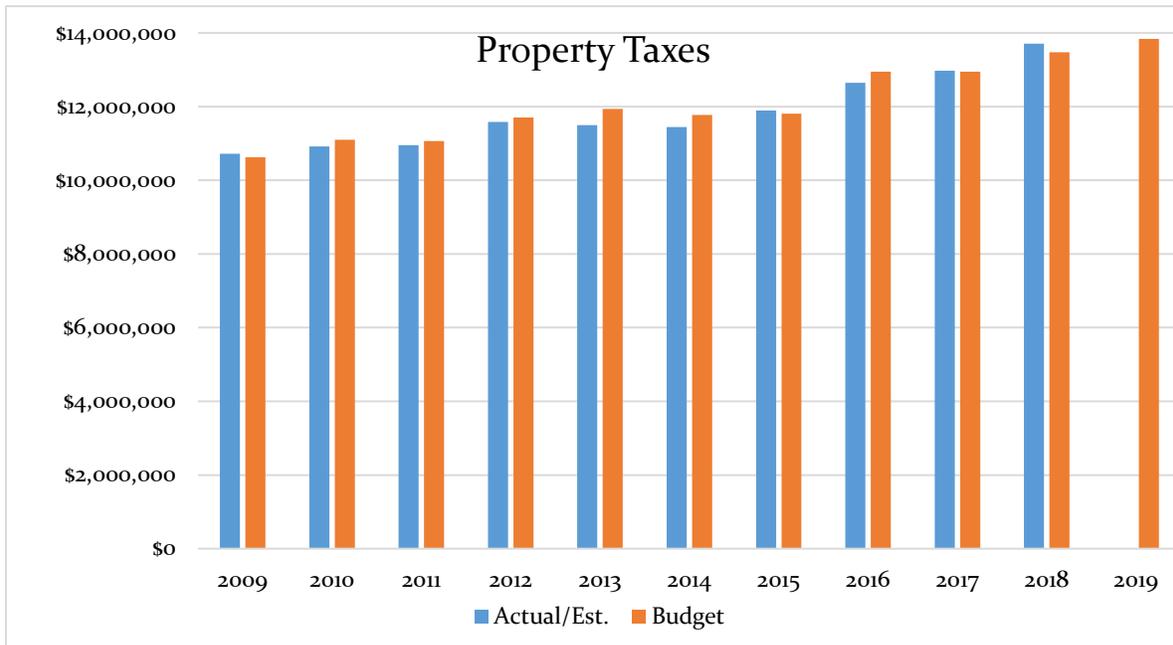
General Fund Revenues

General Fund revenues (including use of fund balance) and transfers in from other funds in fiscal year 2019 are projected to be \$40,257,829 which is \$61,207 less than the fiscal year 2018 adopted budget.



Property Taxes

Property taxes represent 34% of the total General Fund revenue. Revenue anticipated from this source is approximately \$13.8 million. This figure reflects a modest growth of 1% in assessed property values. The General Fund millage rate will be reduced from 16.38 mils to 15.93 mils due to property reassessment in calendar 2018.

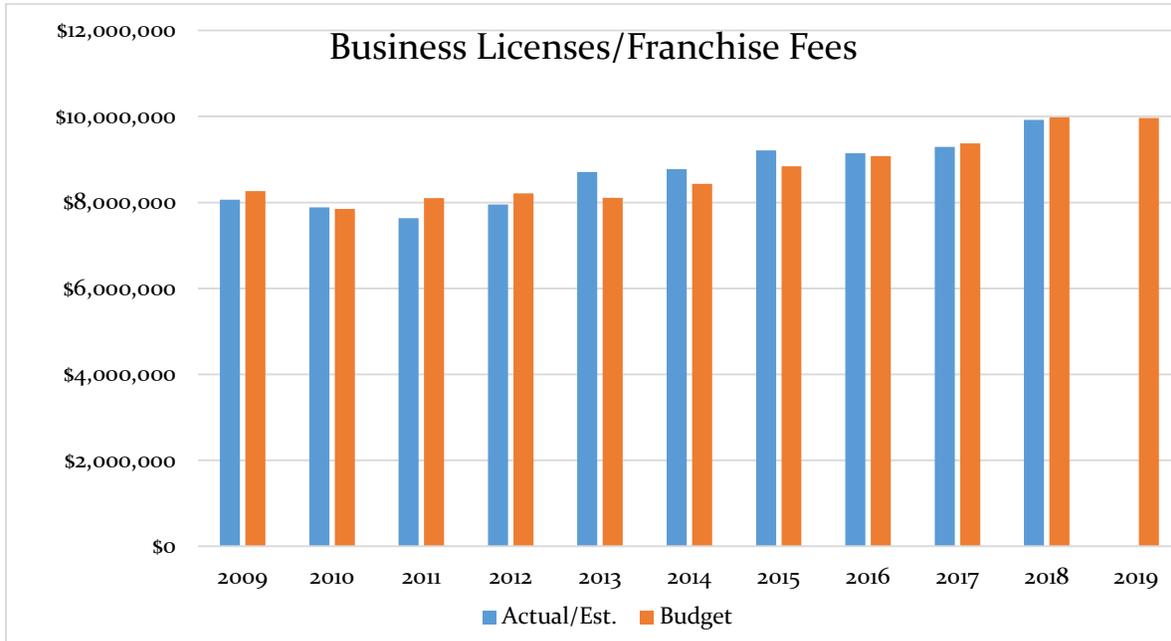


Business Licenses and Franchise Fees

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 2019 budget of \$9.0 million in business license receipts is approximately the same as last fiscal year. There are two business license budgets, (1) the Town’s portion, \$4.6 million, and (2) the Municipal Association of South Carolina portion, \$4.4 million.

General Fund Revenues

Franchise fee revenue is anticipated to be \$955,000 in fiscal year 2019 approximately the same as last fiscal year.



Intergovernmental (State Shared)

The Town will receive approximately \$840,000 in state shared revenue in fiscal year 2019. The amount received from this source has remained about the same over the past several years.

Permit Fees

New construction – \$560,000

Permit fee revenue from new construction will decrease slightly from the fiscal year 2018 budget.

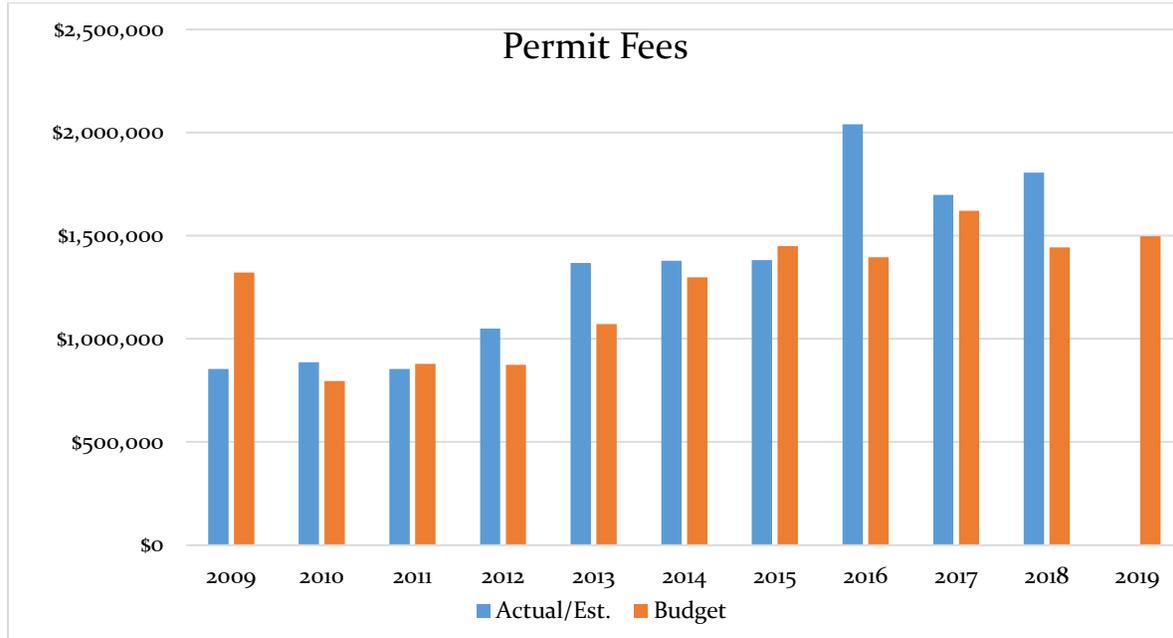
Development – \$12,500

Revenue from permit fees associated with development will decrease slightly from the fiscal year 2018 budget.

Other – \$925,000

Revenue from other permit fees will increase by approximately \$89,700 over the fiscal year 2018 budget.

General Fund Revenues



Local 1% Accommodations Tax

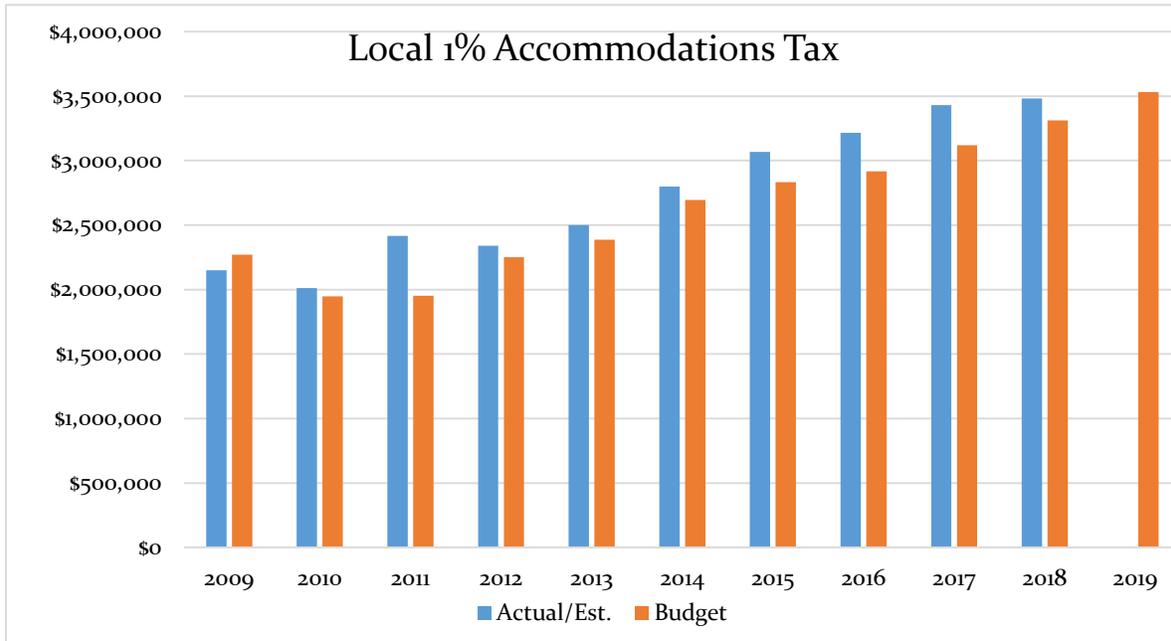
This revenue source tax will generate approximately \$3.5 million in revenue. This is an increase of \$219,622 over the 2018 fiscal year budget. This tax is imposed on the gross proceeds derived from the rental of any rooms (excluding meeting rooms), campground spaces, recreational vehicle spaces, lodging 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."

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.

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 budget. Town Council will consider the budget and award the organization a reimbursable grant on a June 30 fiscal year basis.

General Fund Revenues

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 of the Town Manager.



Transfer-In – Accommodations 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 \$1.6 million in funds to the General Fund. The same as last fiscal year.

Transfer-In – Hospitality Taxes

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

These funds are used to support the Public Safety function of Town Government. It is anticipated that this line item will provide approximately \$3.5 million in funds to the General Fund. The same as last fiscal year.

General Fund Revenues

Transfer-In – Beach Preservation Fees

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."

This line item will provide \$1.4 million in funds to the General Fund. The same as last fiscal year.

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 \$90,000 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.

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.

This line item will provide \$125,000 in funds to the General Fund. These funds are used to reimburse the General Fund for project management costs.

EMS

Funds received through Fire Rescue for medical services rendered are projected be approximately \$1.4 million. Approximately the same as last fiscal year.

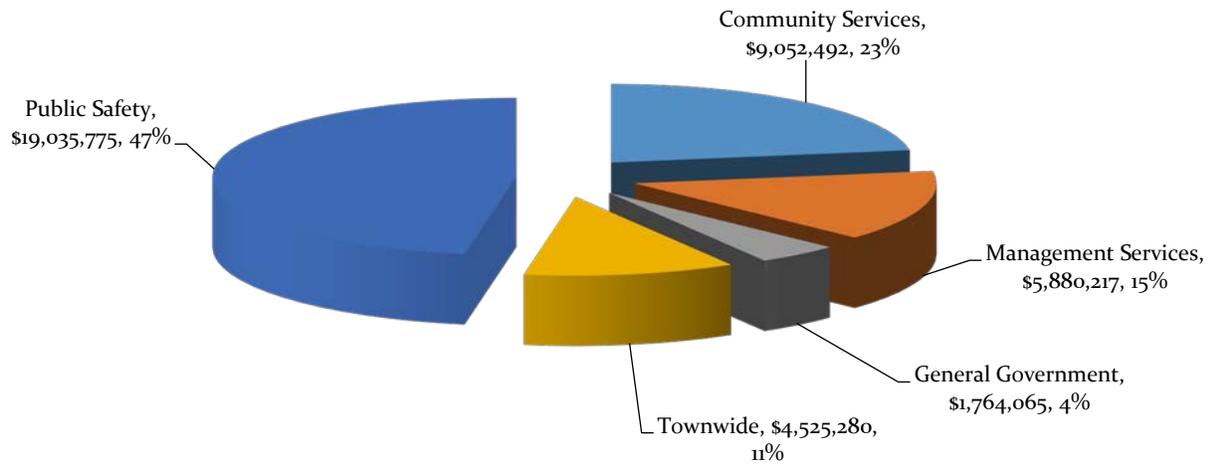
Funds from Prior Years (Fund Balance)

The 2019 budget plans to use \$569,851 of fund to balance the budget. In addition, \$500,000 in funds associated with Town Council Initiatives will be rolled forward from fiscal year 2018 to fiscal year 2019. These funds are not included in the budget and the use of these funds will be determined by Town Council during the fiscal year.

General Fund Expenditures

Overall, expenditures are programmed at \$40.3 million approximately the same as fiscal year 2018. The Town's primary programmatic changes include a 3% increase in salaries and benefits at a cost of \$593,000, the addition of two positions: a Gullah/Geechee Coordinator and the addition of an Information Technology Director position mid-year fiscal year 2018, an increase in personnel costs in the Townwide budget of \$167,516, an increase in funding for community grants of \$63,875, a reduction in funding for capital of \$637,722, and an increase in funding for the Sheriff's Office of \$150,000.

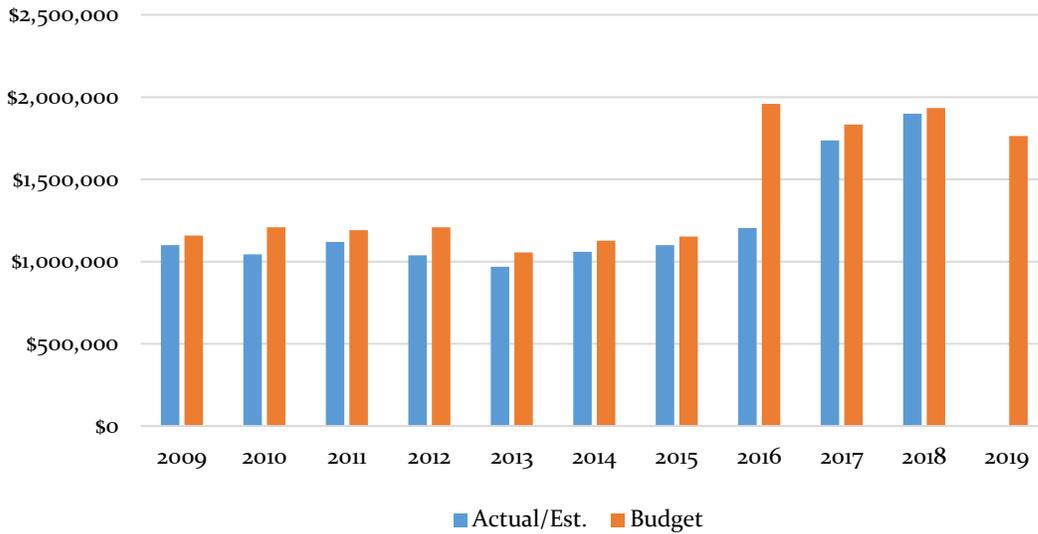
General Fund Expenditures by Program



Trend Analysis – Expenditures by Program

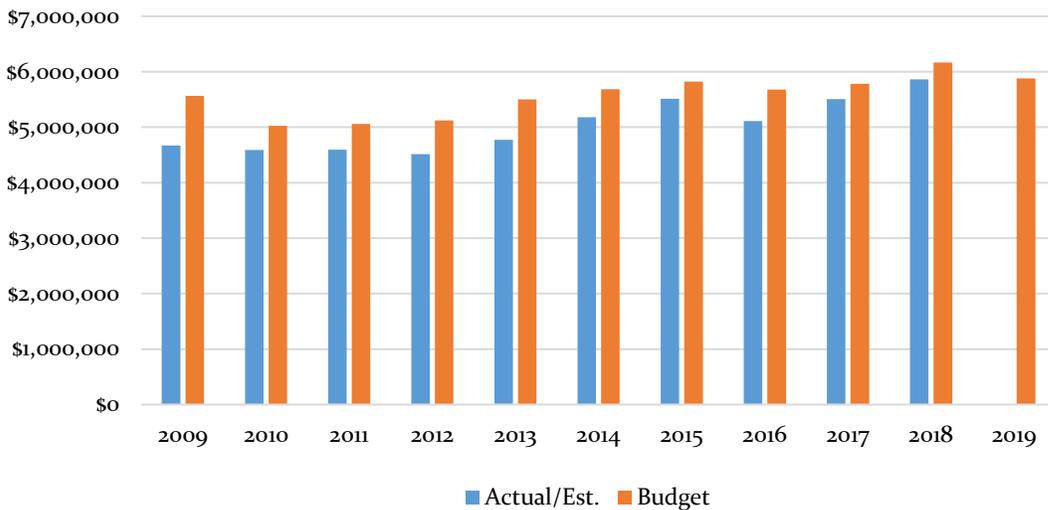
The following charts depict the trends in expenditures by program. For explanations of significant changes, refer to the Consolidated Budget Highlights section of the Consolidated Budget Summary.

General Government (Town Council, Town Manager, Human Resources)



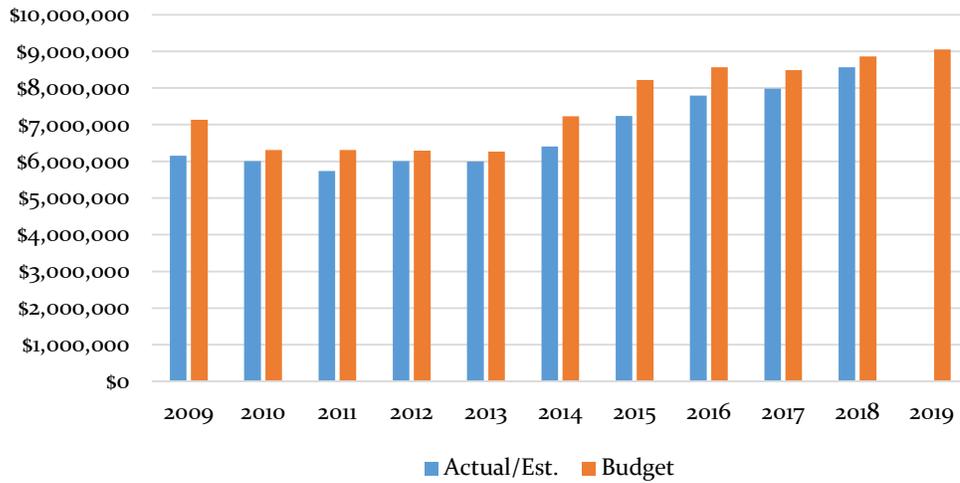
Note: for fiscal year 2019 Human Resources has been moved from Management Services to this category.

Management Services (Administrative Services, Finance)

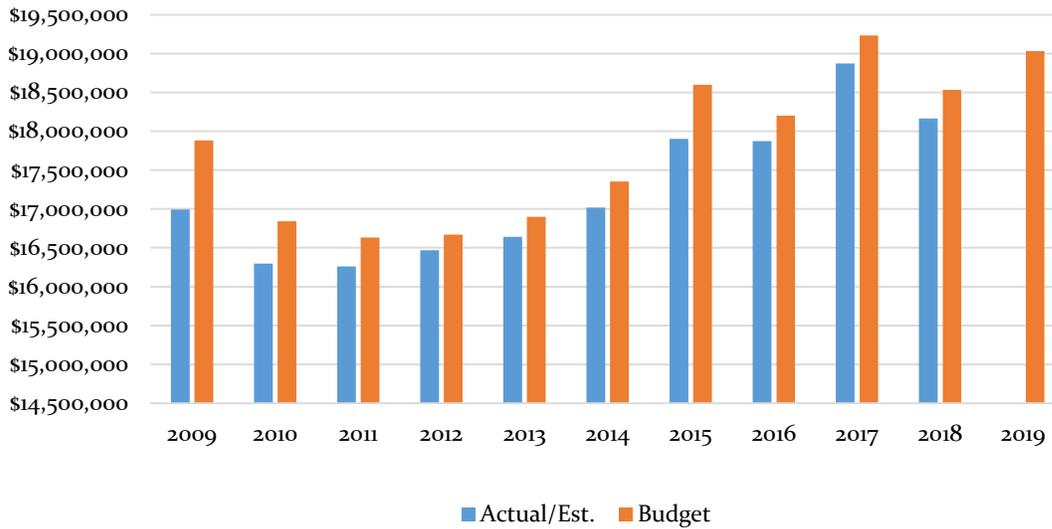


Trend Analysis – Expenditures by Program

Community Services
(Community Development,
Public Projects and Facilities)

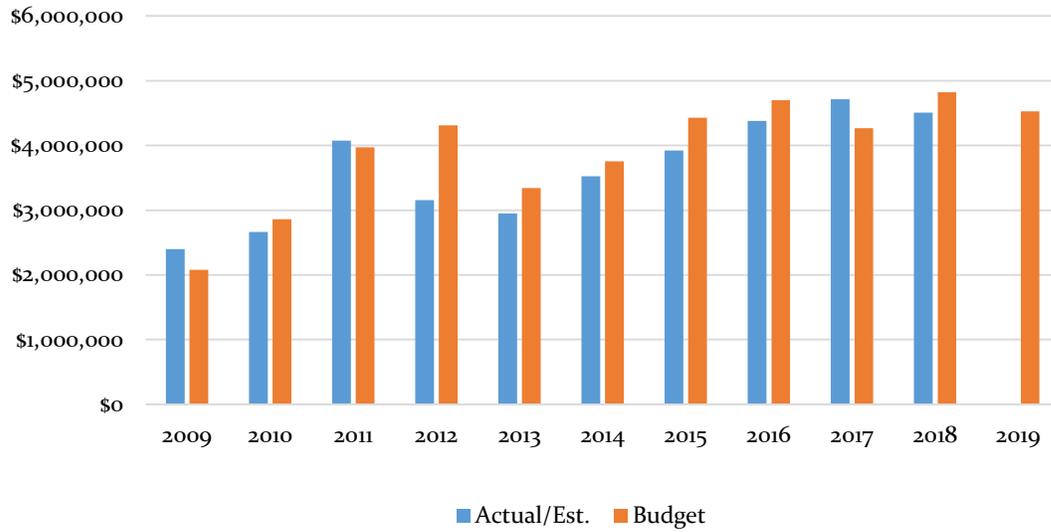


Public Safety
(Fire Rescue, Police Services)



Trend Analysis – Expenditures by Program

Townwide



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 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

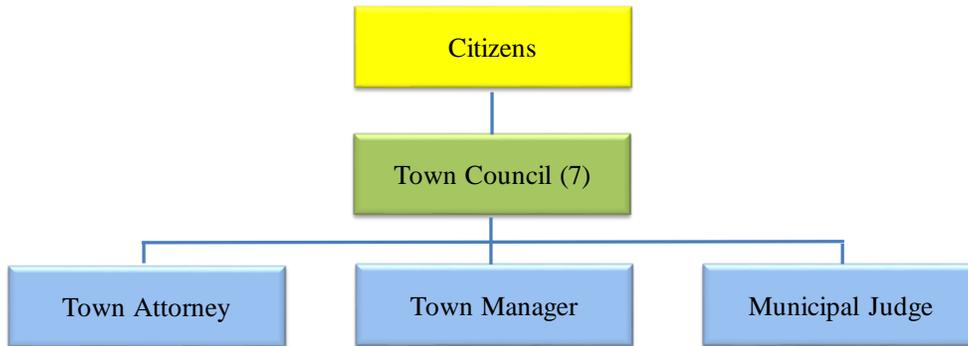
Honor the strength of diversity in our community through open dialogue and gathering together to communicate, understand, and celebrate our differences and similarities.

Program: General Government
Department: Town Council

The Town's Key Priorities for 2018

1. **Hurricane Recovery:** continue clean up and reconciliation of financial commitments.
2. **Visioning:** continue process.
3. **Venue Committee:** recommendations are forthcoming.
4. **Gullah-Geechee:** consider recommendations from Gullah-Geechee Land and Cultural Preservation Task Force.
5. **Workforce Development and Affordable Housing:** consider recommendations from the Public Facilities and Public Planning Committee scheduled to be provided in February of 2018.
6. **Infrastructure:**
 - Bridge and Roads
 - Sewer
 - Stormwater
7. **Regionalism:** In order to define the purpose and impact from pursuing a regionalism effort the IGR Committee will compile and review an entire list of areas for regional efforts and craft a strategy and series of tactics to enact that strategy.

**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

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated Actual	FY 2019 Budget	Budget \$ Change	Budget % Change
<u>Town Council</u>								
Personnel	131,073	132,895	162,259	158,596	158,596	158,401	(195)	0%
Operating	277,787	294,870	431,824	368,050	365,660	352,500	(15,550)	-4%
Initiatives	-	122,255	170,061	740,000	740,000	-	(740,000)	-100%
Capital	-	-	-	-	-	-	-	0%
Total	408,860	550,020	764,144	1,266,646	1,264,256	510,901	(755,745)	-60%
Personnel	7.0	7.0	7.0	7.0	7.0	7.0		

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.

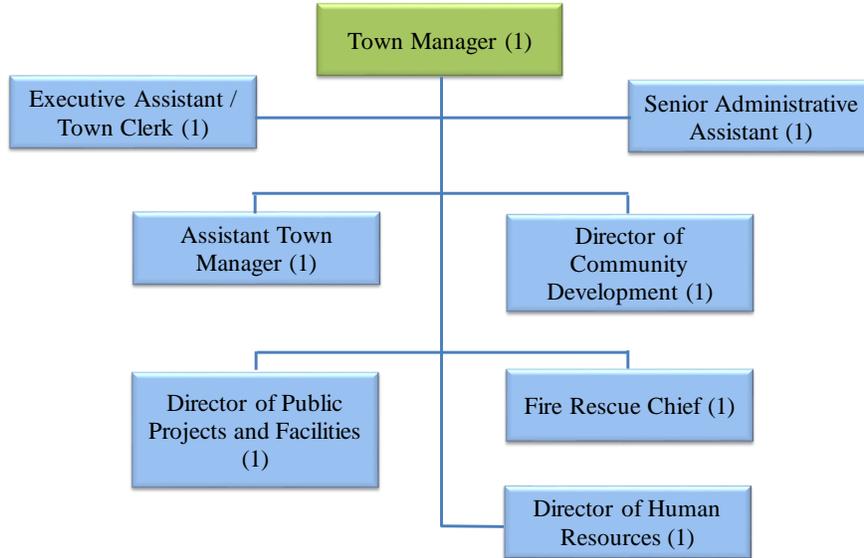
FY 2018 Accomplishments

1. Successfully guided Town staff through the initial phases of Tropical Storm Irma recovery effort.
2. Worked successfully with Town Council, Departments and Divisions in setting and achieving goals.

FY 2019 Goals

1. Assist Town Council, Departments, and Divisions to achieve their goals
2. Continued Focus on Hurricane Recovery
3. Continued Focus on the Visioning Process
4. Continued Focus on the Venue Committee's forth coming recommendation
5. Continued Focus on the Gullah-Geechee Land & Cultural Preservation Task Force's forth coming recommendations
6. Continued Focus on the Workforce Development & Affordable Housing Initiative
7. Continued Focus on Infrastructure
8. Continued Focus on Regionalism

**Program: General Government
Department: Town Manager**



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

Expenditures by Program/Category

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated Actual	FY 2019 Budget	Budget \$ Change	Budget % Change
Town Manager								
Personnel	622,073	637,828	618,886	637,374	627,255	587,583	(49,791)	-8%
Operating	15,957	15,940	22,279	28,750	7,961	32,250	3,500	12%
Capital	-	-	-	-	-	-	-	0%
Total	638,030	653,768	641,165	666,124	635,216	619,833	(46,291)	-7%
Personnel	4.0	4.0	4.0	4.0	4.0	4.0		

Program: General Government
Division: Human Resources

Mission

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

Core Services

Recruitment and Selection

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

Total Rewards Management

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

Talent Management

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

Organization Effectiveness

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

FY 2018 Accomplishments

1. Led the implementation of Employee Self-Service to improve employee and supervisor access to personnel data (payroll information, address/phone number, emergency contacts, and accrual data) and allow them to make changes electronically.
2. Managed HR programs to comply with new/changing federal and state laws; addressed changes in regulations and monitored pending legislative impact; implemented improved records retention practices to comply with legal requirements and facilitate improved access to employee records.
3. Designed and implemented an employee suggestion program to provide a vehicle for employees to submit suggestions for review by Town management. The program has resulted in improvements in Town Hall access, safety and accessibility.
4. Provided disaster recovery support following Tropical Storm Irma to include interpretation and application of disaster pay policies.
5. To prepare for retirement of key staff members, supported organization review and restructuring of departments and divisions under purview of the Assistant Town Manager, resulting in improved alignment of staff to support Town goals. Led other organization redesigns, succession planning and position modifications resulting in improved performance quality, increased productivity, and reduced cost.
6. Supported position design and recruitment/selection process for new or redesigned leadership positions (Public Information Director, Director of Cultural Affairs, Procurement Officer and Information Technology Director).
7. Managed a high number of class spec revisions, position evaluations, and recruitment processes to fill high level and newly created positions. Support was provided in an expedited manner to limit periods of staff shortages.

Program: General Government
Division: Human Resources

FY 2018 Accomplishments

8. Developed and delivered town-wide training strategy and initiatives designed to support service delivery goals; expanded town-wide training focus to include compliance, core competency, software, financial, new supervisor and leadership training; used in-house training resources where feasible; varied delivery methods to meet employee preferences and group needs.
9. Negotiated the services agreement and managed a 6-month conversion process to a new plan administrator/record-keeper for the Retirement Health Savings Plan. Implemented a new plan design, new investment line-up, software support, data transfer, employee communications and education. The new program will result in an enhanced fund line-up, reduced fees, expanded on-site employee support, sponsor compliance assistance and overall service improvement.
10. Secured retirement plan advisory services through the RFP process to ensure that the Town's retirement plans are being operated in a fiscally responsible manner, offer high quality investment choices and provide best-practice customer service to employees.
11. 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.
12. Continued delivery of employee wellness initiatives to include on-site health screenings, flu shots, EAP overviews, lunch and learn sessions, individual and team health-related activities and wellness webinars; supported Employee Health & Wellness Committee in ongoing implementation of comprehensive strategy for delivery of wellness initiatives.

Program: General Government
Division: Human Resources

FY 2019: Goals, Objectives, and Performance Measures

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

Objective: Effectively manage recruitment process.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
# of positions filled	50	55	45
# of external hires	29	35	30
% of external offers accepted	82%	90%	90%
Average time to fill positions (requisition approval to offer acceptance)	50 days	40 days	40 days
Direct cost per hire (exc. staff time)	\$1,048.34	\$1,285.17	\$1,400.00

Objective: Retain employees capable of achieving Town goals.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Overall turnover rate	10.9%	10.0%	9.0%
Voluntary turnover rate	8.0%	7.5%	7.0%
Involuntary turnover rate	2.9%	2.5%	2.0%
Turnover Rate during 1 st year	15.15%	15.00%	15.00%
High performer loss (rating \geq 3.25)	8	6	5

Goal 2: Offer competitive total rewards program.

Objective: Maintain competitive compensation programs.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Salary budget increase % vs. public sector national avg.	.3% less	.3% more	.1% more
Salary budget increase % vs. national avg. (< 500 employees)	.2% less	.3% less	.3% less
% high performers paid > range mid	63%	60%	60%
# of resignations due to salary	0	1	1

Program: General Government
Division: Human Resources

FY 2019: Goals, Objectives, and Performance Measures (continued)

Objective: Maintain competitive benefit programs.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Benefits as % of total compensation	26.02%	28.48%	28.02%
Town medical premium/month vs. national average (single coverage)	\$99 less or 17% lower	\$132 less or 22% lower	\$145 less or 23% lower
Eligible employee participation rate in 401k match plan	95.7%	93.8%	95.3%
# 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 2017 Actual	FY 2018 Projected	FY 2019 Budget
# of promotions	14	17	18
# of transfers	7	3	2
Internal placement rate	42.0%	36.4%	44.4%

Objective: Provide effective interdepartmental talent development initiatives.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
# of interdepartmental participant training hours	1,750.5	1,500.0	1,750.0
% of employees participating in tuition reimbursement program	3.7%	4.5%	4.0%
# certification/degree bonuses given	3	9	8

Objective: Maintain effective employee job performance.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
% of employees meeting expectations	94%	95%	95%
% of employees with improved ratings	29%	25%	25%
# of Employee Recognition Awards	25	18	20

Program: General Government
Division: Human Resources

FY 2019: Goals, Objectives, and Performance Measures (continued)

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

Objective: Optimize position and organization design

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
# of positions created/re-evaluated	19	15	10
# of organization redesigns supported	4	3	1

Objective: Maintain employee productivity and engagement.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Non-FMLA sick leave (% of work hours)	1.59%	1.65%	1.70%
Average length of service (in years)	9.76	9.50	9.60

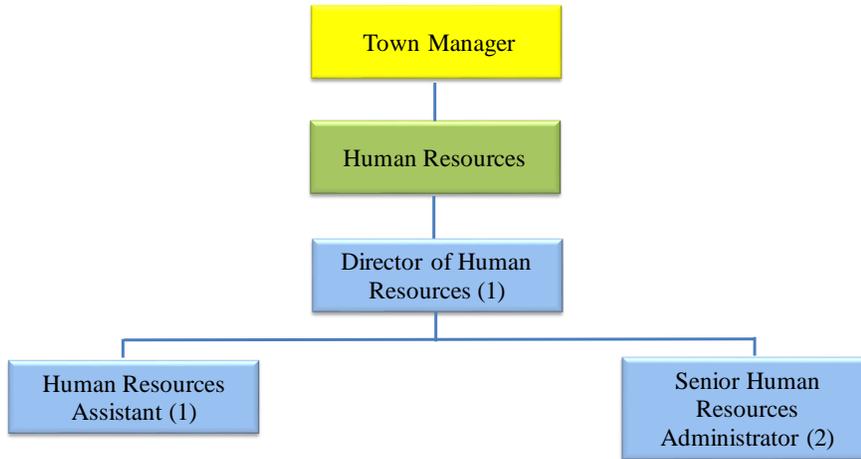
Objective: Support workplace safety

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
# of reported employee injuries	16	12	12
# of calendar days away from work due to injury/illness or on restricted duty	135	400	250

Objective: Encourage participation in wellness initiatives.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
% using dental preventive care benefit	29%	30%	35%
% participating in on-site health screening	36%	40%	40%

Program: General Government
Division: Human Resources



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

Expenditures by Program/Category

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated Actual	FY 2019 Budget	Budget \$ Change	Budget % Change
Human Resources								
Personnel	428,968	447,381	448,742	474,126	439,930	448,919	(25,207)	-5%
Operating	108,321	108,432	100,814	189,110	160,941	184,412	(4,698)	-2%
Capital	-	-	-	-	-	-	-	0%
Total	537,289	555,813	549,556	663,236	600,871	633,331	(29,905)	-5%
Personnel	4.0	4.0	4.0	4.0	4.0	4.0		

Program: Management Services
Division: Administrative Services

Mission

To provide administrative leadership, supervision, support and direction to the Finance Department, IT Technology Department, Municipal Court, Communications Division, Administration Division, Culture Affairs Division, Records Management 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 Public Information Program and Initiatives. Provide support and assist with the Town's Special Event Process. Provide support and assist with the Town's State Legislative Agenda. Process Town-wide Freedom of Information requests.

Core Services

Administration

Assist Town Manager with Town-wide oversight. Manage Public Information Program to include Mayor/Town Manager correspondence; media relations; promotion of Town news; newsletter publication; magazine articles; Facebook posts; 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 the Mayor's Youth Volunteer Service Award Program. Plan and coordinate Student Government Day. Manage Finance Department, Information Technology Department, Municipal Court, Public Information Division, Culture & Arts Network Division, and Legal Division.

Communications

Develop and administer a public information program to communicate with the public and the media about Town priorities and activities. Design and administer the Town's Websites to include all associated electronic online government services and social media accounts.

Office of Cultural Affairs

Promote and support Hilton Head Island as a vibrant cultural destination that enriches our diverse community.

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.

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.

Program: Management Services
Division: Administrative Services

Information Technology

Establish and manage the Town's enterprise network architecture based upon industry standards to deliver secure, reliable and cost-efficient IT services to citizens and staff. Provide technical support for wide area security camera network. 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.

Records Management

Provide support for internal departments to include scanning, storing and destroying records as appropriate. Respond quickly and efficiently to customer requests for Town records. Identify and capture historical archival records. Provide reception and information services at the Town's main reception desk.

FY 2018 Accomplishments

Administration/Legal:

1. Oversaw the State's Legislative Agenda and its strategies and provided assistance to support the Town's positions on 2017-2018 State Legislation.
2. Assisted with the development and implementation of the Town Council Key Priorities 2017 and organization of the annual Council workshop.
3. Scheduled guests and staff for WHHI's 843TV.
4. Permitted over 70 Special Events and 50 non-special events on the Island.
5. Processed over 450 Freedom of Information Requests, 25 Subpoenas, and 160 Contracts and Addendums.
6. Assisted with providing resources, materials, information on Town policies and procedures, and applicable State laws to incoming Town Committee, Commission, and Board members.
7. Assisted with the recruitment and appointments of Board and Commission members.
8. Assisted with Public Information Enhancement promotion for the Town.
9. Assisted with the planning and organization of the Mayor's Youth Community Service Award Program.
10. Assisted with the planning, implementation, and organization of Student Government Day.
11. Assisted with the dissemination of Town information in newspaper articles, quarterly newsletter, magazines, television, and Facebook to keep the community informed on Town issues and projects.
12. Assisted with the dissemination of Town information and the recovery efforts during and after Tropical Storm Irma;
13. Managed various Town staff during Tropical Storm Irma and worked with State/Federal legislators.
14. Coordinated an Island-wide canvas of neighborhood blitzes 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. Goal is to cover every PUD/neighborhood a minimum of 2 times a year... Assisted with monitoring enforcement method whereby building inspectors now assist in verifying that all contractors and subcontractors have a current business license and all required permits when they conduct any inspection at a construction site.
15. Continued education of residents, guests, rental companies, and hotels regarding Light Ordinance and the effects of lights on sea turtles in an effort for an enhanced and successful turtle nesting season.
16. Targeted illegal dumping sites in rights-of-way and easements, including storm water easements, requiring their clean up and striving to prevent future dumping.

Program: Management Services
Division: Administrative Services

Administration/Legal:

17. Worked with deputy sheriffs, revenue collectors, building and fire inspectors, and town code enforcement officers to teach trial advocacy to assist them in presenting better cases in the municipal court.

Information Technology:

1. Completed major upgrade of Municipal Court systems software to facilitate scanning and e-dispositions requirement prior to state deadline
2. Completed server virtualization builds as required for major software upgrades to EnerGov and CSDC. Also, completed new builds for Tyler Content Manager and ExecuTime applications. The aforementioned resulted in a savings of over \$60,000 the Town would have normally paid for hardware
3. Completed the installation of a new enterprise backup solution especially designed for virtual environments
4. Provided GIS support in the EOC and Town departments during the preparations, operational period, and recovery period for Hurricane Irma
5. Implemented Town UAS (Unmanned Aircraft System) program

Records Management:

1. Added over 25,000 pages of building permit records and 12,000 pages of building plans into Town's electronic database
2. Conducted basic record management training with 33 Town employees
3. Responded to about 50 records requests on average each month

Office of Culture Affairs:

1. Created 3 Year Strategic Plan for the Culture & Arts Advisory Committee
2. Launched Americans for the Arts Economic Impact Report Surveying for the island
3. Designed Culture & Arts Network Logo and Branding

Communications:

1. Implemented public information strategy for South Island Emergency Beach Renourishment Project utilizing the Town's website, e-subscription service, social media and other communication methods.
2. Provided public information support for Tropical Storm Irma utilizing the Town's website, e-subscription service, social media and other communication methods, to include the development, implementation, coordination and supervision of an Emergency Virtual Operations Support Team (VOST) for social media monitoring during an emergency.
3. Development of a video highlight Town Beach Parks for use on the website and social media.
4. Awarded a Municipal Association of South Carolina Achievement Award in the Communications Category for the Town's Beach Renourishment Public Information Program.

Program: Management Services
Division: Administrative Services

FY 2019 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 2017 Actual	FY 2018 Projected	FY 2019 Budget
Average review of contracts within 3 days	160	160	160
Workers compensation compliance	99.0%	99.0%	99.0%

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

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Average response to FOIA Requests within 10 days	450	450	475

Goal 2: To oversee the State Legislative Agenda and strategies and provide assistance to support the Town’s positions on 2017-2018 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 2017 Actual	FY 2018 Projected	FY 2019 Budget
Review and Distribute MASC Legislative Alerts	30	30	30
Draft Committee Agendas and attend meetings	8	8	12
Letters of support or opposition	10	12	12

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 2017 Actual	FY 2018 Projected	FY 2019 Budget
Number of special event applications processed	64	71	80
Number of non-special events reviewed and Processed	44	50	55

Program: Management Services
Division: Administrative Services

FY 2019 Goals, Objectives, and Performance Measures, continued

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

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

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Attorney prosecutions	70	75	75
Attorney assists Deputy with prosecution	18	20	20
Attorney assists Code Enforcement with prosecution	16	15	15

Goal 5:

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

Objective: Maintain 99.9% uptime of all critical system services.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Critical system uptime	99.99%	99.99%	99.99%
Number of critical system failures	0	0	0

Objective: To respond to critical calls for Information Technology support within 1 hour and to complete all departmental Help Desk requests in a timely manner.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Respond to critical calls in 1 hour	97%	97%	97%
Help Desk (DP) requests completed:			
Within 30 days	3	1	1
Within 60 Days	0	0	0

Program: Management Services
Division: Administrative Services

FY 2019 Goals, Objectives, and Performance Measures, continued

Goal 6: 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.

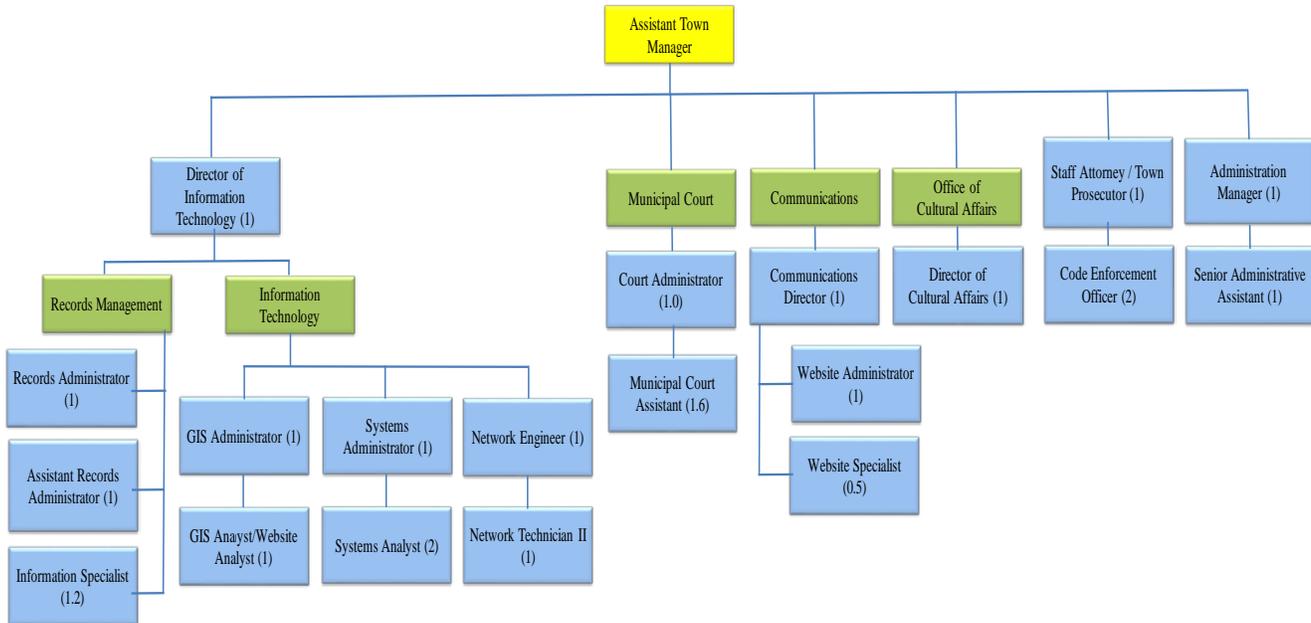
	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Number of cases docketed	4,885	5,000	5,000
Number of cases disposed	4,998	5,000	5,000
Number of bench warrants issued	390	400	400

Goal 7: To administer the Town Records Management Program.

Objective: To receive and process official town records from all departments. To ensure that records are processed according to their designated life cycle, creation, digital or physical storage and destruction as appropriate for each record type. To make records readily available to staff and the public.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Microfiche records converted to digital	10,594	2,000	2,000
Paper building plans converted to digital Paper building plans converted to digital	5,000	20,000	20,000
Records requests filled	736	700	700

**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.

Expenditures by Program/Category

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated Actual	FY 2019 Budget	Budget \$ Change	Budget % Change
Administrative Services - Program Summary								
Administration/Legal	495,858	465,729	470,845	545,918	479,205	553,354	7,436	1%
Cultural Affairs	-	-	-	182,853	144,867	179,393	(3,460)	-2%
Communications	-	-	-	-	-	309,207	309,207	100%
Records Management	264,885	220,591	253,243	257,268	254,862	301,313	44,045	17%
Municipal Court	404,911	413,928	386,734	398,872	381,474	386,930	(11,942)	-3%
Information Technology	2,166,005	1,929,433	2,014,334	2,262,359	2,305,146	2,092,674	(169,685)	-8%
Total	3,331,659	3,029,681	3,125,156	3,647,270	3,565,554	3,822,871	175,601	5%
Administrative Services - By Category								
Personnel	1,965,204	2,000,223	1,952,506	2,311,885	2,051,857	2,361,004	49,119	2%
Operating	979,559	888,574	1,036,988	1,247,563	1,340,512	1,376,267	128,704	10%
Capital	386,896	140,884	135,662	87,822	173,185	85,600	(2,222)	-3%
Total	3,331,659	3,029,681	3,125,156	3,647,270	3,565,554	3,822,871	175,601	5%
Personnel	22.0	22.0	22.3	23.3	23.3	22.3		

Program: Management Services
Department: Finance

Mission

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

The Finance Department's mission incorporates the following principles:

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

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

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

Quality – Achievement and maintenance of a high quality service.

Core Services

Financial Administration

Provide strong financial leadership in all areas of activity undertaken by the Town. Promote the use of technology to ensure the efficient use of the Town's resources. Develop and manage the Town's financial policies and exercise budgetary controls over all expenditures. Provide effective cash and debt management for the Town ensuring strong bond ratings are maintained. 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, Road Usage Fee, 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 Services

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

Procurement

Oversight of solicitations and contracts for goods and services. Oversee all Town risk management programs and insurance coverage.

FY 2018 Accomplishments

1. The Town began using the state of South Carolina’s investment pool program to invest its idle cash. Investment earnings are expected to improve by over \$200,000 annually.
2. The Town issued five bonds:
 - \$27,310,000 in general obligation bonds to fund the Capital Improvements Plan.
 - \$18,000,000 in general obligation bonds to replenish reserves used to respond to Hurricane Matthew.
 - \$30,075,000 special obligation bonds (beach preservation fee) to finance beach renourishment projects.
 - \$30,075,000 in special obligation bonds (tax increment financing) to fund TIF projects within the Capital Improvement Plans.
 - Issued \$3,200,000 in revenue bonds to fund Stormwater projects.
3. The Finance Department in conjunction with the Human Resources began the implementation of an electronic time and attendance system (ExecuTime). This project will be completed by quarter 1 2019.
4. Business Licensing – The Town is converting from the Standard Industrial Classification (SIC) system to the North American Industry Classification System (NAICS). The intent of the conversion is to more precisely group businesses licensed with the Town in order to ensure consistency of fees charged for like businesses. There will be no financial impact.
5. The Finance Department in conjunction with the Information Technology Department began developing a database/GIS system to more accurately track both short-term and long-term rental properties on the island. The intent of the project is to ensure that all property owners/businesses are compliant with all applicable sections of the Town Code.
6. In fiscal 2018, the Town’s procurement, risk management, and asset management functions were incorporated into the Finance Department operations.

FY 2019 Goals, Objectives, and Performance Measures

Goal 1: Maintain strong credit rating of the Town.

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

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Standard & Poor’s Bond Rating	AA+	AA+	AA+
Moody’s Investors Bond Rating	Aaa	Aaa	Aaa
Fitch Bond Rating	AA+	AA+	AA+

Program: Management Services
Department: Finance

FY 2019 Goals, Objectives, and Performance Measures

Goal 2: Provide a high level of customer service in the Revenue and Collections Division.

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

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Business license renewals processed	5,966	6,000	6,050
New business licenses processed	1,411	1,420	1,450
Local ATAX/Beach Preservation Fees Permits	1,457	1,475	1,490
Local ATAX/Beach Preservation Fees receipts processed	5,865	5,900	5,950
Local ATAX/Beach Preservation Fees collections	\$3,287,991	\$3,310,000	\$3,350,000
Hospitality Account Permits	375	390	400
Hospitality Account receipts processed	2,423	2,450	2,465
Hospitality Account collections	\$6,537,792	\$6,550,100	\$6,565,000
Beach passes issued	936	975	1,000
Miscellaneous receipts processed	2,099	2,110	2,125
Miscellaneous receipts collections	\$19,214,724	\$19,225,000	\$19,300,000
EMS number of calls billed	4,240	4,300	4,380
EMS collections (payments)	\$1,450,024	\$1,470,025	\$1,490,000
EMS charges billed	\$1,976,234	\$2,006,000	\$2,021,000
Collection rate	73%	73%	74%

Goal 3: Support paperless records retention to allow the Finance Department to be environmentally responsible and allows faster and more efficient access to financial information.

Objective: Archive Revenue Services primary and support documentation with 30 days of processing.

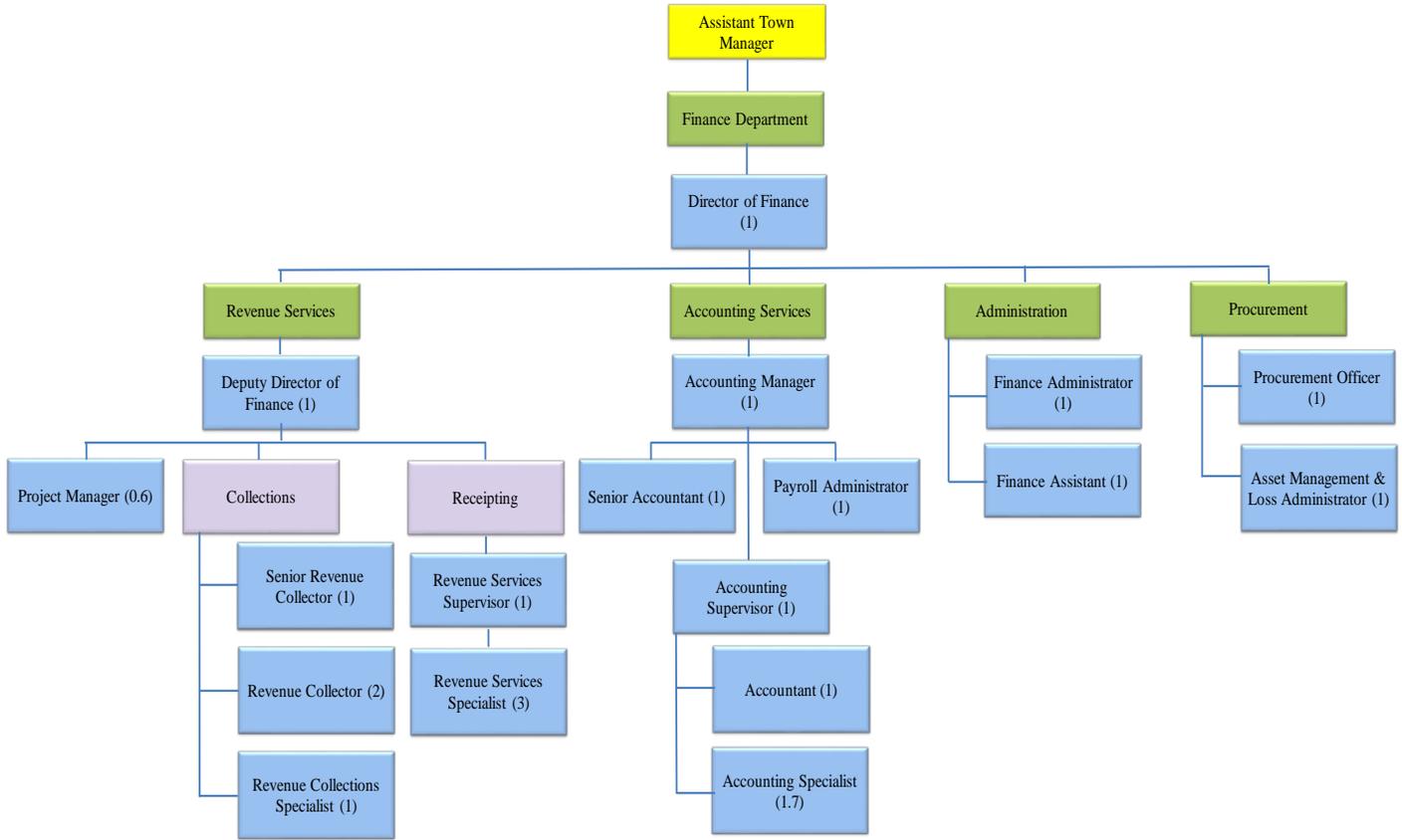
	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Revenue Services documents	6,000	6,500	6,500
EMS documents	1,200	1,200	1,200

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

Objective: Conduct business license site visits/contacts.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Business license site visits/contacts	2,500	2,500	2,500

Program: Management Services
Department: Finance



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

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated Actual	FY 2019 Budget	Budget \$ Change	Budget % Change
Finance - Program Summary								
Administration	291,907	291,019	302,132	319,757	322,990	329,264	9,507	3%
Accounting Services	606,567	606,998	542,740	693,463	631,248	724,583	31,120	4%
Revenue Services	606,206	604,859	606,193	844,274	741,025	797,152	(47,122)	-6%
Procurement *	-	-	-	-	-	206,347	206,347	100%
Total	1,504,680	1,502,876	1,451,065	1,857,494	1,695,263	2,057,346	199,852	11%
Finance - By Category								
Personnel	1,343,735	1,345,433	1,331,459	1,672,724	1,510,129	1,849,076	176,352	11%
Operating	160,945	157,443	119,606	184,770	185,134	208,270	23,500	13%
Capital	-	-	-	-	-	-	-	0%
Total	1,504,680	1,502,876	1,451,065	1,857,494	1,695,263	2,057,346	199,852	11%
Personnel	19.3	19.3	19.3	19.3	19.3	21.3		

* The procurement, risk management, and asset management functions were transferred to the Finance Department from Administrative Services during the fiscal year.

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

1. Oversees the implementation of the Land Management Ordinance to ensure development and redevelopment activities are in compliance.
2. Oversees revision to the Comprehensive Plan to improve its effectiveness in guiding the future of the community.
3. Oversees implementation of building codes and effective code enforcement.
4. 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 that impact our community.
5. Assists in developing and addressing Town Council's Key Priorities.
6. Coordinates land acquisition efforts of Town Council.
7. Oversees process improvements within department and with other departments.
8. Coordinates review board activity, meetings, agendas and packets.
9. Promotes public education of department's projects and function.
10. Updates and implements the Town's Disaster Recovery Plan.

Development, Review and Rezoning

1. 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.
2. Oversees natural resource protection of the Island including beach, tree and wetland regulations, and water quality preservation.
3. Continues environmental monitoring for water quality and created wetlands, and Land Management Ordinance effectiveness for tree protection.
4. Oversees Urban Design Program and Guidelines.
5. Provides for periodic review and update of the Land Management Ordinance.
6. Manages the Community Rating System, assuring that construction within the Town is in compliance with FEMA regulations thereby providing savings on flood insurance premiums for the residents and businesses on the Island.

Program: Community Services
Department: Community Development

Core Services

Comprehensive Planning

1. Guides the revision and implementation of the Comprehensive Plan focusing on Redevelopment strategies, Sustainable strategies, Capital Improvement Program projects, and Land Management Ordinance amendments.
2. Provides support services and programs for economic development initiatives in the Town.
3. Provides for grant research and writing to secure funding for various town projects and programs.
4. Implements all aspects of CDBG Entitlement Grant Activities.
5. Undertakes and guides Special Projects as identified by Town Council or Town Management.
6. Oversees Sustainable Practices Program and Implementation.
7. Provide staff support to Capital Improvement Plan (CIP) and storm water initiatives as needed.

Building

1. 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.
2. Enforces ICC building codes.
3. Collects permit fees and impact fees for both the Town and the County.
4. Provides flood hazard determination to homeowners, insurance, legal and banking representatives.
5. Conducts seminars for the public pertaining to building code regulations.

Community Development Services

1. Serves as front line for general information and permitting process. Approves smaller permits for site development.
2. Maintains accurate records and statistics of construction on Hilton Head Island.
3. Communicates with the construction/development community to address code issues, inspection issues and procedures for permitting and inspection, and planning/development issues.

FY 2018 Accomplishments

1. Visioning—interviewed and hired a Project Lead. Worked with the VPMT, Consultant, and Project Lead on extensive six month community engagement process. Completed Vision Report with presentation to VPMT in February 2018.
2. HUD Entitlement – Completed the 1-year Annual Action Plan mandated as part HUD’s CDBG Entitlement Program.
3. HUD CDBG – Administered all grant responsibilities related to HUD CDBG year 2 project to pave Rhiner Drive.
4. HUD CDBG – Initiated administrative requirements for pursuit of HUD CDBG year 3 project to pave Cobia Court, including environmental review requirement
5. USCB Hospitality Facility – Development Review approval completed. Participated in interview for Contractor. Coordinated with University on on-going construction.
6. Worked with the engineering division and traffic consultants to finalize design roadway and intersection improvements for USCB scheduled for construction in February 2018.
7. Comprehensive Plan – Drafted for approval the state-mandated 5-year review of the Comprehensive Plan. Adopted by Town Council in July 2017.

Program: Community Services
Department: Community Development

FY 2018 Accomplishments

8. Venue – Coordinated with Town Council for negotiating a scope amendment with the consultant to prepare a review of a Community Arts Center for Hilton Head Island. Worked with Venue Committee to review final report and prepare recommendations to Town Council in spring 2018.
9. Awards: Received Tree City USA recognition. Received Audubon Sustainable Communities Award.
10. Grants-- Secured in grants awards: FY17 = \$2,938,743 and year to date FY18 (to 2/20/18) = \$1,600,781
11. Participated in Hilton Head Leadership Presentation.
12. Participated in the 2017 Home and Garden Show.
13. Worked closely with the Neighborhood Outreach Connection and Hilton Head Fire and Rescue to resolve issues with the after school program locations.
14. Initiated and completed safety inspections after Hurricane Irma in 5 days.
15. Oversaw Town Recovery efforts from Hurricanes Matthew and Irma.
16. Coordinated all potential FEMA reimbursement activities related to Hurricane damage.
17. Continued to investigate and address various code enforcement issues including providing all associated administrative support.
18. Provided CIP and storm water initiative support including bird surveys required by Federal agencies for Beach renourishment and federally required education programs for stormwater.
19. Provided staff support for the Gullah-Geechee Land and Cultural Preservation Task Force.
20. Supported Workforce Availability Initiative by preparing a white paper “Providing the Keys to Address Affordable Housing on Hilton Head Island”, researching and presenting best practices, facilitating of discussion on policy direction, and hosting communities for a workshop discussion of affordable workforce housing around the country.
21. Beach Management Plan – Adopted Summer 2017.
22. Recreation Center expansion – Project under construction. Continuing to oversee the construction and development activities. C of C issued for Phase 1 of the project.
23. Shelter Cove Towne Centre and Apartments – Continuing to oversee redevelopment activities and development agreement.
24. USCB Hospitality Facility – Project under construction. Continuing to oversee the construction and development activities.
25. Coligny Park – Working on finalizing the Development Plan Review approval and obtaining easements. Currently working on selecting a name for the park.
26. Permits/Approvals/Inspections between 7/1/2017-3/09/2018:
27. Building & Web Permits 3,336:
28. Number of Inspections 13,705:
29. Planning Approvals: DPR-6 ; Minor DPR-80 ; SUB-6 ; ZMA-3 ; PPR-1 ; VAR-3 ; Appeals-1 ; DRB-92 ; Signs-115 ; NAT-460; MH Placement-16; Plats-27; ADPR-11; Lighting Plans-2
30. Oversaw Town Damage Assessment and Disaster Recovery efforts from Hurricane Irma.
31. Continued coordination of Airport related issues, including sound wall.
32. Continued to investigate and address various code enforcement issues including providing all associated administrative support.
33. LMO Amendments –Worked with LMO Committee, the Planning Commission and Town Council to adopt numerous LMO amendments.
34. Held and participated in several public meetings to introduce the proposed new flood maps.

Program: Community Services
Department: Community Development

FY 2018 Accomplishments

35. Worked closely with PPC on initiatives related to Town's Council's Affordable Workforce Housing Priority, to include holding four workshops, participating in the planning of the Chamber's Unite Summit, developed a white paper, an extensive list of best practices of other communities and an RFP to solicit a consultant to develop an affordable workforce housing strategic plan.
36. Developed a pilot program to allow four food trucks at mid-island beach parks from June-September 2017 as part of the Circle to Circle Ad Hoc Committee recommendations.
37. Participated with Engineering in Dirt Road informational meetings and provided guidance related to LMO issues.
38. Drafted amendments to the Flood Damage Controls section of the Municipal Code to reflect direction from the Community Assistance Visit from the State EMD.
39. Worked to relocated ArborNature's grinding operations from their current location to a portion of Town property.
40. Provided information to Bowen Consultants and participated in the survey in support of the Lowcountry Affordable Housing Coalition as part of Beaufort County's Needs Assessment.
41. Worked with the Mitchelville Preservation Project to execute a lease of the Fish Haul Creek Park and change the name of the park to Historic Mitchelville Freedom Park.
42. Supported Palmetto Breeze and the proposed trolley service by drafting route maps and coordinating stops, signage, and design of the trolley.
43. Provided update to Planning Commission regarding Circle to Circle and the Ad Hoc Committee recommendations including food trucks, golf cart shuttle, and traffic improvements.
44. Worked with NIBCAA and the Gullah-Geechee Land and Cultural Preservation Task Force to identify native island properties and design a neighborhood identification program. Designed and facilitated installation of pilot signage program.
45. Coordinated and co-hosted an education session by the Center for Heirs' Property.
46. Performed construction observation services for the Hurricane Matthew dune restoration project.
47. Worked with the Community Foundation of the Lowcountry's Public Art Committee to install public art at Honey Horn, secure approval of an additional site for future public art, and request acceptance of a Gift Agreement for an additional piece of art.
48. Provide public education regarding stormwater as part of the Town's designation as an MS4 Community.
49. Prepared a program description, conceptual design, and conducted an Open House to solicit public input regarding redevelopment of the existing Cordillo Courts.
50. Assisted the MPO with their RFP to hire a consultant to prepare an Urban Transit Study. Participated in review of responses as well as kick-off meeting and follow-up meetings with selected consultant team.
51. Completed Department update to the Continuity of Government Plan (COOP)
52. Provided staff support and direction for preliminary discussion related to US278 Bridge replacement and Gateway Bridge Corridor Project.
53. Provided staff support to reformed Southern Lowcountry Regional Board.
54. Staff reviewed and provided input on projects of regional significance including Hilton Head National Rezoning and conversion amendment for Suburban Extended Stay hotel to affordable housing units.

Program: Community Services
Department: Community Development

FY 2019 Goals and Objectives

Goal 1: Visioning

Objective: Assist in Phase 2 of the HHI Our Future visioning project including kicking off development of the 2020 Comprehensive Plan.

Goal 2: Arts Center Building

Objective: Assist Venue Committee with review of consultant's recommendations for a Community Arts Center. Assist with additional support and analysis if deemed appropriate.

Goal 3: Coligny Park Development Project

Objective: Oversee consultant contracts, coordination with project partners. Begin construction. Coordinate TIF projects reconciliation.

Goal 4: USCB Hospitality facility in Office Park Road area

Objective: Continue coordination with USCB for construction to be completed September 2018.

Goal 5: Recreation Center Expansion

Objective: Continue to monitor the progress of construction for compliance with the master plan and permits.

Goal 6: Unsafe Structures

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

Goal 7: LMO Amendments

Objective: Coordinate amendments necessary to fix some unclear portions or incorporate new uses in the LMO and take them through the adoption process.

Goal 8: HUD CDBG Entitlement Program

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

Goal 9: Sewer

Objective: Assist with funding analysis, recommendations, and regulatory approvals to advance 5 year plan.

Goal 10: Overhead to Underground Electrical Conversion (OHUG)

Objective: Continue to work with Palmetto Electric to implement the program. The project is currently about 83 % complete.

Program: Community Services
Department: Community Development

FY 2019 Goals and Objectives

Goal 11: Implement Airport Master Plan

Objective: Continue to coordinate with county and airport officials to implement the Plan, including necessary LMO amendments.

Goal 12: Investigate means to assist owners of heirs property with issues related to ownership

Objective: Engage a non-profit organization for community outreach purposes under the auspices of the Planning Commission. Hire a consultant to evaluate LMO changes. Provide staff support to the Gullah-Geechee Land and Cultural Preservation Task Force.

Goal 13: Circle to Circle Recommendations

Objective: Assist Planning Commission and Town Council in Implementing Circle to Circle recommendations.

Goal 14: Shelter Cove Towne Centre

Objective: Continue to follow the requirements in the development agreement concerning updates, reporting and development of final phase, including the pier, park expansion, and residential components.

Goal 15: Regionalization

Objective: Support regional initiatives including LATS MPO implementation, Beaufort County Economic Development Corporation, Southern Lowcountry Regional Board, and the Heritage Tourism Taskforce.

Goal 16: Workforce Availability (Housing)

Objective: Provide staff support to the Public Planning Committee to examine the issue including hiring a consultant to prepare an Affordable Workforce Housing Strategic Plan and subsequently provide a series of recommendations to the Town Council.

Goal 17: Workforce Availability (Transportation)

Objective: Provide support to Palmetto Breeze in trolley shuttle pilot program to begin service from Shelter Cove to Coligny. Continue to support LCOG and their consultant in the Urban Transit Study. Begin evaluation of shuttle system expansion.

Goal 18: Disaster Recovery

Objective: Continue to address damage related to Hurricanes Matthew and Irma including issues related to non-qualifying reimbursements from FEMA. Coordinate the update of the Town's Disaster Recovery Plan and prepare resources in advance of the next hurricane season. Continue to pursue FEMA qualifying reimbursement and necessary documentation for potential audits.

Goal 19: Native Island Neighborhood Signage

Objective: Complete design of remaining native island neighborhood identification signs and coordinate installations based on Public Facilities Committee and Town Council approval.

Program: Community Services
Department: Community Development

FY 2019 Goals and Objectives

Goal 20: Gateway Bridge Corridor Coordination

Objective: Continue to coordinate and engage stakeholders and agencies related to the bridge replacement and gateway corridor improvement project(s).

Goal 21: FEMA – Flood Rate Insurance Maps

Objective: Continue to work through adoption process and prepare community for implementation of the new FIRM maps currently projected for June 2019.

Goal 22: Grants

Objective: Continue coordination of all activities related to grant funding including CBDG Entitlement Grant, and pursue additional grant opportunities available to the Town.

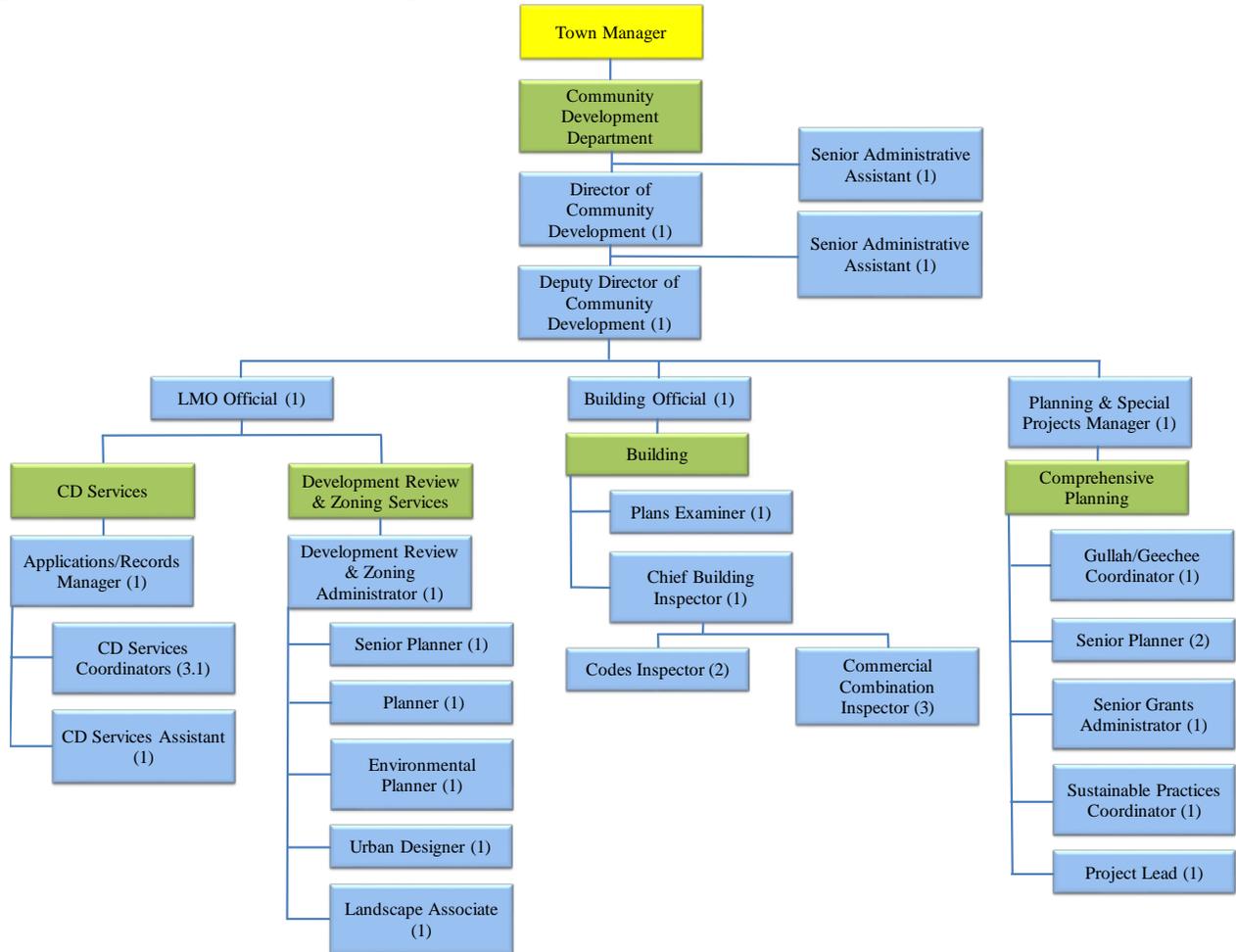
Goal 23: Public Art

Objective: Continue coordination with the Public Art Fund Committee for the 2019 Public Art Expo scheduled for fall 2018. Continue coordination for acceptance and placement of additional pieces of art into the Town's collection.

Goal 24: Capital Improvement Projects (CIP)

Objective: Continue to support CIP activities including Cordillo Courts, 80 Pope Avenue Park Project and associated improvements, the Mid-Island Traffic Study and other projects as needed.

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

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated Actual	FY 2019 Budget	Budget \$ Change	Budget % Change
Community Development - Program Summary								
Administration	469,752	479,077	538,333	513,950	499,650	636,956	123,006	24%
Inspection Compliance	653,044	754,959	567,486	726,381	640,021	798,575	72,194	10%
Comprehensive Planning	518,454	520,792	509,473	704,285	638,580	687,327	(16,958)	-2%
Development Review & Zoning	613,114	688,858	601,484	815,183	778,740	784,407	(30,776)	-4%
CD Services	303,408	329,021	335,453	376,894	382,017	408,261	31,367	8%
Total	2,557,772	2,772,707	2,552,229	3,136,693	2,939,008	3,315,526	178,833	6%
Community Development - By Category								
Personnel	2,477,963	2,697,791	2,284,493	2,843,383	2,756,653	3,118,346	274,963	10%
Operating	79,809	74,916	221,689	293,310	182,355	197,180	(96,130)	-33%
Capital	-	-	46,047	-	-	-	-	0%
Total	2,557,772	2,772,707	2,552,229	3,136,693	2,939,008	3,315,526	178,833	6%
Personnel	26.1	27.4	27.7	30.1	30.1	31.1		

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

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

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

FY 2018 Accomplishments

EXISTING FACILITIES

Parks:

1. Installed ADA ramps at beach/community parks playgrounds.
2. Replaced bathroom sinks at Mitchelville Freedom and Fish Haul Parks.
3. Replaced Dri Deck around shower towers at Coligny and Folly Field Beach Parks.
4. Minor boardwalk repairs at Greens Shell, Coligny, Driessen, Folly Field and Islanders Beach Parks.
5. Boardwalk staining at Coligny Beach Park and Rowing and Sailing Center.
6. Parking lot repairs at Driessen, Folly Field and Islanders Beach Parks and Crossings Park.
7. Restroom window replacements at Coligny Beach Park.
8. Restroom painting at Alder Ln., Coligny, Driessen, Folly Field, Shelter Cove, Veterans Park and Jarvis Parks.
9. Chaplin restroom buildings painting.
10. Restroom heater replacements at Folly Field, Islanders, Mitchelville Freedom Park, Fish Haul and Jarvis Parks.
11. Wooden perimeter fence repair/painting at Driessen Beach Park.
12. New tennis court screening at Chaplin Park.
13. New basketball court painting at Greens Shell Park.

Program: Community Services
Department: Public Projects and Facilities

FY 2018 Accomplishments

Fire Stations:

1. Re-model of Headquarters conference room to include painting, carpeting and new HVAC.
2. New perimeter fencing in the rear of Headquarters.
3. Maintenance Bay office painting/carpeting and bay floor re-stripping.
4. Fire Stations 7 and 5 interior painting.
5. Fire Training Center propane bollard painting.
6. Fire Training Center privacy fencing installed on Dillon Rd. side.

ALL RENOVATIONS

1. Up fits to Unit H at 70 Shelter Cove for new office space.
2. New carpet for D building at Town Hall.
3. Various areas of exterior wood rot replacement at Town Hall.
4. Doors/Decks painting at Town Hall.
5. New Town Hall interior informational signage installed.
6. Town Hall informational Kiosk repairs.
7. Town Hall parking lot re-stripping.
8. HVAC replacements.

REHAB/RENOVATION

1. Installed new plantings WHP (4) areas, Cross Island Parkway, Driessen Beach park and Jarvis Park.

PATHWAY MAINTENCE

1. Completed annual pathway repairs projects.
2. Refurbished multiple pathway markings on the south end of the Island.

WORK ORDER TOTALS

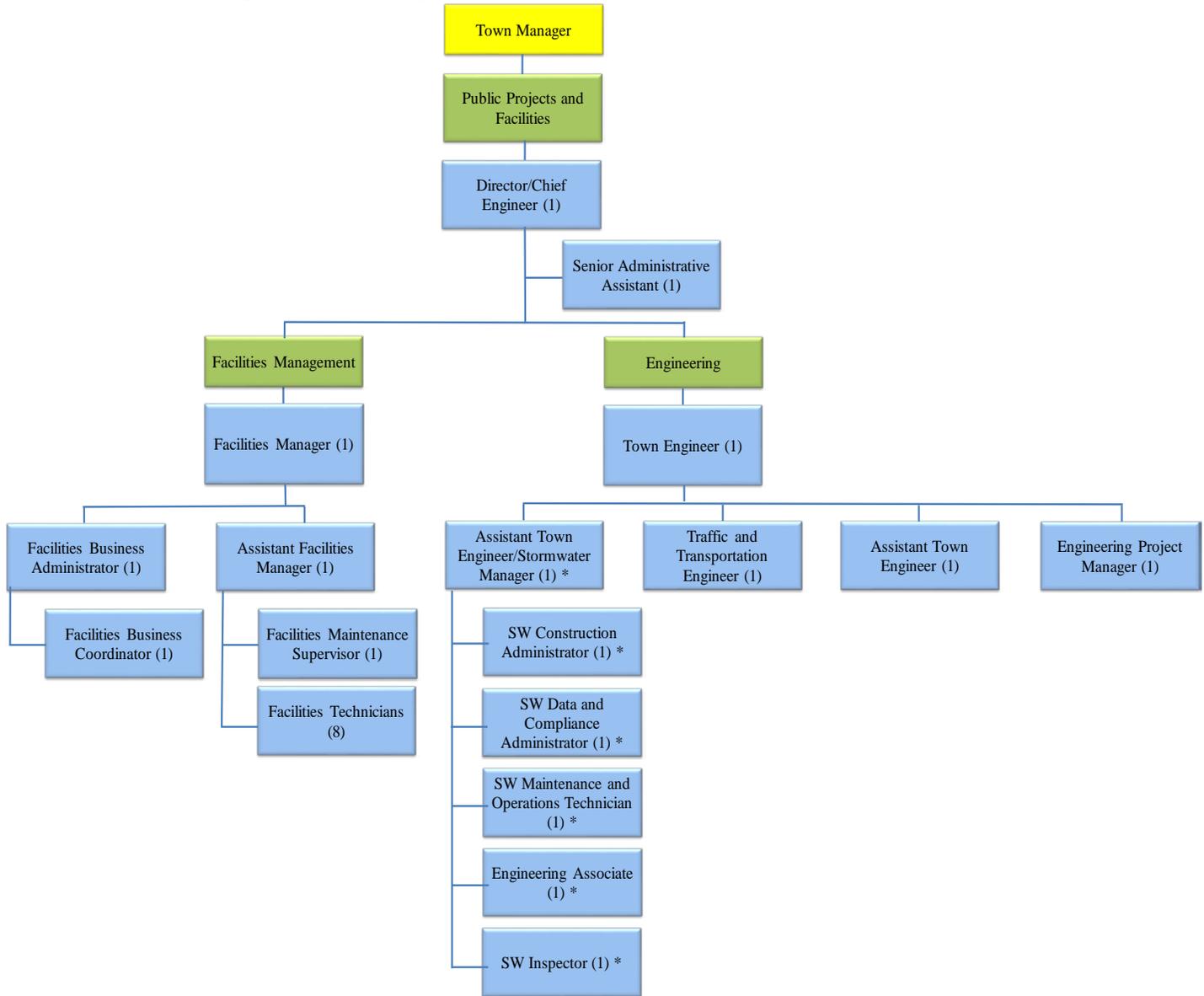
1. Completed over 5,000 work orders assigned to Facilities Management staff.

FY 2019 Objectives

1. 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.
2. Continue the execution a comprehensive in house inspection and maintenance program for Town owned properties and facilities utilizing iMaint automated maintenance programs and quarterly inspection reports.
3. Support and manage the escalating demands and costs of maintenance of all Town facilities to include the 7 Fire Stations and Fire/Rescue Headquarters.
4. Manage the projects associated with the Town’s General Capital Improvement Program and well as the Stormwater Capital Improvement 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 budgeted in the Town's Stormwater Fund. The remaining positions are in the General Fund.

* Stormwater positions are funded in the Stormwater enterprise fund.

Program: Community Services
Department: Public Projects and Facilities

Expenditures by Program/Category

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated Actual	FY 2019 Budget	Budget \$ Change	Budget % Change
Public Projects and Facilities - Program Summary								
Administration	254,895	263,379	251,524	289,604	264,989	292,015	2,411	1%
Engineering	924,937	923,622	1,235,129	1,071,992	1,075,650	1,019,466	(52,526)	-5%
Facilities	3,500,999	3,858,960	3,741,656	4,363,163	4,288,813	4,425,485	62,322	1%
Total	4,680,831	5,045,961	5,228,309	5,724,759	5,629,452	5,736,966	12,207	0%
Public Projects and Facilities - By Category								
Personnel	1,692,153	1,712,428	1,651,820	1,874,079	1,756,241	1,861,887	(12,192)	-1%
Operating	2,988,678	3,308,816	3,576,489	3,850,680	3,873,211	3,875,079	24,399	1%
Capital	-	24,717	-	-	-	-	-	0%
Total	4,680,831	5,045,961	5,228,309	5,724,759	5,629,452	5,736,966	12,207	0%
Personnel	19.0	19.0	19.0	19.0	19.0	19.0		

Program: Public Safety
Department: Fire Rescue

Mission

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

Town Council Guiding Principle

Providing a Serene, Safe and Healthy Living Environment for Residents, Guests and Visitors.

Town Council Goal

Financially Sound, Excellent Services

Core Services

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

Program: Public Safety
Department: Fire Rescue

2018 Accomplishments

1. **Commission on Fire Accreditation International** – Fire Rescue was awarded the status of Accredited Agency on July 28, 2017. This was the third reaccreditation since the initial accreditation in 2002.
2. **American Heart Association Mission Lifeline Gold Award** – Received Gold EMS Recognition for meeting guideline-based performance measures for ST-Elevation Myocardial Infarction. (2017)
3. **Cardiac Care Program** – 68.75% save rate for witnessed-shockable cardiac arrest patients in 2017 – one of the highest in the nation! This performance is achieved through the efforts of our 9-1-1 dispatchers, bystanders who perform CPR or deploy publicly-available AEDs, the on-scene performance of our EMTs and paramedics, and the efforts of the nurses and physicians at Hilton Head Hospital.
4. **Implemented the Battalion Chief of EMS** – The new position Battalion Chief of EMS was implemented to help guide Fire Rescue’s efforts in the areas of EMS operations, education and training, certification and recertification, quality improvement, and patient care reporting. (September 2017)
5. **Hosted the South Carolina Resuscitation Academy** – Hilton Head Island Fire Rescue, in partnership with the Seattle/King County Resuscitation Academy, hosted the inaugural South Carolina Resuscitation Academy (SCRA) and received delegations from all over the southeastern United States. The Academy included a day and a half of education on how to strengthen a community’s chain-of-survival and a half day of High Performance CPR “Train-the-Trainer”. (March 2017)
6. **Standard of Cover Update** – The Standards of Cover (SOC) document and Community Risk Assessment was updated to coincide with the reaccreditation process. The SOC identifies written policies and procedures and benchmarks that determines the reliability of response resources to fire, EMS, Hazmat, and Technical Rescue incidents. (June 2017)
7. **Emergency Access Gate Palmetto Dunes** – The planed emergency access gate at US 278 and Swing About was completed. (October 2017)
8. **PulsePoint Grant** – Received a \$12,500 grant from the Citizen CPR Foundation and PulsePoint grant competition to support the implementation of *PulsePoint*. (December 2017)
9. **Completion of Tractor Drawn Aerial (TDA) Refurbishment** – Completed phase 2 of the project that began in 2015. The new TDA was placed in service in September. This program provided significant savings over purchasing a new TDA Apparatus. (September 2017)
10. **Replacement process for the Fire Rescue Ambulance Fleet** – A committee was formed to evaluate new ambulances models and develop a RFP. The current fleet of ambulances have been approved for replacement. (March 2018)
11. **Replacement of Mobile Data Terminals (MDT) in all emergency apparatus** – All emergency apparatus is connected to a mobile network that receives and sends data to support emergency response. All MDTs in the emergency apparatus were upgraded with new devices to replace old technology. (January 2018)
12. **Fuel Truck Replacement** – Fleet Maintenance replaced a 1995 model/ 2000 gallon unit with a steel tank that had reached the end of service life. The new fuel truck is a 2007 model with an aluminum tank and an increased capacity of 2800 gallons. (August 2017)
13. **Hazardous Materials Response Unit Replacement** – Fire Rescue purchase a used single axle 2007 hazmat vehicle to replace a 2003 Ford Tractor / 1992 Hackney Trailer tractor trailer unit. 25% of the replacement costs was paid for by the Beaufort County Local Emergency Planning Committee (LEPC.) (August 2017)

Program: Public Safety
Department: Fire Rescue

2018 Accomplishments

14. **ICD 10/ MEMSIS III update to Electronic Patient Care Reporting (ePCR)** – Performed a major upgrade to the ePCR system to comply with Medicare billing changes and to comply with national reporting needs. This process occurred in cooperation with the Town Finance Department.
15. **Conducted Annual Pumper and Aerial Ladder Testing** – Fleet Maintenance completed the annual pump and ladder testing. This testing is conducted by a third party agency to assure the pumper fleet operates as designed and that ladders are safe for use. (December 2017)
16. **Homeland Security Sustainment Grants** – Received \$70,000 for support of the Regional Technical Rescue Team and \$67,000 for the Regional Hazmat Team. Funding is used for equipment and training and offsets the Town budget to support the teams.
17. **New Employee Process** – Hired seven firefighters to replace vacancies due to attrition/retirements. (On-going)
18. **Fire Hydrant Inspection Program** – Inspected 3,000 fire hydrants to ensure the reliability of the waters system. (On-going)
19. **Firefighter Candidate Process** – Conducted new hire testing for firefighter candidate pool. Process consisted of nation-wide advertising, written test, Firefighter Candidate Physical Abilities Assessment (FCPAA) and interviews concluding in a hiring pool of 52 candidates. (February 2018)
20. **Firefighter Mental Health Study** – Fire Rescue completed the second phase of an on-going firefighter mental health study coordinated through Center for Fire, Rescue & EMS Health Research under the National Development and Research Institutes, Inc. The second phase included a survey completed by 97% of all Fire Rescue line personnel as well as three online training classes. Department personnel also received initial training in Stress First Aid. Results and conclusions will provide the implementation plan and empirical basis for the newly developed Stress First Aid Initiative (SFAI). If effective, the model will be immediately disseminated throughout the fire service by the NFFF.
21. **Hose Testing Program** – All fire service hose in inventory is tested every year in accordance with the latest edition of NFP 1962 *Standard for the Inspection, Care, and Use of Fire Hose, Couplings, Nozzles and the Service Testing of Fire Hose*. (On-going)
22. **Rae Systems Air Monitor Replacement** – Completed the replacement of the QRAE 3 monitors to fulfill the update of all the air monitors carried on the apparatus. In addition, all RAE Technicians completed the recertification process as Portable Instrument Service Technicians. All new monitors were placed on apparatus and department wide training was completed. (November 2017)
23. **Special Event Coverage** – Operations personnel provided special event coverage to the Hilton Head Island Marathon, St. Patrick's Day Parade, RBC Heritage, and the Concours d'Elegance Care Show and other various community events. (On-Going)
24. **Tropical Storm Irma** – Coordinated response to Tropical Storm Hermine which required opening the Town's EOC. (September 2017)
25. **Pre-Hurricane Meeting Private Partners** – Held a pre-hurricane season private sector partners meeting with 30 partners in attendance. (May 2017)
26. **Emergency Management Guides** – Continue to development of the Emergency Management Guides that provide procedures to employees during various events. (On-going)
27. **Base Camp** – Emergency Management is responsible for writing, maintaining, and coordinating the management of the Southern Beaufort County Public Safety Base Camp. Based on lesson learned from Matthew and Irma Emergency Management completed a complete revision of the Base Camp Plan.

Program: Public Safety
Department: Fire Rescue

2018 Accomplishments

28. **Exercises** – The Emergency Management Coordinated served as Co-Exercise Director and co-developed three exercises:
- **Attack on Snake Road** – A Full Scale Exercise with multiple organization and teams responding to a single event under a unified command. Participants included Hilton Head Fire Rescue, Beaufort County Sheriff's Office (Bomb, SWAT Teams and EOC), Bluffton Police Department, Beaufort County EMS, and Bluffton Township Fire District.
 - **Unified Command Exercise** – a first in a series of Table Top Exercises focusing on unified command. Participants included Hilton Head Fire Rescue, Bluffton Township Fire District, Burton Fire District, Beaufort County Sheriff's Office, South Carolina Highway Patrol, Beaufort County EMS, Port Royal Police Department.
 - **GridEx** – A Table Top Exercise in coordination with a state and federal exercise focusing on a long term power outage. The exercise participants included 23 organizations representing fire, EMS, local and state law enforcement, all of the power, water and sewer providers for Beaufort County, medical facilities, state emergency management, and public information officers.
 - **Other Exercises** – Supported an active shooter training/exercise at the hospital and aircraft crash at Hilton Head Island Airport.
29. **Flammable Liquids and Gases (FLAG) Instructor Course** – Fire Rescue hosted a one-day course which certified six firefighters to teach SC FLAG courses at our Training Center. This increases the total number of S.C. Fire Academy-certified FLAG instructors to eleven. (March 2017)
30. **Mutual Aid Live Burn Drills** – Fire Rescue hosted three weeks of structural firefighting drills that included live burns at the Training Center. These drills were conducted jointly with the Bluffton Township and Daufuskie Island Fire Districts. (March 2017)
31. **South Carolina Firefighters Association Executive Committee Meetings** – Fire Rescue hosted this group for two days of meetings that included providing an overview of our department and operations. (March 2017)
32. **Fire Officer IV Course** – Fire Rescue hosted this 40-hour course, instructed by the Alabama Fire College. Eleven Fire Rescue officers completed the course and received national certification at this level. (April 2017)
33. **Hazmat/WMD Course** – This 16-hour course, taught by the FBI and the State Law Enforcement Division, provided an update on current regulations, information, and interagency procedures for responding to unusual incidents involving chemical, biological, radiological, and explosive hazards. (May 2017)
34. **Fire Apparatus Operator and Fire Captain Promotional Examinations** – The Safety & Professional Development Division conducted promotional examinations for the ranks of Fire Apparatus Operator and Fire Captain. These examinations established promotional lists for these ranks. (May 2017 and November 2017)
35. **Atmospheric Monitor Maintenance Technician Course** – Eleven firefighters completed this course, sponsored by the Honeywell Corporation. These personnel were certified to do factory-authorized service, sensor replacement, and field repairs to the RAE Systems atmospheric monitors used by Fire Rescue. Having this capability in-house reduces maintenance and repair costs. (May 2017)
36. **Emergency Operations Center Management Course** – Fire Rescue hosted this 24-hour course taught by the Federal Emergency Management Agency. 30 members of Fire Rescue and partner agencies completed this course. (October 2017)

Program: Public Safety
Department: Fire Rescue

2018 Accomplishments

37. **Trench Rescue Technician Course** – Fire Rescue conducted a 24-hour Trench Rescue course that certified 15 personnel to national standards. (October 2017)
38. **Technical Rescue Team Urban Search & Rescue Operational Readiness Exercise** – Fire Rescue planned and hosted an exercise that challenged the Hilton Head Island/Bluffton Township Technical Rescue Team’s ability to assess/respond to a structural collapse incident. This exercise was conducted at the Fire Rescue Training Center and evaluated by members of the state US&R system and the South Carolina Emergency Management Division. (November 2017)
39. **National Registry Refresher** – Conducted in-house National Refresher courses for EMTs and Paramedics; 54 personnel attended, 28 – Paramedics and 26 – EMTs.
40. **New Line Paramedics** – The department sponsored 2 line firefighters in the paramedic curriculum from January – November, with both successfully graduating in November.
41. **High Performance CPR** – Line personnel conducted refresher training in high performance CPR. (November, 2017)
42. **Mass Causality Drill** – Participated in a Mass Causality Drill host by the Marine Corp Air Station – Beaufort.
43. **Open Burning Compliance Inspections**- Conducted 583 open burning compliance checks. (On-going)
44. **Fire Safety Inspections** – Fire Rescue conducted 1960 Fire Safety Inspections to include; 343 fire inspections conducted as part of the Town’s Business License process; 582 existing building inspections and 1,035 fire inspections for new/renovated construction. The number of fire inspections for new/renovated construction has continued to increase from the previous fiscal year. In addition, 349 construction plan reviews for new and renovated construction projects were completed. (On-going)
45. **Car Seat Inspections and Installation** – Fire Rescue offers free car seat safety inspections and installations to the public. 143 installations were completed this past year. (On-going)
46. **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 1119 recipients. (On-going)
47. **CPR, AED, and First Aid Training** – Fire Rescue continues to offer public CPR, AED, and First Aid training and instructed 473 students this past year. As part of this public program, Fire Rescue continues to partner with Hilton Head Hospital to provide free CPR classes to the public once a month. (On-going)
48. **Fire in the Streets** – Fire Rescue continued the Fire in the Streets program. This program focuses on a specific residential area of the community and Fire Rescue personnel go door to door and meet with the residents. At each home, the personnel check smoke alarms and if needed, install new ones or change batteries. The following information is also reviewed with the resident during the visit - Fire escape plans, calling 911, grilling safety, outdoor burning, electrical safety, hazardous materials safety, and lighters, matches and candle safety. In conjunction with our existing smoke detector program, Fire Rescue installed 238 smoke alarms and changed 48 batteries. Since the inception of the Fire in the Streets Program the department has visited over 782 homes and installed 468 smoke alarms. (Ongoing)
49. **Special Event Inspections** – Fire Rescue participates in the review of special event applications. Fire inspectors inspect each of these events for fire safety concerns and ensure tents and cooking operations are in compliance with the Fire Code. Fire Rescue reviewed 87 special event applications and conducted 40 special event inspections.

Program: Public Safety
Department: Fire Rescue

2018 Accomplishments

50. **Facebooks Posts** – Fire Rescue has posted over 100 safety and promotional messages on Facebook since January 2017. These messages include services offered by Fire Rescue, safety messages, training conducted, items of interest about Fire Rescue and much more. This number does not include posts during disasters. (Ongoing)
51. **Fire System Permits** – All building permits were previously issued through the Building Department. Beginning in March of 2017 Fire Rescue took over issuing Fire System Permits. These are permits for the installation or renovation of a Fire Sprinkler System, Fire Alarm System, or Kitchen Hood System. Fire Rescue has processed 60 permits since the transfer. (Ongoing)
52. **Participation in Airport Emergency Exercise** – Participated in the annual Airport exercise to ensure readiness. (March 2017)
53. **Presentation in Lancaster PA state APCO** – Lessons learned from Hurricane Matthew presentation at the PA State Conference. (April 2017)
54. **Community Outreach** – In a joint effort with the Rotary, and Fire Rescue, Communications taught children how to call 911 and the importance of knowing your address. (April 2017)
55. **Attend NENA Conference** – 2 people attended the National Emergency Number Association Conference for the first time in 5 years. (June 2017)
56. **Radio Inventory** – As part of an ongoing process we continue to work with Beaufort County to correct maintain and accurate inventory. This number is being gathered to ascertain the number of radios needed to be replaced as they reach the end of service life. (August 2017)
57. **Guardian Tracking** – Implemented a new program to enhance performance documentation across shifts. (September 2017)
58. **Reduce 911 Cell Errors** – Continue to work Beaufort County to implement changes as a result of the information found during the cell tower study in 2016. (Fall 2017)
59. **Radio Preventative Maintenance** – Working with Savannah Communications conduct annual preventative maintenance on all base stations, consoles, mobile and portable radios. (November 2017)
60. **Applied for AFG Grant** – Applied for AFG grant to upgrade the aging station alerting system. (January 2018)

2019 Goals, Objectives, and Performance Measures

Operations

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

Division Objective: 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.

Program: Public Safety
Department: Fire Rescue

2019 Goals, Objectives, and Performance Measures

Operations

To provide for a safe and timely response to all emergent incidents with the goal of being on scene from the time a call is accepted in the E911 Center to when crews arrive curb side on EMS incidents 90% of the time is 7 minutes and 50 seconds; for the first arriving fire truck to arrive in 8 minutes and 30 seconds 90% of the time.

Provide a timely and professional response to hazardous materials, technical rescue, and other emergency situations to assist the public and protect the community.

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.

Support department programs that engage the public in education and during community events.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Total Emergency Incidents	7,578	7,750	7,910
Emergency Medical Service (EMS) responses	5,328	5,680	5,800
EMS patients transported	4,096	4,360	4,560
EMS patients treated but not transported	156	175	163
Fire Suppression and other responses	2,250	2,070	2,110
Actual number of fires	147	140	150
EMS First Arriving – Total Response Time Baseline (90 th percentile)	7:56	7:55	7:40
Fire First Arriving – Total Response Time Baseline (90 th percentile)	8:43	8:40	8:30
Pre-incident plans processed (Planning)	62	210	1,000

Emergency Management

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, partnerships, resource acquisition, training and public education/outreach.

Division Objectives:

- Continue to develop, maintain, update, and expand the plans, procedures, and agreements necessary to support the goals of the Emergency Management Division.
- Identify necessary equipment and any resource shortfalls, and either purchase items in a cost effective manner or arrange for their availability through the development of agreements with outside entities.
- Develop a more effective hurricane evacuation point for critical staff and public safety assets through enhancing the current location or identifying an alternate location.
- Develop annexes to the emergency operations plan for every hazard identified in the Beaufort County Hazard Mitigation Plan.

Program: Public Safety
Department: Fire Rescue

FY 2019 Goals, Objectives, and Performance Measures

Emergency Management

- 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 2017 Actual	FY 2018 Projected	FY 2019 Budget
Plans and Procedures updated/developed	6	15	10
Exercises Participated in	3	5	4
Exercises/Training program staff attendees	100	120	150
Disaster Preparedness presentations conducted	14	15	15
Disaster presentations/training public attendees	1,200	1,200	1,200
<i>Citizen's Guide to Emergency Preparedness distributed</i>	2,000	2,000	2,000

Bureau of Fire Prevention

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 the reduction of preventable and/or intentional fires.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Public Education Presentations (includes Company Pub Ed taught, Company public events, Risk Watch, Station Tours and Public Ed Officer Pub Ed taught)	297	400	400
CPR/AED/First Aid Students	473	500	500
Fire Extinguisher Training Students	118	175	175
Car Seat Installations	143	140	140
File of Life Recipients	1,119	900	900
Smoke Detectors Installed	238	200	200
Plan Reviews	454	400	400
Total Fire Safety Inspections (Total includes Initial Inspections, Re-Inspections, Business License Inspections, New Construction/Renovation Inspections)	1,960	2,900	2,900
Business License Inspections	343	400	400
Existing Building Inspections (Initial Inspections & Re-inspections)	582	1,500	1,500
New Renovated Construction Inspections	1,035	1,000	1,000

Program: Public Safety
Department: Fire Rescue

FY 2019 Goals, Objectives, and Performance Measures

Bureau of Fire Prevention

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Violations found during inspections	320	1,600	1,600
Violations Corrected	456	1,600	1,600
Planning project reviews & inspections	349	350	350
Fire cause/origin investigations	33	30	30
Special Event reviews & Inspections	127	130	130

E-911 Communications

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

Division Objectives:

- To receive, process and dispatch requests for services in a timely and efficient manner in order to protect the lives and property of the community.
- To answer calls for service in less than ten seconds, ninety five percent of the time.

	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Calls answered 0-10 seconds	99.9%	99.0%	99.9%
90th Percentile times baseline: Alarm Handling (pick-up phone to Dispatch)	1:13	1:10	1:10
Total telephone requests received	49,842	53,202	54,520
Pool & elevator lines	5,139	5,735	5,800
911 calls for service line	27,038	29,220	29,500
Dispatch administration	15,936	18,026	19,000
Dispatch other business	46	221	220
New addresses created (911 Addressing)	479	223	200
Existing addresses corrected (911 Addressing)	236	415	400

Safety and Professional Development

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

Division Objectives:

- Support employee training and professional development at all levels of the organization and in all subject areas to enhance knowledge, skills, and abilities.
- Develop and deliver training as required by OSHA Regulations.
- Provide administration and management of the Fire Rescue Training Center.

Program: Public Safety
Department: Fire Rescue

FY 2019 Goals, Objectives, and Performance Measures

Safety and Professional Development

Division Objectives:

- Maintain training records consistent with department and NFPA standards.
- Administer the new firefighter orientation program.
- Support Fire and EMS certification/recertification process as required.

Training Hours/Type	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Company training – firefighting	25,286	30,000	30,000
Company drills – fire, rescue	1,631	2,000	2,000
Rescue/extraction	1,050	1,000	1,000
Hazardous materials	1,769	1,500	1,500
Total Hours	29,736	34,500	34,500

Drills/Classes Sessions	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Company drills	50	50	70
Live burn training	14	16	24
Urban search and rescue training	10	10	10
S.C. fire academy classes	10	12	12
Fire rescue classes	13	17	20
Driver/operator training/testing	36	36	36
New firefighter orientation	7	7	7
Officer training	12	12	12
Total	152	160	191

Fleet Maintenance

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

Division Objectives:

- Operate and maintain a Fleet Management system to track routine maintenance, repairs, and inventory of all Town owned vehicles and equipment.
- Inspect, maintain, and repair all Town owned vehicles and equipment in a timely and cost-effective manner.
- Complete fire pump and ladder testing and other certification tests as required.

Program: Public Safety
Department: Fire Rescue

FY 2019 Goals, Objectives, and Performance Measures

Fleet Maintenance

Training Hours/Type	FY 2017 Actual	FY 2018 Projected	FY 2019 Budget
Total Maintenance Requests – All Types	1,092	1,150	1,200
Scheduled Maintenance (Preventative and Safety)	203	226	226
Unscheduled Maintenance (Vehicle Repairs)	633	674	714
Other Repairs (Mowers, powered equipment)	256	250	260
Total fleet vehicles	113	113	114

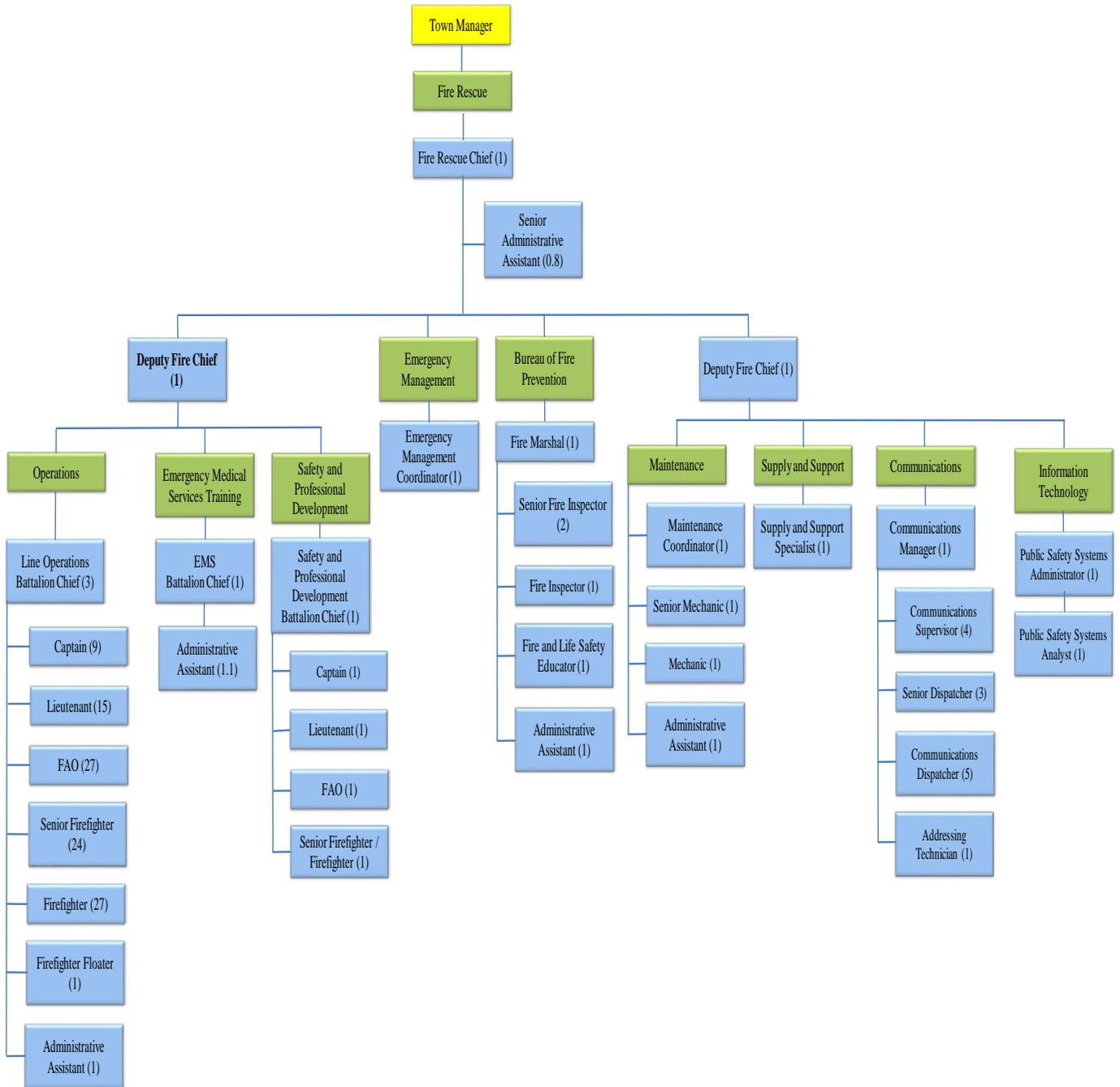
Support Services

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

Division Objectives:

- Maintain critical public safety computer systems 24/7 - 365 days a year to assure timely and accurate emergency response to include:
 - Computer Aided Dispatch System
 - Records Management System
 - Electronic Patient Care Reporting and Medical Billing
- Provide repository and backups of all data and operating systems in order to replicate all Fire Rescue data systems and operating platforms in case of catastrophic failure or emergency.
- Manage and retrieve data for the purpose of evaluating response metrics and levels of service.
- Provide a means to control and mitigate environmental damage from release of hazardous materials and mitigate technical rescue incidents through the management of specialty teams.
- Provide and maintain safe and effective firefighting and emergency medical response equipment, supplies, and clothing. Provide routine and ancillary equipment and supplies for the everyday operation of Fire Rescue personnel and facilities.

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



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

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

Expenditures by Program/Category

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated Actual	FY 2019 Budget	Budget \$ Change	Budget % Change
Fire Rescue - Program Summary								
Administration	321,583	310,870	349,703	378,015	381,172	386,413	8,398	2%
Operations	9,501,028	9,599,610	9,632,711	9,966,135	9,881,401	9,983,568	17,433	0%
E-911 Communications	1,108,894	1,067,696	1,081,980	1,160,990	1,145,890	1,293,655	132,665	11%
E-911 Communications Support	257,640	284,158	286,042	234,439	234,201	249,490	15,051	6%
Emergency Management	133,138	140,944	137,342	158,023	152,487	162,865	4,842	3%
Fire Prevention	572,246	599,699	576,729	624,994	581,795	603,968	(21,026)	-3%
Fleet Maintenance	538,316	547,936	512,305	595,463	500,708	600,493	5,030	1%
EMS Training	197,348	204,384	101,564	322,784	298,487	408,335	85,551	27%
Support Services	1,340,866	951,155	1,556,084	712,941	662,201	765,395	52,454	7%
Safety and Professional Development	713,425	726,861	712,784	654,358	649,075	685,719	31,361	0%
Total	14,684,484	14,433,313	14,947,244	14,808,142	14,487,417	15,139,901	331,759	2%
	-							
Fire Rescue - By Category								
Personnel	12,729,390	12,914,930	12,817,393	13,365,117	13,108,548	13,512,676	147,559	1%
Operating	1,186,636	1,119,935	1,114,289	1,392,525	1,336,353	1,627,225	234,700	17%
Capital	768,458	398,448	1,015,562	50,500	42,516	-	(50,500)	-100%
Total	14,684,484	14,433,313	14,947,244	14,808,142	14,487,417	15,139,901	331,759	2%
Personnel	145.1	144.7	145.9	145.9	145.9	145.9		

Program: Public Safety
Department: Sheriff/Other Public Safety

Mission

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

Core Services

Police Services

Town-wide police services are provided to the citizens of the community through a contract with Beaufort County and the Sheriff's Office. These services are provided in conjunction with the Town's fiscal policies of sound, economical management.

Shore Beach Services

Shore Beach Service provides year-round beach patrol for the entire 13.5 miles of beach on Hilton Head Island. During the peak summer season, the patrol consists of more than sixty lifeguards, seven red trucks marked "Beach Patrol," and two red ATVs. In addition, they have three wave runners for use in water rescue. They can assist in first aid, ocean rescue, missing persons, beach specific questions, or any other questions you may have about the island.

Expenditures by Program/Category

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated Actual	FY 2019 Budget	Budget \$ Change	Budget % Change
Sheriff - Program Summary								
Police Services	2,844,295	3,004,231	3,184,080	3,212,097	3,212,097	3,362,097	150,000	5%
Stipend	100,100	111,500	103,600	120,000	105,000	120,000	-	0%
Victim Services	60,728	64,664	63,542	63,542	63,542	63,542	-	0%
Detention Center	-	37,357	33,871	75,000	40,000	75,000	-	0%
Total Sheriff	3,005,123	3,217,752	3,385,093	3,470,639	3,420,639	3,620,639	150,000	4%
Shore Beach Services	215,290	225,391	249,705	257,677	257,677	275,235	17,558	7%
Total Sheriff and Shore Beach Services	3,220,413	3,443,143	3,634,798	3,728,316	3,678,316	3,895,874	167,558	4%

Program: Townwide

The townwide budget is a compilation of miscellaneous expenditures not directly associated with a specific department. The budget for the personnel, operating, and capital portions of this budget are developed jointly developed by Finance and Human Resources. Also included in this budget are the grants provided by the Town to various community organizations.

Personnel

Expenditures that are included in this category are short-term temporary salaries, retirement health savings plan contributions, workers compensation deductibles, Palmetto Pass employee reimbursement, employee recognition, and COBRA benefits.

Operating

This category includes expenditures for certain professional dues, consultant costs for town-wide studies, photocopying, courier services, Palmetto Pass costs for Town vehicles, taxes and assessments, various supplies, fuel costs, lease costs, utilities, property insurance and the general contingency.

Capital

Expenditures included in this category are for the replacement of vehicles town-wide (excluding Fire Rescue vehicles that are funded by Hospitality Taxes and included in the Capital Improvement Program (CIP)) and various other capital purchases not specific to a department such as security cameras.

Grants

Major grants provided by the Town are as follows:

1. **Turtle Watch** – Hilton Head Island is a nesting area for the Loggerhead sea turtle, currently an endangered species. The Discovery Museum has a unit which comes out each morning at about 5 AM looking for nests and hatchings. When they find a nest they stake it. Discovery Museum staff provide tours that are available for residents and tourists to the island. A grant of \$2,000 is provided by the Town each year towards operating the program. Funding for this grant is provided directly from the Beach Preservation Fee Fund.
2. **Coastal Discovery Museum** – The Coastal Discovery Museum is a not-for-profit organization operated on the Town owned 68 acre Honey Horn Plantation. Funding for this organization is provided by memberships, donations, corporate sponsors, and community partners. The Town provides the organization with an annual property management fee of \$75,000 as well as funding for capital needs as requested and approved by Town Council.
3. **Mitchelville Preservation Project** – Situated on Hilton Head Island Mitchelville represents the Gullah/Geechee Cultural Heritage Corridor that forms the roots of the African-American's contribution to the heritage of freedom in America. The Town Council agreed to provide funding for the Director of this project for a two year period. FY 2019 will be the second and final year of the funding agreement.
4. **Recreation Center** – The Town owns a recreation center situated on the Beaufort County School District's campus. The center is operated by the Hilton Head Island Recreation Association. Funding for operating the facility and funding for programs provided at the facility comes from donations from the Town, program fees, donations, fund raising activities, and Beaufort County.
5. **Event Management and Hospitality Training** – In accordance with Town Code section 4-10-100 the Town sets aside 5% of the 1% local accommodations tax for special events production, volunteerism, and hospitality training. The Town has designated the University of South Carolina Beaufort to manage and direct such expenditures.

Program: Townwide

Grants

6. **LRTA** – The Lowcountry Regional Transportation Authority (dba Palmetto Breeze) provides public transportation throughout the lowcountry region including service from rural counties to destinations on Hilton Head Island and the urban services areas in the Bluffton/Hilton Head area. The Town provides an annual grant to support this regional transportation program.
7. **14th Circuit Solicitor's Office** – The Town provides annual grants to support the following programs:
 - **Adult Multi-Disciplinary Court** – The goal of this program is to address the underlying problems that are causing an individual to commit crimes so they become productive members of society. Each person is carefully screened to undergo professional substance abuse and mental health treatment. Those who are unsuccessful in abiding by the court's rigid requirements are transferred to prison.
 - **Career Criminal Unit** - the Criminal Prosecution Unit, is a team of experienced prosecutors, investigators and an intelligence analyst who focus solely on sending the worst of the worst to prison. The team targets defendants based on their criminal history and their danger to the community as opposed to the particular crime they are charged with.
8. **Community Foundation – Art** – In 2016 the Public Art Fund of the Community Foundation of the Lowcountry requested \$100,000 from the Town for the 2017 Public Art Exhibition on Hilton Head Island. This is a biennial event, so the funding was to cover a two-year period, 2017 and 2018. The funding was approved by Town Council. Hurricane Matthew resulted in a one year delay in the exhibition. The exhibition will open on September 27, 2018 at the Coastal Discovery Museum. To-date the Town has provided \$50,000 in funding for this exhibition. The Town will pay the balance of the funds in FY 2019.

Program: Townwide

Townwide	FY 2015	FY 2016	FY 2017	FY 2018		FY 2019	Budget	Budget
	Actual	Actual	Actual	Budget	Estimated Actual	Budget	\$ Change	% Change
Personnel	214,044	167,127	452,251	351,010	548,067	518,526	167,516	48%
Operating	320,144	273,970	282,467	420,500	363,436	335,000	(85,500)	-20%
Insurance	351,517	365,375	375,889	477,980	446,271	540,000	62,020	13%
Utilities	634,161	671,889	633,841	704,500	679,044	692,000	(12,500)	-2%
Taxes/Assessments	71,534	80,147	89,274	90,000	87,715	92,000	2,000	2%
Transfers Out	-	-	7,188,000	-	-	-	-	0%
Capital	41,635	30,012	32,000	789,000	789,000	204,000	(585,000)	-74%
Contingency	2,676	3,455	55,759	424,831	33,325	517,344	92,513	22%
Community Grants								
Turtle Watch	37,300	41,748	24,164	-	-	-	-	0%
Economic Development Corp. (EDC)	345,394	486,234	-	-	-	-	-	0%
EDC - Incentive Fund	-	986,752	-	-	-	-	-	0%
Recreation Center - General	629,278	657,748	683,052	707,052	707,052	844,073	137,021	19%
Recreation Center - Capital	216,545	121,619	183,244	-	-	-	-	0%
Coastal Discovery Museum - General	75,000	75,000	86,314	75,000	75,000	75,000	-	0%
Coastal Discovery Museum - Capital	3,064	59,323	47,252	57,000	57,000	-	(57,000)	-100%
Coastal Discovery Museum - Mitchelville Initiative	-	-	-	-	-	-	-	0%
LEPC	-	10,830	5,982	10,830	10,830	10,830	-	0%
Executive Director	-	-	-	110,000	110,000	110,000	-	0%
Event Management & Hospitality	145,232	130,965	127,488	110,000	110,000	165,648	55,648	51%
Disaster Advertising	-	-	-	-	-	-	-	0%
LRTA (Palmetto Breeze)	200,000	200,000	200,000	259,153	259,153	187,359	(71,794)	-28%
Airport Noise Reduction	-	500,000	-	-	-	-	-	0%
Multidisciplinary Court	50,000	50,000	50,000	50,000	50,000	50,000	-	0%
Solicitor Career Criminal Program	33,500	33,500	33,500	118,500	118,500	118,500	-	0%
Community Foundation - Arts	37,500	37,500	-	50,000	50,000	50,000	-	0%
Operating Grants	11,771	-	-	-	-	-	-	0%
Beaufort County EDC	-	-	-	15,000	15,000	15,000	-	0%
First Tee	150,000	-	49,741	-	-	-	-	0%
Heritage Classic Foundation	351,164	383,722	125,000	-	-	-	-	0%
Sub-Total Community Grants	2,285,748	3,774,941	1,615,737	1,562,535	1,562,535	1,626,410	63,875	4%
Total	3,921,459	5,366,916	10,725,218	4,820,356	4,509,393	4,525,280	(295,076)	

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 – 1.00% increase per year 2020-2022
- ATAX local 1% – 1.00% increase per year 2020-20212
- Transfers In from Other Funds – no increase 2020-2022 (same as 2019)
- Business License Fees – 0.50% increase per year 2020-2022
- Franchise Fees – 1.00% increase per year 2020-2022
- Permit Fees – 0.50% increase per year 2020-2022
- Intergovernmental – no increase 2020-2022 (same as 2019)
- Miscellaneous Revenue – 1.00% increase per year 2020-2022
- Investments – no increase 2020-2022 (same as 2019)

Expenditure Assumptions

- Currently established positions will retain the same salary grade in future year
- 3.00% increase in personnel costs per year 2020-2022
- 4.00% increase in benefit costs per year 2020-2022
- 1.00% in operating costs per year 2020-2022; or as determined by the individual departments
- No change in grant funding 2020-2022 (same as 2019)
- Eliminate funding for Council Initiatives (\$750,000 per year reduction)

General Fund Three-Year Financial Model

				2018		2019 Budget	3-Year		
				Adopted Budget	Estimated Actual		2020	2021	2022
	2015	2016	2017						
Revenues									
Property Taxes	11,894,284	12,647,166	12,971,590	13,473,000	13,703,850	13,840,888	13,979,297	14,119,090	14,260,281
ATAX Local 1%	3,068,339	3,215,849	3,430,379	3,312,968	3,482,593	3,532,590	3,567,916	3,603,595	3,639,631
Business Licenses	8,334,478	8,224,311	8,343,952	9,026,166	8,962,498	9,014,000	9,059,070	9,104,365	9,149,887
Franchise Fees	876,060	919,127	945,730	956,841	956,030	955,000	964,550	974,196	983,937
Permit Fees	1,380,846	2,039,570	1,697,439	1,443,239	1,805,303	1,497,500	1,504,988	1,512,512	1,520,075
Intergovernmental	812,085	812,322	849,906	812,000	838,982	840,000	840,000	840,000	840,000
Grants	143,718	146,760	171,330	148,677	170,758	143,680	143,680	143,680	143,680
Miscellaneous Revenue	2,158,608	2,182,694	2,448,836	3,051,362	2,229,169	2,766,881	2,224,698.81	2,246,946	2,269,415
Transfers In	8,128,638	8,766,050	7,907,902	8,092,283	7,492,283	7,492,290	7,492,290	7,492,290	7,492,290
Investments	2,347	2,454	3,610	2,500	177,004	175,000	175,000	175,000	175,000
Total Revenues	36,799,403	38,956,303	38,770,674	40,319,036	39,818,470	40,257,829	39,951,489	40,211,674	40,474,197
Expenditures									
General Government	1,584,179	1,759,601	1,954,865	2,596,006	2,500,343	1,764,065	1,862,992	1,842,224	1,882,682
Management Services	4,836,339	4,532,557	4,576,221	5,504,764	5,260,817	5,880,217	5,990,351	6,139,161	6,293,166
Community Services	7,238,603	7,818,668	7,780,538	8,861,452	8,568,460	9,052,492	9,215,654	9,413,442	9,616,532
Fire Resuce	14,684,484	14,433,313	14,947,244	14,808,142	14,487,417	15,139,901	15,417,725	15,860,916	16,182,991
Other Public Safety	3,220,413	3,443,143	3,634,798	3,728,316	3,678,316	3,895,874	3,932,317	3,969,107	4,006,209
Townwide	3,921,459	5,366,916	10,725,218	4,820,356	4,509,393	4,525,280	4,156,809	4,136,036	4,155,555
Total Expenditures	35,485,477	37,354,198	43,618,884	40,319,036	39,004,746	40,257,829	40,575,848	41,360,886	42,137,135
Net change in fund balance	1,313,926	1,602,105	(4,848,210)	-	813,724	-	(624,359)	(1,149,212)	(1,662,938)
Fund balance - beginning	18,035,399	19,349,325	20,951,430	16,103,220	16,103,220	16,916,944	16,916,944	16,292,585	15,143,372
Fund balance - ending	19,349,325	20,951,430	16,103,220	16,103,220	16,916,944	16,916,944	16,292,585	15,143,372	13,480,435

Commentary:

The Town projects operating revenues and expenditures for three years beyond the adopted budget. The summary schedule above demonstrates the Town's anticipated outcomes. The plan is founded on modest revenue growth while not repeating some one-time expenditures and keeping operating costs contained. Each year, the Town updates its three-year plan to ensure its continued timeliness and sustainability.

Over the course of the next several years it is anticipated that expenditure growth will outpace the growth in revenues. In order to address this issue the Town is currently reviewing current revenue policies, exploring alternative revenue sources, and tightening expenditure controls in order to bridge the gap.



Debt Service Fund

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Debt Service Fund – Governmental and Business-type Activities (Stormwater 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.) Debt services costs are budgeted at \$24.2 million for fiscal year 2019, the same as last fiscal year.

After issuing more than \$100 million in new debt in fiscal year 2018 to fund an aggressive Capital Improvements Plan, fiscal year 2019 contemplates issuing only \$3.2 million in new debt while retiring \$17,030,000.

The Town issues three types of bonds: general obligation, tax increment financing (TIF), and special revenue obligation. The bonds are used for the acquisition and construction of major capital facilities, as well as the purchase of land. The Town presently has \$162 million in outstanding bonds associated with governmental type activities and \$11.3 million in outstanding bonds associated with business-type activities.

General obligation bonds are secured by the full faith, credit and taxing power of the Town.

Tax increment financing bonds are secured by incremental property tax revenues being derived from the economic development of the Town’s TIF District.

Special obligation bonds are secured by the revenue flow from a specified source of revenue (e.g. hospitality tax, beach preservation fees, stormwater fees).

The aggregate amounts of current maturities of long-term bonds due are as follows:

For the Year Ended June 30	Governmental Activities			Business-type Activities		
	Interest	Principal	Total	Interest	Principal	Total
2019	5,109,047	15,830,000	20,939,047	311,654	1,200,000	1,511,654
2020	4,717,719	14,890,000	19,607,719	278,490	1,235,000	1,513,490
2021	4,337,423	15,320,000	19,657,423	244,356	1,270,000	1,514,356
2022	3,900,959	15,365,000	19,265,959	209,257	1,300,000	1,509,257
2023	3,422,471	15,875,000	19,297,471	173,327	1,340,000	1,513,327
2024-2028	10,808,372	47,740,000	58,548,372	322,359	4,945,000	5,267,359
2029-2033	5,086,275	14,500,000	19,586,275	-	-	-
2034-2038	2,779,147	10,385,000	13,164,147	-	-	-
2039-2043	1,560,695	6,270,000	7,830,695	-	-	-
2044-2047	477,751	5,790,000	6,267,751	-	-	-
Total	\$ 42,199,859	\$ 161,965,000	\$ 204,164,859	\$ 1,539,443	\$ 11,290,000	\$ 12,829,443

Revenues and Expenditures Analysis – Historical, Estimated Actual, and Budget; Governmental Activities

				2018		2019		
				Adopted Budget	Estimated Actual	FY 2019 Budget	% change	
							FY 2018 Budget	FY 2018 Est. Actual
2015	2016	2017						
GOVERNMENTAL ACTIVITIES								
Revenues								
Property Taxes	5,084,193	5,136,244	5,229,221	5,337,600	5,375,874	5,429,633	1.7%	1.0%
Bonds Issued	-	-	27,885,000	-	-	-	0.0%	0.0%
Bond Premium	-	-	1,574,351	-	-	-	0.0%	0.0%
BABS Subsidy	168,051	163,656	79,889	169,870	163,000	-	-100.0%	-100.0%
Investment Income	37,374	36,913	36,251	36,000	40,225	90,000	150.0%	123.7%
Prior Year Funds	-	-	-	-	-	2,358,566	100.0%	100.0%
Transfers In:								
Beach Preservation Fees	4,381,225	2,531,437	2,536,913	5,986,288	3,037,326	5,305,444	-11.4%	74.7%
Natural Disaster Fund (Property Taxes)	-	-	-	4,200,000	4,375,000	3,536,565	-15.8%	-19.2%
Hospitality Taxes	1,616,427	1,633,112	1,627,113	2,324,350	2,544,348	1,635,200	-29.6%	-35.7%
Tax Increment Financing	4,122,476	-	-	5,535,000	3,318,840	3,926,392	-29.1%	0.0%
Real Estate Transfer Fees	2,269,578	2,243,681	2,193,515	2,260,263	1,926,665	1,918,200	-15.1%	-0.4%
Hospitality Tax Bond	-	-	-	-	-	-	0.0%	0.0%
Series 2013 GO Bonds	-	-	-	-	-	-	0.0%	0.0%
Lease Revenue	10,889	65,336	65,336	65,000	65,000	-	-100.0%	-100.0%
Total Revenues	17,690,213	11,810,379	41,227,589	25,914,371	20,846,278	24,200,000	-6.6%	16.1%
Expenditures								
Administrative	11,024	11,025	17,125	40,000	13,675	100,000	150.0%	631.3%
Payment to Escrow Agent	-	-	28,966,152	50,000	-	100,000	100.0%	100.0%
Contribution to Refunding	-	-	-	-	-	-	0.0%	0.0%
Transfers	1,900,110	-	-	-	298,930	-	0.0%	-100.0%
Debt Issue Costs	-	-	472,186	750,000	-	760,953	1.5%	100.0%
Principal	12,995,000	7,420,000	8,040,000	7,595,000	11,830,000	17,530,000	130.8%	48.2%
Interest	3,702,272	3,278,425	2,432,746	15,765,000	4,511,291	5,709,047	-63.8%	26.6%
Total Expenditures	18,608,406	10,709,450	39,928,209	24,200,000	16,653,896	24,200,000	0.0%	45.3%
Net change in fund balances	(918,193)	1,100,929	1,299,380	1,714,371	4,192,382	-		
Fund balance - beginning	8,404,034	7,485,841	8,586,770	9,886,150	9,886,150	14,078,532		
Fund balance - ending	7,485,841	8,586,770	9,886,150	11,600,521	14,078,532	14,078,532		

Legal Debt Limit

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:

- Those restrictions and limitations imposed in the authorization to incur such indebtedness;
- The provisions of Article Ten (X) Section 14; and
- 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.

In addition, Hilton Head Island's Town Council has historically imposed an 80% cap on the debt limit. This year, Town Council further imposed an additional \$5,420,355 to bring the self-imposed debt limit to \$20,000,000 – which was the amount temporarily needed to respond to Hurricane Matthew. These temporary funds have been fully repaid, but Town Council wanted to prepare for the next storm with this protective measure.

Legal Debt Limit

Town of Hilton Head Island

Calculation of Legal Debt Limit

June 30, 2018

Estimate Assessed Value from Property Assessments		<u>911,227,826</u>
Debt Limit - Eight Percent (8%) of Assessed Value, without Voter Approval		72,898,226
Reduced by Town Council Imposed Twenty Percent (20%) Policy	(14,579,645)	
Additional reserve needed to preserve \$20 million capacity	(5,420,355)	<u>(20,000,000)</u>
	<i>(which was the amount temporarily needed for Matthew)</i>	
Adjusted Debt Limit		52,898,226
Bonds Applicable to Debt Limit:		
General Obligation Non-Referendum Refunding Bonds Series 2009A	(3,040,000)	
General Obligation Non-Referendum Bonds Series 2013B	(3,211,109)	
2017 Reserve Replenishment Bond -- Hurricane Matthew	(16,655,000)	
2017 General Obligation Bond -- Capital Plan	(27,310,000)	
		<u>(50,216,109)</u>
Debt Margin available without a Referendum at June 30, 2018		<u>2,682,117</u>
Principal payments scheduled in fiscal year 2019		3,732,778
Commitments and Potential Commitments of the Debt Margin		
Sewer Project commitments fiscal year 2019 from GO bonds		<u>3,220,000</u>
Planned Debt Capacity at 6/30/2019		<u><u>3,194,895</u></u>

Long-Term Obligations

GOVERNMENTAL ACTIVITIES

\$ 5,005,000 General Obligation Bonds 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 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 and to obtain an economic gain. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	2.750	92,645	395,000	487,645
2020	3.000	81,064	410,000	491,064
2021	3.100	68,404	420,000	488,404
2022	3.250	54,906	430,000	484,906
2023	3.375	40,409	445,000	485,409
2024-2025	3.500	33,250	940,000	973,250
		<u>\$ 370,678</u>	<u>\$ 3,040,000</u>	<u>\$ 3,410,678</u>

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

Long-Term Obligations

\$12,385,000 General Obligation Bonds 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 and to obtain an economic gain. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	2.250	288,894	680,000	968,894
2020	2.750	273,594	690,000	963,594
2021	4.000	254,619	710,000	964,619
2022	3.000	226,219	740,000	966,219
2023	3.000	204,019	765,000	969,019
2024-2028	various	630,352	4,225,000	4,855,352
2029	3.750	35,063	935,000	970,063
		<u>\$ 1,912,760</u>	<u>\$ 8,745,000</u>	<u>\$ 10,657,760</u>

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

\$5,000,000 General Obligation Bonds Dated June 18, 2013

On June 18, 2013, the Town issued \$5,000,000 in general obligation bonds to finance land acquisition. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	2.000	156,333	172,222	328,555
2020	2.000	152,889	175,000	327,889
2021	4.000	149,389	180,556	329,945
2022	5.000	142,167	186,111	328,278
2023	5.000	132,861	197,222	330,083
2024-2028	various	520,139	1,125,001	1,645,140
2029-2033	various	288,390	1,355,556	1,643,946
2034-2035	4.000	37,556	622,223	659,779
		<u>\$ 1,579,724</u>	<u>\$ 4,013,891</u>	<u>\$ 5,593,615</u>

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

Long-Term Obligations

\$4,000,000 General Obligation Bonds Dated June 18, 2013

On June 18, 2013, the Town issued \$4,000,000 in general obligation bonds to finance land acquisition. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	2.000	125,067	137,778	262,845
2020	2.000	122,311	140,000	262,311
2021	4.000	119,511	144,444	263,955
2022	5.000	113,733	148,889	262,622
2023	5.000	106,289	157,778	264,067
2024-2028	various	416,111	899,999	1,316,110
2029-2033	various	230,710	1,084,444	1,315,154
2034-2035	4.000	30,044	497,777	527,821
		<u>\$ 1,263,776</u>	<u>\$ 3,211,109</u>	<u>\$ 4,474,885</u>

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

\$13,080,000 General Obligation Bonds Dated September 14, 2016

On September 14, 2016, the Town issued \$13,080,000 in general obligation bonds with a Net Interest Rate of 0.999% to advance refund \$13,210,000 general obligation bonds dated March 15, 2005. The net proceeds of \$13,593,831 including \$513,831 in premiums (after payment of \$209,846 in issuance costs) were used to purchase United States government securities placed in an irrevocable trust for in substance defeasance. These general obligation bonds were refunded to reduce total debt service by \$1,272,716 over the life of the bonds and to obtain a present value economic gain of \$1,219,122. A schedule for the amount due for this refunded issue is as follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	4.000	165,300	2,010,000	2,175,300
2020	1.500	109,463	2,085,000	2,194,463
2021	1.500	80,775	1,740,000	1,820,775
2022	4.000	52,425	765,000	817,425
2023	1.500	31,050	810,000	841,050
2024-2025	1.500	25,088	1,665,000	1,690,088
		<u>\$ 464,101</u>	<u>\$ 9,075,000</u>	<u>\$ 9,539,101</u>

Ad Valorem tax revenues of the Debt Service Fund are used to repay the first \$1,260,000 annually. The remaining annual debt service requirement is funded by transfers of real estate transfer fees to the Debt Service Fund.

Long-Term Obligations

\$9,035,000 General Obligation Bonds Dated September 14, 2016

On September 14, 2016, the Town issued \$9,035,000 in general obligation bonds with a Net Interest Rate of 1.98% to advance refund \$9,515,000 general obligation bonds dated February 3, 2010. The net proceeds of \$9,708,531 including \$673,531 in premiums (after payment of \$173,384 in issuance costs) were used to purchase United States government securities placed in an irrevocable trust for in substance defeasance. These general obligation bonds were refunded to reduce total debt service over the life of the bonds by \$1,281,272 and to obtain a present value economic gain of \$1,225,838. A schedule for the amount due for this refunded issue is as follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	4.000	248,238	135,000	383,238
2020	4.000	242,838	125,000	367,838
2021	4.000	237,838	550,000	787,838
2022	4.000	215,838	585,000	800,838
2023	1.500	192,438	605,000	797,438
2024-2028	various	613,290	2,700,000	3,313,290
2029-2033	various	294,940	2,535,000	2,829,940
2034-2035	various	40,263	1,105,000	1,145,263
		<u>\$ 2,085,683</u>	<u>\$ 8,340,000</u>	<u>\$ 10,425,683</u>

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

\$5,770,000 General Obligation Bonds Dated September 14, 2016

On September 14, 2016, the Town issued \$5,770,000 in general obligation bonds with a Net Interest Rate of 1.629% to advance refund \$5,715,000 general obligation bonds dated March 4, 2008. The net proceeds of \$6,156,989 including \$386,989 in premiums (after payment of \$102,706 in issuance costs) were used to purchase United States government securities placed in an irrevocable trust for in substance defeasance. These general obligation bonds were refunded to reduce total debt service over the life of the bonds by \$446,334 and to obtain a present value economic gain of \$430,003. A schedule for the amount due for this refunded issue is as follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	4.000	167,900	835,000	1,002,900
2020	4.000	133,800	870,000	1,003,800
2021	4.000	98,200	910,000	1,008,200
2022	4.000	61,500	925,000	986,500
2023	2.000	32,350	1,065,000	1,097,350
2024	2.000	10,850	1,085,000	1,095,850
		<u>\$ 504,600</u>	<u>\$ 5,690,000</u>	<u>\$ 6,194,600</u>

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

Long-Term Obligations

\$27,310,000 General Obligation Bonds Dated September 21, 2017

On September 21, 2017, the Town issued \$27,310,000 in general obligation bonds to fund the Capital Improvements Plan. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	5.000	926,069	-	926,069
2020	5.000	926,069	-	926,069
2021	5.000	926,069	-	926,069
2022	5.000	926,069	640,000	1,566,069
2023	5.000	894,069	570,000	1,464,069
2024-2028	various	3,955,245	3,990,000	7,945,245
2029-2033	various	3,172,471	4,660,000	7,832,471
2034-2038	3.000	2,439,665	5,390,000	7,829,665
2039-2043	various	1,560,695	6,270,000	7,830,695
2044-2047	3.250	477,751	5,790,000	6,267,751
		<u>\$ 16,204,172</u>	<u>\$ 27,310,000</u>	<u>\$ 43,514,172</u>

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

\$18,000,000 General Obligation Bonds Dated September 21, 2017

On September 21, 2017, the Town issued \$18,000,000 in general obligation bonds to replenish reserves used to respond to Hurricane Matthew. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	2.000	336,565	3,200,000	3,536,565
2020	2.000	272,565	3,265,000	3,537,565
2021	2.000	207,265	3,330,000	3,537,265
2022	2.000	140,665	3,395,000	3,535,665
2023	2.100	72,765	3,465,000	3,537,765
		<u>\$ 1,029,825</u>	<u>\$ 16,655,000</u>	<u>\$ 17,684,825</u>

Long-Term Obligations

\$8,250,000 Special Obligation Bonds (Hospitality Fees) Dated October 26, 2011

On October 26, 2011, the Town issued \$8,250,000 in special obligation bonds (hospitality fee) with an average interest rate of 3.32% to advance refund \$8,625,000 in revenue bonds (hospitality fee) 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 and to obtain an economic gain. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	various	182,731	450,000	632,731
2020	various	165,981	465,000	630,981
2021	various	148,531	480,000	628,531
2022	3.125	134,056	495,000	629,056
2023	3.250	118,588	510,000	628,588
2024-2028	various	319,185	2,820,000	3,139,185
		<u>\$ 1,069,072</u>	<u>\$ 5,220,000</u>	<u>\$ 6,289,072</u>

The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated amount of certificates; (b) maximum annual debt service on certificates for any fiscal year or; (c) 125% of the average annual debt on the certificates. At June 30, 2017, \$615,783 was the fair value amount held in the reserve which is reported in the Debt Service Fund. Hospitality fees are transferred to the Debt Service Fund in amounts sufficient to repay these special obligation bonds.

\$15,250,000 Special Obligation Bonds (Hospitality Fees) Dated October 26, 2011

On October 26, 2011, the Town issued \$15,250,000 in special obligation bonds (hospitality fee) to finance capital projects. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	4.000	532,469	470,000	1,002,469
2020	4.000	513,669	485,000	998,669
2021	4.500	494,269	505,000	999,269
2022	4.500	471,544	530,000	1,001,544
2023	5.000	447,694	555,000	1,002,694
2024-2028	various	1,813,770	3,190,000	5,003,770
2029-2033	various	1,064,701	3,930,000	4,994,701
2034-2036	4.125	231,619	2,770,000	3,001,619
		<u>\$ 5,569,735</u>	<u>\$ 12,435,000</u>	<u>\$ 18,004,735</u>

The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated amount of certificates; (b) maximum annual debt service on certificates for any fiscal year or; (c) 125% of the average annual debt on the certificates. At June 30, 2017, \$1,074,000 was the fair value amount held in the reserve which is reported in the Debt Service Fund. Hospitality fees are transferred to the Debt Service Fund in amounts sufficient to repay these special obligation bonds.

Long-Term Obligations

\$11,000,000 Special Obligation Bonds (Beach Preservation Fees) Dated November 18, 2011

On November 18, 2011, the Town issued \$11,000,000 in special obligation bonds (beach preservation fee) to finance beach renourishment projects. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	2.250	28,294	2,515,000	2,543,294
		<u>\$ 28,294</u>	<u>\$ 2,515,000</u>	<u>\$ 2,543,294</u>

The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated amount of certificates; (b) maximum annual debt service on certificates for any fiscal year or; (c) 125% of the average annual debt on the certificates. The Town has allowed the investment income to remain in the reserve. At June 30, 2017, \$1,100,000 was the fair value amount held in the reserve which is reported in the Debt Service Fund. Beach Preservation fees are transferred to the Debt Service Fund in amounts sufficient to repay these special obligation bonds.

\$30,075,000 Special Obligation Bonds (Beach Preservation Fees) Dated September 28, 2017

On September 14, 2017, the Town issued \$30,075,000 special obligation bonds (beach preservation fee) to finance beach renourishment projects. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	3.000	1,402,150	1,360,000	2,762,150
2020	4.000	1,328,850	2,645,000	3,973,850
2021	4.000	1,220,850	2,755,000	3,975,850
2022	5.000	1,094,125	2,865,000	3,959,125
2023	5.000	947,375	3,005,000	3,952,375
2024-2028	5.000	2,266,125	17,445,000	19,711,125
		<u>\$ 8,259,475</u>	<u>\$ 30,075,000</u>	<u>\$ 38,334,475</u>

Beach Preservation fees are transferred to the Debt Service Fund in amounts sufficient to repay these special obligation bonds.

Long-Term Obligations

\$28,530,000 Special Obligation Bonds [Tax Increment Financing (TIF)] Dated July 27, 2017

On July 27, 2017, the Town issued \$30,075,000 in special obligation bonds (tax increment financing) to fund TIF projects within the Capital Improvement Plans. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2019	1.780	456,392	3,470,000	3,926,392
2020	1.780	394,626	3,535,000	3,929,626
2021	1.780	331,703	3,595,000	3,926,703
2022	1.780	267,712	3,660,000	3,927,712
2023	1.780	202,564	3,725,000	3,927,564
2024-2025	1.780	204,967	7,655,000	7,859,967
		<u>\$ 1,857,964</u>	<u>\$ 25,640,000</u>	<u>\$ 27,497,964</u>

TIF revenues are transferred to the Debt Service Fund in amounts sufficient to repay these special obligation bonds.

BUSINESS-TYPE ACTIVITIES

\$13,810,000 Stormwater Bonds 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 an irrevocable trust for in substance defeasance. These revenue bonds were refunded to reduce total debt service payments over the life of the bonds and to obtain an economic gain. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Business-Type Activities		
		Interest	Principal	Total
2019	2.780	226,153	920,000	1,146,153
2020	2.780	200,577	950,000	1,150,577
2021	2.780	174,167	975,000	1,149,167
2022	2.780	147,062	1,000,000	1,147,062
2023	2.780	119,262	1,030,000	1,149,262
2024-2026	2.780	183,063	3,260,000	3,443,063
		<u>\$ 1,050,284</u>	<u>\$ 8,135,000</u>	<u>\$ 9,185,284</u>

Payments on these special revenue bonds will be funded with Stormwater revenues.

Long-Term Obligations

\$3,200,000 Stormwater Bonds Dated January 31, 2018

On January 31, 2018, the Town issued \$3,200,000 in revenue bonds to fund Stormwater projects. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Business-Type Activities		
		Interest	Principal	Total
2019	2.710	85,501	280,000	365,501
2020	2.710	77,913	285,000	362,913
2021	2.710	70,189	295,000	365,189
2022	2.710	62,195	300,000	362,195
2023	2.710	54,065	310,000	364,065
2024-2028	2.710	139,296	1,685,000	1,824,296
		<u>\$ 489,159</u>	<u>\$ 3,155,000</u>	<u>\$ 3,644,159</u>

Payments on these special revenue bonds will be funded with Stormwater revenues.

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Capital Improvement Program (CIP)
& Capital Projects Fund (CPF)

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Capital Improvement Plan (CIP)

The capital improvements plan (CIP) is broken into separate funds based on funding source. The funding program for all funds is summarized in this section.

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 2018 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.

Starting in fiscal year 2018 the CIP will be considered a multi-year plan. Once a project has been approved and funds have been appropriated the project will continue until it is completed without annual re-appropriation. Revisions to the scope and/or increase in cost of an appropriated project will be presented to Town Council by staff as they are identified. If the cost of the project exceeds the appropriation funding must come from another project within the appropriated CIP or an alternate funding source must be identified prior to undertaking the project. Each fiscal year the Town staff will present Town Council with any additions to the CIP with the recommended funding source.

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 2016 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 **Palmetto Electric Program** in which funds derive from the Town's negotiated franchise fee with Palmetto Electric Cooperative. These funds are committed to power line burials and hook ups which are estimated to cost approximately \$30 million over 15 years.

The **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.

Capital Improvement Plan (CIP) Revenues

Previously, Town Council directed that we “minimize reliance on property tax while expanding alternative revenue sources.” The CIP continues to be an excellent example of that approach. It consistently reduces reliance on ad valorem property taxes and shares the costs of infrastructure requirements with the beneficiaries. The CIP 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. In fiscal year 2019 the amount dedicated to the CIP is .84 mils and will generate approximately \$648,000.
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 \$350,000.
5. **Beach Preservation Fees** are derived from an additional two percent (2%) Local Accommodations Tax levied by Town Council. This source generates approximately \$5.5 million in revenue annually. These funds are dedicated to beach re-nourishment and related monitoring, dune refurbishment, maintenance and operations, and new beach parks and beach access facilities.
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 generates approximately \$5.6 million in revenue annually.
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 generates approximately \$4.0 million in revenue annually.
8. **Bond/COP Proceeds from funding sources above.** In fiscal year 2019 the Town anticipates issuing \$10.4 million in new debt to be funded by various revenue sources.
9. **Road Usage Fee** is a fee charged to registered automobiles in the Town, which will generate approximately \$900,000 in revenue in FY 2019.

Capital Improvement Plan (CIP) Programmed Expenditures

Summary

In fiscal year 2018, the Town appropriated \$16,924,000 in new projects. In addition to the new projects, \$60,285,431 in capital improvement appropriations were carried forward from previous fiscal years. For fiscal year 2019 there are \$9,876,000 in new projects. The capital improvement plan anticipates an additional \$57,867,000 in new projects for fiscal years 2020-2028. Unspent capital improvement appropriations carry-forward to the new-year.

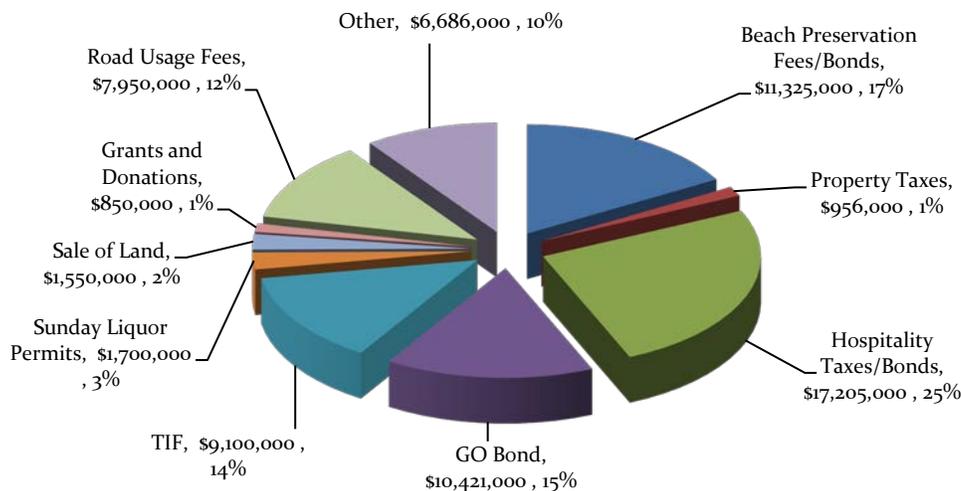
CIP Plan by Category 2019-2028

Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024-2028	Total
Pathway Improvements	100	100	100	100	100	500	1,000
Roadway Improvements	3,725	2,175	5,320	1,500	805	3,200	16,725
Park Development	700	2,880	475	300	300	10,500	15,155
Public Facilities	155	225	50	-	-	-	430
Facilities Improvements	3,470	2,530	1,590	100	100	500	8,290
Beach Maintenance	500	1,250	2,600	500	500	2,500	7,850
Land	20	20	20	20	20	100	200
Other Capital Expenditures	1,206	5,160	3,082	2,848	1,987	3,810	18,093
Total Budget FY 2019-2028	9,876	14,340	13,237	5,368	3,812	21,110	67,743

CIP Plan Expenditures by Revenue Source 2019-2028

THOUSANDS OF DOLLARS													
Budget	Property Taxes	Other Funding Sources	Beach Preservation Fees/Bonds	GO Bond	Hospitality Taxes	Hospitality Bonds	TIF	TIF Bonds	Sunday Liquor Permit	Road Usage Fees	Grants & Donations	Sale of Land	
TOTAL FY 2019 BUDGET	9,876	453	1,661	1,975	3,320	322	-	-	200	900	850	195	
TOTAL FY 2020-2028 BUDGET	57,867	503	5,025	9,350	7,101	16,883	-	9,100	1,500	7,050	-	1,355	
TOTAL 10 YEAR CAPITAL PLAN	67,743	956	6,686	11,325	10,421	17,205	-	9,100	1,700	7,950	850	1,550	

CIP Plan Revenue by Source as a Percentage of Total Revenue 2019-2028



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

	2015	2016	2017	2018		2019		
				Adopted Budget	Estimated Actual	Budget	% change FY 2018 Est. Actual	
Revenues:								
Ad Valorem Property Taxes	694,238	702,649	715,398	688,949	688,949	648,000	-6%	-6%
Investment Income	2,468	2,252	6,725	-	-	-	0%	0%
Grants	275,000	19,957	1,260,180	-	-	850,000	100%	100%
Sunday Liquor Permit Fees	364,107	319,560	335,765	350,000	350,000	200,000	-43%	-43%
Impact Fees	293,931	564,499	308,226	-	-	1,376,000	100%	100%
Lease Revenue	213,996	118,848	108,536	65,000	65,000	-	-100%	-100%
Other Revenue	-	1,078,410	117,140	-	-	-	0%	0%
Fund Balance/Prior Year Funds	4,990	-	-	200,000	200,000	-	-100%	-100%
Sale of Property & Equipment	559,688	-	-	195,000	195,000	-	-100%	-100%
Bond Proceeds	-	-	25,762,750	13,886,000	85,910,000	3,320,000	-7%	-96%
Transfers In:								
Beach Preservation Fees	612,676	4,543,672	900,583	800,000	800,000	1,975,000	147%	147%
Hospitality Taxes	490,011	130,317	258,883	325,000	325,000	607,000	87%	87%
Tax Increment Financing (TIF)	4,329,873	2,487,868	1,346,037	-	-	-	0%	0%
General Fund	-	986,752	-	-	-	-	0%	0%
Road Usage Fees	-	-	112,559	650,000	650,000	900,000	38%	38%
Total Revenue	7,840,978	10,954,784	31,232,782	17,159,949	89,183,949	9,876,000	-42%	-89%
Expenditures:								
Beach Maintenance	794,774	7,034,654	17,213,169	8,550,000	8,550,000	500,000	-94%	-94%
Public Facilities	522,053	2,535,507	1,833,305	884,000	884,000	155,000	-82%	-82%
Park Development	1,115,701	506,922	3,218,040	500,000	500,000	700,000	40%	40%
Facilities Improvements	2,227,088	273,356	146,258	2,626,000	2,626,000	3,470,000	32%	32%
Pathway Improvements	1,007,895	573,146	30,824	100,000	100,000	100,000	0%	0%
Roadway Improvements	2,650,081	542,298	1,477,351	775,000	775,000	3,725,000	381%	381%
Land Acquisition	2,012,510	101,515	9,926	20,000	20,000	20,000	0%	0%
Bond Issue Costs	-	-	64,000	641,000	641,000	100,000	-84%	-84%
Other/ Prior Appropriation	-	-	-	-	23,000,000	-	0%	-100%
Transfers Out	1,035,039	2,502,588	743,336	743,000	26,743,000	678,000	-9%	-97%
Vehicles & Specialized Equipment	-	-	-	2,085,000	2,085,000	428,000	-79%	-79%
Total Expenditures	11,365,141	14,069,986	24,736,209	16,924,000	65,924,000	9,876,000	-42%	-85%
Net change in fund balances	(3,524,163)	(3,115,202)	6,496,573	235,949	23,259,949	-		
Beginning Fund Balance	12,142,672	8,618,509	5,503,307	11,999,880	11,999,880	35,259,829		
Ending Fund Balance	8,618,509	5,503,307	11,999,880	12,235,829	35,259,829	35,259,829		

On-going Impact of the CIP on Operations and Operating Expenditures

The operating impact of these capital projects are considered in the development of the CIP and in the Three-Year Operating Budget. Because there is a three-year look forward, the Town minimizes surprises on the operations and operating expenditures. The Town has traditionally had a basic operations approach toward its operating budget. This is certainly central to the Capital Improvement Planning process. So that the CIP projects, when complete, do not have an undue burden on future operations. The Town has been very successful to keep the operating cost of the CIP program down not only upon implementation, but also in an on-going basis.

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	deduced to the County if possible

Capital Improvement Plan Fiscal Year 2019

THOUSANDS OF DOLLARS											
FY 2019 Budget	FY 2019 Property Taxes	Funding Source as Identified	Beach Preservation Fees/Bonds	GO Bonds	Hospitality Taxes	TIF	Sunday Liquor Permit Fees	Road Usage Fees	Grants / Donations	Sale of Land	

PATHWAY IMPROVEMENTS

Pathway Accessibility & Safety Enhancement Projects	100										
TOTAL	100	-	-	-	-	100	-	-	-	-	-

ROADWAY IMPROVEMENTS

Intersection Improvements-W.B. 3rd Lane at Squire Pope -- Impact fees	500		500								
Extension of Lagoon Road	675			675							
Reconstruction of Nassau Street	400			400							
South Forest Beach Drive Improvements	400			400							
Private Dirt Roads -- specific	375							375			
Private Dirt Roads -- paving projects TBD	175							175			
Paving improvements	350							350			
Pope Avenue Resurfacing -- County Grant/impact fee	850									850	
TOTAL	3,725	-	500	1,475	-	-	-	900	-	850	-

PARK DEVELOPMENT

Cordillo area improvements -- Park Impact fees	400		400								
Parks Upgrades impact fees / Sunday Liquor fees	300		150				150				
TOTAL	700	-	550	-	-	-	150	-	-	-	-

PUBLIC FACILITIES

Town Hall Remodeling	100					100					
Fuel Truck Shed	55					55					
TOTAL	155	-	-	-	-	155	-	-	-	-	-

FACILITIES IMPROVEMENTS

Sewer Service Projects	3,220				3,220						
Fire Hydrant Expansion -- Flyover/HTAX	100		33			67					
Emergency Operations Center Modifications - Flyover	150		150								
TOTAL	3,470	-	183	-	3,220	67	-	-	-	-	-

BEACH MAINTENANCE

Beach Management & Monitoring	500			500							
TOTAL	500	-	-	500	-	-	-	-	-	-	-

LAND

Undefined Project / Legal Fees	20										20
TOTAL	20	-	-	-	-	-	-	-	-	-	20

OTHER CAPITAL EXPENDITURES

Fire Rescue Capital Outlay -- from Flyover funds	102		102								
Cost of Issue	100				100						
Rec Center CIP -- Impact fees	271		271								
Honey Horn CIP -- Park Impact fees	55		55								
Transfer to General Fund	678	453					50				175
TOTAL	1,206	453	428	-	100	-	50	-	-	-	175

TOTAL BUDGET BY FUNDING SOURCE

TOTAL FY 2019 BUDGET	9,876	453	1,661	1,975	3,320	322	-	200	900	850	195
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*Beginning in FY 2018, Dirt Road Projects funded by the Community Development Block Grant (CDBG) are separate from the Capital Improvement Plan Budget.

*The remainder of the Bluffton Flyover funding would be reallocated to the Fire Rescue Capital Outlay, the Fire Hydrant project and the EOC project.

Capital Improvement Plan Fiscal Year 2020

THOUSANDS OF DOLLARS										
FY 2020 Budget	Property Taxes	Funding Source as Identified	Beach Preservation Fees/Bonds	GO Bonds	Hospitality Taxes	TIF *	Sunday Liquor Permit Fees	Road Usage Fees	Sale of Land	

PATHWAY IMPROVEMENTS

Pathway Accessibility & Safety Enhancement Projects	100									
TOTAL	100	-	-	-	-					

ROADWAY IMPROVEMENTS

Private Dirt Roads Acquisition / Paving	825								825	
Intersection Imprvmts: Shelter Cove Towne Center	1,250					1,250				
Traffic Signal Mast Arms -- Impact fees	100		100							
TOTAL	2,175	-	100	-	-	1,250	-	-	825	-

PARK DEVELOPMENT

Park Upgrades	125					125				
Chaplin Linear Park Field Lighting - Impact fees	300		300							
Cordillo Reconstruction	25					25				
Wifi at Chaplin	80					80				
Coligny Park Improvements	2,000			2,000						
Children's Museum - Impact fees/HTAX	350					350				
TOTAL	2,880	-	300	2,000	-	580	-	-	-	-

PUBLIC FACILITIES

Fire Rescue Training Enhancements	175					175				
Town Hall Remodeling	50					50				
TOTAL	225	-	-	-	-	225	-	-	-	-

FACILITIES IMPROVEMENTS

Sewer Service Projects	2,430				2,430					
Fire Hydrant project	100					100				
TOTAL	2,530	-	-	-	2,430	100	-	-	-	-

BEACH MAINTENANCE

Beach Management & Monitoring	500			500						
Beach Area Parking	750			750						
TOTAL	1,250	-	-	1,250	-	-	-	-	-	-

LAND

Undefined Project / Legal Fees	20									20
TOTAL	20	-	-	-	-	-	-	-	-	20

OTHER CAPITAL EXPENDITURES

Cost of Issuance	125					125				
Fire Rescue Capital Outlay	3,988					3,988				
Rec Center CIP	369				369					
Transfer to General Fund	678	453					50			175
TOTAL	5,160	453	-	-	369	4,113	50	-	-	175

TOTAL BUDGET BY FUNDING SOURCE

TOTAL FY 2020 BUDGET	14,340	453	400	3,250	2,799	6,368	50	-	825	195
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* If TIF collections do not support these projects, either a delay or other funding sources would need to be identified.

Capital Improvement Plan Fiscal Year 2021

THOUSANDS OF DOLLARS										
FY 2021 Budget	Property Taxes	Funding Source as Identified	Beach Preservation Fees/Bonds	GO Bonds	Hospitality Taxes	TIF *	Sunday Liquor Permit Fees	Road Usage Fees	Sale of Land	

PATHWAY IMPROVEMENTS

Pathway Accessibility & Safety Enhancement Projects	100					100				
TOTAL	100	-	-	-	-	100	-	-	-	-

ROADWAY IMPROVEMENTS

South Forest Beach Dr Improvments	100					100				
Private Dirt Roads Acquisition / Paving	720							720		
Traffic Signals -- Impact Fees	150		150							
Coligny / Pope Ave Improvements	350					350				
WM Hilton Pkwy Imp J. Isl. to Squire Pope -- State funded	4,000		4,000							
TOTAL	5,320	-	4,150	-	-	450	-	720	-	-

PARK DEVELOPMENT

Park Upgrades -- Impact Fees	325		325							
Crossings improvements -- Impact Fees	150		150							
TOTAL	475	-	475	-	-	-	-	-	-	-

PUBLIC FACILITIES

Town Hall Remodeling	50	50				-				
TOTAL	50	50	-	-	-	-	-	-	-	-

FACILITIES IMPROVEMENTS

Fire Station #2 upgrades	1,100					1,100				
Sewer Service Projects	390				390					
Fire Hydrants	100					100				
TOTAL	1,590	-	-	-	390	1,200	-	-	-	-

BEACH MAINTENANCE

Beach Management & Monitoring	500			500						
Beach Area Parking Improvements	2,100			2,100						
TOTAL	2,600	-	-	2,600	-	-	-	-	-	-

LAND

Undefined Project / Legal Fees	20									20
TOTAL	20	-	-	-	-	-	-	-	-	20

OTHER CAPITAL EXPENDITURES

Cost of Issuance	350				350					
Fire Rescue Capital Outlay	2,357					2,357				
Rec Center CIP	375				375					
TOTAL	3,082	-	-	-	725	2,357	-	-	-	-

TOTAL BUDGET BY FUNDING SOURCE

TOTAL FY 2021 BUDGET	13,237	50	4,625	2,600	1,115	3,657	450	-	720	20
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* If future TIF collections do not support these projects, the schedule will either need to be delayed or modified with another funding source identified.

Capital Improvement Plan Fiscal Year 2022

THOUSANDS OF DOLLARS										
FY 2022 Budget	Property Taxes	Funding Source as Identified	Beach Preservation Fees/Bonds	GO Bonds	Hospitality Taxes	TIF *	Sunday Liquor Permit Fees	Road Usage Fees	Sale of Land	

PATHWAY IMPROVEMENTS

Pathway Accessibility & Safety Enhancement Projects	100					100				
TOTAL	100	-	-	-	-	100	-	-	-	-

ROADWAY IMPROVEMENTS

South Forest Beach Drive Improvements	750							750		
Private Dirt Roads Acquisition / Paving	750							750		
TOTAL	1,500	-	-	-	-	-	-	1,500	-	-

PARK DEVELOPMENT

Park Upgrades	300					300				
TOTAL	300	-	-	-	-	300	-	-	-	-

PUBLIC FACILITIES

	-									
TOTAL	-	-	-	-	-	-	-	-	-	-

FACILITIES IMPROVEMENTS

Fire Hydrant expansion project	100					100				
TOTAL	100	-	-	-	-	100	-	-	-	-

BEACH MAINTENANCE

Beach Management & Monitoring	500			500						
TOTAL	500	-	-	500	-	-	-	-	-	-

LAND

Undefined Project / Legal Fees	20									20
TOTAL	20	-	-	-	-	-	-	-	-	20

OTHER CAPITAL EXPENDITURES

Fire Rescue Capital Outlay	2,638					2,638				
Rec Center CIP	210				210					
TOTAL	2,848	-	-	-	210	2,638	-	-	-	-

TOTAL BUDGET BY FUNDING SOURCE

TOTAL FY 2022 BUDGET	5,368	-	-	500	210	3,138	-	-	1,500	20
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* If future TIF collections do not support these projects, the schedule will either need to be delayed or modified with another funding source identified.

Capital Improvement Plan Fiscal Year 2023

THOUSANDS OF DOLLARS										
FY 2023 Budget	Property Taxes	Funding Source as Identified	Beach Preservation Fees/Bonds	GO Bonds	Hospitality Taxes	TIF*	Sunday Liquor Permit Fees	Road Usage Fees	Sale of Land	

PATHWAY IMPROVEMENTS

Pathway Accessibility & Safety Enhancement Projects	100					100				
TOTAL	100	-	-	-	-	100	-	-	-	-

ROADWAY IMPROVEMENTS

Private Dirt Roads Acquisition / Paving	805							805		
TOTAL	805	-	-	-	-	-	-	805	-	-

PARK DEVELOPMENT

Park Upgrades	300					300				
TOTAL	300	-	-	-	-	300	-	-	-	-

PUBLIC FACILITIES

	-									
TOTAL	-	-	-	-	-	-	-	-	-	-

FACILITIES IMPROVEMENTS

Fire Hydrant project	100					100				
TOTAL	100	-	-	-	-	100	-	-	-	-

BEACH MAINTENANCE

Beach Management & Monitoring	500			500						
TOTAL	500	-	-	500	-	-	-	-	-	-

LAND

Undefined Project / Legal Fees	20									20
TOTAL	20	-	-	-	-	-	-	-	-	20

OTHER CAPITAL EXPENDITURES

Fire Rescue Capital Outlay	1,416					1,416				
Rec Center CIP	571				571					
TOTAL	1,987	-	-	-	571	1,416	-	-	-	-

TOTAL BUDGET BY FUNDING SOURCE

TOTAL FY 2023 BUDGET	3,812	-	-	500	571	1,816	100	-	805	20
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* If future TIF collections do not support these projects, the schedule will either need to be delayed or modified with another funding source identified.

Capital Improvement Plan Fiscal Years 2024-2028

THOUSANDS OF DOLLARS										
FY 2024-2028 Budget	Property Taxes	Funding Source as Identified	Beach Preservation Fees/Bonds	GO Bonds	Hospitality Taxes	TIF *	Sunday Liquor Permit Fees	Road Usage Fees	Sale of Land	

PATHWAY IMPROVEMENTS

Pathway Accessibility & Safety Enhancement Projects	500					500				
TOTAL	500	-	-	-	-	500	-	-	-	-

ROADWAY IMPROVEMENTS

Private Dirt Roads Acquisition / Paving	3,200								3,200	
Intersection Imprvmt: W.B. Squire Pope 3rd Lane	-									
Pope Avenue Improvements	-									
TOTAL	3,200	-	-	-	-	-	-	-	3,200	-

PARK DEVELOPMENT

Park Upgrades	1,500						1,500			
Chaplin Linear Park -- Phase I	2,500					1,500				1,000
Chaplin Linear Park -- Phase II	6,500					6,500				
TOTAL	10,500	-	-	-	-	-	8,000	1,500	-	1,000

PUBLIC FACILITIES

	-									
TOTAL	-	-	-	-	-	-	-	-	-	-

FACILITIES IMPROVEMENTS

Fire Hydrant Project	500					500				
TOTAL	500	-	-	-	-	500	-	-	-	-

BEACH MAINTENANCE

Beach Management & Monitoring	2,500			2,500						
TOTAL	2,500	-	-	2,500	-	-	-	-	-	-

LAND

Undefined Project / Legal Fees	100									100
TOTAL	100	-	-	-	-	-	-	-	-	100

OTHER CAPITAL EXPENDITURES

Fire Rescue Capital Outlay	1,404					1,404				
Rec Center CIP	2,406				2,406					
TOTAL	3,810	-	-	-	2,406	1,404	-	-	-	-

TOTAL BUDGET BY FUNDING SOURCE

TOTAL FY 2024-2028 BUDGET	21,110	-	-	2,500	2,406	1,904	8,500	1,500	3,200	1,100
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* If future TIF collections do not support these projects, the schedule will either need to be delayed or modified with another funding source identified.

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Stormwater Fund (Enterprise Fund)

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Stormwater Fund (Enterprise Fund)

FY 2019 Budget Summary

This fund is used to account for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems within the Town in concert with Beaufort County and other water resource management programs. The total expense budget for fiscal year 2019 is \$5.1 million including a transfer to the General Fund.

	2015	2016	2017	2018		2019		
				Adopted Budget	Estimated Actual	FY 2019 Budget	% change FY 2018 Budget Est. Actual	
Revenues								
Stormwater Fees	3,551,386	3,551,400	3,583,005	4,800,000	4,769,396	4,775,000	-0.52%	0.12%
Fund Balance/Prior Year Funds	-	-	-	-	-	535,000	100.00%	100.00%
Federal Grant	25,764	44,272	-	-	-	-	0.00%	0.00%
Bond Proceeds	-	-	-	3,100,000	3,100,000	-	0.00%	0.00%
Interest	450	442	1,202	450	2,978	1,000	122.22%	-66.42%
Total Revenues	3,577,600	3,596,114	3,584,207	7,900,450	7,872,374	5,311,000	-32.78%	-32.54%
Expenses								
Personnel	317,575	358,116	283,155	544,000	544,043	563,000	3.49%	3.48%
Operating	226,662	339,567	340,856	390,000	453,747	374,000	-4.10%	-17.58%
Projects	1,919,697	1,072,181	799,316	5,653,000	5,381,113	2,619,000	-53.67%	-51.33%
Capital	-	23,764	-	32,000	32,000	32,000	0.00%	0.00%
Transfers	94,258	94,258	1,095,000	125,000	125,000	125,000	0.00%	0.00%
Debt Service/Other	(96,761)	961,510	1,433,596	1,154,000	1,514,000	1,598,000	38.47%	5.55%
Total Expenses	2,461,431	2,849,396	3,951,923	7,898,000	8,049,903	5,311,000	-32.76%	-34.02%
Net Change in Fund Balance	1,116,169	746,718	(367,716)	2,450	(177,529)	-		
Beginning Fund Balance	5,291,577	6,407,746	7,154,464	6,786,748	6,789,198	6,611,669		
Ending Fund Balance	6,407,746	7,154,464	6,786,748	6,789,198	6,611,669	6,611,669		

See the Debt Service Fund section of this document for a summary of the outstanding long-term debt obligations of this fund.

FY 2019 – 2023 Overview of Anticipated Projects

	THOUSANDS OF DOLLARS					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2019-2023
INVENTORY, MODELING, MAPPING & MASTER PLANNING	380	400	400	400	400	1,980
Modeling & Flood Plain Mapping					100	100
Palmetto Hall / Mitchelville (Fish Haul Creek / Port Royal Sound)	30					30
Gum Tree / Squire Pope / Stoney (Skull Creek)	175	25				200
Indigo Run / Gardner / Jonesville	175	25				200
Palmetto Dunes / Leamington / Shelter Cove (Broad Creek)				250		250
South Forest Beach / Sea Pines (Lawton Creek)			300			300
Shipyard / Wexford / North Forest Beach					300	300
Long Cove Club / Yacht Cove				75		75
Sea Pines (Baynard Cove / Braddock Cove)		350				350
Spanish Wells / Muddy Creek			100			100
Folly Field / Chaplin (Folly Field Outfall)				75		75
PUMP STATIONS - OPERATION, MAINTENANCE, REPAIRS & UPGRADES	210	410	410	410	410	1,850
General Operations, Routine Inspection and Maintenance	170	170	170	170	170	850
Jarvis Creek (4 Pumps)	48	48	48	48	48	240
Shipyard (2 Pumps)	42	42	42	42	42	210
Wexford (3 Pumps)	38	38	38	38	38	190
Sea Pines (3 Pumps)	42	42	42	42	42	210
Contingency for Emergency Pump Repairs	40	40	40	40	40	200
Pump Station/Channel Improvements & Upgrades		200	200	200	200	800
Jarvis Creek Pump Station				200		200
Shipyard Pump Station					200	200
Wexford Pump Station			200			200
Sea Pines Pump Station		200				200
CAPITAL & INFRASTRUCTURE UPGRADES & IMPROVEMENTS	665	855	690	645	640	3,495
Capital Improvements - Non-PUD	100	545	365	380	340	1,730
Capital Contingency, Non-PUD	100	150	200	250	300	1,000
Northridge Theater/Mathews Drive Outfall - Upsize Pipes		80				80
Mustang Lane Outfall Improvements - Design and Construction			50			50
12 Georgianna Drive Outfall		10				10
Bay Pines / Point Comfort - Design and Construction			25	60		85
US 278 Left Turn Lane Ponding (various)		40	40	40	40	160
Union Cemetery at Fish Haul Creek outfall - Culvert Upgrade		90				90
1014 William Hilton Parkway Road Flooding - drainage improvements				30		30
Cobia Court - Drainage Improvements		75				75
Sea Spray Lane Flooding - Install drainage infrastructure			50			50
Islanders Beach Park Flooding - Install drainage infrastructure		50				50
Driessen Beach Park Flooding - Install drainage infrastructure		50				50
Capital Improvements - PUD	100	150	200	250	300	1,000
Capital Contingency, PUD	100	150	200	250	300	1,000
Capital Improvements - Hilton Head Plantation	100	-	-	-	-	100
Pine Island/Barrier Beach Renourishment	100					100
Capital Improvements - Indigo Run	-	-	75	-	-	75
20 Wiler's Creek Way Bank Stabilization			75			75
Capital Improvements - Long Cove	15	-	50	15	-	80
Friendfield Court Weir Replacement			50			50
Long Cove Club Drive - Lagoon pipe extensions (5 locations) & CCTV	15					15
Long Cove - Lagoon pipe extension Lagoon #14				15		15
Capital Improvements - Palmetto Dunes/Shelter Cove	70	-	-	-	-	70
Armada Pipe Replacement - HURRICANE	70					70
Capital Improvements - Port Royal Plantation	-	150	-	-	-	150
Marketplace - Culvert Upgrade		150				150
Capital Improvements - Sea Pines	280	-	-	-	-	280
Spotted Sandpiper - Pipe repair / replacement	200					200
Ruddy Turnstone - CCTV and pipe repair	80					80
Capital Improvements - Shipyard	-	10	-	-	-	10
140 Windward Village Drive- Parking Lot Stabilization		10				10

FY 2019 – 2023 Overview of Anticipated Projects

	THOUSANDS OF DOLLARS					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2019-2023
MAINTENANCE AND REPAIRS	1,364	971	974	1,010	1,095	5,414
Maintenance and Repairs - Non-PUD	521	497	593	594	645	2,850
Street Sweeping (Routine Maintenance)	91	92	93	94	95	465
General Maintenance Contingency	100	100	150	200	250	800
83 Old Wild Horse Road Drainage Improvements	15					15
55 Squire Pope Road at Marsh Crossing Sinkholes	5					5
9 Mallard Street		5				5
51 Gum Tree Road	5					5
Sol Blatt Parkway at 278 - Flume and Ditch cleaning	5					5
Mathews Dr / Matilda Ln - Channel Repair and Bank Stabilization			50			50
Routine Maintenance - Channels, Ditches, Parks - Non-PUD	300	300	300	300	300	1,500
Prim Chl, RM - Unassigned	220	220	220	220	220	1,100
Prim Chl, RM - Gumtree / Wildhorse Channel	10	10	10	10	10	50
Prim Chl, RM - Old Woodlands, Main Channel and Side Ditches	15	15	15	15	15	75
Prim Chl, RM - Palmetto Headlands I & II	25	25	25	25	25	125
Prim Chl, RM - Sparkleberry Ditch & Folly Field Ditch	25	25	25	25	25	125
RM - Pathway Trench Drains	5	5	5	5	5	25
Maintenance and Repairs - PUD	250	300	350	400	450	1,750
Maintenance Contingency, PUD	250	300	350	400	450	1,750
Maintenance and Repairs - Hilton Head Plantation	83	-	15	16	-	114
5 Sanderling Ln/ 5 Hummingbird Ct Rookery lagoon connector pipe cleaning	10					10
25 Birdsong Way Sinkhole	5					5
37 Deerfield Road	25					25
1 Conservancy Court- Sinkhole and Pipe Cleaning	10					10
1 Jingle Shell Lane CCTV	5					5
271 Seabrook Drive CCTV	8					8
Main Street Entrance Pipe Cleaning and CCTV	5					5
1 Chickadee Road - Ditch defining			5			5
9 Bobcat Lane CCTV	5					5
82 Myrtle Bank Road Drainage System- CCTV & Clean	10					10
11 Birkdale Court - Pipe CCTV and Cleaning			10			10
Seabrook Drive (Behind 4 Hadley) - Erosion and end treatment repair				16		16
Maintenance and Repairs - Indigo Run	3	-	-	-	-	3
Indigo Run Drive / Near Leg O Mutton - sinkhole behind structure	3					3
Maintenance and Repairs - Leamington	17	-	-	-	-	17
3 Covington Park - Grate Replacement	2					2
2 Benty Court/ Queens Way Cleaning and Grading	5					5
10 Queens Way - Sinkhole (Point Repair)	10					10
Maintenance and Repairs - Long Cove Club	35	-	-	-	-	35
2 Fife Lane - Pipe / inlet / sinkhole repair	25					25
6 Clarendon Lane - Sinkhole	10					10
Maintenance and Repairs - Palmetto Dunes/Shelter Cove	128	2	-	-	-	130
167 Mooring Buoy Drainage Improvements	25					25
20 Ocean Lane - CCTV (Depression in Roadway)	15					15
175 Mooring Buoy - Pipe Cleaning		2				2
25 Heath Drive	4					4
29 Saint George Road - Sinkhole	4					4
6 Ginger Beer	4					4
19 Shelter Cove Lane - CCTV	6					6
14 Shelter Cove Lane CIPP	55					55
2 Iron Clad - Sinkhole, Point Repair	10					10
9 Harbourside Lane - Sinkhole (Point Repair)	5					5
Maintenance and Repairs - Palmetto Hall	10	5	-	-	-	15
Fish Haul Road Outfall - Clean & CCTV	10					10
1 Saxton Lane - Pipe Cleaning		5				5

FY 2019 – 2023 Overview of Anticipated Projects

	THOUSANDS OF DOLLARS					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2019-2023
Maintenance and Repairs - Port Royal Plantation	4	-	-	-	-	4
24 Suttlers Row - Sinkhole	3					3
24 & 26 Audubon Place- Pipe Jetting	1					1
Maintenance and Repairs -Sea Pines	208	167	16	-	-	391
25 Wren Drive - Weir Gate Replacement	25					25
2 Black Skimmer Lane (Lagoon Across Street) - Sinkhole		15				15
Ocean Course #4 & #5 (Tupelo Road)	24					24
35 Baynard Park Rd - Flap Gate Replacement/Repair	11					11
33 Lighthouse Lane - Bubbler Cleaning/Relocation		75				75
10 Oyster Landing Road - Outlet Structure Repair	11					11
1 Baynard Park Road - Baynard Cove Outfall Flapgates Cleaning	10					10
6 Scaup Court CCTV & CIPP	20					20
17 Mizzenmast Court CCTV	8					8
38 Canvas Back Road-Pipe Replacement	20					20
1 South Beach Lane Sinkhole Repair	7					7
Light House Lane - Clean & CCTV	15					15
14 South Beach Lane - Pipe Replacement	7					7
30 Governors Road-Clubhouse -Weir Stabilization		25				25
40 Sand Fiddler Road - Bank Erosion at Riser Structure		4				4
50 Muirfield Road - Control Structure Cleaning and bank erosion repair			4			4
56 Hearthwood Drive			12			12
9 Pender Lane Control Structure Removal & Stabilization		10				10
35 Lawton Drive - Cleaning at riser structure		4				4
Club Course drainage system (#18 to Oyster Landing Club)	15					15
Parking Lot 2 (84 Shell Ring Road) to Greenwood Drive		19				19
96 Forest Drive to 4 Old Military Road (Greenwood Forest to Greenwood Dr)	35					35
PRIMARY CHANNELS - SEA PINES	-	15	-	-	-	15
Prim Chl, RM - Lawton Canal		15				15
Maintenance and Repairs -Shipyard	80	-	-	-	-	80
The Cottages (12 Valencia) - Replace pipe	30					30
13 Barcelona Road- Bldg 700 (Port O'Call)	5					5
Galleon Course (#8 Tee) - Culvert Replacement at Cart Path	30					30
130 Shipyard Drive (Sonesta) - System Cleaning	15					15
MAINTENANCE & REPAIRS, WEXFORD	25	-	-	-	-	25
GENERAL MAINTENANCE - WEXFORD	10	-	-	-	-	10
FY19 Inlet and Pipe Cleaning	10					10
ROUTINE MAINTENANCE - PRIMARY CHANNELS - WEXFORD	15	-	-	-	-	15
Prim Chl, RM - Wexford Powerline/RV Park Ditch	15					15



Appendix

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Appendix

Financial Structure Multiyear – All Funds

The chart below reflects all Funds used by the Town to manage its financial resources for fiscal years 2015 through 2017. Budgets are formally adopted by Town Council for the General Fund, Debt Service Fund, and Capital Projects Fund.

For the year ended June 30, 2017

	General	Tax Increment Financing District	Accommodations Tax	Real Estate Transfer Fees	Beach Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Non-major Governmental	Total Governmental
REVENUES											
Real and Personal Property Tax	\$ 12,971,590	\$ 4,494,830	\$ -	\$ -	\$ -	\$ -	\$ 5,229,221	\$ 75,398	\$ -	\$ -	\$ 23,110,039
Accommodations Tax	3,439,379	-	6,131,412	-	-	-	-	-	-	-	9,561,791
All Other	14,460,802	2,582	869	2,781,154	6,863,225	6,662,537	116,140	2,116,572	12,693,491	3,601,434	49,387,866
	<u>30,862,771</u>	<u>4,497,412</u>	<u>6,132,281</u>	<u>2,781,154</u>	<u>6,863,225</u>	<u>6,662,537</u>	<u>5,345,361</u>	<u>2,851,970</u>	<u>12,693,491</u>	<u>3,601,434</u>	<u>81,991,616</u>
EXPENDITURES											
Operating	35,201,612	-	4,299,739	27,818	-	125,000	-	-	-	1,089,142	49,734,311
Debt service:	-	-	-	-	-	-	10,962,057	-	-	-	10,962,057
Capital outlay:	1,229,271	-	-	-	-	-	-	23,992,873	48,389,565	-	73,611,709
Total Expenditures	<u>36,430,883</u>	<u>-</u>	<u>4,299,739</u>	<u>27,818</u>	<u>-</u>	<u>125,000</u>	<u>10,962,057</u>	<u>23,992,873</u>	<u>48,389,565</u>	<u>1,089,142</u>	<u>125,308,077</u>
Excess (Deficit) of Revenues and Exp.	(5,568,112)	4,497,412	1,841,542	2,753,336	6,863,225	6,537,537	(5,616,696)	(21,140,903)	(35,696,074)	2,512,292	(43,308,461)
Other Sources and Uses (net)	719,902	(1,521,037)	(1,606,221)	(2,193,515)	(16,548,613)	(5,278,240)	6,916,076	27,637,476	40,150,000	(834,858)	47,359,959
Net change in fund balance	(4,848,210)	2,676,375	145,321	559,821	(9,685,408)	1,259,277	1,299,380	6,496,573	4,453,926	1,677,434	4,034,489
Fund balance – beginning	20,951,432	5,215,850	2,901,469	2,351,955	14,755,811	1,896,525	8,586,770	5,593,307	-	4,349,340	66,513,459
Fund balances -- ending	<u>\$ 16,103,222</u>	<u>\$ 7,892,225</u>	<u>\$ 3,046,790</u>	<u>\$ 2,911,776</u>	<u>\$ 5,080,403</u>	<u>\$ 3,155,802</u>	<u>\$ 9,886,150</u>	<u>\$ 11,999,880</u>	<u>\$ 4,453,926</u>	<u>\$ 6,027,774</u>	<u>\$ 70,547,948</u>

For the year ended June 30, 2016

	General	Tax Increment Financing District	Accommodations Tax	Real Estate Transfer Fees	Beach Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Non-major Governmental	Total Governmental
REVENUES										
Real and Personal Property Tax	\$ 12,617,165	\$ 4,090,780	\$ -	\$ -	\$ -	\$ -	\$ 5,136,243	\$ 702,649	\$ -	\$ 22,576,837
Accommodations Tax	3,215,850	-	5,724,984	-	-	-	-	-	-	8,940,834
All Other	14,327,238	822	585	2,887,472	6,436,202	6,506,598	200,570	1,025,115	3,212,886	34,597,538
	<u>30,160,253</u>	<u>4,091,602</u>	<u>5,725,569</u>	<u>2,887,472</u>	<u>6,436,202</u>	<u>6,506,598</u>	<u>5,336,813</u>	<u>1,727,764</u>	<u>3,212,886</u>	<u>66,115,209</u>
EXPENDITURES										
Operating	35,759,049	-	4,062,663	28,871	-	300,000	-	-	2,138,330	42,288,913
Debt service:	-	-	-	-	-	-	10,799,450	-	-	10,799,450
Capital outlay:	608,395	-	-	-	-	-	-	11,567,398	-	12,175,793
Total Expenditures	<u>36,367,444</u>	<u>-</u>	<u>4,062,663</u>	<u>28,871</u>	<u>-</u>	<u>300,000</u>	<u>10,799,450</u>	<u>11,567,398</u>	<u>2,138,330</u>	<u>65,174,156</u>
Excess (Deficit) of Revenues and Exp.	(6,177,191)	4,091,602	1,662,906	2,858,601	6,436,202	6,206,598	(5,372,637)	(9,839,634)	1,074,596	941,053
Other Sources and Uses (net)	7,779,298	(2,657,266)	(1,596,057)	(2,243,681)	(8,886,247)	(5,033,498)	6,473,566	6,724,431	(87,878)	1,172,668
Net change in fund balance	1,602,107	1,434,336	66,849	614,920	(1,749,955)	1,173,060	1,100,929	(3,115,203)	986,698	2,113,721
Fund balance – beginning	19,349,325	3,781,514	2,834,620	1,737,035	16,515,766	723,465	7,485,841	8,668,500	3,353,662	64,399,738
Fund balances -- ending	<u>\$ 20,951,432</u>	<u>\$ 5,215,850</u>	<u>\$ 2,901,469</u>	<u>\$ 2,351,955</u>	<u>\$ 14,755,811</u>	<u>\$ 1,896,525</u>	<u>\$ 8,586,770</u>	<u>\$ 5,593,307</u>	<u>\$ 4,349,340</u>	<u>\$ 66,513,459</u>

For the year ended June 30, 2015

	General	Tax Increment Financing District	Accommodations Tax	Real Estate Transfer Fees	Beach Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Non-major Governmental	Total Governmental
REVENUES										
Real and Personal Property Tax	\$ 11,894,384	\$ 6,486,071	\$ -	\$ -	\$ -	\$ -	\$ 5,084,193	\$ 694,238	\$ -	\$ 24,158,786
Accommodations Tax	3,068,339	-	5,293,455	-	-	-	-	-	-	8,361,794
All Other	13,708,142	1,006	628	2,535,177	6,142,554	6,155,261	205,425	1,554,492	2,067,278	32,860,963
	<u>28,670,765</u>	<u>6,487,077</u>	<u>5,294,083</u>	<u>2,535,177</u>	<u>6,142,554</u>	<u>6,155,261</u>	<u>5,289,618</u>	<u>1,848,730</u>	<u>2,067,278</u>	<u>65,399,543</u>
EXPENDITURES										
Operating	34,330,123	-	3,710,430	25,349	-	300,000	-	-	2,358,265	40,724,167
Debt service:	-	-	-	-	-	-	16,708,296	-	-	16,708,296
Capital outlay:	1,555,354	-	-	-	-	-	-	10,330,101	-	11,885,455
Total Expenditures	<u>35,885,477</u>	<u>-</u>	<u>3,710,430</u>	<u>25,349</u>	<u>-</u>	<u>300,000</u>	<u>16,708,296</u>	<u>10,330,101</u>	<u>2,358,265</u>	<u>68,917,918</u>
Excess (Deficit) of Revenues and Exp.	(6,814,712)	6,487,077	1,583,653	2,509,828	6,142,554	5,855,261	(11,418,678)	(8,481,371)	609,013	(3,527,375)
Other Sources and Uses (net)	8,128,638	(8,621,747)	(1,338,888)	(2,269,578)	(4,204,929)	(6,497,633)	10,500,485	4,957,209	(311)	653,946
Net change in fund balance	1,313,926	(2,134,670)	245,465	240,250	1,937,625	(642,372)	(98,193)	(3,524,162)	608,702	(2,873,429)
Fund balance – beginning	18,035,399	5,916,844	2,589,155	1,496,785	14,578,141	1,365,837	8,404,034	12,142,672	2,744,960	67,273,677
Fund balances -- ending	<u>\$ 19,349,325</u>	<u>\$ 3,781,514</u>	<u>\$ 2,834,620</u>	<u>\$ 1,737,035</u>	<u>\$ 16,515,766</u>	<u>\$ 723,465</u>	<u>\$ 7,485,841</u>	<u>\$ 8,668,510</u>	<u>\$ 3,353,662</u>	<u>\$ 64,399,738</u>

Financial Balance Changes Greater than 10%

The following funds have a budgeted change in fund balance greater than 10%:

1. **General Fund** – The planned use of \$569,851 is well within the Town’s normal unspent budget – so the General Fund should be comfortably break-even in 2019.
2. **Road Usage Fee** –The Town has primarily directed these funds toward road paving with an emphasis on dirt roads. The Town expects to fully utilize Road Usage Fees to the extent practical.
3. **Tax Increment Financing (TIF)** – Fiscal year 2019 is the fourth year in the 10 year extension. Projects include University of South Carolina Beaufort Hilton Head Island facility, Coligny area improvements, and road improvements. The District will stage these projects using a TIF bond issue to implement what projects the special TIF District will provide.
4. **State ATAX** – State law prescribes how the State ATAX funds are distributed. The ATAX Committee meets and considers applications and recommends distribution of these funds within the SC state law requirements.
5. **Real Estate Transfer Fee (RETF)** – These funds will be directed to the CIP in accordance to the long-term capital plan. The increase in fund balance is only temporary.
6. **Beach Preservation Fee** – The current year includes beach renourishment projects both caused and not caused by Hurricane Matthew. The Town issued a Bond Anticipation Note (BAN) in 2016 which was primarily for beach renourishment. Beach bonds will be issued to repay the BAN and Beach Preservation Fees will make debt service payments on these bonds.
7. **Hospitality Tax (HTAX)** – The Hospitality Tax Fund continues to provide for specific debt service and support the CIP for projects and Fire Rescue initiatives as funding becomes available. The fund is not expected to have a 10% variance in the fund balance.
8. **Debt Service Fund** – The Town issued five long-term bond issues in fiscal year 2018:
 - General Obligation \$ 27,310,000
 - TIF \$ 28,530,000
 - Beach Preservation Fees \$ 30,070,000
 - G.O. Reserve Restoration \$ 18,000,000
 - Stormwater Capital \$ 3,200,000

These bonds supported the Town’s Capital Improvement Plan and were planned accordingly. Payments will be a full year for all of these issues for the first time in FY 2019. The temporary increase in the Debt Service Fund balance in anticipation of the higher payments coming in future years will be reversed as funds set aside were deployed in accordance with the plan.

9. **Capital Improvement Plan (CIP)** – The Town has a number of significant projects in the works. The funds within the CIP increased in fiscal year 2017 in anticipation of these projects. Due to Hurricanes Matthew and Irma, a number of these projects were delayed. It is many of these projects have restarted in fiscal year 2018 with a full year’s worth of work anticipated in fiscal year 2019.
10. **Disaster Fund** – In fiscal year 2017, due to the significance of Hurricane Matthew, the Town established a Disaster Fund to capture the cost of the hurricane response as well as the reimbursements and funding from various sources. For fiscal year 2017, through transfers from other funds, a temporary financing Bond Anticipation Note, and an accrual for the initial FEMA reimbursements, the fund essentially broke even. In fiscal year 2018 the Town did receive more FEMA funding, repaid the BAN, and issued GO bonds to help restore disaster funds for the next storm. In 2018, the Town also incurred costs related to Hurricane Irma – most of which is expected to be reimbursable from FEMA and the State. The Town issued a GO bond issue to help re-establish the disaster reserves in this fund for future possible disasters. At publication, the Town has received over \$35 million in reimbursements from Hurricane Matthew, and could receive another \$10 million.

Financial Balance Changes Greater than 10%

- ii. **Electric Franchise Fee** – Work was delayed in the Electric Franchise Fee area due to Hurricane Matthew. Because of this delay, expenditures for the project to move electric lines underground were delayed and the fund balance temporarily increased. The Town’s intent is to utilize as much as these funds will provide. These activities will help the Town prepare for the next storm.

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.

BCSO – Beaufort County Sheriff's Office.

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.

EDC – Beaufort County Economic Development Corporation.

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

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.

CD Services – Community Development Services; administrative support for the Town’s Community Development Department.

COBRA – Consolidated Omnibus Budget Reconciliation Act of 1985; is a law passed by the U.S. Congress on a reconciliation basis and signed by President Ronald Reagan that, among other things, mandates an insurance program which gives some employees the ability to continue health insurance coverage after leaving employment.

Comprehensive Plan – Developed pursuant to the provisions of the South Carolina Code of Laws Section 6-29- 510 et seq, the Comprehensive Plan is intended to guide the development and redevelopment of lands within the Town, consistent with the physical, social, and fiscal environment.

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.

FMLA – The Family and Medical Leave Act of 1993 is a United States federal law requiring covered employers to provide employees job-protected and unpaid leave for qualified medical and family reasons. Qualified medical and family reasons include: personal or family illness, family military leave, pregnancy, adoption, or the foster care placement of a child.

Glossary of Terms

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.

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.

Gullah/Geechee – The Gullah/Geechee Nation exist from Jacksonville, NC to Jacksonville, FL. It encompasses all of the Sea Islands and thirty to thirty-five miles inland to the St. John's River. On these islands, people from numerous African ethnic groups linked with indigenous Americans and created the unique Gullah language and traditions from which later came "Geechee." The Gullah/Geechee people have been considered "a nation within a nation" from the time of chattel enslavement in the United States until they officially became an internationally recognized nation on July 2, 2000.

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

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

LMO – Land Management Ordinance; The purpose and intent of the LMO is to guide the development and use of property in accordance with the Town's Comprehensive Plan and existing and future needs of the Town in order to protect, promote, and improve the public health, safety, morals, convenience, order, appearance, prosperity, and general welfare of the landowners and residents of the Town.

LRTA (Palmetto Breeze) – The Palmetto Breeze provides a wide variety of public transportation services in five Lowcountry counties (Lowcountry Regional Transportation Authority).

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.

MASC - Municipal Association of South Carolina; Is a government sector lobbying association in South Carolina.

Glossary of Terms

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.

MPO - Metropolitan Planning Organization; Is a transportation policy-making organization made up of representatives from local government and transportation authorities, and created to ensure existing and future expenditures for transportation projects and programs were based on a comprehensive, cooperative, and continuing planning process. The role of the MPO includes: establishing a local forum for transportation decision making; evaluating transportation alternatives; developing and updating a long-range transportation plan; developing a Transportation Improvement Program of projects; and involving the public. Funds from the Federal Highway Administration are distributed to the State and then to MPOs for these transportation projects.

NAICS - The North American Industry Classification System or NAICS (pronounced "nakes") is used by business and government to classify business establishments according to type of economic activity (process of production) in Canada, Mexico, and the United States of America. It has largely replaced the older Standard Industrial Classification (SIC) system; however, certain government departments and agencies, such as the U.S. Securities and Exchange Commission (SEC), still use the SIC codes.

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.

Palmetto Breeze (LRTA) – The Palmetto Breeze provides a wide variety of public transportation services in five Lowcountry counties (Lowcountry Regional Transportation Authority).

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.

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.

Glossary of Terms

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.

RFP - request for proposal; is a type of bidding solicitation in which a company or organization announces that funding is available for a particular project or program, and companies can place bids for the project's completion.

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.

SIC - Standard Industrial Classification (SIC) codes are four-digit numerical codes assigned by the U.S. government to business establishments to identify the primary business of the establishment. The classification was developed to facilitate the collection, presentation and analysis of data; and to promote uniformity and comparability in the presentation of statistical data collected by various agencies of the federal government, state agencies and private organizations. The classification covers all economic activities. In the United States the SIC code is being supplanted by the six-digit North American Industry Classification System (NAICS code), which was released in 1997; however certain government departments and agencies, such as the U.S. Securities and Exchange Commission (SEC), still use the SIC codes.

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.

State EMD - The South Carolina Emergency Management Division is the coordinating agency responsible for the statewide emergency management program.

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

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.