

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



Fiscal Year July 1, 2016 through June 30, 2017

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**TOWN OF HILTON HEAD ISLAND, SC
CONSOLIDATED MUNICIPAL BUDGET
FISCAL YEAR ENDED JUNE 30, 2017**

ELECTED OFFICIALS

MAYOR

The Honorable David G. Bennett

TOWN COUNCIL

William D. Harkins, Mayor Pro Tempore

David Ames

Marc A. Grant

Thomas W. Lennox

Kimberly W. Likins

John J. McCann

ADMINISTRATIVE STAFF

Stephen G. Riley
Gregory DeLoach
Bradley Tadlock
Susan Simmons
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, 2015

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

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Town of Hilton Head Island, South Carolina for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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

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Reader's Guide

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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 2017.

About Hilton Head Island

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

General Information

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

Accounting and Financial Policies

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

Budget Process Overview

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

Consolidated Budget Summary - Governmental Funds

This section includes an introduction, fiscal year 2017 consolidated budget, where the money comes from (chart), where the money goes by program (chart), where the money goes by category (chart), trend analysis of expenditures by fund (chart), historical overview of revenues and expenditures (schedule), budget highlights, property tax analysis, millage rate historical analysis (chart), and staffing changes. The Town has three budgeted governmental funds.

General Fund

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

Reader's Guide, continued

Consolidated Budget Summary - Governmental Funds, continued

Debt Service Fund

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

Capital Projects Fund

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

Proprietary Fund

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

Stormwater Fund

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

Appendix

1. Glossary of terms; this section provides definitions of key terms used throughout this document.
2. Fund Balance changes greater than 10%. This section gives a brief synopsis of planned fund balance changes greater than 10%.
3. FY 2017 Financial Structure-All Funds. This statement provides estimated revenues, expenditures and fund balances of all funds including those for which budgets are not formally adopted.
4. Financial Structure Multi-Year All Funds. This statement provides an historical look to the Financial Structure – All Funds schedule for context.
5. FY 2017 Flow of Funds-All Funds. This statement is provided to assist the reader in understanding the transfers to and from budgeted and unbudgeted funds.



Town Manager's Letter

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Town Manager's Letter

May 3, 2016

Dear Council Members:

I am pleased to submit to you the fiscal year 2017 budget. Our economy is improving; we continue to be extremely optimistic on the Island's long-term future. Our budget process requires us to look with a short-term perspective (one year). For the short-term, our growth is more moderate, and our budget reflects as much. Operating expenses were held to minimal increases. The number of projects in process and in the pipeline are considerable. The Town is marching forward with improvements in a number of areas. You will see this in increased Capital Projects and Debt Service Fund Budgets. The fiscal year 2017 budget is responsible, yet reflective of our leaning-forward stance toward progress. The fiscal year 2017 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 the use of a limited resource of funds provided by our citizens and visitors.

Budget Summary - Governmental Funds

The fiscal year 2017 budget represents a funding plan designed to meet the needs of the Town's citizens. The total consolidated governmental funds budget amount is \$102,626,393 representing the General, Capital Projects, and Debt Service Funds.

The General Fund budget maintains the current level of high quality service. Overall, General Fund expenditures are programmed at \$39.6 million for fiscal year 2017 compared to \$39.2 million (revised) budget for 2016, an increase of \$440,407 or 1.1%. The Town worked diligently to keep the operating expenses as low as possible, while still maintaining the high level of services its citizens and visitors require. The proposed budget includes an increase of \$268,500 for capital outlay under Fire Rescue – which follows last year's decrease in this category. Due to ongoing decreases in its caseload, the Municipal Court will reduce its hours; corresponding decreases in staff FTEs and costs result in a budget decrease of \$75,012. This budget proposal recommends reserving \$663,643 from FY16 budget savings toward Town Council Initiatives for the new year. The initiatives include \$400,000 for a Town-wide visioning process, \$200,000 for the Venue Committee and \$100,000 for Communications. Also included is \$150,000 toward the HHI Cultural Arts Network initiative. The proposed budget includes a 3% merit increase budget of \$569,462 (including salary and benefit cost) that is allocated by department to employees based on performance.

The Town and the Island Recreation Association have an agreement wherein the Association operates the Island Recreation Center and S.H.A.R.E. Center for senior citizens. Similarly, the Coastal Discovery Museum operates the Town's property at Honey Horn. Since fiscal year 2014, the Town budgets both operating and capital components for both organizations in the General Fund under Town-wide grants. The fiscal year 2017 funding request for the Island Recreation/S.H.A.R.E. is \$683,052 for operating and \$267,000 for capital; for Coastal Discovery Museum, the operating is \$75,000; capital is \$61,500 and Mitchellville \$100,000.

Town Manager's Letter, continued

Townwide operating grants decreased approximately \$994,033 partially as a result of one-time funding in fiscal year 2016 for the airport noise reduction wall and a fiscal year 2017 decrease in the Heritage Classic Foundation's request for the golf tournament.

The Debt Service Fund's budgeted expenditures are programmed at \$13.6 million for fiscal year 2017 compared to \$11.2 million last fiscal year. There was a \$5.5 million or 42.9% decrease in expenditures in fiscal year 2016 over the previous fiscal year's budget due to a temporary reduction in outstanding debt issues. Millage was not decreased as the Town will be issuing new General Obligation Bonds in fiscal year 2017 for the Shelter Cove Park and the Island Recreation Association's building expansions.

The expenditures in the Capital Projects Fund are programmed at \$48.7 million for fiscal year 2017 compared to a revised budget of \$38.9 million for fiscal year 2016. This \$9.8 million (and 25.3%) increase in budgeted expenditures is summarized below and explained in more detail in the Capital Projects Fund budget section.

- In Beach Maintenance, the major beach renourishment for \$20.5 million is included in the fiscal year 2016 but not in fiscal year 2017 for budget purposes. However, most of this project will be "rolled forward" to fiscal year 2017 to coincide with the actual work of the project. The size and scope of the project are not significantly changing, just the timing. This project is funded with beach preservation fees.
- In Park Development, a significant expansion of the Hilton Head Island Recreation Association is proposed for fiscal year 2017. Although the project was budgeted nearly equally for both fiscal years 2016 and 2017, most of the expenditures will not occur until fiscal year 2017.
- In New Facilities, the largest projects are the USCB construction and the Coligny/Pope Initiative Area with Community Park – both funded with tax increment financing taxes and the related special revenue bonds to be issued in 2017.
- The Roadway Improvements increase of approximately \$3.5 million is mostly for USCB and Coligny/Pope projects.

Budget Summary - 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 \$3.8 million for fiscal year 2017 compared to \$3.7 million for fiscal year 2016. The Town continues to operate this fund on a "pay go" approach. The Town believes it can complete critical projects under this approach, as well as perform routine channel, ditch, and culvert maintenance; weir, lagoon and drainage pipe cleaning; and systems repairs. With this approach, the Stormwater fee will remain at \$108.70 per SFU for the seventh consecutive year.

A comprehensive countywide rate study was undertaken across Beaufort County during fiscal year 2016 with the expectation that it would document a need for increased rates in fiscal year 2017. The countywide study was not completed in time to apply the results to Hilton Head Island's program. Therefore, rates will remain the same for fiscal year 2017 but likely increase in fiscal year 2018. With the review of the rate study and based on the results of the substantial completion of the multiyear inventory and modeling work, staff will also consider whether a capital replacement fund should be established.

Town Manager's Letter, continued

Financial Plan for Budgeted Governmental Funds

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

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

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

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

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

Comparison of the Fiscal Year 2016 Revised Budget with the Fiscal Year 2017 Budget

	General Fund	Debt Service Fund	Capital Projects Fund *	Consolidated Budget
FY 2016 Revised Budget	\$ 39,173,236	\$ 11,215,701	\$ 40,754,051	\$ 91,142,988
FY 2017 Budget	\$ 39,613,643	\$ 13,572,500	\$ 49,440,250	\$ 102,626,393
Amount of Increase/(Decrease)	\$ 440,407	\$ 2,356,799	\$ 8,686,199	\$ 11,483,405

Budgets by Fund as a Percent of the Total Budget

	General Fund	Debt Service Fund	Capital Projects Fund	Consolidated Municipal Budget
FY 2016 Revised Budget	42.98%	12.31%	44.71%	100.00%
FY 2017 Budget	38.60%	13.23%	48.17%	100.00%

* Expenditures and Other Uses of Funds

Town Manager's Letter, continued

Millage Rate

The proposed millage rate for fiscal year 2017 is the same as fiscal year 2016 for all funds. Growth is beginning to offset the downward effect of reassessment, resulting in a net gain in the value of a mil. In fiscal year 2016, the Town used \$851,848 in its budget for the value of a mil. In fiscal year 2017, the value of a mil is \$863,951 (gross) and \$853,448 (net collections), a 0.2% increase. The chart below presents the millage rates for fiscal years 2016 and 2017.

<u>Millage Rate by Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>
General Fund	15.20	15.20
Debt Service Fund	6.14	6.14
Capital Projects Fund	0.84	0.84
	<u>22.18</u>	<u>22.18</u>

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

<u>Millage Rate by Fund</u>	<u>FY 2016</u>	<u>FY 2017</u>
General Fund	15.20	15.20
Debt Service Fund	6.14	6.14
Capital Projects Fund	0.84	0.84
	<u>22.18</u>	<u>22.18</u>
Value of Home	\$ 350,000	\$ 350,000
Taxable Value (4% Primary Residence)	\$ 14,000	\$ 14,000
<u>Taxes Paid</u>		
General Fund	\$ 212.80	\$ 212.80
Debt Services Fund	85.96	85.96
Capital Projects Fund	11.76	11.76
	<u>\$ 310.52</u>	<u>\$ 310.52</u>
Taxes at 6% Assessment for 2nd/Vacation Home	\$ 465.78	\$ 465.78

Town Manager's Letter, continued

General Fund

A mix of property taxes; business and franchise licenses; permitting fees; local accommodations tax for public safety and tourism facilities; state-shared funds; and funds from prior years (fund balance) supports the General Fund expenditure budget of \$39,613,643. As one of our financial planning goals, we continue to look at the mix of revenues for the General Fund.

The charts below and on the next page provide comparisons of the revenue mix of fiscal years compared to the fiscal year 2017 budget. These graphs highlight the progress made to lessen the reliance on a high percentage of property tax revenue from 67% in fiscal year 1994 as compared to 36% in fiscal year 2017. Additional funding is provided through licenses and fees, local 1% accommodations tax, state 2% accommodations tax, 2% beach preservation fee, 2% hospitality tax, Stormwater fee, electricity franchise fee, funds from prior years (fund balance), and tax increment financing (TIF). The increase in funding provided through these other sources demonstrates the Town's ability to expand the diversity of its funding sources through the years.

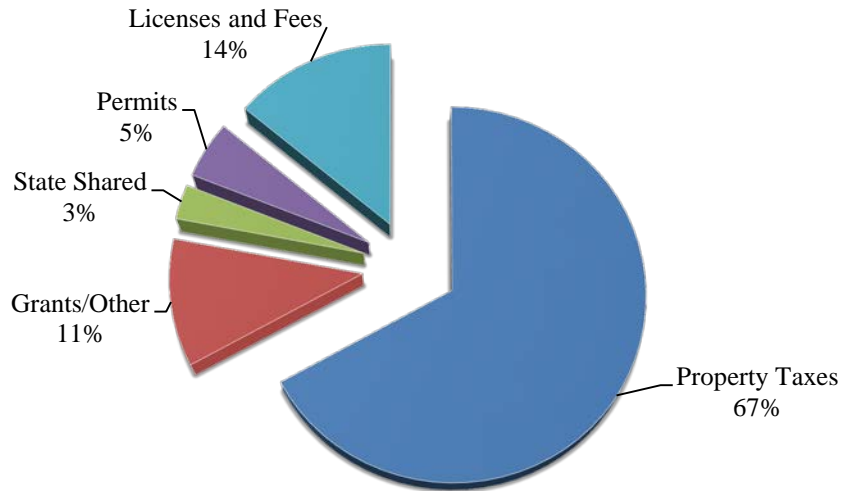
General Fund - Major Revenues

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

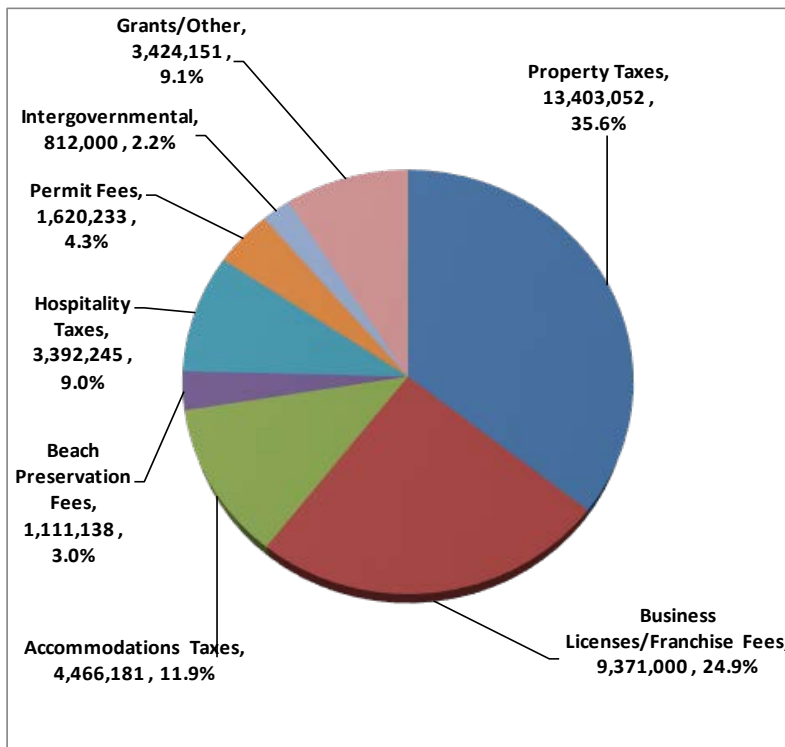
Revenue Source	2015 Actual	2016 Revised Budget	2016 Estimated Actual	2017 Budget	FY 2016	
					Budget	Estimated Actual
Property Taxes	11,894,284	12,948,587	12,634,499	12,950,052	0.0%	2.5%
Business Licenses & Franchise Fees	9,210,538	9,081,590	9,119,265	9,371,000	3.2%	2.8%
Permit Fees	1,380,846	1,395,817	1,704,744	1,620,233	16.1%	-5.0%
Local Accommodations Tax	3,068,339	2,917,990	3,044,505	3,119,000	6.9%	2.4%
Transfers In:						
State Accommodations Tax	1,338,188	1,264,324	1,264,324	1,347,181	6.6%	6.6%
Beach Preservation Fee	1,111,138	1,111,138	1,111,138	1,111,138	0.0%	0.0%
Hospitality Tax	4,391,195	3,270,069	3,295,069	3,392,245	3.7%	2.9%
Subtotal "Major" Revenue Sources	32,394,528	31,989,515	32,173,544	32,910,850	2.9%	2.3%
All Other Revenue Sources	4,404,875	4,851,512	4,726,456	4,689,150	-3.3%	-0.8%
Total General Fund Revenues	36,799,403	36,841,027	36,900,000	37,600,000	2.1%	1.9%

Town Manager's Letter, continued

FISCAL YEAR 1994 GENERAL FUND BUDGETED REVENUES



FISCAL YEAR 2017 GENERAL FUND BUDGETED REVENUES OF \$37,600,000



Town Manager’s Letter, continued

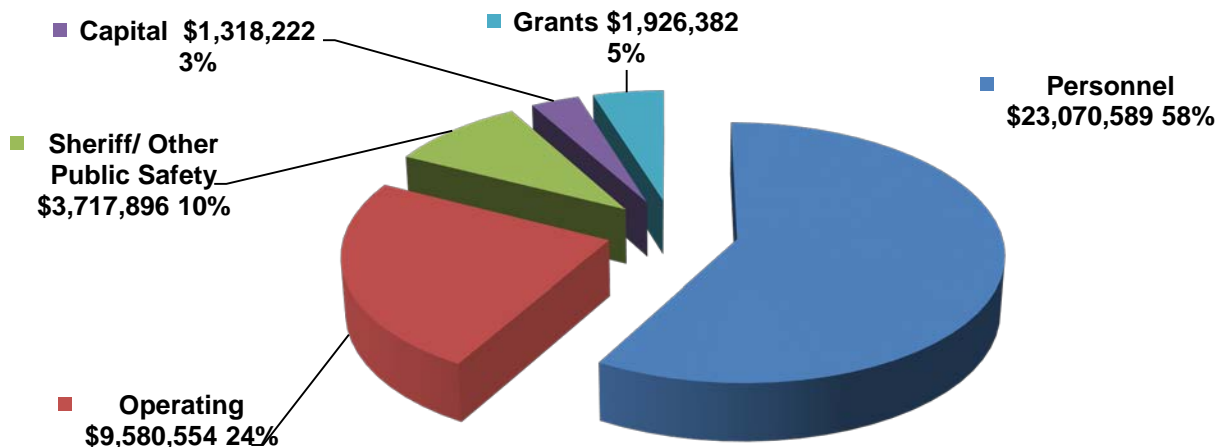
General Fund – Expenditures

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

General Fund Expenditures	FY 2015 Actual	FY 2016 Revised Budget	FY 2016 Estimated Actual	FY 2017 Budget	% Change	
					FY 2016 Budget	FY 2016 Est. Actual
Personnel	\$ 21,604,597	\$ 22,401,658	\$ 21,739,072	\$ 23,070,589	3.0%	6.1%
Operating	7,177,726	9,604,328	8,352,915	9,580,554	-0.2%	14.7%
Sheriff/Other Public Safety	3,220,413	3,486,384	3,465,456	3,717,896	6.6%	7.3%
Capital	1,196,988	760,451	674,480	1,318,222	73.3%	95.4%
Grants	2,285,753	2,920,415	2,904,434	1,926,382	-34.0%	-33.7%
TOTAL	\$35,485,478	\$39,173,236	\$ 37,136,357	\$39,613,643	1.1%	6.7%

Note: The personnel lines above do not include 4 positions directly budgeted in the proprietary fund, the Stormwater Fund.

General Fund Expenditures of \$39,613,643



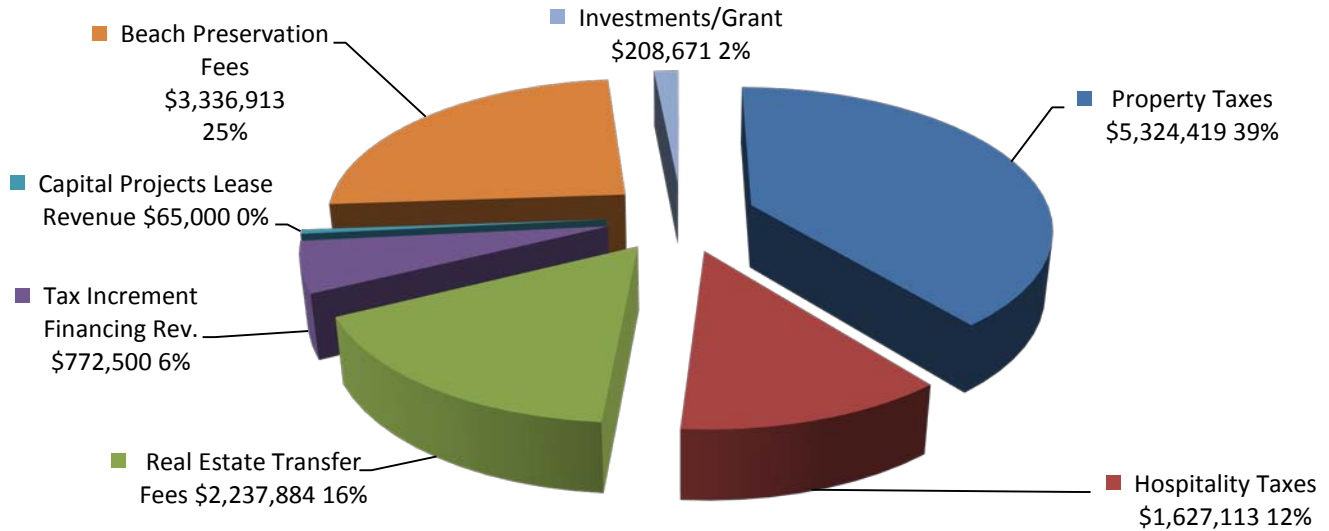
Debt Service Fund

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

Fiscal Year 2017 Plans for Refunding – The Town plans on refunding possibly three of its outstanding bond issues in the new fiscal year. The purpose will be to achieve long-term savings over the life of the debt. The basic payment structures are expected to remain the same.

Town Manager’s Letter, continued

The Debt Service Fund has the following sources of funding for fiscal year 2017.



Note: The debt service of the Stormwater Proprietary Fund is reported in its own fund.

The Debt Service Fund has the following budgeted expenditures for fiscal year 2017.

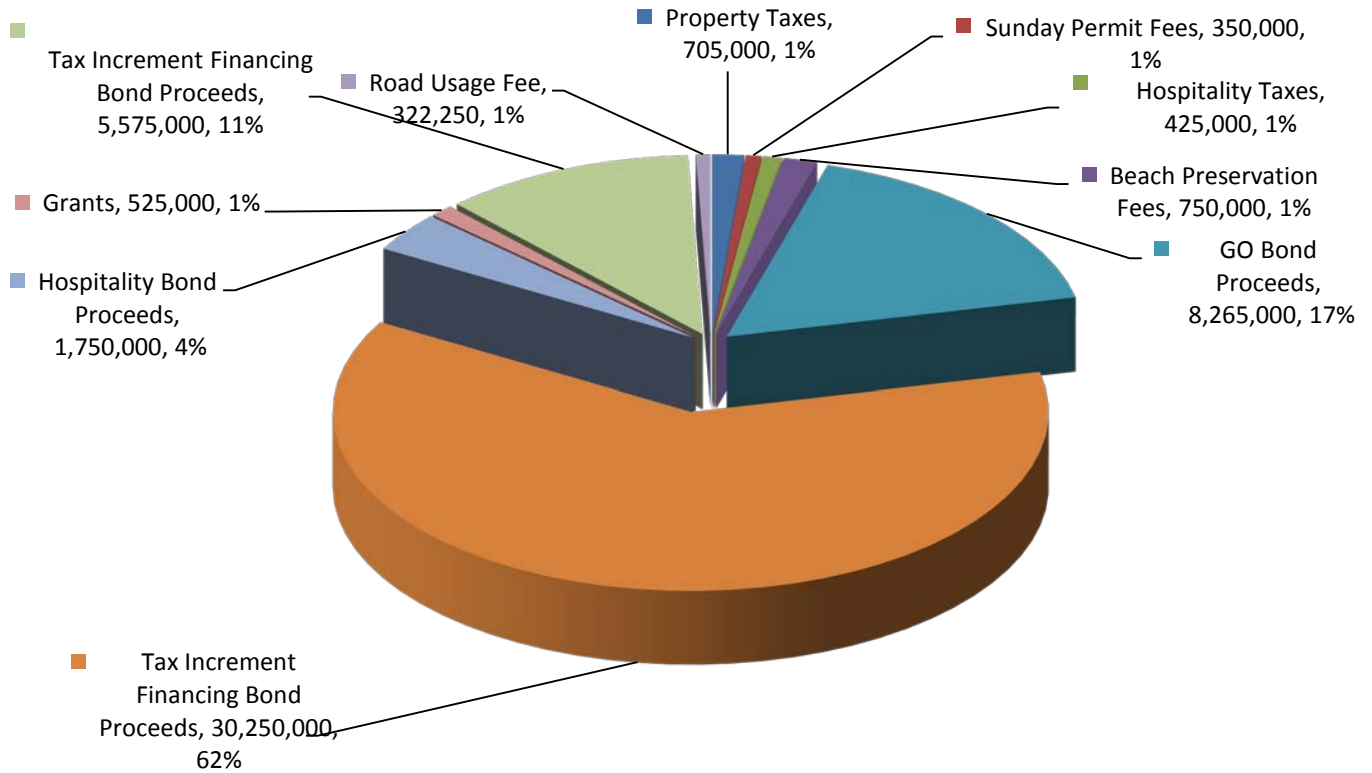
	Interest	Principal	Other Charges	Total
General Obligation Bonds	\$ 2,602,184	\$ 4,420,000	\$ -	\$ 7,022,184
Revenue Bonds	2,476,526	3,260,000	-	5,736,526
Other Charges	-	-	813,790	813,790
Grand Total	\$ 5,078,710	\$ 7,680,000	\$ 813,790	\$ 13,572,500

Capital Projects Fund

The Town adopts a formal Capital Projects Fund Budget for revenues and expenditures for fiscal year 2017; it also presents a ten-year projection of anticipated new projects. The hard work and input of the Planning Commission and Parks and Recreation Commission in developing this proposal is acknowledged.

Town Manager's Letter, continued

Sources of funding for the Capital Projects Fund for fiscal year 2017 are as follows:



The Town's larger projects planned for fiscal year 2017 are the Hilton Head Island Recreation Center Expansion; new facilities and road improvements for the USCB Campus; Coligny Area/Pope Avenue Initiative Improvements with Community Park; and major beach re-nourishment.

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

	FY 2015 Actual	FY 2016 Budget	FY 2016 Estimated Actual	FY 2017 Budget	% change	
					FY 2016 Budget	FY 2016 Est. Actual
Expend. and Other Uses						
Beach Maintenance	794,774	21,905,413	10,285,413	750,000	-96.6%	-92.7%
Existing Facilities	522,053	473,691	380,691	2,850,000	501.7%	648.6%
Park Development	1,115,701	6,796,550	287,550	5,300,000	-22.0%	1743.2%
New Facilities	2,227,088	4,438,495	2,769,495	31,515,000	610.0%	1037.9%
Pathway Improvements	1,007,895	662,223	573,223	100,000	-84.9%	-82.6%
Roadway Improvements	2,650,081	4,586,712	3,307,712	8,172,250	78.2%	147.1%
Land Acquisition	2,012,510	131	120,000	-	-100.0%	-100.0%
Transfers and Bond Costs	1,035,039	1,890,836	1,890,836	753,000	-60.2%	-60.2%
Expend. and Other Uses	\$ 11,365,141	\$ 40,754,051	\$ 17,724,084	\$ 49,440,250	21.31%	178.94%

Town Manager's Letter, continued

Proprietary Fund

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

The Stormwater Fund expenses and transfers out are programmed at \$3.8 million with the largest components being project improvements at \$1.7 million and debt service costs at \$1.15 million. In addition, there is a transfer of \$95,000 to the General Fund for project management and public education costs.

Stormwater fees provide most financial resources for this fund with the addition of grants and interest income. The fees are set annually by the Town and added to the property tax bills of the County. The annual base fee per SFU will remain at \$108.70 for fiscal year 2017.

Town Manager's Summary

We developed our budget from with the perspective of an improving Island economy which continues to recover from the economic recession – but at a slower rate than fiscal year 2015 or fiscal year 2016. Growth is still positive, but moderating. The Town is experiencing slightly higher revenues in most revenue sources and has presented a budget that is consistent with Town Council's strategic plan.

During the recessionary years, the Town reduced personnel expenditures by eliminating 16 positions. As the economy has improved and the demand for services increases, staffing demands will increase. The Town will continue its prudent efforts to limit staff increases. Last year (FY16), the Town added one position (Landscape Associate) in Community Development Department. The current budget adds no new positions – but does reflect a reallocation of personnel and a reduction in FTE hours related to the reduction in the Municipal Court's hours.

Tourism on the Island continues its importance. It is a retirement destination for many. It is home to many young families. The Town looks to thoughtfully grow. The amenities the Town provides to residents and tourists continue to expand. As a result, our budget addresses the need to maintain our facilities reflecting the expectations of residents and visitors. Going forward, we anticipate we will face challenges of increasing demands for services and facilities from our expanding local economy as well as increasing operation and maintenance costs related to new Town-owned facilities.

Sincerely,



TOWN OF HILTON HEAD ISLAND

Stephen G. Riley, ICMA-CM

Town Manager



Town Vision

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Town Vision and Goals

The Town has embarked on a new visioning process in 2016 which it expects to complete late in 2017. The existing principles and goals stated below will guide the Town in the interim.

GUIDING PRINCIPLES

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

GOALS

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

THE TOWN'S KEY PRIORITIES FOR 2016

With the assistance of a new Strategic Planning Workshop facilitator, the Town established the following key priorities for calendar year 2016. The Council wanted to focus on fewer items to ensure their progress and success.

- **Arts and Cultural Planning:** Consider the Final Report from the Task Force, scheduled for either late 2015 or early 2016. Notable item includes the Town providing funding for hiring full-time staff to oversee Arts and Cultural planning within the community.
- **Sewer:** Move forward with the 5 year plan as presented and the existing policy of sewer for those who want it. Continue partnership with the Hilton Head Public Service District; which shall continue to acquire easements through donations. In the future, it may become necessary to revisit the voluntary nature of the program.
- **Circle to Circle:** The Task Force has engaged the services of a Traffic Engineering firm.
- **Economic Development:** The Hilton Head Island Economic Development Corporation will present additional information for the Town Council to consider regarding the four tools needed to achieve economic development goals: 1) Real Estate Solutions; 2) Business License/Fee Incentive Program; 3) Broadband Infrastructure Program for HHI Businesses; and 4) Funding for Economic Development Programs.
- **Visioning:** A Request for Proposal (RFP) will be issued to engage the services of a consulting firm to coordinate the Visioning process in 2016. Items of particular concern to the Mayor and Town Council to be incorporated into the process include: A) Composition of the Task Force; and B) Community outreach methods to solicit public input from the various population segments in the community.



About Hilton Head Island

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About Hilton Head Island¹

History

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

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

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

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

¹ Wikipedia with updates

Early history

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

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

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

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

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

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

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

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

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

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

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

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

20th century

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

In 1931, Wall Street tycoon, physicist, and patron of scientific research, Alfred Lee Loomis along with his brother-in-law and partner, Landon K. Thorne, purchased 17,000 acres (69 km²) on the island (over 63% of the total land mass) for about \$120,000 to be used as a private game reserve.

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

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

In the early 1950s, three lumber mills contributed to the logging of 19,000 acres (77 km²) of the island. The island population was only 300 residents. Prior to 1956, access to Hilton Head was limited to private boats and a state-operated ferry. The island's economy centered on ship building, cotton, lumbering, and fishing.

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

The beginning of Hilton Head as a resort started in 1956 with Charles Fraser developing Sea Pines Resort. Soon, other developments followed, such as Hilton Head Plantation, Palmetto Dunes Plantation, Shipyard Plantation, and Port Royal Plantation, imitating Sea Pines' architecture and landscape. Sea Pines however continued to stand out by creating a unique locality within the plantation called Harbour Town, anchored by a recognizable lighthouse. Fraser was a committed environmentalist who changed the whole configuration of the marina at Harbour Town to save an ancient live oak. It came to be known

as the Liberty Oak, known to generations of children who watched singer and song writer Gregg Russell perform under the tree for over 25 years. Fraser was buried next to the tree when he died in 2002.

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

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

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

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

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

Geography

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

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

Climate

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

Wildlife

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

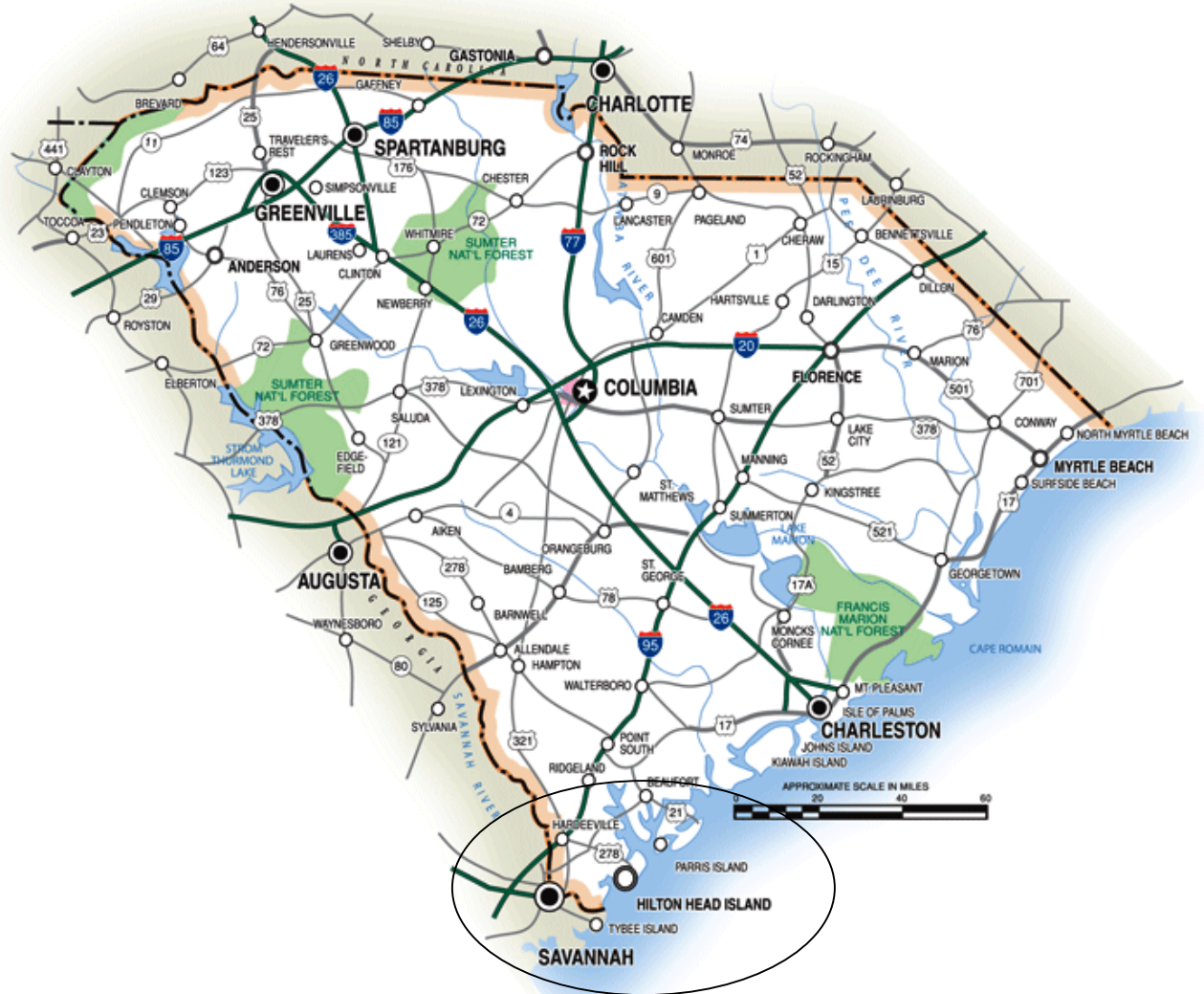
The Coastal Discovery Museum, in conjunction with the South Carolina Department of Natural Resources, patrols the beaches from May through October as part of the Sea Turtle Protection Project. The purpose of the project is to inventory and monitor nesting locations, and if necessary, move them to more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

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

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

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

Where is Hilton Head Island?



Hilton Head Island at a Glance

Demographic Information

Population	
2006	34,368
2007	34,140
2008	34,243
2009	34,249
2010 Census	37,099
2011	37,585
2012	38,522
2013	39,412
2014	40,039
2015	Not Avail
Median Age	50.9
Number of Households	16,806
Average Persons per Household	2.28
Average Family Size	2.64
Per Capita Income	\$45,116
Racial Composition (2010 Census)	
White	75.2%
Black or African American	7.5%
American Indian, Alaskan Native	0.2%
Asian	0.9%
Other	.4%
Hispanic Ethnicity	15.8%
Land Use	
Land Area (in square miles)	54
Miles of Beach	13
Tourism	
Monthly Peak	
Summer Population	305,000

Total Annual Visitors (2015)	2.65 million
Annual County Visitor Impact (2015) (a)	\$1.1 billion

General Information

Property Tax Millage Rate:

(No change for FY17)	
General Fund (Operating)	15.20
Voter Approved Debt	6.14
Capital Projects Fund (CIP)	<u>.84</u>
Total Millage Rate	22.18

Bond Ratings:

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

FY 2017 Budget

Combined Governmental Funds	\$101,862,750
Enterprise Fund	\$3,725,987

Total Town Staff (FTEs)	250.2
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Recreation and Culture

Public Tennis Clubs	7
Tennis Courts Public and Private	300

Public Recreation Facilities

Active Recreation	3
Beach Access/Parks	7
Pools	1

Arts Center	1
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Number of Libraries	2
Number of Museums	1
Number of Nature Preserves	3
Number of Marinas	8

Golf Course in Town Limits (non-municipal)	23
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Hilton Head Island at a Glance (continued)

Economic Development¹

Hilton Head Island's economy is primarily tourism and real estate driven.

- Presently, there are more than 1,200 real estate executives employed on the Island.
- Tourism in the Hilton Head Island area employs over 12,740 people living both on the Island and in the surrounding communities.
- Tourism contributes more than \$1.1 billion into the Beaufort County area economy annually.

Property Sold Through Real Estate Agents²

Property Sold Through Real Estate Agents²															
Year	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change	2013	% Change	2014	% Change	2015	% Change
Homes sold	538	550	2.2%	611	11.1%	673	10.1%	768	14.1%	830	8.1%	882	6.3%	932	5.7%
Average Price	\$852,501	\$725,504	-14.9%	\$669,689	-7.7%	\$654,018	-2.3%	\$632,342	-3.3%	\$633,206	0.1%	\$615,742	-2.8%	\$617,000	0.2%
Villas sold	476	510	7.1%	725	42.2%	747	3.0%	896	19.9%	885	-1.2%	881	-0.5%	938	6.5%
Average Price	\$393,936	\$261,202	-33.7%	\$230,090	-11.9%	\$220,030	-4.4%	\$226,232	2.8%	\$264,546	16.9%	\$247,238	-6.5%	\$242,000	-2.1%
Lots sold	34	47	38.2%	83	76.6%	103	24.1%	122	18.4%	185	51.6%	168	-9.2%	146	-13.1%
Average Price	\$438,244	\$434,755	-0.8%	\$204,834	-52.9%	\$216,698	5.8%	\$219,352	1.2%	\$255,472	16.5%	\$236,836	-7.3%	\$268,000	13.2%
Homes sold	1,048	1,107	5.6%	1,419	28.2%	1,523	7.3%	1,786	17.3%	1,900	6.4%	1,931	1.6%	2,016	4.4%
Average Price	\$630,782	\$499,254	-20.9%	\$417,897	-16.3%	\$411,580	-1.5%	\$400,394	-2.7%	\$424,709	6.1%	\$405,687	-4.5%	\$403,186	-0.6%

¹ Hilton Head Island Chamber of Commerce

(a) The Regional Transactions Concepts LLC model used for 2015 estimated impacts is based on a revised model beginning this year. The prior model has become proprietary and the REMI model used generates more conservative data estimates.

² HHIMLS

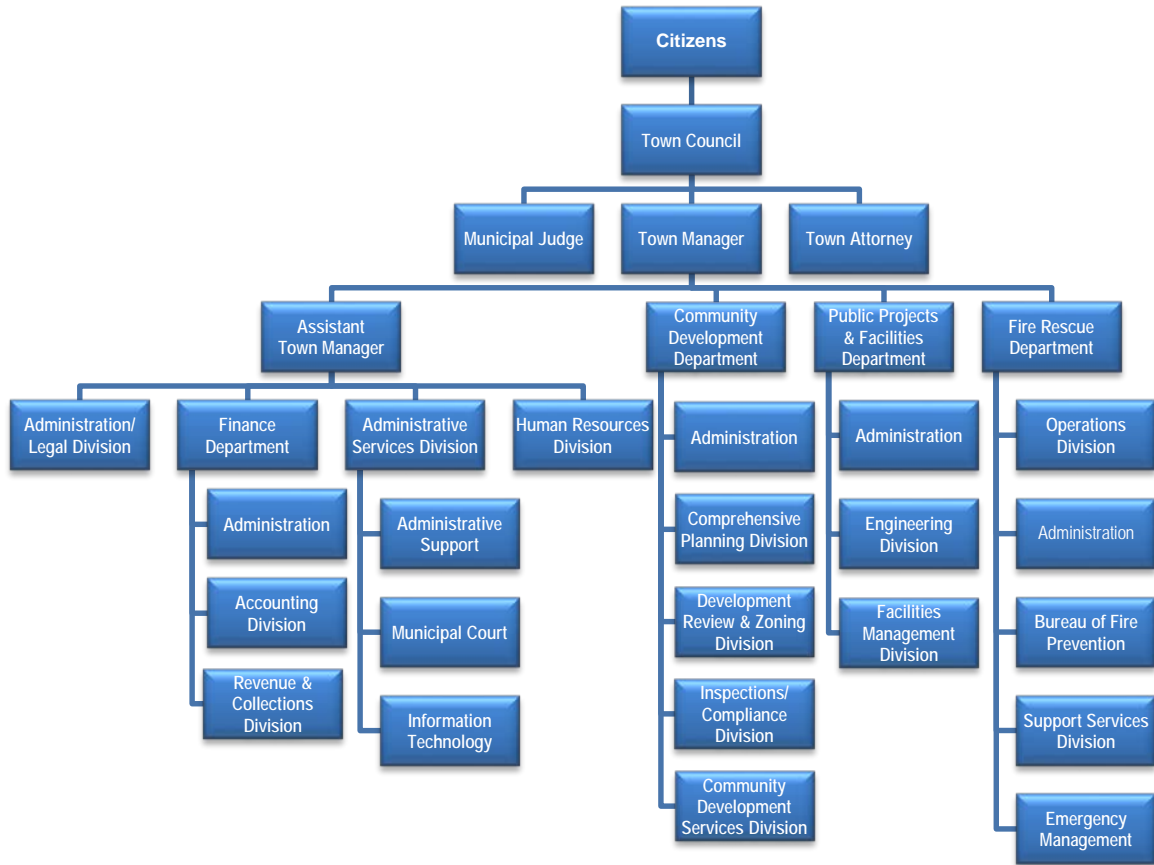


General Information

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General Information

Town Organizational Chart



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

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Accounting and Financial Policies

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Accounting and Financial Policies

Accounting Policies

General Guidelines

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

Government-Wide Statements (CAFR)

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

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

Fund Financial Statements (CAFR)

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

The Town reports the following major governmental funds:

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

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

Accounting Policies (continued)

Fund Financial Statements (CAFR) (continued)

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

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

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

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

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

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

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

Accounting Policies (continued)

Fund Financial Statements (CAFR) (continued)

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

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

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

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

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.

Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

Cash and Cash Equivalents

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

Investments

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

- Government National Mortgage Association (GNMA)
- Federal Home Loan Banks (FHLB)
- Small Business Administration (SBA)
- U.S. Maritime Administration (MA)
- Tennessee Valley Authority (TVA)
- U.S. Export-Import Bank (Eximbank)
- Farmers Home Administration (FHA)
- Federal Financing Bank (FFB)
- General Services Administration (GSA)
- Department of Housing and Urban Development (HUD)
- Repurchase agreements whose underlying securities consist of the above 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 order of investment activities shall be safety, liquidity, and yield.

Accounting Policies (continued)

Investments (continued)

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

Restricted Assets

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

Capital Assets and Depreciation

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

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

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

Additions, improvements and other capital outlay significantly extending useful lives of assets are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

Accounting Policies (continued)

Physical Inventory

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

Compensated Absences

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

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

Long-Term Obligations

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

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

Bond Discounts/Issuance Costs/Deferred Charges on Advance Refunding

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

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

Accounting Policies (continued)

Budgetary Accounting

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

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

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

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

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

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

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

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

Financial Policies

Revenues

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

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

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

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

Financial Policies (continued)

Revenues (continued)

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

Expenditures/Expenses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Policies (continued)

Incorporating the Capital Improvement Plan (CIP) in the Capital Projects Fund (CPF) (continued)

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

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

Contingency

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

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

Debt Management Policies

Market Review

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

Debt Issuance

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

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

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

Debt Service Levels

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

Based on the March 2016 County-wide assessment report, the total assessed value is \$863,950,905. The legal debt margin for the Town of Hilton Head Island is \$69,116,072. Town Council has imposed an 80% cap which further limits this to \$55,292,858. The Town has \$7,266,669 in bonds outstanding at June 30, 2016, which are applicable to this cap, leaving \$48,026,189 available.

Financial Policies (continued)

Debt Management Policies (continued)

Bond Ratings

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

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

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

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

Financial Reserves

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

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

Disaster Planning Reserves

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

Operating Reserve

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

Financial Policies (continued)

Disaster Planning Reserves (continued)

Restricted for Advertising

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

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

The Town may distribute the funds in the following manner.

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

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

Debt Service Levels

General statutes limit the amount of general obligation debt that a unit of government can issue up to eight percent (8%) of the total assessed value of taxable property located within that government's boundaries. The Town may incur General Obligation Debt over the eight percent (8%) limit when approved by a majority vote in a referendum as authorized by law. In addition, Town Council has imposed an 80% cap on this amount. The remaining 20% is reserved for additional bonding associated with disaster recovery.

Real Estate Transfer Fee Debt Service Reserve

The Town will set aside \$1 million of real estate transfer fees into a disaster debt service reserve account in the Real Estate Transfer Fee Fund. The funds will be used to fund debt service payments during a disaster or financial crisis.

Financial Policies (continued)

Disaster Planning Reserves (continued)

Beach Preservation Reserve

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

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

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

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

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

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



Budget Process

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Budget Calendar

Budget Calendar

February 2, 2016	Budget kick-off departmental budget packages distributed
February 23, 2016	Department budgets due to Asst. Town Manager for initial review
February 29, 2016	Budgets due to Finance Department for budget integration
March 31, 2016	Initial Review of Draft by Town Management
April 26, 2016	Finalize budget proposals and staffing requests
May 3, 2016	Town Manager delivers the proposed budget to the Town Council for first reading of Budget Ordinance
May 3–June 7, 2016	Town Council workshops
June 7, 2016	Public Hearing; Town Council discussion of the Budget
June 14, 2016	Revised first reading of the budget ordinance by Town Council
June 21, 2016	Second and final reading of the Budget Ordinance

Budget Process Overview

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

Policy and Strategy Phase

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

Assessment Phase

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

Format of Department Budgets

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

Mission Statement

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

Core Services

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

Current Fiscal Year Accomplishments

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

Format of Department Budgets (continued)

Goals

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

Objectives

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

Performance Measures (not all departments report this information)

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

2. Department Expenditures by Division and Category

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

Categories of expenditures are as follows:

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

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

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

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

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

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

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

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

3. Department Expenditures by Division and Category (continued)

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

Approach to the Budget Review Process

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

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

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

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

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

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

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

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

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

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

Budget Approval Process

During the months of March and April, the Town Manager reviews the proposed budget for the upcoming fiscal year with department directors and makes final adjustments to the budget. The Finance Department staff prepares the final Town Manager's Consolidated Municipal Budget to be submitted to Town Council at its first meeting in May.

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

The Finance and Administrative Committee as well as the Town Council consider the departmental goals with to ensure they are aligned with the overall goals of the Town during this process.

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

Monitoring the Budget

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

Budget Transfers, Amending the Budget and Encumbrances

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

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

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

Budget Amendments – any change in the adopted budget which would increase or decrease the total of the combined authorized revenues or expenditures must be approved by Town Council.

Budget Transfers, Amending the Budget and Encumbrances (continued)

Encumbrances – appropriations are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. While appropriations lapse at the end of each fiscal year, re-appropriation of encumbrances of the fund balance will be provided through an amendment of the new fiscal year budget to increase the revenues (funds from previous fiscal year(s)) and increase the appropriated budget expenditures. The threshold for encumbrance roll-over is \$1,500. Any encumbrances less than this threshold will be liquidated and must be expended using funds from the new fiscal year budget.



Consolidated Budget Summary-Governmental Funds

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Consolidated Budget Summary – Governmental Funds

Introduction

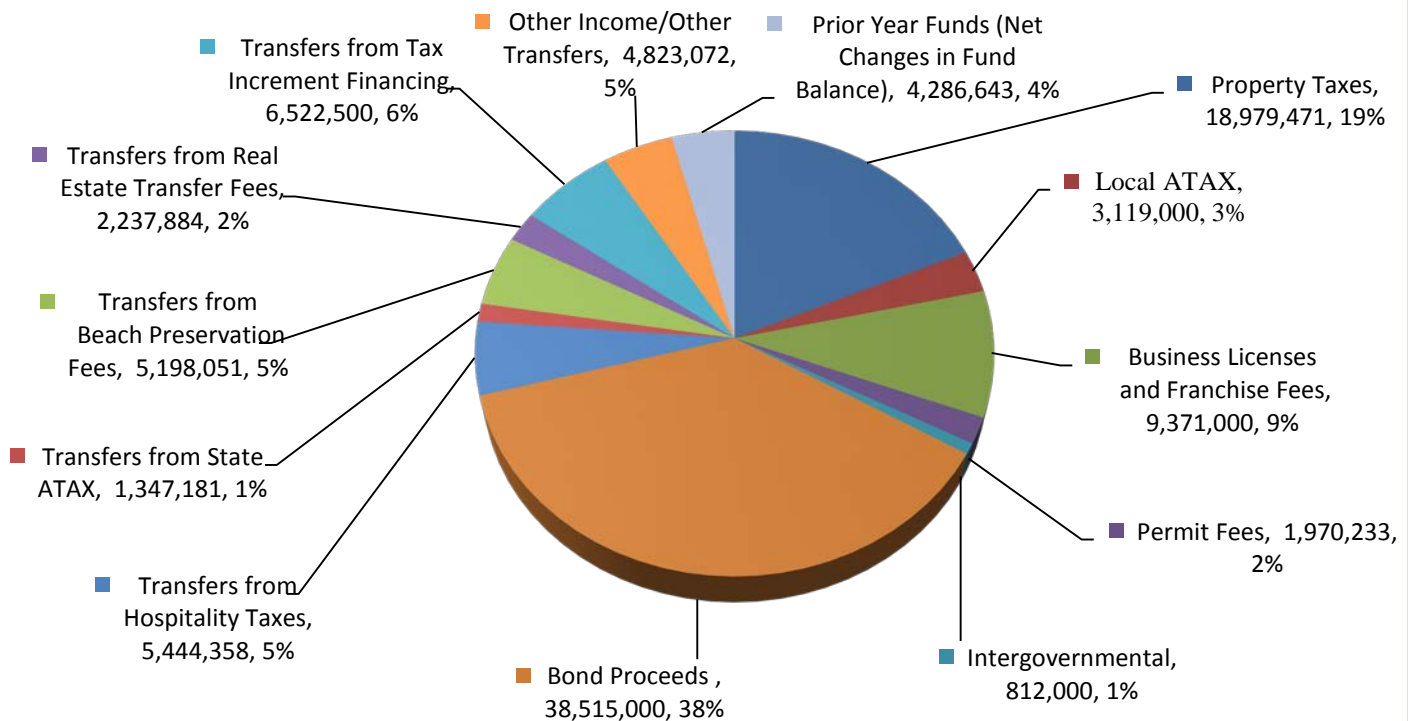
The fiscal year 2017 annual budget was developed based on the goals and vision of Town Council. The financial resources have been allocated in the budget in a manner that we believe will successfully meet the challenges and opportunities before the Town and set the stage for the Town’s continued success in the future.

Fiscal Year 2017 Combined Budget Governmental Funds

The combined fiscal year 2017 budgeted expenditures for the three major governmental funds is \$102,626,393*. This represents an increase of \$11.5 million or 12.6% compared to the fiscal year 2016 revised budget. The General Fund budget increased by \$440,407 or 1.1%, the Debt Service Fund budget increased by \$2,356,799 or 21.0%, and the Capital Projects Fund budget increased by \$8,686,199 or 21.3%.

The fiscal year 2017 budget is balanced, prudent and responsive to community needs. Projected revenues will be sufficient to support program expenditures. In the General Fund, the Town will use \$1,350,000 in prior year funds (fund balance) and \$663,643 by carrying forward unspent Town Council Initiatives; in the Capital Projects Fund, the Town will use \$2,273,000 in prior year funds (fund balance) to balance the budget. Sufficient funds exist for these purposes.

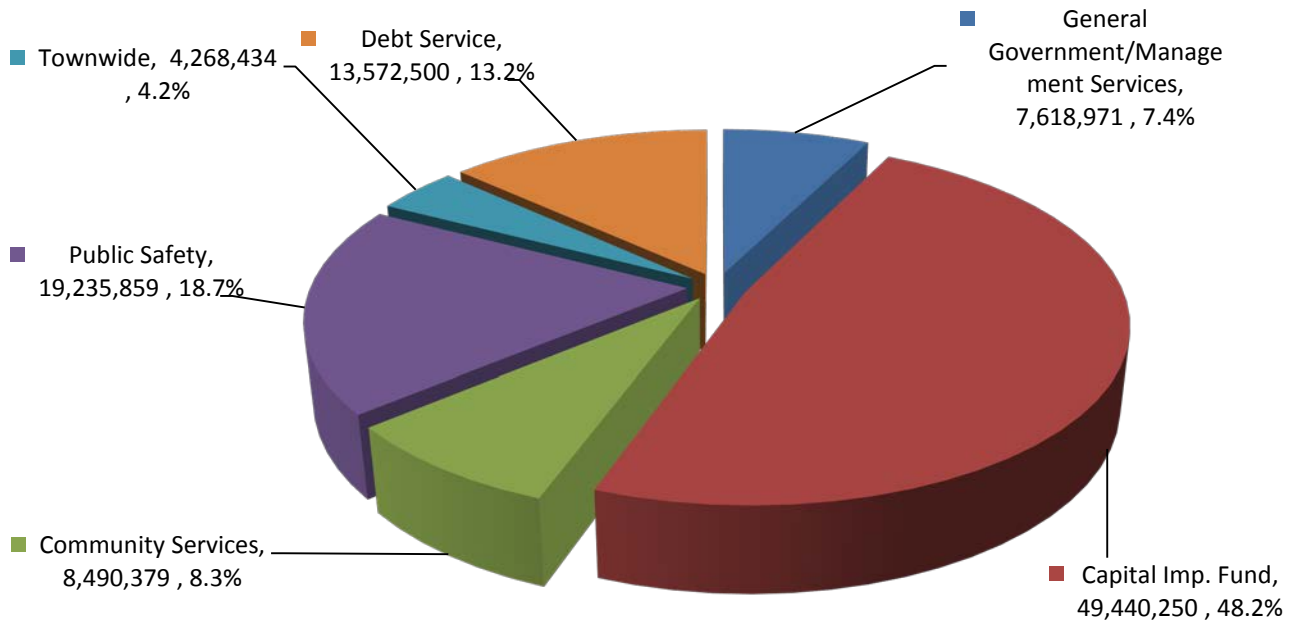
ALL GOVERNMENTAL FUNDS - WHERE THE MONEY COMES FROM



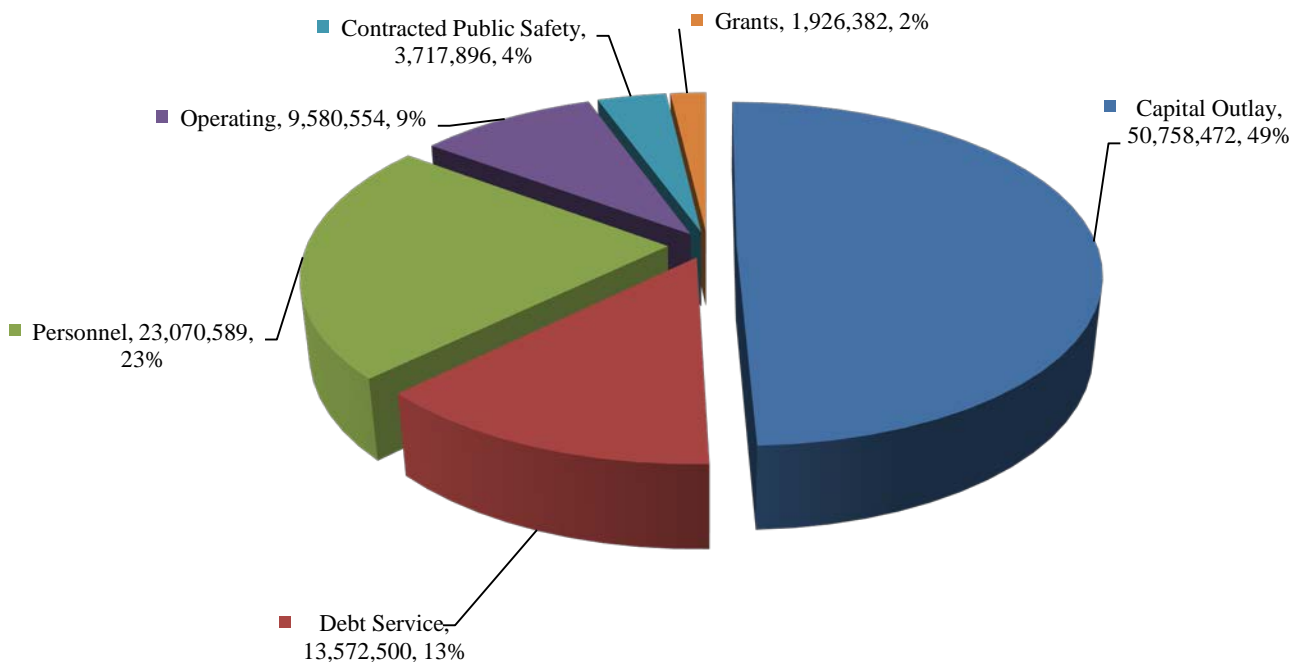
*Includes Transfer to the General Fund \$453,000 from the Capital Projects Fund, the net amount is \$102,173,393.

Consolidated Budget Summary – Governmental Funds

ALL GOVERNMENTAL FUNDS - WHERE THE MONEY GOES BY PROGRAM



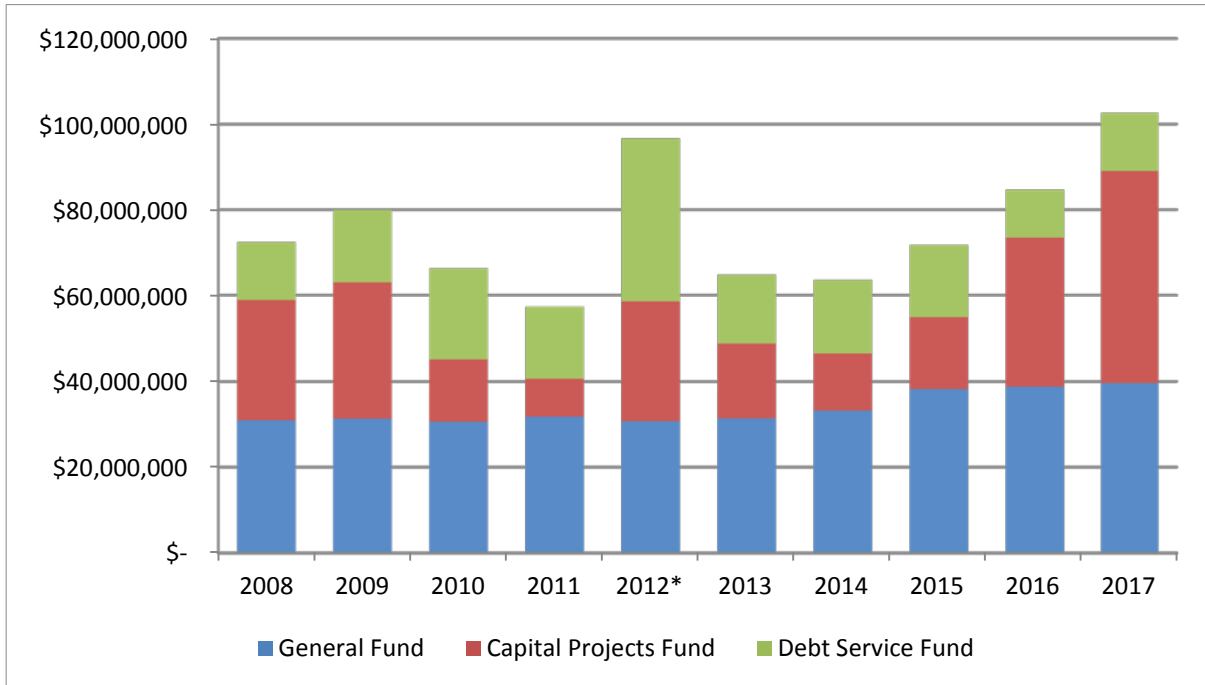
ALL GOVERNMENTAL FUNDS - WHERE THE MONEY GOES BY CATEGORY



Capital Outlay category includes \$1,318,222 in departmental capital items from the program totals chart.

Consolidated Budget Summary – Governmental Funds

Trend Analysis of Expenditures by Fund



Note: FY 2008 – FY 2015 are actual, and FY 2016 and FY 2017 are budget figures.
 *FY12 includes debt refunding.

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

	FY 2014	FY 2015	FY 2016		+ / -	%
	Actual	Actual	Revised Budget	FY 2017 Budget	Revised	
Revenues						
Property Taxes	\$17,179,877	16,978,477	18,894,485	18,979,471	84,986	0.4%
Other Taxes/Fees	\$3,047,515	3,362,270	2,952,990	3,628,000	675,010	22.9%
Business Licenses and Franchise Fees	\$8,772,828	9,210,538	9,081,590	9,371,000	289,410	3.2%
Permits	\$1,377,939	1,380,846	1,395,817	1,620,233	224,416	16.1%
Intergovernmental	\$1,154,196	1,176,192	1,481,851	1,162,000	(319,851)	-21.6%
Investment Income	\$62,897	39,721	41,605	41,501	(104)	-0.2%
Miscellaneous	\$2,982,648	3,526,519	2,475,505	3,022,321	546,816	22.1%
Total	\$34,577,900	\$35,674,563	36,323,843	\$37,824,526	\$1,500,683	4.1%
Expenditures						
General Government	\$1,060,140	1,046,890	1,108,889	1,833,846	724,957	65.4%
Management Services	\$5,181,583	5,373,628	5,645,404	5,785,125	139,721	2.5%
Community Services	\$6,406,807	7,238,600	8,541,055	8,490,379	(50,676)	-0.6%
Public Safety	\$17,018,783	17,904,895	18,054,167	19,235,859	1,181,692	6.5%
Townwide	\$3,526,323	3,921,463	5,823,721	4,268,434	(1,555,287)	-26.7%
Capital	\$12,758,899	\$10,330,101	38,863,215	\$48,987,250	10,124,035	26.1%
Debt Service	\$17,162,595	\$18,608,406	11,215,701	\$13,572,500	2,356,799	21.0%
Total	\$63,115,130	64,423,984	89,252,152	\$102,173,393 *	\$12,921,241	14.5%
Excess/(Deficiency) of Revenues Over Expenditures	(\$28,537,231)	(\$28,749,421)	(52,928,309)	(\$64,348,867)	(\$11,420,558) [█]	21.6%
Other Financing Sources (Uses)						
Bond Issue/Other	\$0	\$0	\$32,172,840	\$40,265,000	\$8,092,160	25.2%
Operating Transfers In	\$24,269,123	25,961,793	20,003,777	22,000,224	1,996,447	10.0%
Transfers Out	(\$479,485)	(\$1,035,039)	(\$1,890,836)	(\$453,000)	\$1,437,836	-76.0%
Bond Proceeds Previously Recognized	\$0	\$0	(\$718,923)	(\$1,750,000)	(\$1,031,077)	143.4%
Total Other Financing Sources (Uses)	\$23,789,638	\$24,926,754	\$49,566,858	\$60,062,224	\$10,495,366	21.2%
Total Excess/(Deficiency) of Revenues to Expenditures	(\$4,747,593)	(\$3,822,667)	(3,361,451)	(\$4,286,643)	(\$925,192) [█]	27.5%

* Includes a \$453,000 intrafund budgeted transfer; gross budgeted expenditures total \$102,626,393.

Consolidated Governmental Fund Budget Highlights

Revenues and Other Sources

The Town projects that revenues and other sources will increase by \$10.6 million or 12.0% in the consolidated governmental funds budget over the revised budget for fiscal year 2016.

Property tax revenue for all three governmental budgeted funds will increase by \$84,986 or 0.45% from the fiscal year 2016 Budget. These projections include no increase in the millage rate; a slight increase in the value of a mil; and an allowance for uncollectible accounts based on the Town's experience. The Town expects to eventually collect more than the 98% estimated, but not in this fiscal year.

Consolidated Budget Highlights, continued

- The Town anticipates revenue from business licenses and franchise fees will increase by \$289,410 primarily due to an overall positive trend in business activity. (General Fund).
- The Town anticipates issuing \$30.250 million in TIF bonds, \$8.265 million in GO bonds and using \$1.75 million in previously issued bonds in fiscal year 2017.
- Last fiscal year there were some decreases related to transfers in to the Debt Service Fund as some bonds issues were fully retired in fiscal year 2015 and less transfers in to the Capital Projects Fund for TIF projects.

In the consolidated governmental funds budget, the Town estimates that other financing sources will decrease by \$10.5 million. The Town does not formally budget its special revenues funds; the Town primarily transfers special revenues funds to the three budgeted governmental funds to provide for debt service, capital projects and operations. The majority of the transfers are described below.

- \$6.0 million of hospitality tax current year revenue and prior year funds will be used to fund various operating expenditures, debt service payments, and various capital projects. This represents an increase of \$59,201 or 1.0% over the fiscal year 2016.
- \$5.2 million of beach preservation fee current year revenue and prior year funds will be used to fund various operating expenditures, debt service payments, and various capital projects. This is \$0.8 million more than FY 2016.
- \$4.0 million of TIF funds will be used to fund various project management expenditures in the operating budget, various capital projects and debt service. This represents an increase of \$1.3 million or 49.9% over the fiscal year 2016.

Expenditures and other Uses

The Town's budgeted governmental funds expenditures will increase \$11.5 million in fiscal year 2017 over the fiscal year 2016 revised budget. The increase is primarily due to the \$10.1 million increase in the Capital Projects Fund; there was a budgeted \$20,000,000 major beach renourishment project in fiscal year 2016. This year's capital includes the Island Recreational Center, USCB hospitality building, and others. The planned tax increment financing (TIF) bonds are \$30.25 million. The Debt Service Fund expenditure budget increased \$2.4 million primarily due to the expected issuance of beach, general obligation, and TIF bonds this year.

Overall, General Fund expenditures are programmed at \$39.6 million for fiscal year 2017 compared to \$39.2 million revised budget for FY 2016, an increase of \$440,407 or 1.1%.

Programs. With the anticipated rollover of funds to the new year, the Town Council Initiatives will be funded from the current year budget (FY16) and supplemented as necessary. Otherwise staff and the Town Council has done a great job to hold operating costs level, while continuing the excellent services expected from citizens and visitors to the Island.

Personnel Expenditures (Excludes Personnel in Stormwater Fund). The budget for total personnel expenditures includes a 2.9% increase (\$668,931) consisting of several factors. Some of the changes include a budgeted 3% merit increase budget of \$569,462 (includes salary and benefit cost), that is allocated by department to employees based on job performance; increases related to retirement; and net of savings due to reduced Municipal Court hours which reduced staffing.

Consolidated Budget Highlights, continued

Expenditures and other Uses, continued

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

Townwide Retirement – Includes an additional \$50,000 more than fiscal year 2016 budget for an enhancement to the 401k plan as recommended by the retirement consultants and a required increase in the PORS contribution of \$37,654.

Medical – \$28,228 more than fiscal year 2016 budget (1.4% increase).

Workers Compensation - \$5,915 more than fiscal year 2016 budget (2.2% increase).

Operating Expenditures (General Fund). The Town's operating expenditures budget in the General Fund decreases by \$465,680 or 3.7%. This is indicative of the Town's efforts to hold expenses low as possible. One increase is a new \$150,000 HHI Cultural Arts Network Initiative in Townwide Operating.

Contracted Public Safety (General Fund). The Town budgeted \$3.5 million for the Sheriff's services – a \$225,659 increase in its contracted public safety primarily in part to cover the cost of two additional deputies for the Island. The Beaufort County Sheriff's Office provides police services. Shore Beach services was budgeted at \$247,257 a slight increase for fiscal year 2017.

Capital Outlay (General Fund). The Town's budget in this category includes an increase of \$557,500. Fire and Rescue's capital will increase approximately \$510,000 over fiscal year 2016 budget offsetting last year's budget reductions in this area. There is also an increase of \$51,742 primarily for computer equipment and software in fiscal year 2017.

Grants (General Fund). The Townwide grants' expenditures will decrease in fiscal year 2017 by \$994,033 or 34%. Primarily, the decrease is due to the one-time \$500,000 airport noise reduction grant in 2016, the ending of funding for the EDC and the decrease in the PGA golf tournament funding. Most of the expenditures in this category are described below.

- Coastal Discovery Museum – Historic Mitchelville initiative – new funding of \$100,000.
- Recreation Association – Operations – \$683,052, increase of \$25,304.
- Recreation Association – Capital – \$267,000, increased by \$11,887.
- Heritage Classic Foundation - \$125,000, (An additional \$125,000 is expensed in Hospitality Tax Fund for a total of \$250,000.
- Coastal Discovery Museum – \$75,000, same as last fiscal year.
- Coastal Discovery Museum Capital – \$61,500, decreased by \$800.
- Sea Turtle Project – \$36,500, \$5,950 more than last fiscal year. Beach preservations fees fund program.
- Multidisciplinary Court – \$50,000, same as last fiscal year.
- Career Criminal Program – \$33,500, same as last fiscal year.
- Public Art – Community Foundation – \$50,000; \$12,500 more than last year; this grant is funded with Sunday Liquor Permit Fees.
- Event Management and Hospitality Program – \$144,830, (This program is funded from 5% of the local Accommodations Tax revenues per the Town Code).

Consolidated Budget Summary – Governmental Funds

Property Taxes - All funds

Current Property taxes

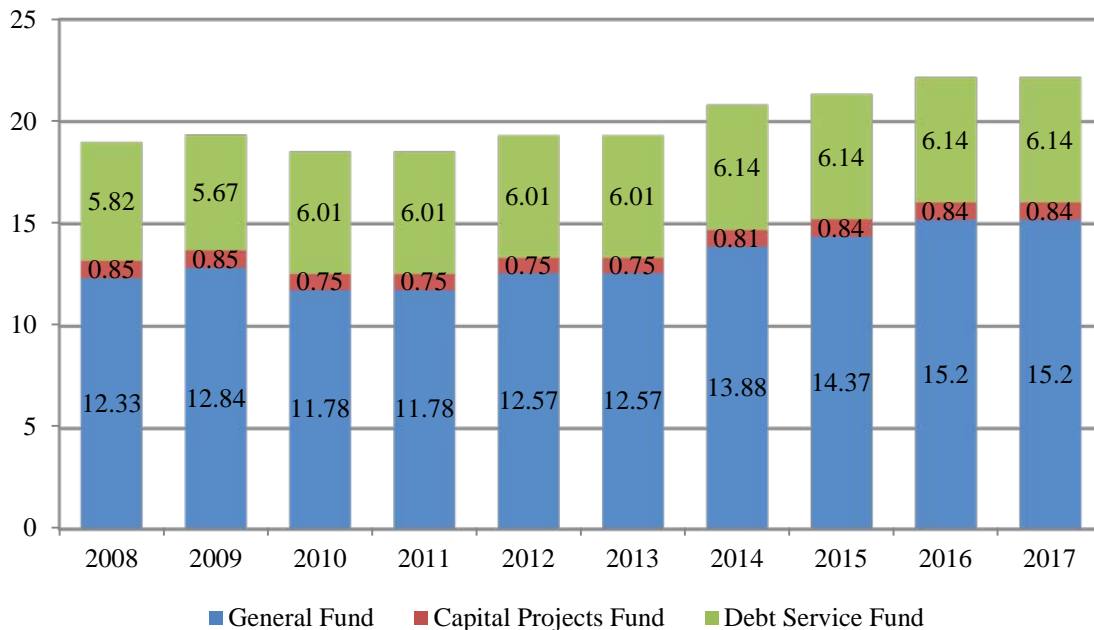
An ad valorem property tax, a tax per unit of property value, is levied upon all real property and certain classes of tangible property as that property is assessed and equalized for State and County purposes for any tax year. The property tax is authorized by the South Carolina Code of Laws (SC Code),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

Collection and Distribution

The tax levy is released in September and current taxes are payable from October 1st through December 31st of each year. On January 15, unpaid taxes are considered delinquent and penalties begin to accrue.

Property taxes are levied for the purposes of funding the provision of municipal services, the Capital Projects Fund, and the retirement of debt. For fiscal year 2017, 15.20 mils will be allocated to the General Fund (68% of levy), .84 mils to the Capital Projects Fund (4% of levy), and 6.14 mils (28 % of levy) will be used for the retirement of debt. The total Town millage rate is **22.18**.

Historical Total Millage by Fund



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

Town Staffing

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016 (updated)</u>	<u>FY 2017</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
<u>Management Services</u>						
Administration/Legal	26.0	26.0	26.0	26.0	24.8	-1.2
Finance	18.0	18.0	19.3	19.3	19.3	0.0
<u>Community Services</u>						
Community Development	27.0	26.0	26.1	27.4	27.4	0.0
Public Projects and Facilities (PPF)	20.0	19.0	19.0	19.0	19.0	0.0
<u>Public Safety</u>						
Fire Rescue	145.1	145.1	145.1	144.7	144.7	0.0
Total General Fund	<u>247.1</u>	<u>245.1</u>	<u>246.5</u>	<u>247.4</u>	<u>246.2</u>	<u>-1.2</u>
PPF Stormwater Fund	2.0	3.0	4.0	4.0	4.0	0.0
Total Town Staff	<u>249.1</u>	<u>248.1</u>	<u>250.5</u>	<u>251.4</u>	<u>250.2</u>	<u>-1.2</u>

As the economy is now improving and the demands on staff's time increase, the Town's challenge will be to maintain high quality services the residents and visitors expect within the existing FTE count.

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

FTE Staffing Changes

- There were several part-time position changes made in several departments within fiscal year 2016, but no increases in staffing are proposed with the budget for 2017.
- Effective with fiscal year 2017, Municipal Court reduced hours and employee hours are reduced to offset the reductions in caseload; the FTEs decreased 1.2.



General Fund

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General Fund Analysis

The General Fund accounts for the revenues and expenditures necessary to carry out basic governmental activities of the Town such as police and fire protection, recreation, and legal and administrative services. All financial transactions not accounted for in other funds are recorded in the General Fund.

Department Expenditure Summary for Fiscal Year 2017 (General Fund)

Department	Personnel	Operating	Capital/Debt	Grants	Total Expenses
Town Council	\$ 158,518	\$ 1,016,250	\$ -	\$ -	\$ 1,174,768
Town Manager	633,858	25,220	-	-	659,078
Administration/Legal	2,449,328	1,333,233	176,722	-	3,959,283
Finance	1,660,949	164,891	-	-	1,825,840
Community Development	2,729,444	138,204	100,000	-	2,967,648
Public Projects and Facilities	1,802,190	3,720,541	-	-	5,522,731
Fire and Rescue	13,192,693	1,315,772	1,009,500	-	15,517,965
Sheriff/Other Public Safety	-	3,717,896	-	-	3,717,896
Non-Departmental (Townwide)	443,609	1,866,443	32,000	1,926,382	4,268,434
Totals	\$ 23,070,589	\$ 13,298,450	\$ 1,318,222	\$ 1,926,382	\$ 39,613,643

General Fund

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

				2016		2017		% change	
	2013	2014	2015	Revised	Estimated	FY 2017	FY 16	FY 16	
				Budget		Budget	Budget	Estimate	
Revenues									
Property Taxes	11,500,913	11,447,533	11,894,284	12,948,587	12,634,499	12,950,052	0.0%	2.5%	
ATAX Local 1%	2,499,067	2,798,783	3,068,339	2,917,990	3,044,505	3,119,000	6.9%	2.4%	
Business Licenses:									
Business Licenses - Town	3,388,636	3,428,367	3,941,652	3,635,900	3,821,701	3,987,000	9.7%	4.3%	
Business Licenses - MASC	4,385,502	4,367,542	4,392,826	4,632,940	4,396,120	4,484,000	-3.2%	2.0%	
Franchise Fees:									
Cable	763,434	817,454	848,708	787,000	873,014	875,000	11.2%	0.2%	
Beach Fee	21,811	24,234	27,352	25,750	28,430	25,000	-2.9%	-12.1%	
Recycling	150,324	135,231	-	-	-	-	0.0%	0.0%	
Permit Fees:									
Construction	481,110	588,868	552,722	575,099	874,699	794,233	38.1%	-9.2%	
Development	13,212	6,615	15,101	6,180	14,511	11,000	78.0%	-24.2%	
Other	873,843	782,456	813,023	814,538	815,534	815,000	0.1%	-0.1%	
Intergovernmental	800,659	805,027	812,085	800,000	803,687	812,000	1.5%	1.0%	
Grants:									
Beaufort County - Hazmat	11,677	11,677	11,677	11,677	11,677	11,001	-5.8%	-5.8%	
Beaufort County - E911	140,328	171,401	132,041	90,000	129,850	132,000	46.7%	1.7%	
DHEC & Others	8,261	3,990	-	4,000	13,742	4,000	0.0%	-70.9%	
Miscellaneous Revenue:									
Beach Services	223,196	230,839	239,358	245,851	234,401	245,000	-0.3%	4.5%	
Donations	155	273	2,429	300	276	500	66.7%	81.2%	
Municipal Court	262,022	224,447	198,948	220,000	192,733	190,000	-13.6%	-1.4%	
Other	325,209	255,218	223,925	259,200	174,326	250,000	-3.5%	43.4%	
Public Safety - EMS	1,198,868	1,059,918	1,403,782	1,314,000	1,275,049	1,394,700	6.1%	9.4%	
Public Safety - County D/T	53,758	55,103	55,721	56,500	54,078	55,000	-2.7%	1.7%	
Town Codes	246	230	46	250	210	250	0.0%	19.0%	
Victim's Assistance	42,477	36,980	34,399	45,000	31,990	45,000	0.0%	40.7%	
Transfers In:									
Beach Preservation Fee Fund	981,705	1,111,138	1,111,138	1,111,138	1,111,138	1,111,138	0.0%	0.0%	
Capital Projects Fund:	-	-	594,000	-	-	-	-	-	
Sale of Equipment	-	-	-	175,000	175,000	175,000	0.0%	0.0%	
Ad Valorem Taxes	-	-	-	1,238,000	1,238,000	453,000	-63.4%	-63.4%	
Lease	-	-	12,000	-	-	-	-	-	
Sunday Liquor Fees	37,500	359,703	418,150	37,500	37,500	50,000	33.3%	33.3%	
Hospitality Tax Fund	2,974,237	3,570,012	4,391,195	3,270,069	3,295,069	3,392,245	3.7%	2.9%	
Tax Increment Financing Fund	182,930	163,775	169,398	169,398	169,398	175,000	3.3%	3.3%	
State Accommodations Tax Fund (fr f	1,178,148	1,270,356	1,338,188	1,264,324	1,264,324	1,347,181	6.6%	6.6%	
Non-Major Governmental Funds (Elec	82,551	121,216	311	87,878	87,878	90,000	2.4%	2.4%	
Stormwater Utility Fund	236,130	74,258	94,258	94,258	94,258	95,000	0.8%	0.8%	
Road Fee Fund	-	-	-	-	-	509,000	n/a	n/a	
Investments	2,732	2,662	2,347	2,700	2,403	2,700	0.0%	12.4%	
Total Revenues	32,820,642	33,925,306	36,799,403	36,841,027	36,900,000	37,600,000	2.1%	1.9%	
Increase/Decrease	1,190,175	1,104,664	2,874,097	41,624	100,597	758,973			
%	3.8%	3.4%	8.5%	0.1%	0.3%	2.1%			

General Fund, continued

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

	2013	2014	2015	2016		2017		% change	
				Revised	Estimated	FY 2017	FY 16	FY 16	
				Budget	Actual				Budget
<u>Expenditures</u>									
General Government:									
Town Council	374,955	433,654	408,860	458,143	425,493	1,174,768	156.4%	176.1%	
Town Manager	593,550	626,486	638,030	650,746	645,707	659,078	1.3%	2.1%	
Total General Government	968,505	1,060,140	1,046,890	1,108,889	1,071,200	1,833,846	65.4%	71.2%	
Management Services:									
Administration/Legal									
	379,630	457,520	495,858	500,068	487,433	535,611	7.1%	9.9%	
Administrative Services									
Administrative Support	171,549	183,724	264,884	229,751	219,409	264,761	15.2%	20.7%	
Municipal Court	376,951	392,215	404,911	424,928	414,022	349,916	-17.7%	-15.5%	
Information Technology	1,813,267	2,082,435	2,166,004	2,099,989	2,048,585	2,189,804	4.3%	6.9%	
	2,361,767	2,658,374	2,835,800	2,754,668	2,682,016	2,804,481	1.8%	4.6%	
Finance									
Administration	282,117	294,043	291,907	317,541	314,803	306,737	-3.4%	-2.6%	
Accounting & Budgeting	546,355	571,742	606,567	608,769	615,268	647,377	6.3%	5.2%	
Revenue and Collections	677,526	676,921	606,206	865,278	635,151	871,726	0.7%	37.2%	
	1,505,998	1,542,707	1,504,680	1,791,588	1,565,222	1,825,840	1.9%	16.7%	
Human Resources	526,428	522,982	537,290	599,080	578,267	619,193	3.4%	7.1%	
Total Management Services	4,773,823	5,181,583	5,373,628	5,645,404	5,312,938	5,785,125	2.5%	8.9%	
Community Services:									
Community Development									
Administration	562,959	541,550	469,752	494,757	481,934	538,871	8.9%	11.8%	
Comprehensive Planning	366,297	466,354	518,454	529,308	522,144	546,189	3.2%	4.6%	
Development, Review and Zoni	625,143	650,162	613,114	869,356	617,796	767,895	-11.7%	24.3%	
Building	664,599	636,046	653,044	692,457	662,992	759,673	9.7%	14.6%	
CD Services	274,914	287,873	303,408	323,716	303,984	355,020	9.7%	16.8%	
Total Community Developme	2,493,912	2,581,985	2,557,771	2,909,594	2,588,851	2,967,648	2.0%	14.6%	
Public Projects and Facilities									
Administration	239,381	248,101	254,894	263,635	257,246	270,136	2.5%	5.0%	
Engineering	723,367	577,278	924,937	1,323,651	1,079,042	1,198,577	-9.4%	11.1%	
Facilities Management	2,539,756	2,999,443	3,500,998	4,044,175	3,952,723	4,054,018	0.2%	2.6%	
Total Public Projects and Faci	3,502,504	3,824,822	4,680,829	5,631,461	5,289,011	5,522,731	-1.9%	4.4%	
Total Community Services	5,996,416	6,406,807	7,238,600	8,541,055	7,877,862	8,490,379	-0.6%	7.8%	

General Fund, continued

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

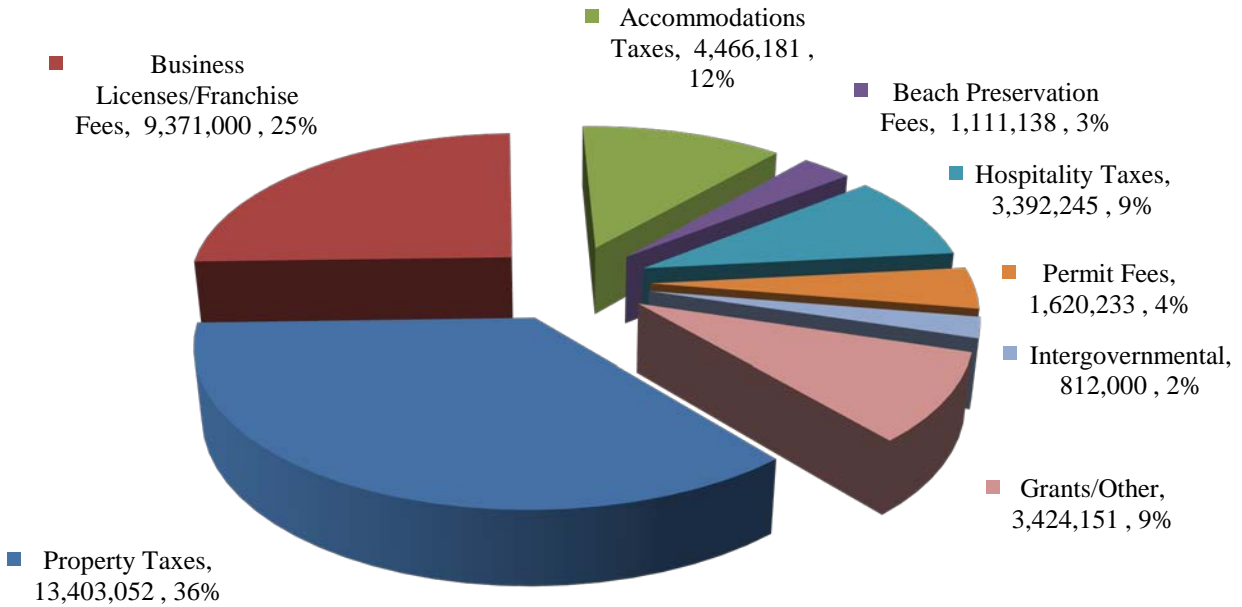
				2016		2017		
	2013	2014	2015	Revised	Estimated	FY 2017 Budget	% change	
				Budget	Actual		FY 16 Budget	FY 16 Estimate
Public Safety:								
Fire Rescue								
Administration	308,546	390,652	321,582	364,243	347,807	360,157	-1.1%	3.6%
Operations	9,138,388	9,262,673	9,501,028	9,416,581	9,388,897	9,777,424	3.8%	4.1%
Fire Prevention	540,727	559,669	572,248	596,125	579,130	624,350	4.7%	7.8%
Fleet Maintenance	504,545	541,097	538,316	610,389	561,738	609,533	-0.1%	8.5%
Communications	1,136,446	1,089,587	1,108,894	1,134,951	1,119,899	1,154,362	1.7%	3.1%
Training	701,681	698,039	713,425	715,277	708,663	741,294	3.6%	4.6%
Planning	-	-	197,348	204,324	197,247	209,284		
Emergency Management	122,290	134,141	133,137	140,753	130,942	153,899	9.3%	17.5%
E911 Communications	238,152	246,373	257,638	291,724	284,442	300,807	3.1%	5.8%
Support Services	760,132	943,494	1,340,866	1,093,416	1,004,456	1,586,853	45.1%	58.0%
Total Fire Rescue	13,450,907	13,865,725	14,684,482	14,567,783	14,323,222	15,517,963	6.5%	8.3%
Sheriff Services								
Police Services Contract	2,806,906	2,771,833	2,844,295	3,062,316	3,049,470	3,285,251	7.3%	7.7%
Stipend	112,000	107,100	100,100	118,000	118,000	120,000	1.7%	1.7%
Victims' Services	59,492	59,035	60,728	64,664	64,664	65,388	1.1%	1.1%
Total Sheriff Services	2,978,398	2,937,968	3,005,123	3,244,980	3,232,134	3,470,639	7.0%	7.4%
Shore Beach Services	203,339	215,090	215,290	241,404	233,322	247,257	2.4%	6.0%
Total Public Safety	16,632,644	17,018,783	17,904,895	18,054,167	17,788,678	19,235,859	6.5%	8.1%
Townwide (non-departmental):								
Personnel	123,582	136,365	214,044	340,673	320,584	443,609	30.2%	38.4%
Operating	1,364,555	1,403,305	1,380,031	2,520,633	1,818,661	1,866,443	-26.0%	2.6%
Capital	-	28,349	41,635	42,000	42,000	32,000	-23.8%	-23.8%
Grants	1,459,306	1,958,304	2,285,753	2,920,415	2,904,434	1,926,382	-34.0%	-33.7%
Total Townwide (non-departmental)	2,947,443	3,526,323	3,921,463	5,823,721	5,085,679	4,268,434	-26.7%	-16.1%
Total Expenditures	31,318,830	33,193,635	35,485,477	39,173,236	37,136,357	39,613,643	1.1%	6.7%
Net change in fund balances	1,501,811	731,671	1,313,926	(2,332,209)	(236,357)	(1,350,000)		
Carryforward of Town Council Initiatives						(663,643)		
Fund balance - beginning	15,767,062	17,268,873	18,000,544	19,314,470	19,314,470	19,078,113		
Fund balance - ending	17,268,873	18,000,544	19,314,470	16,982,261	19,078,113	17,728,114		

The amount proposed for dredging is not a FY 17 budgeted expenditure. The proposal is to set aside \$200,000 each year from Local Accommodations Tax (Local ATAX) to be available for future dredging needs. Future Town Councils would have the authority to adopt the future annual set-aside amounts as well as budget expenditures as the needs arise. If the amount is approved and no expenditures are incurred in FY 17, the balance at fiscal year-end will be \$600,000.

General Fund, continued

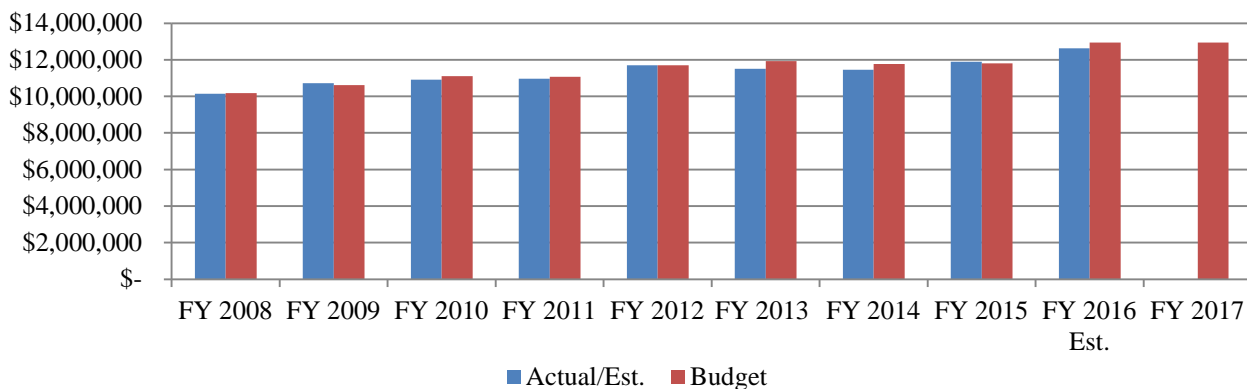
General Fund Revenues

General Fund revenues (excluding use of funds from prior years) and transfers in from other funds in fiscal year 2017 are projected to be \$37,600,000 which is \$758,973 or 2.1% more than the fiscal year 2016 revised budget.



Property Taxes

Property taxes are calculated using the current millage rate of 15.20. Collections are projected to be \$315,553 more than the fiscal year 2016 estimate. The budget assumes collection of approximately 98% of property tax revenues billed in fiscal year 2017. Revenue estimates are based on total estimated assessed property values from Beaufort County officials.

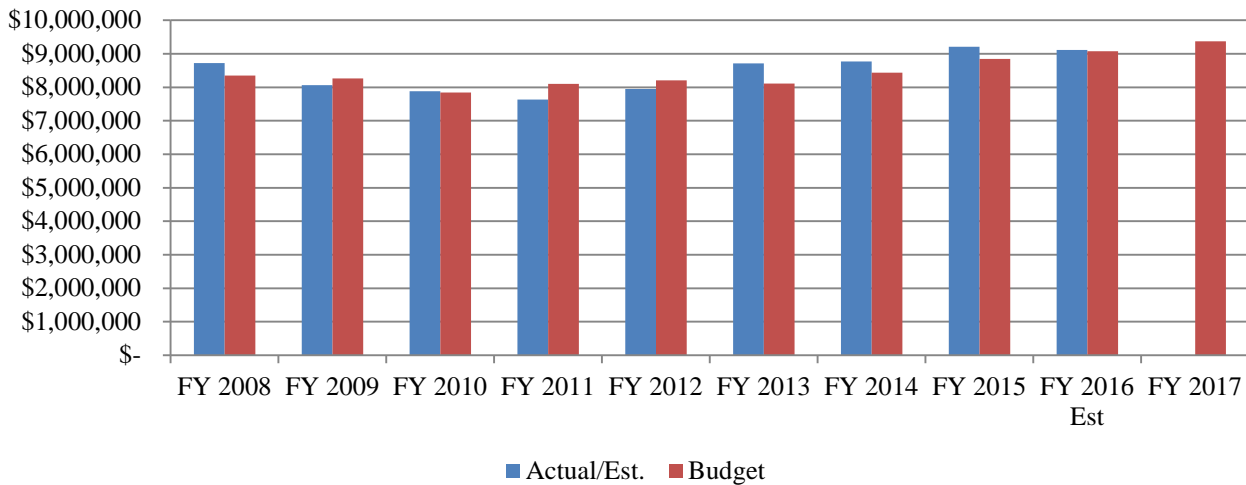


General Fund Revenues (continued)

Business Licenses and Franchise Fees

Business licenses and franchise fees represent the second largest single revenue source for the General Fund. The most significant source is the business license fee levied upon each \$1,000 of gross receipts, sales, or premiums of business conducted within the corporate limits of the Town. The fiscal year 2017 budget of \$8.5 million in business license receipts is 3.1% more than the fiscal year 2016 estimate of \$8.1 million.

Franchise fee revenue is anticipated to be \$900,000 in fiscal year 2017, which is up from the \$812,750 revised budget in fiscal year 2016.



Permit Fees

Permit Fees (new construction) – \$794,233

Permit fee revenue from new construction is budgeted to increase \$219,134 over fiscal year 2016.

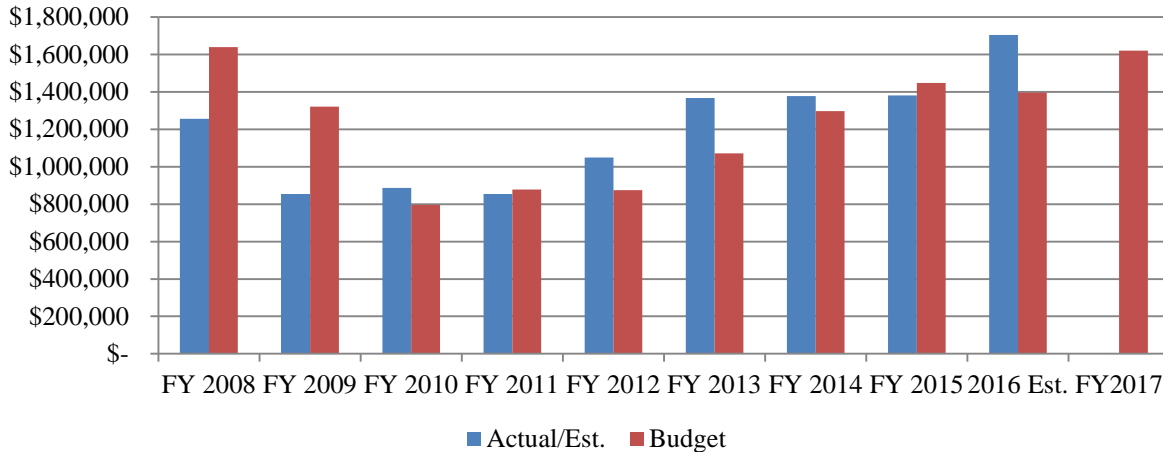
Permit Fees (development) - \$11,000

Revenue from permit fees associated with development will have a small change from the fiscal year 2016 budget of 6,180.

General Fund Revenues (continued)

Permit Fees (other) - \$815,000

Revenue from other permit fees is budgeted to increase \$462 from fiscal year 2016.

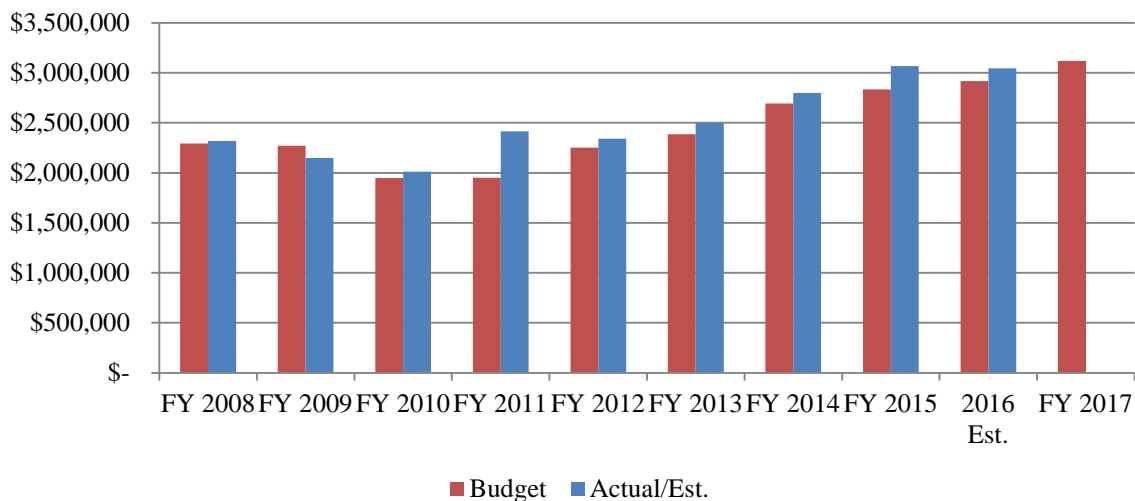


Local Accommodation Tax

The 1% local accommodations tax is expected to generate \$3.1 million in revenue. This figure is an increase of \$201,010 over the 2016 fiscal year budget and \$74,495 over this year's projected actual revenue. These funds may be used for tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums; cultural, recreational, or historic facilities; beach access and re-nourishment; highways, roads, streets, and bridges providing access to tourist destinations; advertisements and promotions related to tourism development; water and sewer infrastructure to serve tourism-related demand and the operation and maintenance of those items previously enumerated and police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

General Fund Revenues (continued)

Accommodation Tax Local 1% (continued)



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

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

General Fund Revenues (continued)

Transfer In – Accommodation Tax (State)

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

It is anticipated that this line item will provide \$1.347 million in funds to the General Fund. This is an increase of \$82,857 from the fiscal year 2016 budget and estimated amounts.

Transfer In – Hospitality Tax

A uniform tax equal to 2% percent is imposed by the Town on the gross sales of prepared meals and beverages sold in establishments and 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 \$3.4 million in funds to the General Fund. This is \$97,176 more than estimated for 2016, but \$998,950 or 22.7% less than the amount received in fiscal year 2015; the decrease is attributable to the fact that this funding source does not have sufficient funds to contribute as much to the General Fund to cover road maintenance and fire apparatus as it did in prior years and the reason that a Road Usage Fee is being proposed.

Transfer In – Beach Preservation Fee

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

The Budget provides for \$1,111,138 in funds to the General Fund. This represents no change from the fiscal year 2016 budget.

Transfer In – Electricity Fees

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

This line item is expected to provide \$90,000 in funds to the General Fund. This is an increase of \$2,122. These funds are used to reimburse the General Fund for project management costs associated with the burial of power lines.

General Fund Revenues (continued)

Transfer In – Stormwater Fees

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

It is anticipated that this line item will provide \$95,000 in funds to the General Fund. This is a slight increase over 2016. 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. The Town has implemented new EMS billing software that has allowed for an overall expected increase in revenue. This represents an \$80,700 increase from the fiscal year 2016 budget.

Funds from Prior Years (Fund Balance)

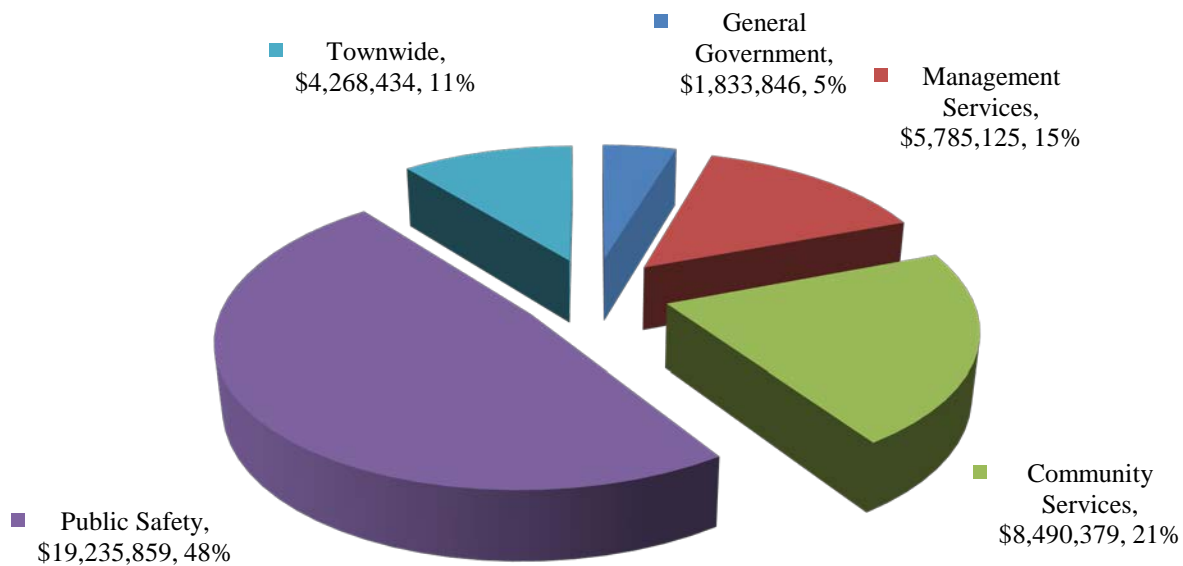
At the end of fiscal year 2015, the Town's General Fund had approximately \$3.58 million in unassigned fund balance. (Note that this is above the 30% general reserve and other assigned balances.) The revised budget plans a use of \$2.3 million, but the actual use is expected to be less than \$1.0 million. In fiscal year 2017, the Town plans to use approximately \$1.35 million of these funds to balance the budget. Additionally, the Town is formally expecting \$663,643 of unexpended FY 2016 Town Council Initiatives to be rolled forward to the FY 2017 fiscal year. The Town expects this will be mostly offset with unspent budget at the end of fiscal year 2017.

General Fund Expenditures

Overall, expenditures are programmed at \$39.61 million for fiscal year 2017 compared to the \$39.2 million fiscal year 2016 revised budget, an increase of \$440,407 or 1.1%. The Town's primary programmatic changes include a decrease in funding of \$994,033 for Community Grants; and a \$654,190 decrease in Townwide (non-departmental) Operating spending – which is primarily a reduction in Town Council initiatives – which are more appropriately included in Town Council budget for the new fiscal year. As the Town Council Initiatives progress through the planning process, most of the \$850,000 funding will be carried forward from fiscal year 2016 for implementation in fiscal year 2017. These decreases are offset by an increase in funding of \$950,180 for Fire Rescue largely made up of capital equipment/apparatus (approximately \$510,000) and personnel increases (approximately \$413,000). Although reflected in departmental changes above, the proposed spending plan also includes an average 3% personnel and benefits' merit increase of \$569,462, allocated by department.

In fiscal year 2017, Town Council Initiatives are scheduled for \$700,000 for several projects: A new Town Vision budgeted for \$400,000, A Cultural Arts Venue Study Initiative budgeted for \$200,000, and enhanced Public Communication budgeted for \$100,000. These initiatives are included in the Town Council budget. Townwide also includes \$150,000 for the HHI Cultural Arts Network initiative which will become a part of Town operations and is included in the Townwide budget.

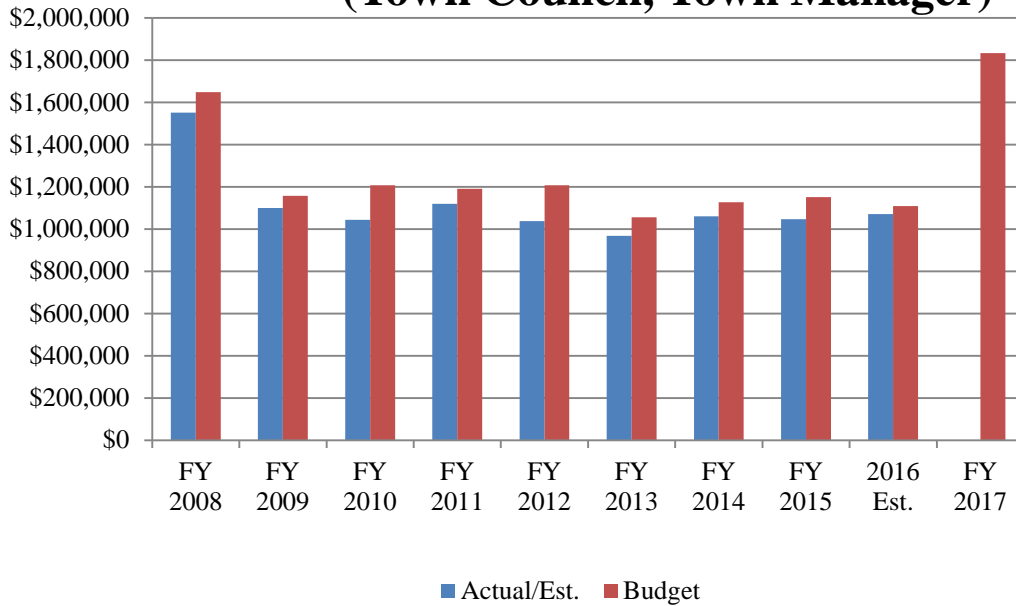
General Fund Expenditures by Program



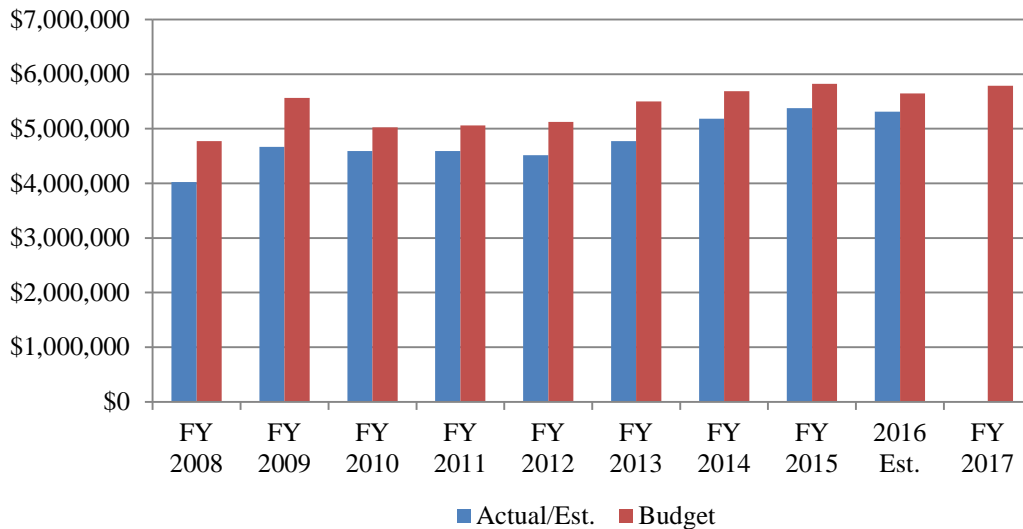
Trend Analysis - Expenditures by Program

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

Expenditures - General Government (Town Council, Town Manager)

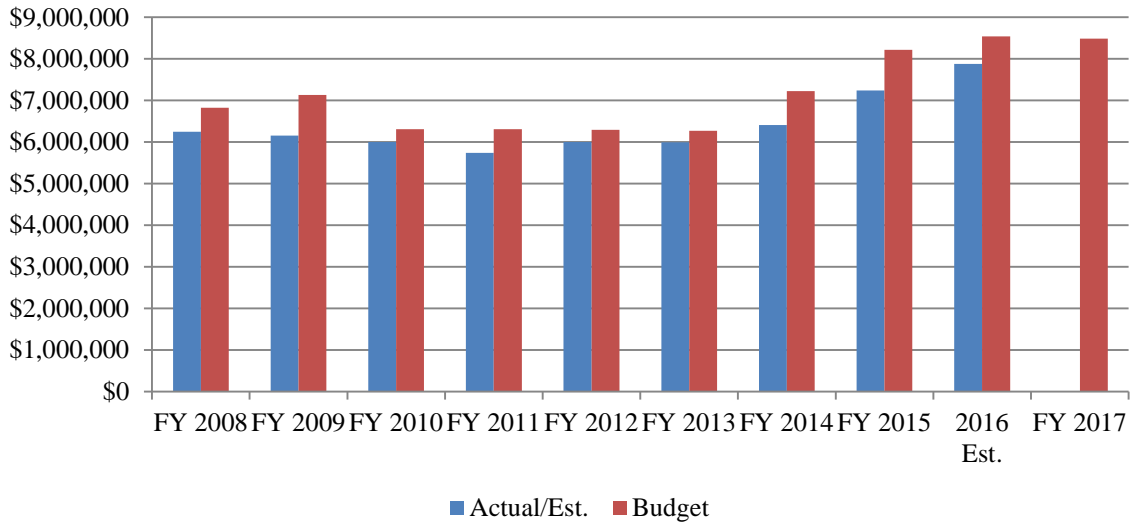


Expenditures - Management Services (Administration/Legal, Administrative Services, Finance, Human Resources)

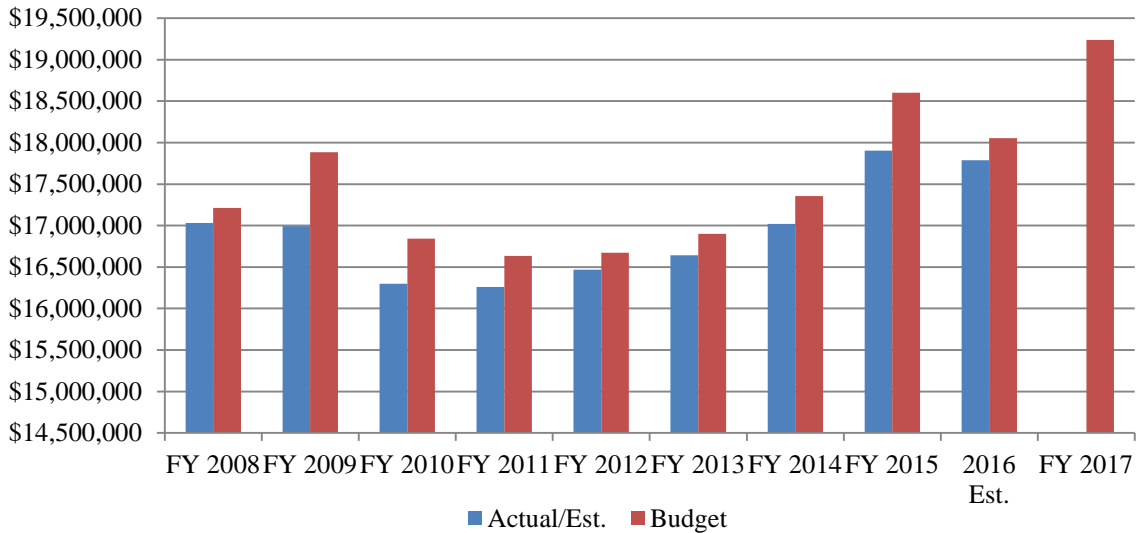


Trend Analysis - Expenditures by Program

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

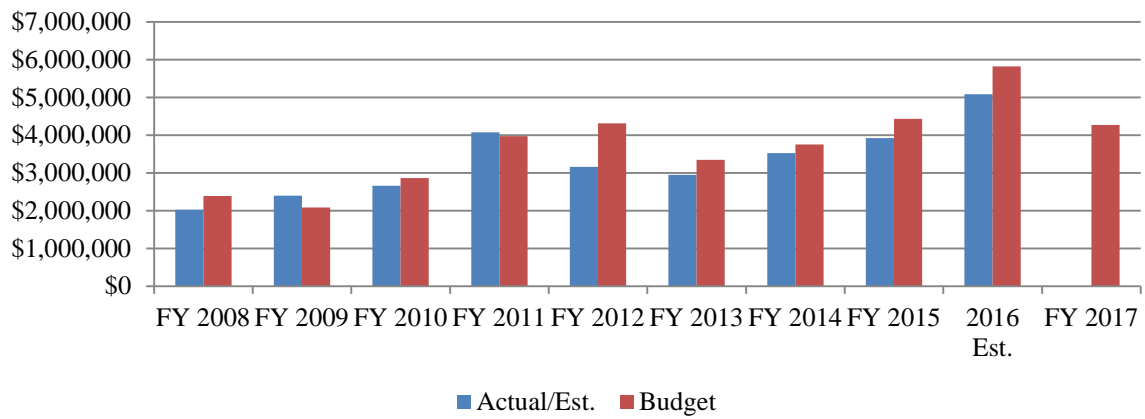


**Expenditures - Public Safety
(Fire Rescue, Sheriff, Other Public Safety)**



Trend Analysis - Expenditures by Program

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



Department Budgets

Program: General Government
Department: Town Council

Mission

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

Core Services

Open Town Government

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

Financial Stability and Economic Development

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

Community and Environmental Vitality

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

World-Class Leisure and Recreational Opportunities for Residents and Guests

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

Promoting Unity while Supporting Diversity in the Community

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

Program: General Government
Department: Town Council

Calendar Year 2016 Achievements

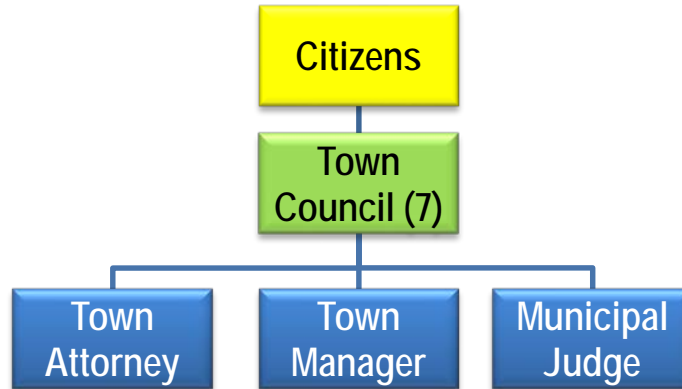
- Received Report from Arts & Cultural Committee. Created Venue Committee; Endorsed Concept of HHICAN
- Five Year Sewer Implementation Funding Plan
- Circle to Circle Committee Traffic Analysis Completed & Consultant Selected
- Committed Proceeds from Pineland Sale to EDC Project Initiatives
- Initiated Visioning Project
- USCB Public Project Review approval
- USCB Traffic Improvement Plan Approved
- Beach Renourishment Contract Awarded & Project Initiated
- Island Recreation Center Expansion redesigned to meet School District Expansion-Continue Progress
- Settlement, with the County, of Palmetto Hall airport concerns
- Airport Expansion-Continue Progress
- Contract Finalized with the Hilton Head Island-Bluffton Chamber of Commerce/VCB

Program: General Government
Department: Town Council

KEY PRIORITIES FOR CALENDAR YEAR 2016

- **Arts and Cultural Planning:** Consider the Final Report from the Task Force, scheduled for either late 2015 or early 2016. Notable item includes the Town providing funding for hiring full-time staff to oversee Arts and Cultural planning within the community.
- **Sewer:** Move forward with the 5 year plan as presented and the existing policy of sewer for those who want it. Continue partnership with the Hilton Head Public Service District; which shall continue to acquire easements through donations. In the future, it may become necessary to revisit the voluntary nature of the program.
- **Circle to Circle:** The Task Force has engaged the services of a Traffic Engineering firm.
- **Economic Development:** The Hilton Head Island Economic Development Corporation will present additional information for the Town Council to consider regarding the four tools needed to achieve economic development goals: 1) Real Estate Solutions; 2) Business License/Fee Incentive Program; 3) Broadband Infrastructure Program for HHI Businesses; and 4) Funding for Economic Development Programs.
- **Visioning:** A Request for Proposal (RFP) will be issued to engage the services of a consulting firm to coordinate the Visioning process in 2016. Items of particular concern to the Mayor and Town Council to be incorporated into the process include: A) Composition of the Task Force; and B) Community outreach methods to solicit public input from the various population segments in the community.

Program: General Government
 Department: Town Council



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

Expenditures by Program/Category

Town Council	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised Budget	FY 2016 Estimated Actual	FY 2017 Budget	Budget \$ Change	Budget %
Summary by Category								
Personnel	\$ 108,380	\$ 131,443	\$ 131,073	\$ 143,543	\$ 143,543	\$ 158,518	\$ 14,975	10.4%
Operating	266,576	302,211	277,787	314,600	281,950	1,016,250	701,650	223.0%
TOTAL	\$ 374,956	\$ 433,654	\$ 408,860	\$ 458,143	\$ 425,493	\$ 1,174,768	\$ 716,625	156.4%
Positions	7.0	7.0	7.0	7.0	7.0	7.0	0.0	0.0%

FY 2017 Operating includes \$700,000 Town Council Initiatives – comprised of \$400,000 Visioning Process; \$200,000 Venue Initiative; and \$100,000 for Communications with the public.

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.

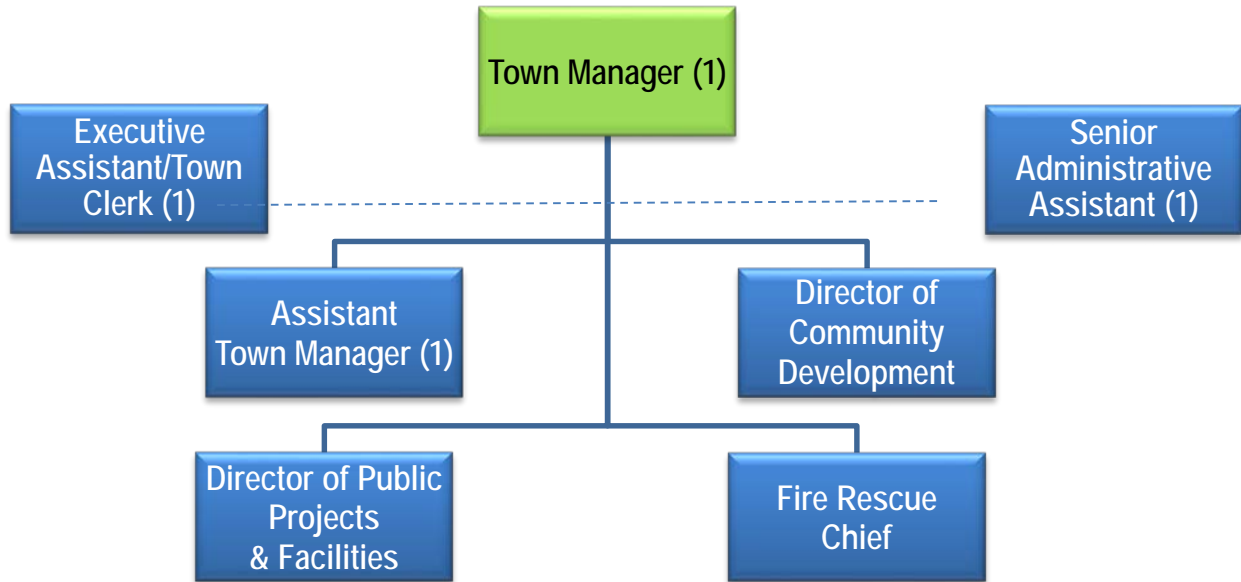
FY 2016 Accomplishments

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

Calendar Year 2016/FY 2017 Goals

- Assist Town Council, Departments and Divisions to achieve their goals
- Arts and Cultural Planning
- Sewer
- Circle to Circle
- Economic Development
- Visioning

Program: General Government
 Department: Town Manager



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

Expenditures by Program/Category

Town Manager	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised Budget	FY 2016 Estimated Actual	FY 2017 Budget	Budget \$ Change	Budget % Change
Summary by Category								
Personnel	\$ 574,213	\$ 598,342	\$ 622,073	\$ 625,596	\$ 621,357	\$ 633,858	\$ 8,262	1.3%
Operating	19,337	28,144	15,957	25,150	24,350	25,220	70	0.3%
TOTAL	\$ 593,550	\$ 626,486	\$ 638,030	\$ 650,746	\$ 645,707	\$ 659,078	\$ 8,332	1.3%
Positions	4.0	4.0	4.0	4.0	4.0	4.0	0.0	0.0%

Program: Management Services
Division: Administration/Legal

Mission

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

Core Services

Administration

Assist Town Manager with Town-wide oversight. Manage Community Information Program to include Mayor/Town Manager correspondence; media relations; promotion of Town news; newsletter publication; magazine articles; 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 Finance Department, Human Resources Division, and Administrative Services and Legal Division.

Legal Services

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

FY 2016 Accomplishments

- Oversaw the State's Legislative Agenda and its strategies and provided assistance to support the Town's positions on 2015-2016 State Legislation.
- Assisted with the development and implementation of the Town Council Policy Agenda 2015 and Management Agenda 2015.
- Scheduled guests and staff for WHHI's 843TV.
- Permitted over 51 Special Events and 30 non-special events on the Island.
- Processed over 400 Freedom of Information Requests, 30 Subpoenas, and 150 Contracts and Addendums.
- Assisted with providing resources, materials, information on Town policies and procedures, and applicable State laws to incoming Town Committee, Commission, and Board members.
- Assisted with the recruitment and appointments of Board and Commission members.
- Assisted with Public Information Enhancement promotion for the Town.

Program: Management Services
 Division: Administration/Legal

FY 2016 Accomplishments, Continued

- Assisted with the planning and organization of the Mayor’s Youth Community Service Award Program.
- Assisted with the dissemination of Town information in newspaper articles, quarterly newsletter, magazines, television, and Facebook to keep the community informed on Town issues and projects.
- 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.
- 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.
- Targeted illegal dumping sites in rights-of-way and easements, including storm water easements, requiring their clean up and striving to prevent future dumping.
- Assisted in drafting new Stormwater Ordinance and began education and enforcement of ordinance.
- Worked with deputy sheriffs, revenue collectors, inspectors, and town code enforcement offices to teach trial advocacy to assist them in presenting better cases before the municipal judge and juries.

Calendar Year 2016/ FY 2017 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 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
Average review of contracts within 3 days	140	145	150
Workers compensation compliance	98.0%	99.0%	99.0%

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

	FY 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
Average response to FOIA Requests within 10 days	400	425	450

Program: Management Services
 Division: Administration/Legal

Calendar Year 2016/ FY 2017 Goals, Objectives, and Performance Measures, Continued

Goal 2: To oversee the State Legislative Agenda and strategies and provide assistance to support the Town’s positions on 2015-2016 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 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
Review and Distribute MASC Legislative Alerts	30	30	30
Draft Committee Agendas and attend meetings	9	8	8
Letters of support or opposition	15	12	15

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.

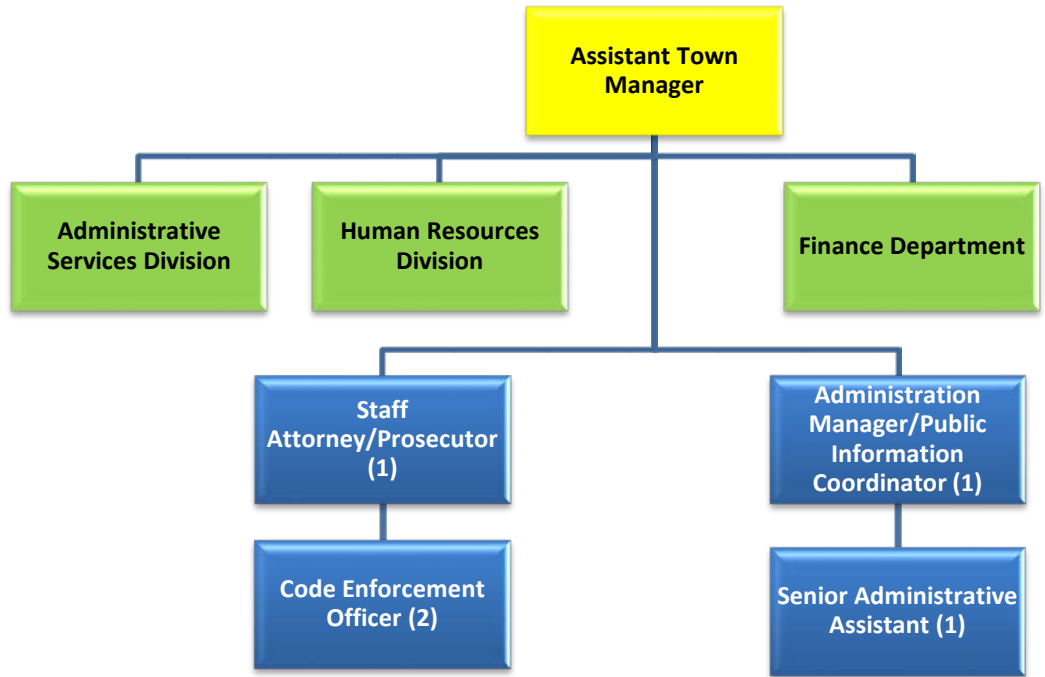
	FY 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
Number of special event applications processed	51	55	55
Number of non-special events reviewed and processed	30	30	30

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 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
Attorney prosecutions	62	75	75
Attorney assists Deputy with prosecution	20	25	20
Attorney assists Code Enforcement with prosecution	24	15	15

Program: Management Services
 Division: Administration/Legal



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

Expenditures by Program/Category

Administration/ Legal	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised Budget	FY 2016 Estimated Actual	FY 2017 Budget	Budget \$ Change	Budget % Change
Summary by Category								
Personnel	\$ 356,819	\$ 430,499	\$ 451,825	\$ 463,050	\$ 451,903	\$ 468,786	\$ 5,736	1.2%
Operating	22,811	27,021	21,297	37,018	35,530	38,825	1,807	4.9%
Capital	-	-	22,736	-	-	28,000	28,000	n/a
TOTAL	\$ 379,630	\$ 457,520	\$ 495,858	\$ 500,068	\$ 487,433	\$ 535,611	\$ 35,543	7.1%
Positions	5.0	5.0	5.0	5.0	5.0	5.0	0.0	0.0%

Program: Management Services
Division: Administrative Services

Mission/Core Services

Records Administration

Administer Town Records and provides Town receptionist services.

Municipal Court

Provide administrative and clerical support for the Municipal Court to include assisting in the processing of dispositions for criminal offenses, traffic and ordinance violations on Hilton Head Island.

Information Technology

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. Oversee all aspects of contracting and purchasing. Manage risk management, fixed assets and logistics for emergency management. Design and maintain the Town's Website/Intranet to include all associated electronic online government services. Provide technical support for 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.

FY 2016 Accomplishments

- Completed Town-wide video conferencing project as an expansion of services for staff.
- Expanded Town Wi-Fi network to enable staff and citizen access at Fire Stations 1,4,5,6 and Fire Rescue Headquarters.
- Through a collaborative effort with SCDOT and Beaufort County, completed island-wide network of 23 traffic signals allowing real time management by staff.
- Adopted policy of social media.
- Created Town presence on Facebook.
- Completed automation process/workflow for Town employee safety training.
- Reviewed/analyzed and placed some 9000 records on line for access by the public for records like flood elevation certificates.
- Digitized all building and site plans converting some 7000 sets of site development plans from microfiche to digital version in Laserfiche records management system.
- Continued our multi-year efforts to digitize all town records and to fully implement our enterprise records management system.
- Purchased iPads for Council.
- Implemented Fire Rescue CAD viewer.
- Updated Pictometry aerial imagery with 2015 data.
- Provide briefing to the new Finance and Administration Committee on Procurement and the Operating Budget.
- Continued our efforts to create a secondary service point for all IT services utilizing the latest technology improvements in replicating services through server virtualization.

Program: Management Services
 Division: Administrative Services

FY 2016 Accomplishments, Continued

- Completed the final phase of the project that created a fiber network for controlling all traffic signals on the Island.
- Continued our efforts on a multi-year project to digitize all town records and the implementation of an enterprise records management system.
- Completed several enhancements to the Town’s Website that improved access for citizens to information and documents.
- Completed several significant solicitations for Communications, Urban Planning and Vision.

Calendar Year 2016/FY 2017 Goals, Objectives, and Performance Measures

Goal (IT):

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

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

	FY 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
Daily full system backups performed	272	272	272
Number of system failures	0	0	0
System failure recovered within 24 hours	0	0	0

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

	FY 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
Respond to critical calls in 1 hour	95%	95%	98%
Help Desk (DP) requests completed:			
Within 30 days	3	3	3
Within 60 Days	0	0	0

Program: Management Services
 Division: Administrative Services

Calendar Year 2016/FY 2017 Goals, Objectives, and Performance Measures, Continued

Goal (Municipal Court):

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

Objective: To review probable cause affidavits, issue arrest/search/bench warrants, issue orders, research case law, hold trials and hearings, set dockets, review case load for dockets and complete State-mandated training. This activity is comprised of Judiciary and support staff involved mainly with judicial processes related to misdemeanors, including traffic and non-traffic offenses as well as non-compliant parking violations.

	FY 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
Number of cases docketed	3448	2500	2500
Number of cases disposed	3448	2500	2500
Number of bench warrants issued	322	300	300

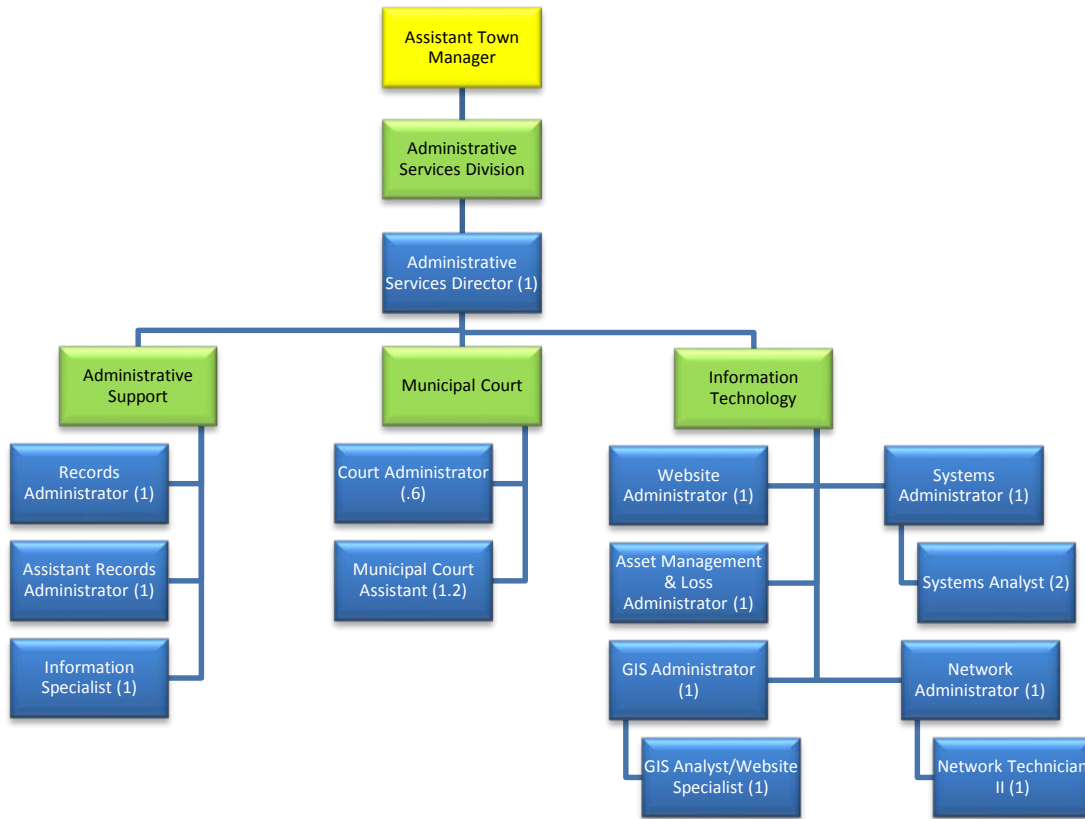
Goal (Records Administration):

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 tier 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 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
Microfiche record converted to digital	19,407	10,000	10,000
Records requests filled	1,338	1,400	1,400

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

Summary by Category	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised Budget	FY 2016 Estimated Actual	FY 2017 Budget	Budget Change \$	Budget Change %
Expenditures								
Program Summary								
Municipal Court	\$ 376,951.85	\$ 392,215	\$ 404,911	\$ 424,928.00	\$ 414,022.00	\$ 349,916.00	\$ (75,012)	-17.7%
Information Technology	1,813,268	2,082,435	2,166,004	2,099,989	2,048,585	2,189,804	89,815	4.3%
Administration Support	171,549	183,724	264,884	229,751	219,409	264,761	35,010	15.2%
TOTAL	\$ 2,361,770	\$ 2,658,373	\$ 2,835,799	\$ 2,754,668	\$ 2,682,016	\$ 2,804,481	\$ 49,813	1.8%
Summary by Category								
Personnel	\$ 1,337,327	\$ 1,500,625	\$ 1,513,379	\$ 1,563,482	\$ 1,516,873	\$ 1,523,500	\$ (39,982)	-2.6%
Operating	763,493	795,015	958,261	999,706	973,663	1,132,259	132,553	13.3%
Capital	260,950	362,733	364,159	191,480	191,480	148,722	(42,758)	-22.3%
TOTAL	\$ 2,361,770	\$ 2,658,373	\$ 2,835,799	\$ 2,754,668	\$ 2,682,016	\$ 2,804,481	\$ 49,813	1.8%
Positions	17.0	17.0	17.0	17.0	17.0	15.8	-1.2	-7.1%

Program: Management Services
Division: Human Resources

Mission

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

Core Services

Recruitment and Selection

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

Total Rewards Management

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

Talent Management

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

Organization Effectiveness

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

FY 2016 Accomplishments

- Developed and implemented staffing plan to address reduction in Municipal Court hours of operation, resulting in retention of experienced Court staff and avoidance of layoffs. Supported other organization redesigns, succession planning and position modifications, resulting in improved performance quality, increased productivity, and reduced cost.
- Implemented improved recruitment process for Firefighter hiring pool by researching and implementing online testing process; solicited and evaluated background check vendor proposals, resulting in selection of vendor providing enhanced workflow at reduced cost; implemented LinkedIn job page to advertise Town positions.
- Developed and delivered townwide training strategy and initiatives designed to support service delivery goals; implemented updated harassment prevention refresher training for all staff; expanded townwide training focus to include compliance, core competency, software, financial, new supervisor and leadership training; used in-house training resources where feasible; varied delivery methods to meet employee preferences and group needs.

Program: Management Services
Division: Human Resources

FY 2016 Accomplishments, Continued

- Evaluated tools to measure/enhance employee engagement (i.e. surveys, suggestion programs, stay interviews), with implementation of selected tool(s) expected to begin within 6 months.
- Managed HR programs to comply with new/changing federal and state laws (i.e. implemented Affordable Care Act required reporting to the IRS and employees); 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.
- Supported development and implementation of formal performance evaluation process for Town Manager and Town Attorney. Improved effectiveness of employee performance management through increased training/support for new and experienced supervisors, clarification of performance objectives/expectations, stronger justification of performance results, and focused HR/upper level management intervention in addressing performance deficiencies. Implemented evaluation of performance management software designed to support more effective performance feedback and to improve process workflow.
- Maintained cost-effective Workers' Compensation program including use of deductible program to reduce premiums, increased discounts/credits, continued emphasis on employee safety, light duty assignments to encourage return to work, and HR staff certification in risk management.
- Continued implementation of process and form changes designed to incorporate user-friendly enhancements and support "green" initiatives, resulting in improved customer service and understanding of HR processes.
- Continued delivery of employee wellness initiatives to include on-site health screenings, flu shots, EAP overviews, lunch and learn sessions, individual and team health-related activities and wellness webinars; supported Employee Health & Wellness Committee in ongoing implementation of comprehensive strategy for delivery of wellness initiatives.
- Designed and implemented compensation program changes in response to employee and business needs; modified merit allocation process to involve all supervisory levels; implemented use of merit matrix in Fire Rescue to facilitate merit allocation consistent with compensation philosophy; encouraged performance-based rewards differentiation; provided funding to address individual situations.
- Implemented additional benefit program changes to enhance value and reduce cost; updated device eligibility under computer loan program; consolidated preventive care benefits to provide enhanced value and simplify reimbursement process; expanded financial and retirement planning opportunities in response to employee requests.
- Selected consultant and managed evaluation of Town's defined contribution retirement program, resulting in actionable recommendations for future program enhancement.

Program: Management Services
 Division: Human Resources

Fiscal Year 2016 - 2017: Goals, Objectives, and Performance Measures

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

Objective: Effectively manage recruitment process.

	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
# of positions filled	23	35	30
# of external hires	20	22	17
% of external offers accepted	95%	90%	85%
Avg. time to fill positions (requisition approval to offer acceptance)	46 Days	58 Days	30 days
Direct cost per hire (exc. staff time)	\$1359	\$1099	\$1065

Objective: Retain employees capable of achieving Town goals.

	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
Overall turnover rate	9.2%	9.4%	8.5%
Voluntary turnover rate	7.9%	8.0%	7.0%
Involuntary turnover rate	1.3%	1.4%	1.5%
Turnover Rate during 1 st year	5.0%	5.0%	5.0%
High performer loss (rating \geq 3.25)	4	3	2

Goal 2: Offer competitive total rewards program.

Objective: Maintain competitive compensation programs.

	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
Salary budget increase % vs. public sector national avg	.3% more	.3% more	.3% more
Salary budget increase % vs. national avg (< 500 employees)	.2% less	.3% less	.3% less
% high performers paid > range mid	51.2%	53%	55%
# of resignations due to salary	0	0	0

Objective: Maintain competitive benefit programs.

	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
Benefits as % of salary	36.94%	36.63%	37.11%
Avg. Town medical premium vs. nat'l avg	\$1660 less	\$1831 less	\$2000 less
Eligible employee participation rate in 401k match plan	92%	94%	95%
# of resignations due to benefits	0	0	0

Program: Management Services
 Division: Human Resources

Fiscal Year 2016 - 2017: Goals, Objectives, and Performance Measures, Continued

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

Objective: Facilitate effective succession planning and career development

	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
# of promotions	3	11	12
# of transfers	0	2	1
Internal placement rate	13%	37%	43%

Objective: Provide effective interdepartmental talent development initiatives.

	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
# of interdepartmental participant training hours	2239	3210	2600
% of employees participating in tuition reimbursement program	3%	3%	3%
# certification/degree bonuses given	7	6	5

Objective: Maintain effective employee job performance.

	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
% of employees meeting expectations	94.8%	95%	95%
% of employees with improved ratings	24%	25%	25%
# of Employee Recognition Awards	15	9	10

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

Objective: Optimize position and organization design

	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
# of positions created/re-evaluated	3	3	3
# of organization redesigns supported	1	3	2

Objective: Maintain employee productivity and engagement.

	FY 2015	FY 2016	FY 2017
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
Non-FMLA sick leave (% of work hrs)	1.78%	1.80%	1.80%
Average length of service (in years)	10.88	11.01	11.00

Program: Management Services
 Division: Human Resources

Fiscal Year 2016 - 2017: Goals, Objectives, and Performance Measures, Continued

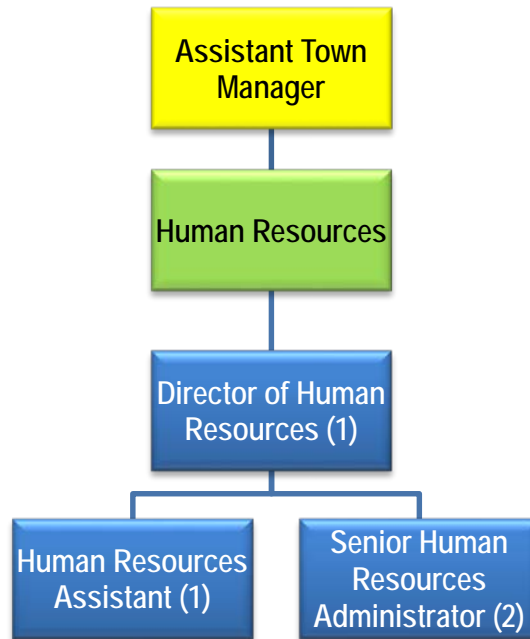
Objective: Support workplace safety

	FY 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
# of reported employee injuries	12	9	10
# of lost work days due to injury	250	20	40

Objective: Encourage participation in wellness initiatives

	FY 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
% using medical preventive care benefit	39%	35%	No longer available
% using dental preventive care benefit	38%	37%	36%
% participating in health screening	43%	45%	47%

Program: Management Services
 Division: Human Resources



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

Expenditures by Program/Category

Human Resources	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised Budget	FY 2016 Estimated Actual	FY 2017 Budget	Budget \$ Change	Budget % Change
Summary by Category								
Personnel	\$ 401,495	\$ 412,160	\$ 428,968	\$ 443,170	\$ 431,023	\$ 457,043	\$ 13,873	3.1%
Operating	124,933	110,822	108,322	155,910	147,244	162,150	6,240	4.0%
TOTAL	\$ 526,428	\$ 522,982	\$ 537,290	\$ 599,080	\$ 578,267	\$ 619,193	\$ 20,113	3.4%
Positions	4.0	4.0	4.0	4.0	4.0	4.0	0.0	0.0%

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; to provide accurate financial information; and to provide courteous and professional support to Town staff as well as its citizens to ensure a high level of customer satisfaction is maintained for both internal and external customers.

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. 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, State Accommodations Tax, Local Accommodations Tax, Beach Preservation Fee, Hospitality Tax, Stormwater Fee, Real Estate Transfer Fee, Roads Usage Fee, Home Grant and Electric Franchise Fee. Provide effective financial and accounting support to staff and committees. Compile accurate monthly and comprehensive annual financial reports in compliance with governmental standards, practices and recommendations to be published on the Town’s website and submitted to the Government Finance Officers Association.

Revenue and Collections

Collection of Town-wide funds including business license fees, hospitality taxes, accommodations taxes, beach preservation fees, franchise fees, and beach passes. Perform Emergency Medical Services billing and collections. Oversee the processes associated with the Town’s setoff debt collection program. Maintain the Town’s business license database, and ensure compliance with the business license ordinance through on-site inspections. Compile accurate annual financial budgets in compliance with governmental standards, practices and recommendations to be published on the Town’s website and submitted to the Government Finance Officers Association.

Program: Management Services
Department: Finance

FY 2016 Accomplishments

- The Town was awarded the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association for the twenty-seventh consecutive year and the Distinguished Budget Presentation Award for the eleventh year.
- The Town contracted with new auditors for the fiscal year ended June 30, 2015. The transition was successful and yielded improvements to the presentation of the financial data.
- The Accounting Department successfully maintained the records and prepared the monthly financial statements for the Hilton Head Island Economic Development Corporation, Island Recreation Association, and the Coastal Discovery Museum.
- The Town received an unqualified opinion from the independent external auditors on the financial statements and did not receive any findings related to internal controls over financial reporting.
- The paperless records retention project continues to allow the Finance Department to be environmentally responsible and allows faster and more efficient access to financial information.
- For fiscal year 2016 accounts identified as part of our continuing ATAX project paid the Town in excess of \$348,000. From the inception of this project (7/2012) through fiscal year 2016 the Town has recorded revenues of \$1,596,000 for the accounts identified by this project.
- The actions of our Revenue Collectors resulted in collections of in excess of \$902,000 during fiscal year 2015. The largest elements of these collections efforts came from delinquent ATAX and HTAX accounts (\$312,000 and \$195,000 respectively).
- The BCR group successfully completed a multi-year effort to comply with a Medicare mandated conversion from 14,000 ICD 9 general billing codes to more than 68,000 highly specific ICD 10 codes. The project's scope included updating and testing the EMS billing software, reviewing the codes, identifying appropriate EMS codes and creating a cross walk table between the ICD 9 and ICD 10 codes as well as the training of Finance and Fire & Rescue line staff on the use of the new codes. The result was zero claim file submission rejects.
- The Town successfully completed our Medicaid certification and Payment Card Industry (PSS/PSI) Compliance certifications, allowing the Town to continue to bill Medicaid claims for EMS transport reimbursement as well as avoid non-compliance penalties/fines.

Program: Management Services
 Department: Finance

Calendar Year 2016/FY 2017 Goals, Objectives, and Performance Measures

Goal: Maintain strong credit rating of the Town.

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

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

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

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

	FY 2015 <u>Actual</u>	FY 2016 <u>Projected</u>	FY 2017 <u>Budget</u>
Business license renewals processed:	6,332	6,200	6,210
New business licenses processed	1,080	1,100	1,125
Local ATAX/Beach Preservation Fee Permits*	1,355	1,400	1,450
Hospitality Account Permits	422	450	455
Hospitality Tax receipts processed	2,179	2,370	2,400
Local ATAX/Beach Preservation Fees receipts processed	5,199	5,260	5,300
Beach passes issued	1,225	1,230	1,325
Miscellaneous receipts processed	1,198	2,050	2,075
EMS # calls billed	3,928	3,950	4,000
EMS collections (payments)	\$1,391,704	\$1,400,000	\$1,445,000
EMS charges billed	\$1,840,048	\$1,850,000	\$1,875,000

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

Program: Management Services
 Department: Finance

Calendar Year 2016/FY 2017 Goals, Objectives, and Performance Measures, Continued

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

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

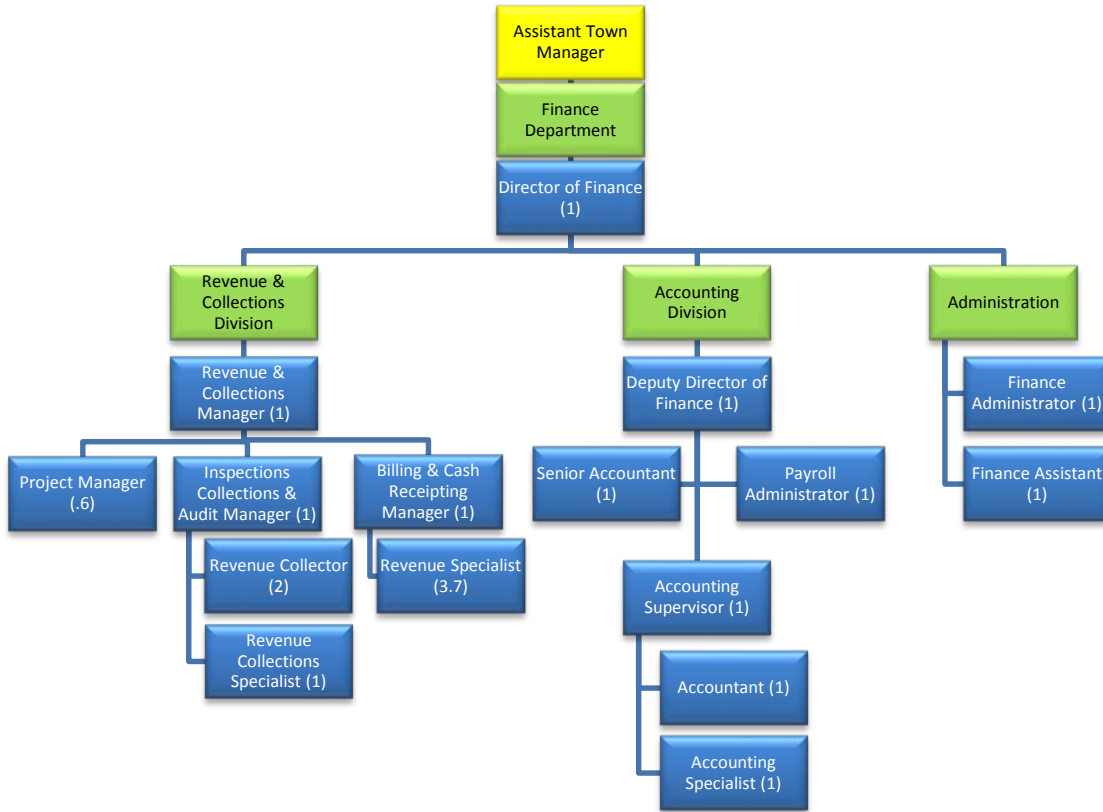
	<u>FY 2015 Actual</u>	<u>FY 2016 Projected</u>	<u>FY 2017 Budget</u>
New OOT/OOC business licenses issued within one (1) business day	100%	100%	100%
New home-based business licenses issued within five (5) days	100%	100%	100%
Store front business licenses issued within 15 days	100%	100%	100%

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

Objective: Conduct business license site visits/contacts.

	<u>FY 2015 Actual</u>	<u>FY 2016 Projected</u>	<u>FY 2017 Budget</u>
Business license site visits/contacts	3,333	3,800	4,200

Program: Management Services
 Department: Finance



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

Expenditures by Program/Category

Finance	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised Budget	FY 2016 Estimated Actual	FY 2017 Budget	Budget \$ Change	Budget % Change
Expenditures:								
Program Summary								
Administration	\$ 282,117	\$ 294,043	291,907	317,541	\$ 314,803	\$ 306,737	\$ (10,804)	-3.4%
Accounting	546,355	571,742	606,567	608,769	615,268	647,377	38,608	6.3%
Revenue & Collections	677,526	676,921	606,206	865,278	635,151	871,726	6,448	0.7%
Total	\$1,505,998	\$ 1,542,707	\$1,504,680	\$ 1,791,588	\$1,565,222	\$ 1,825,840	\$ 34,252	1.9%
Summary by Category								
Personnel	\$1,360,227	\$ 1,412,643	\$1,343,734	\$ 1,635,403	\$1,384,448	\$ 1,660,949	\$ 25,546	1.6%
Operating	145,771	130,064	160,946	156,185	180,774	164,891	8,706	5.6%
Capital	-	-	-	-	-	-	-	0.0%
Total	\$1,505,998	\$ 1,542,707	\$1,504,680	\$ 1,791,588	\$1,565,222	\$ 1,825,840	\$ 34,252	1.9%
Positions	18.0	18.0	18.0	19.3	19.3	19.3	0.0	0.0%

Program: Community Services
Department: Community Development

Mission

To provide the highest quality planning services for both internal and external customers by: a) ensuring 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) ensuring a comprehensive and professional direction for the Island's environmental protection and preservation; and d) preserving and enhancing the Island's long-term sustainability.

Core Services

Administration

- Oversees the implementation of the Land Management Ordinance to ensure development and redevelopment activities are in compliance.
- Oversees revision to the Comprehensive Plan to improve its effectiveness in guiding the future of the community.
- Oversees implementation of building codes and effective code enforcement.
- Selectively participates in regional issues with Beaufort County, the Town of Bluffton and other agencies regarding growth management, development regulations, transportation planning, recreation planning, natural resource protection, and other issues that impact our community.
- Assists in developing and addressing Town Council's Key Priorities.
- Coordinates land acquisition efforts of Town Council.
- Oversees Process Improvements within department and with other departments. Coordinates review board activity, meetings, agendas and packets.
- Promotes public education of department's projects and function.

Development, Review and Rezoning

- Manages and coordinates efforts to implement the Land Management Ordinance by the review of all applications for Development Plans, Subdivisions, Variances, Special Exceptions, Appeals, Zoning Map Amendments, Public Project Reviews and Master Plan Amendments ensuring all applications are in compliance with the Comprehensive Plan.
- Oversees natural resource protection of the Island including beach, tree and wetland regulations, and water quality preservation.
- Continues environmental monitoring for water quality and created wetlands, and Land Management Ordinance effectiveness for tree protection. Oversees Urban Design Program and Guidelines.

Program: Community Services
Department: Community Development

Core Services, Continued

Development, Review and Rezoning, continued

- Provides for periodic review and update of the Land Management Ordinance.
- Manages the Community Rating System, assuring that construction within the Town is in compliance with FEMA regulations thereby providing savings on flood insurance premiums for the residents and businesses on the Island.

Comprehensive Planning

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

Building

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

Community Development Services

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

Program: Community Services
Department: Community Development

FY 2016 Accomplishments

- LMO Amendments – Worked with LMO Committee and Planning Commission to bring forward amendments to Town Council for adoption.
- Design Guide – Worked with the Design Review Board to update the Design Guide and bring it forward to Town Council for adoption.
- Unsafe Structures – Coordinated with property owners for remodel or removal of 8 structures deemed unsafe.
- MPO – Worked with LCOG and consultant to draft long range transportation plan for new Metropolitan Planning Organization (LATS). Town Council adopted the Plan in 2015.
- Arts Strategy – Assisted the Arts & Cultural Strategic Planning Committee and their drafting of the Final Report, and adoption by Town Council in January 2016.
- Visioning – Coordinated with Town Council for hiring a consultant to produce a visioning process and Island-wide Master Plan. Three day workshop was held in February 2016.
- Circle to Circle Committee – Completed RFQ process to engage the services of an urban Planning Firm to assist the Circle to Circle Committee complete its charge by late Spring of 2016. Updated TAZ Baseline Data, calibrated with June 2015 traffic counts, ran growth capacity scenario projections. Coordinated with Traffic consultant and planning commission to validate assumptions, inputs into the model and outputs and evaluated mitigation alternatives.
- HUD Entitlement – Completed the 1-year Annual Action Plan mandated as part HUD’s CDBG Entitlement Program.
- HUD Entitlement – Contracted with LCOG to complete Analysis of Impediments to Fair Housing Choice required by HUD CDBG Entitlement Grant.
- HUD CDBG – Began pursuing HUD CDBG year 1 project to pave Blazing Star Lane, including environmental review requirement.
- Beach Management Plan – Update was conducted and scheduled for Town Council adoption in early Spring 2016; approval by State is expected in late Spring 2016.
- Recreation Center expansion – Consultant has been hired to design the project.
- Shelter Cove Towne Centre – Continuing to oversee redevelopment activities and development agreement. This includes the approval of a change in location of apartments and a revised land swap with the Town. Applied for and received the MASC Achievement Award for Economic Development for the partnership of the redevelopment project.
- TIF – Coordinated TIF project development and timing to maximize fiscal capacity with significant attention given to Coligny and Sea Pines areas.
- Public Art – Coordinated placement and relocation of the public art piece, “Carocol” on town property at the Shelter Cove Community Park.

Program: Community Services
Department: Community Development

FY 2016 Accomplishments, Continued

- Public Art – Coordinated installation of a piece called “THEB-Tally” on Town-owned land in the Stoney area.
- Mitchelville Project Strategy – Worked with MMP leadership to outline a potential lease agreement for use of Fish Haul Creek Park.
- Sewer Master Plan – Provided staff assistance for Gum Tree Road sewer project and support in developing 5-year sewer build out recommendations for HHPSD.
- Code Amendment – Drafted for adoption, proposed changes to LMO and Municipal Code definitions of ‘beach’ and its protection.
- USCB Hospitality campus – Continued coordination with the University of South Carolina on detailed design documents. Worked with the engineering division and traffic consultants to design roadway and intersection improvements. Completed PPR for USCB Hospitality Facility and PPR for Office Park/New Orleans/Pope Intersection improvements.
- Education Opportunities – Coordinating with City of Beaufort and LCOG to host a South Carolina American Planning Association meeting. Hosted a state-wide training on I-codes in conjunction with SC Building Codes Council, BOASC, and local code enforcement agencies; teaching regional courses in Building Codes in the spring; and participated in the Spring Home and Garden Show for Code and inspection education.
- Coligny Park – Worked with design consultant on detailed design and permitting; coordinated with wetland consultant on wetland permit and associated mitigation; received approval from various boards for Public Project Review, conceptual approval and variance related to tree impacts; issued Request for Proposals from destination playground; received input regarding schematic design plans from Parks & Recreation Commission; and presented plans to Circle to Circle Committee.
- Awards – Received Tree City USA recognition and MASC Municipal Achievement Award for Shelter Cove Towne Centre redevelopment.
- Grants – Secured in grants awards: FY15 = \$1,324,765 and year to date FY16 (to 2/8/16) = \$1,959,711
- Permits/Approvals/Inspections between 7/1/2015-2/7/2016:
 - Building & Web Permits: 3062
 - Number of Inspections: 7,959
 - Planning Approvals: DPR- 19; XDPR- 48; SUB-16; ZMA-4;PPR-3; VAR-10; Appeals-4; DRB- 116; Signs-166; NAT-530

Program: Community Services
Department: Community Development

Calendar Year 2016/FY 2017 Goals and Objectives

Goal: Arts & Cultural Planning

Objective: Assist in implementing the final report from Arts & Cultural Strategic Planning Committee.

Goal: Sewer

Objective: Move forward with 5 year plan.

Goal: Circle to Circle Master Plan & Transportation Plan

Objective: Assist Planning Commission Committee on Circle to Circle planning efforts.

Goal: 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: Economic Development

Objective: Examine four tools needed to achieve economic development goals: 1) Real Estate Solutions; 2) Business License/Fee Incentive Program; 3) Broadband Program for HHI Businesses; and 4) Funding for Economic Development Programs.

Goal: Visioning and Island-wide Master Plan

Objective: Assist in retaining a consultant to coordinate the Visioning and Planning Process.

Goal: Arts Center Building

Objective: Determine next steps.

Goal: Comprehensive Plan.

Objective: Complete the state-mandated 5-year review of the Plan.

Goal: Coligny Park Development Project.

Objective: Finalize design and begin construction.

Goal: USCB Hospitality facility in Office Park Road area.

Objective: Continue coordination with USCB on detailed design documents.

Program: Community Services
Department: Community Development

Calendar Year 2016/FY 2017 Goals and Objectives, Continued

Goal: Recreation Center Expansion.

Objective: Continue to work with consultants to develop design plans for permitting, development approval, and construction.

Goal: Unsafe Structures.

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

Goal: LMO Amendments.

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

Goal: 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.

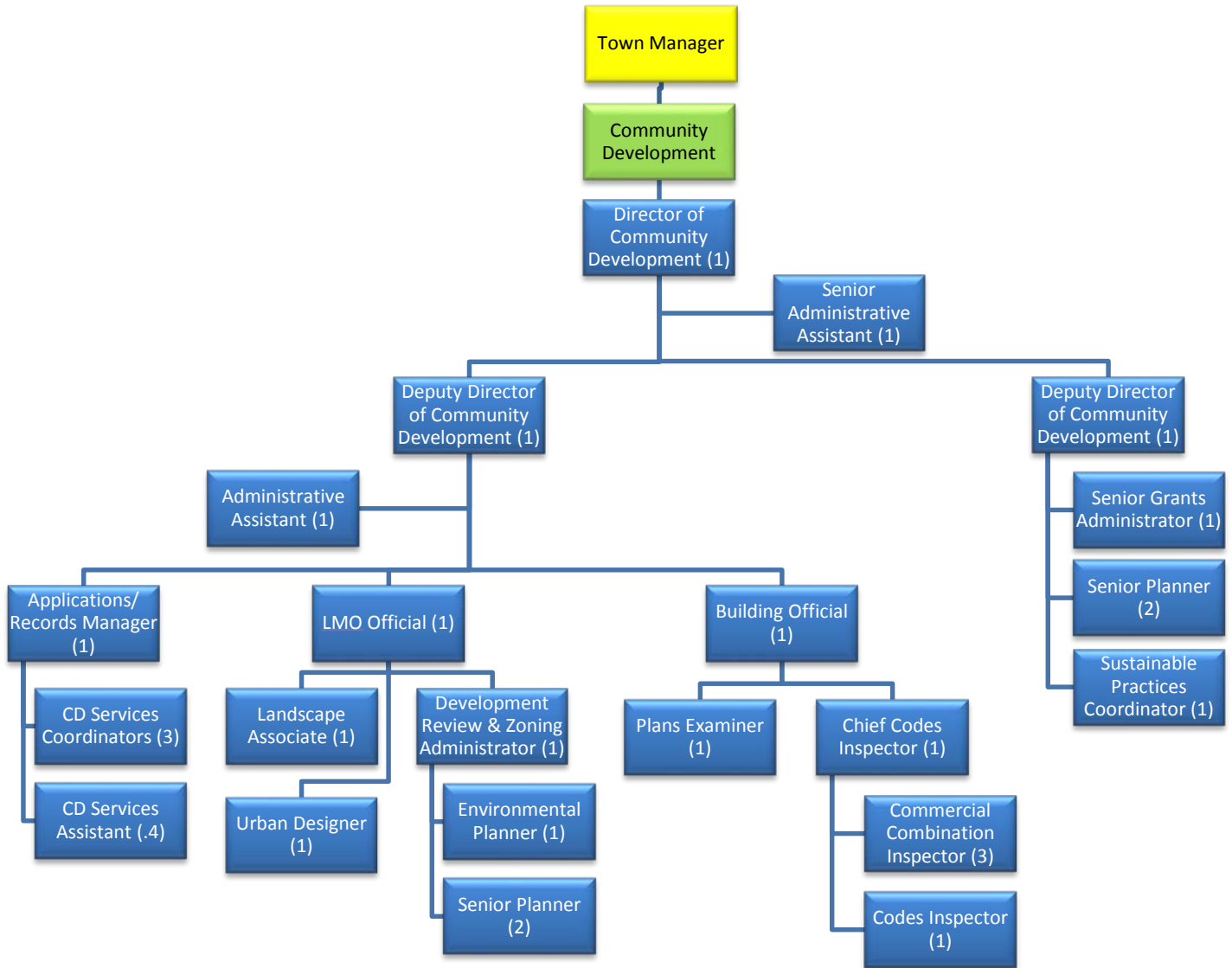
Goal: Implement Airport Master Plan.

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

Goal: Noise Ordinance Revision: Shelter Cove.

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

Program: Community Services
 Department: Community Development



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

Program: Community Services
 Department: Community Development

Expenditures by Program/Category

<u>Community Development</u>	<u>FY 2013 Actual</u>	<u>FY 2014 Actual</u>	<u>FY 2015 Actual</u>	<u>FY 2016 Revised Budget</u>	<u>FY 2016 Estimated Actual</u>	<u>FY 2017 Budget</u>	<u>Budget \$ Change</u>	<u>Budget % Change</u>
Expenditures:								
Program Summary								
Administration	562,957	541,552	469,752	494,757	481,934	538,871	44,114	8.9%
Inseptions/Compliance	664,599	636,045	653,044	692,457	662,992	759,673	67,216	9.7%
Comprehensive Planning	366,299	466,352	518,454	529,308	522,144	546,189	16,881	3.2%
Development, Review & Zoning	625,144	650,164	613,114	869,356	617,796	767,895	(101,461)	-11.7%
CD Services	274,917	287,875	303,408	323,716	303,984	355,020	31,304	9.7%
TOTAL	\$2,493,916	\$2,581,988	\$ 2,557,771	\$ 2,909,594	\$ 2,588,851	\$ 2,967,648	\$ 58,054	2.0%
Summary by Category								
Personnel	\$2,352,058	\$2,350,906	\$ 2,477,962	\$ 2,651,950	\$ 2,480,018	\$ 2,729,444	\$ 77,494	2.9%
Operating	141,858	231,082	79,809	257,644	108,833	138,204	(119,440)	-46.4%
Capital	-	-	-	-	-	100,000	100,000	0.0%
TOTAL	\$2,493,916	\$2,581,988	\$ 2,557,771	\$ 2,909,594	\$ 2,588,851	\$ 2,967,648	\$ 58,054	2.0%
Positions	27	26	26.1	27.4	27.4	27.4	0.0	0.0%

Note: Development, Review & Zoning (DRZ) carried forward \$107,425 unspent budget and \$1,827 encumbered funds for a total of \$109,252 to FY 2016 for one-time purposes; however, much of it will not be expended in DRZ since the Town is reporting most of these expenditures in Town Council's Initiatives.

Program: Community Services
Department: Public Projects and Facilities

Mission

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

Core Services

Administration

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

Engineering Services

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

Facilities Services

Operate and maintain Town beach parks. Manage parking and 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 Rescue buildings and grounds to include distribution of cleaning supplies.

FY 2016 Accomplishments

ENGINEERING

PATHWAYS

- Completed the in-house design and construction of pathway safety projects - connecting Jarvis Creek Park to Pembroke Road, Shelter Cove Lane to existing sidewalk ending at the old Cracker Barrel site, and new cross walk on Palmetto Bay Road to the Newhall Audubon Preserve
- Completed the design and construction for the replacement of the underpass bridge connecting Shelter Cove to Palmetto Dunes

Program: Community Services
Department: Public Projects and Facilities

FY 2016 Accomplishments, Continued

ENGINEERING, Continued

ROADWAYS

- Continued work on acquisition of private dirt roads (Aiken Place, Alford Lane, Cobia Court, and Murray Avenue)
- Applied for and received Community Development Block Grant (CDBG) to secure funding to pave certain Town owned dirt roads
- Surveying, design and permitting of road and drainage improvements to Blazing Star Lane
- Continued work on design, permitting, and land acquisitions for the Office Park Road-Pope Avenue-New Orleans Road intersection as part of the USCB development project
- Continued work on surveying, design, permitting, and land acquisitions for the Coligny Area Roadway and Pathway Improvements – Pope Avenue-Lagoon Road Intersection Improvements and new traffic signal, Lagoon Road Extension, Nassau Street Extension, South Forest Beach Drive and Tanglewood Drive
- Surveying, design and permitting of Auxiliary Lane improvements on William Hilton Parkway at Queens Folly Road and Beach City Road
- Continued work on concept analysis of US 278 improvements from Squire Pope Road to Jenkins Island
- Resurfaced Indigo Run Drive, reconstructed Adrianna Lane and performed other miscellaneous road maintenance
- Constructed road and drainage improvements on Lemoyne Avenue
- Completed construction of new decorative traffic signal mast arms at the intersection of William Hilton Parkway and Spanish Wells / Wild Horse Roads
- Recoated 4 traffic signal mast arms
- Inspected and reported on all traffic signals as per the requirements of the Traffic Signal Maintenance Agreement with the SCDOT
- Completed the Traffic Monitoring & Evaluation Report as required by the LMO, and presented to the Planning Commission - optimized all signal timings
- Managed the operation and maintenance of 23 signalized intersections, 2 flashing warning signals and 46 crosswalk / pedestrian signals, in accordance with the SCDOT signal agreement
- Completed the regional South Island Traffic Study and coordinated findings and recommendations with Circle to Circle Committee
- Executed legal agreement with Beaufort County for them to upgrade the communications infrastructure used to remotely control the Town's traffic signals, and link them to the County's signal communication network,
- Executed legal agreement with Beaufort County to provide assistance in the maintenance of traffic signal.

Program: Community Services
Department: Public Projects and Facilities

FY 2016 Accomplishments, Continued

ENGINEERING, Continued

- Coordination with SCDOT on the resurfacing of Wild Horse Road, Union Cemetery Road, and William Hilton Parkway in the vicinity of Whooping Crane Way and Indigo Run Drive
- Coordination with SCDOT on roadway safety improvements on US 278 at Jenkins Island / Windmill Harbour, execution of intergovernmental agreement
- Coordination with Beaufort County on engineering study for US 278 access and roadway improvements on Jenkins Island
- Coordination for replacement of Spanish Wells Road bridge with SCDOT and adjacent neighborhood, construction delayed until July 2016

STORM WATER

- Received approval of Notice of Intent from SCDHEC for our plan to comply with the EPA/SCDHEC National Pollution Discharge Elimination System (NPDES). NPDES Permit was issued December 1, 2015.
- Developed new Town storm water ordinance to meet NPDES compliance objectives – approved by Town Council
- Completed watershed plan for Upper Broad Creek for EPA water quality grant
- Managed completion of 61 stormwater maintenance and construction job orders throughout the island by February, 2016.
- Managed 6 on-call contracts for general drainage maintenance and improvements, pump maintenance and repairs and pipe lining services.
- Conducted watershed planning (storm water inventory and modeling analysis) of watersheds in Indigo Run, Palmetto Dunes, Upper Broad Creek and Sea Pines watersheds
- Acquired individual storm drainage easements as well as maintenance easements within Sub-POA areas of PUDs with master agreements

BEACH

- Continued physical and environmental monitoring of the beach
- Completed design plans and permit procurement for next re-nourishment project
- Successfully bid and procured contract for next re-nourishment project – Construction scheduled from June – October

DISASTER RECOVERY – DEBRIS MANAGEMENT

- Maintained on-call contracts for debris removal and monitoring
- Maintained mutual aid agreements with the County and State for debris removal within their road rights of way
- Conducted pre-season hurricane / debris management workshop

Program: Community Services
Department: Public Projects and Facilities

FY 2016 Accomplishments, Continued

ENGINEERING, Continued

GENERAL

- Coordination on Town involvement with HHPSSD Sewer Master Plan
- Developed project information for Beaufort County Sales Tax Referendum
- Coordination on Boat Shed addition at the Rowing and Sailing Center at Squire Pope Community Park
- Managed several on-call professional services contracts for use by all Town staff
- Reviewed, approved and inspected land development plans for compliance with the engineering standards of the LMO in the areas of traffic and storm water management

FACILITIES SERVICE

EXISTING FACILITIES

- Fire Training enhancements to include a series of pre-fabricated conex boxes for real time training in different types of fire and smoke situations.
- In-house recycling of all Town owned parks and Fire Stations provides a means for the public and Town employees to recycle and re-enforce the Town's mission of going green.
- Finalized LEED design of the new station 2 to replace an existing Fire Station built in the early 1980's with a new one that would provide services for the citizens of Hilton Head Island for 30+ years.
- Finalizing the design for the Island Recreation Center enhancements to support the ever growing public's needs by building a new gymnasium, additional parking, new playground and refurbishment of the existing gymnasium. All of this to provide recreational services for many years to come.

DEMOLITION

- Issued notice to proceed on demolitions of the Carolina complex, Kiawah building, Time Warner building and the Legendary Golf building.

ALL RENOVATIONS

- Re-designed the library and records area to provide for better public access and Town employee working spaces. Also enhanced the hallway in the executive area of Town Hall.

PARK UPGRADES

- New score boards at Crossing's Park
- Designing a new and improved draining systems for the ball fields at Crossings Park
- Application of a rejuvenation/sealer that extends the life of asphalt and re-striping of parking spaces providing a clean and safe appearance at Islanders and Driessen's beach parks

Program: Community Services
Department: Public Projects and Facilities

FY 2016 Accomplishments, Continued

FACILITIES SERVICE, Continued

REHAB/RENOVATION.

- Compass Rose and Coligny Beach Park decking repairs
- Barker Field, Shelter Cove, Folly Field, and Driessen boardwalk repair.
- Installed 5 new planting areas that includes WHP and Veterans Park
- Managed three areas of vine intrusion and removed vines in two areas

PATHWAY MAINTENCE

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

WORK ORDER TOTALS

- Completed over 5,000 work orders using in house staff

2017 Objectives

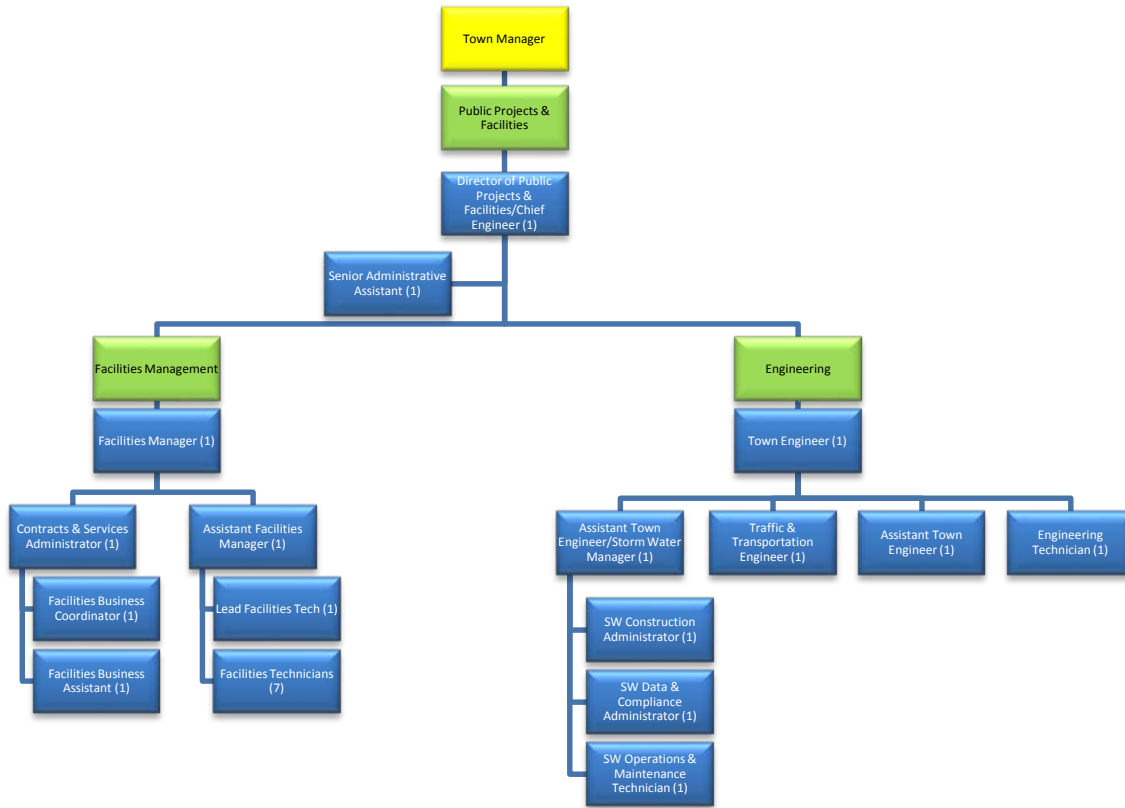
ENGINEERING

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

FACILITIES SERVICES

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

Program: Community Services
 Department: Public Projects and Facilities



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

Expenditures by Program/Category

Public Projects & Facilities	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised Budget	FY 2016 Estimated Actual	FY 2017 Budget	Budget \$ Change	Budget % Change
Expenditures:								
Program Summary								
Administration	\$ 239,383	\$ 248,101	\$ 254,894	\$ 263,635	\$ 257,246	\$ 270,136	\$ 6,501	2.5%
Engineering	723,366	577,277	924,937	1,323,651	1,079,042	1,198,577	(125,074)	-9.4%
Facilities Management	2,539,757	2,999,445	3,500,998	4,044,175	3,952,723	4,054,018	9,843	0.2%
Total	\$ 3,502,506	\$ 3,824,823	\$ 4,680,829	\$ 5,631,461	\$ 5,289,011	\$ 5,522,731	\$ (108,730)	-1.9%
Summary by Category								
Personnel	\$ 1,713,163	\$ 1,639,452	\$ 1,692,152	\$ 1,755,330	\$ 1,742,206	\$ 1,802,190	\$ 46,860	2.7%
Operating	1,789,343	2,171,251	2,988,677	3,849,131	3,546,805	3,720,541	(128,590)	-3.3%
Capital	-	14,120	-	27,000	-	-	(27,000)	100.0%
Total	\$ 3,502,506	\$ 3,824,823	\$ 4,680,829	\$ 5,631,461	\$ 5,289,011	\$ 5,522,731	\$ (108,731)	-1.9%
Positions	20	19	19	19	19	19	0.0	0.0%

Program: Public Safety
Department: Fire Rescue

Mission

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

Core Services

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

Program: Public Safety
Department: Fire Rescue

Fiscal Year 2016 Accomplishments

- **Special Event Coverage** - Continued to provide special event emergency services coverage at the Heritage, Hilton Head Concours d' Elegance Car Show, St. Patrick's Day Parade, the Hilton Head Island Marathon and other special events. (On-going)
- **Water and Beach Response** - Continued efforts to provide contingency water and beach response by developing a Standard Operating Guideline for personnel to use on privately-owned vessels during an emergency and worked with Shore Beach Services to educate lifeguards and integrate into Fire Rescue response plans. (February 2016)
- **Special Emergency Response Planning** - Coordinated emergency response services with representatives of Wexford Plantation and Palmetto Dunes Plantation to address coverage to the neighborhoods affected by bridge closures/replacements within the specific community. (October 2015 - March 2016)
- **Cardiac Monitor Replacement** - Developed an RFP to purchase new cardiac monitors funded primarily by a Federal Assistance to Firefighters Grant in the amount of \$471, 305. (December, 2015)
- **Cardiac Care Program** - Continued development and improvement of cardiac care program through internationally-recognized efforts, continued bystander education, implementation of further "pit crew" refinements, addition of pediatric resuscitation protocols, participation in the CARES program, and achieving the AHA Mission Lifeline Silver Medal. (On-going)
- **Firefighter Candidate Hire Pool** - Conducted recruiting, testing, and development of a new Firefighter candidate hiring pool. (November 2015)
- **Stroke Treatment Center** - Joined in cooperation with Hilton Head Hospital to assist them in incorporating American Heart Association/American Stroke Association guidelines to obtain primary designation as a Stroke Treatment Center. (On-going)
- **Pre-incident Planning System** - Implemented a comprehensive pre-incident planning system to routinely familiarize personnel with occupancies, document findings, and share them with others, as well as integration of this program into an electronically stored system. (December 2015)
- **Annual Fire Hydrant Inspection Program** - Inspected over 3000 fire hydrants to ensure operational readiness. (On-going)
- **Community Rating System (CRS)** - Participated in Community Rating System (CRS) program and new public education committee for CRS. (September 2015)

Program: Public Safety
Department: Fire Rescue

Fiscal Year 2016 Accomplishments, Continued

- **National Weather Service** - Received *Storm Ready* designation from the National Weather Service that highlights various elements of readiness in preparedness for severe weather the community has achieved. (July 2015)
- **New Faith Based Initiative** - Developed a faith base initiative to assist places of worship in developing safety plans and to use their communications model to coordinate information before, during and after a disaster. (October 2015)
- **Emergency Management Guides** - Continued the development of the Emergency Management Guides that establish procedures during various disaster events. (On-going)
- **Emergency Operations Center (EOC) Training** - Conducted a table top exercise with all members assigned to the EOC staff to improve workflow processes and procedures. (October 2015)
- **Emergency Management Community Outreach** - (On-going)
 - Provided 17 preparedness presentations and events
 - Handed out 1,660 English and Spanish Citizen Preparedness Guides
 - Contacted 2,321 individuals through presentations and events
- **Incident Safety Officer Certification** - Fire Rescue conducted two Incident Safety Officer courses that resulted in national certification. (August 2015)
- **Fire Officer III Certification** - In conjunction with the Alabama Fire College, hosted the first-ever Fire Officer III course. (September 2015)
- **3rd Party Commercial Driver's License (CDL) Testing** - Achieved South Carolina Department of Motor Vehicles designation as a 3rd Party test site for CDLs. This program will save a considerable amount of fuel costs while eliminating the need to send apparatus off island for the driver skills testing. Fire Rescue is the first fire department in the region to implement this program. (November 2015)
- **Smart911** - In a joint effort with Beaufort County, Fire Rescue launched a program that allows citizens and visitors to create a safety profile to provide information to the Dispatch center that can be relayed to the responders. (July 2015)

Program: Public Safety
Department: Fire Rescue

Fiscal Year 2016 Accomplishments, Continued

- **Corrected Automatic Location Feed to CAD** - By correcting the format on the E911 Location, the dispatchers are able to drop the information directly from the phone system to the CAD system, helping to save time and eliminate errors. (December 2015)
- **Reduce 911 Errors** - As part of an ongoing process, we continue to work with local businesses to correct PBX errors as they update and change their telephone systems; local phone companies to ensure residential lines have the correct information; and the cell phone companies to provide the correct routing from their cell towers. (On-going)
- **Installation of AEDs at Town-owned facilities** - The Primary link in the chain of survival is early defibrillation for patients in cardiac arrest. Fire Rescue purchases, installs and maintains AEDs at Town-owned facilities. This year, Fire Rescue has purchased and installed 10 additional AEDs in Town Facilities, bringing the total in the community to 23. (On-going)
- **Began first phase of Tractor Drawn Aerial (TDA) Refurbishment** - In an effort to reduce Capital Expenses, Fire Rescue elected to refurbish a TDA in 2015 and 2016. This refurbishment provides Fire Rescue with a safe, effective, and reliable TDA while reducing Capital expenses by 40%. (On-going)
- **Completed initial design of Fire Station 2** - Fire Station 2 is scheduled for replacement in 2016. Construction is expected to begin in the fourth quarter of 2016 and conclude in summer 2017. (On-going)
- **ICD 10 Medical Compliance** - Compliance mandates require greater specificity in reporting medical interventions by the provider. Intervention codes have expanded, requiring a rebuilding of our patient care reporting system as well as significant training and work flow changes. (October 2015)

Program: Public Safety
Department: Fire Rescue

Fiscal Year 2016 Accomplishments, Continued

- **Computer Aided Dispatch (CAD) Mobile Implementation** - A new Mobile CAD product was developed in-house and installed in all emergency apparatus, providing traditional mapping functions and incident information. The program was jointly developed with Fire Rescue and Town Operations GIS personnel and has reduced Fire Rescue Operational expense by about \$7,000 per year.
- **Fire Prevention Pancake Breakfast** – Each October, a fire prevention pancake breakfast is held to kick off Fire Prevention Week. The breakfast is held at Fire Station # 4 and is open to the public at no charge. Fire safety brochures are on hand, safety messages are announced at regular intervals, a burn demonstration is done, and tours of the trucks and the station are conducted with over 800 people in attendance. (On-going)
- **Fire Safety Inspections** - Fire Rescue conducted 2,121 Fire Safety Inspections to include 476 fire inspections conducted as part of the Town’s Business License process; 642 existing building inspections and 537 fire inspections for new/renovated construction. In addition, 297 construction plan reviews for new and renovated construction projects were completed. (On-going)
- **Car Seat Inspections and Installation** - Fire Rescue offers free car seat safety inspections and installations to the public. 171 installations were completed this past year. (On-going)
- **File of Life** - Fire Rescue provides a program for citizens to record their vital medical information for easy access by medical personnel during emergencies. This program reached approximately 840 recipients. (On-going)
- **CPR, AED, and First Aid Training** - Fire Rescue continues to offer public CPR, AED, and First Aid and instructed 569 students this past year. Also, partnered with the Hilton Head Hospital to provide free CPR classes to the public once a month and had 67 participants in this program. (On-going)

Program: Public Safety
Department: Fire Rescue

Fiscal Year 2016 Accomplishments, Continued

- **Facebook** - The Town initiated a Facebook page and Fire Rescue has been posting information each week. Topics have included: Smart 911, Public Education, Grant Award, Safety Tips, Yard Waste Burning Information, Training, Nixle and County Haz Mat recycling events. (On-going)
- **Yard Waste Burning** - Fire Rescue sent out surveys to all yard waste burn permit holders in November 2015. The survey consisted of questions to aid in determining which days of the week would appeal to a majority of permit holders. Based upon the surveys, one weekend a month and two Saturdays were established as open burning days; rotating every other month. (November 2015)

Calendar Year 2016/Fiscal Year 2017 Goals, Objectives, and Performance Measures

OPERATIONS

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

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

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

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

Program: Public Safety
 Department: Fire Rescue

Calendar Year 2016/Fiscal Year 2017 Goals, Objectives, and Performance Measures, Continued

OPERATIONS, Continued

Enhance reporting and management capabilities using existing records management systems that maintain accurate and up-to-date Fire and EMS incident records and data. Create new addresses and correct existing addresses as necessary. Provide complete and accurate street names and addressing data for the 911 Computer Aided Dispatching (CAD) system

Fire Rescue Operations Measurements

	FY 2015 Actual	FY 2016 Projected	FY 2017 Projected
Total Emergency Incidents	6832	7000	7150
Emergency Medical Service (EMS) responses	4829	4950	5060
EMS patients transported	3865	3950	4050
EMS patients treated but not transported	141	145	150
Fire Suppression and other responses	2003	2050	2100
Actual number of fires	136	140	145
Incident response travel times for all calls (percent < or = 5 minutes)	83.3%	84.0%	85.0%
Minimum average daily staffing level	30	31	32

Fire Rescue Planning Measurements

	FY 2015 Actual	FY 2016 Projected	FY 2017 Projected
EMS incident reports completed	4251	4350	4460
Fire incident reports completed	6436	6590	6750
New Addresses created	91	93	95
Existing addresses corrected	87	95	100
FOIA Requests Processed	357	385	410

Program: Public Safety
 Department: Fire Rescue

Calendar Year 2016/Fiscal Year 2017 Goals, Objectives, and Performance Measures, Continued

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.

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.

Emergency Management Measurements

	FY 2015 Actual	FY 2016 Projected	FY 2017 Projected
Plans & Procedures updated/developed	25	14	20
Exercises Participated in	7	5	6
Exercises/Training program staff attendees	100	100	100
Disaster Preparedness presentations conducted	17	20	20
Disaster presentations/training public attendees	500	600	700
<i>Citizen's Guide to Emergency Preparedness</i> distributed	1,660	2,000	3,000

Program: Public Safety
 Department: Fire Rescue

2016 Goals, Objectives, and Performance Measures, Continued

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.

Bureau of Fire Prevention Measurements

	FY 2015 Actual	FY 2016 Projected	FY 2017 Projected
Public Education Presentations (includes Company Pub Ed taught, Company public events, Risk Watch, Station Tours and Public Ed Officer Pub Ed taught)	445	500	500
CPR/AED/First Aid Students	569	575	575
Fire Extinguisher Training Students	206	300	300
Car Seat Installations	177	200	200
File of Life Recipients	765	900	900
Smoke Detectors Installed	35	300	300
Plan Reviews	297	300	300
Total Fire Safety Inspections (includes total number of annual inspections, re-inspections and fire inspections for business licenses)	2121	2000	2000
Business License Inspections	476	500	500
Existing Building Inspections (Initial Inspections & Re-inspections)	642	1000	1000
New Renovated Construction Inspections	537	750	750
Violations found during inspections	1027	1000	1000
Violations Corrected	788	900	900
Planning project reviews & inspections	138	150	150
Fire cause/origin investigations	28	30	30

Program: Public Safety
Department: Fire Rescue

2016 Goals, Objectives, and Performance Measures, Continued

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.

Communications Measurements

	FY 2015 Actual	FY 2016 Projected	FY 2017 Projected
Calls answered 0 – 10 seconds	99.9%	99.9%	99.9%
Total telephone requests received:	37,708	50,847	50,700
Pool & Elevator Lines	3,154	5,419	5,500
911 calls for service line	14,061	27,166	28,000
Dispatch administration	20,445	18,022	17,000
Dispatch other business	48	240	200

TRAINING

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.

Program: Public Safety
 Department: Fire Rescue

2016 Goals, Objectives, and Performance Measures, Continued

TRAINING, Continued

Division Objectives:

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

Provide administration and management of the Fire Rescue Training Center.

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 Measurements

	FY 2015	FY 2016	FY 2017
Training Hours/Type	Actual	Projected	Projected
Firefighting	30,312	30,000	31,000
EMS	7,170	6,000	8000
Rescue/Extrication	900	1,000	1,000
Hazardous Materials	1,570	1,500	1,500
Total Hours	41,513	38,500	38,500

	FY 2015	FY 2016	FY 2017
Drills/Classes Sessions	Actual	Projected	Projected
Company Drills	77	80	90
Live Burn Training	36	25	30
Urban Search & Rescue Training	18	15	15
S.C. Fire Academy Classes	12	9	10
Medical Classes	37	30	30
Fire & Rescue Classes	20	20	25
Driver/Operator Training/Testing	36	35	35
New Firefighter Orientation	10	6	6
Officer Training	6	6	6
Total	252	231	231

Program: Public Safety
Department: Fire Rescue

2016 Goals, Objectives, and Performance Measures, Continued

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.

Fleet Maintenance Measurements

	FY 2015 Actual	FY 2016 Projected	FY 2017 Projected
Total Maintenance Requests – All Types	1,363	1,392	1,430
Scheduled Maintenance (Preventative and Safety)	160	178	185
Unscheduled Maintenance (Vehicle Repairs)	915	989	1,000
Other Repairs (Mowers, powered equipment)	160	224	245

SUPPORT SERVICES

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

Program: Public Safety
Department: Fire Rescue

2016 Goals, Objectives, and Performance Measures, Continued

SUPPORT SERVICES. Continued

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

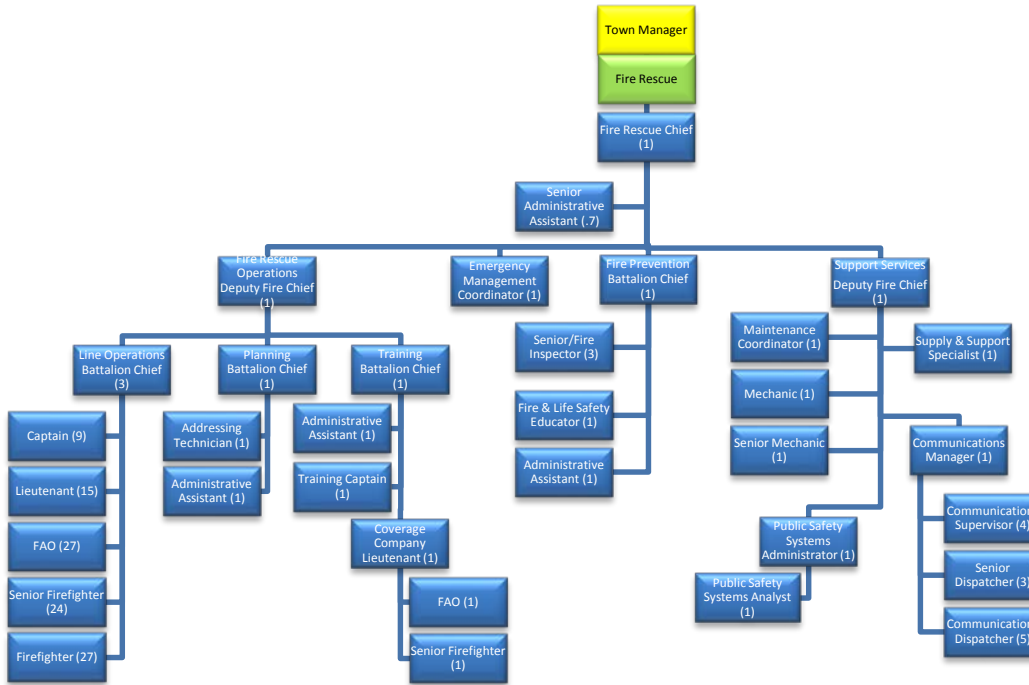
Provide repository and backups of all data and operating systems in order to replicate all Fire Rescue data systems and operating platforms in case of catastrophic failure or emergency.

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.

Expenditures by Program/Category

Fire and Rescue	FY 2013	FY 2014	FY 2015	FY 2016	FY 2016	FY 2017	Budget \$	Budget %
	Actual	Actual	Actual	Revised Budget	Estimate	Budget	Change	Change
Expenditures:								
Program Summary								
Administration	\$ 308,548	\$ 390,652	\$ 321,582	\$ 364,243	\$ 347,807	\$ 360,157	\$ (4,086)	-1.1%
Operations	9,148,029	9,262,675	9,501,030	9,416,581	9,388,897	9,777,424	360,843	3.8%
Communications	1,136,446	1,089,587	1,108,894	1,134,951	1,119,899	1,154,362	19,411	1.7%
E-911 Communications	238,152	246,371	257,638	291,724	284,442	300,807	9,083	3.1%
Emergency Management	122,290	134,141	133,137	140,753	130,942	153,899	13,146	9.3%
Prevention	540,730	559,669	572,248	596,125	579,130	624,350	28,225	4.7%
Fleet Maintenance	504,545	541,097	538,316	610,389	561,738	609,533	(856)	-0.1%
Planning	-	-	197,348	204,324	197,247	209,284	4,960	2.4%
Support Services*	760,132	943,495	1,340,866	1,093,416	1,004,456	1,586,853	493,436	45.1%
Training	701,680	698,038	713,425	715,277	708,663	741,294	26,017	3.6%
Total	\$ 13,460,552	\$ 13,865,725	\$ 14,684,484	\$ 14,567,783	\$ 14,323,222	\$ 15,517,963	\$ 950,179	6.5%
Summary by Category								
Personnel	\$ 12,106,020	\$ 12,447,843	\$ 12,729,387	\$ 12,779,461	\$ 12,647,118	\$ 13,192,693	\$ 413,232	3.2%
Operating	1,226,214	1,169,692	1,186,639	1,288,351	1,235,105	1,315,772	27,421	2.1%
Capital	128,318	248,190	768,458	499,971	441,000	1,009,500	509,528	101.9%
Total	\$ 13,460,552	\$ 13,865,725	\$ 14,684,484	\$ 14,567,783	\$ 14,323,222	\$ 15,517,965	\$ 950,183	6.5%
Positions	145.1	145.1	145.1	144.7	144.7	144.7	0.0	0.0%

Program: Public Safety
Department: Police/Other Public Safety

Mission

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

Core Services

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

Ancillary Services

Ancillary Services includes: Lab Services, K-9 Support, Special Response Team (SWAT), Crisis Negotiations, Animal control, Civil Service, Warrant Service, Records Management and Command.

Basic Law Enforcement Services

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

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

Program: Public Safety
 Department: Police/Other Public Safety

Basic Law Enforcement Services (continued)

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

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

Expenditures by Program/Category

Police	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised Budget	FY 2016 Estimated Actual	FY 2017 Budget	Budget \$ Change	Budget % Change
Summary by Category								
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Operating	3,181,739	3,153,057	3,220,413	3,486,384	3,465,456	3,717,896	231,512	6.6%
Sheriff & Shore Svcs	\$3,181,739	\$ 3,153,057	\$ 3,220,413	\$ 3,486,384	\$ 3,465,456	\$ 3,717,896	\$ 231,512	6.6%
Expenditure Detail								
Police Service Contract	2,806,908	2,771,832	2,844,295	3,062,316	3,049,470	3,285,251	\$ 222,935	7.3%
Victims Services	59,492	59,035	60,728	64,664	64,664	65,388	\$ 724	1.1%
Stipend	112,000	107,100	100,100	118,000	118,000	120,000	\$ 2,000	1.7%
TOTAL Sheriff	\$2,978,400	\$ 2,937,967	\$ 3,005,123	\$ 3,244,980	\$ 3,232,134	\$ 3,470,639	\$ 225,659	7.0%
Shore Services	\$ 203,339	\$ 215,090	\$ 215,290	\$ 241,404	\$ 233,322	\$ 247,257	\$ 5,853	2.4%
Sheriff & Shore Svcs	\$3,181,739	\$ 3,153,057	\$ 3,220,413	\$ 3,486,384	\$ 3,465,456	\$ 3,717,896	\$ 231,512	6.6%
Positions	0	0	0	0	0	0	0.0	0.0%

Townwide

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

Description	FY 2016 Activity						% change	
	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised Budget	FY 2016 Estimated Actual	FY 2017 Budget	FY 2016 Budget	FY 2016 Est. Actual
Personnel: Subtotal	123,582	136,365	214,044	340,673	320,584	443,609	30.2%	38.4%
Operating:								
Travel	8	-	-	500	500	500	0.0%	0.0%
Professional Dues	23,951	31,130	13,990	26,000	26,000	26,000	0.0%	0.0%
Abandoned/Clean Up Property	-	-	80	-	-	-	100.0%	100.0%
Town Council Initiatives	-	-	-	850,000	850,000	150,000	100.0%	100.0%
Economic Analysis	-	-	-	25,000	25,000	32,000	100.0%	100.0%
Short Term Temp/Agency	-	4,942	82	5,000	1,000	5,000	0.0%	400.0%
Professional Services	-	183	-	12,500	12,500	12,500	0.0%	0.0%
Photocopying	7,983	7,098	8,706	10,000	10,000	10,000	0.0%	0.0%
Courier	16,130	14,900	18,288	18,000	18,000	18,000	0.0%	0.0%
Palmetto Pass - Town Vehicles	6,100	4,575	6,140	6,500	6,500	6,500	0.0%	0.0%
Insurance	331,693	341,044	342,136	380,125	370,125	383,075	0.8%	3.5%
Telephone	214,820	210,806	218,319	225,000	225,000	225,722	0.3%	0.3%
Cell Phone	54,196	46,908	65,694	63,000	63,000	63,000	0.0%	0.0%
Electricity	270,926	291,236	296,668	320,000	320,000	318,000	-0.6%	-0.6%
Utilities	63,488	63,454	53,480	64,000	64,000	64,000	0.0%	0.0%
Taxes & Assessments	70,037	71,869	71,534	88,000	72,000	75,000	-14.8%	4.2%
Office Supplies	-	-	1,022	5,000	5,000	5,000	0.0%	0.0%
Postage	27,140	30,363	23,893	33,000	33,000	33,000	0.0%	0.0%
Performance Audit	-	-	-	30,000	30,000	30,000	100.0%	100.0%
Breakroom Supplies	-	4,681	3,949	4,500	4,500	4,500	100.0%	0.0%
Vehicle Fuel	191,530	197,318	168,238	163,208	160,000	196,000	20.1%	22.5%
Accident Insurance Fund -- Vehicles	8,605	10,160	9,381	45,000	45,000	20,000	-55.6%	-55.6%
Accident Insurance Fund -- Building/Others	-	-	-	-	-	20,000	0.0%	0.0%
Equipment Maintenance	945	319	215	1,500	1,500	1,500	0.0%	0.0%
Lease Payments	56,770	50,080	63,333	74,800	74,800	74,800	0.0%	0.0%
Printers Fax Supplies	15,073	18,341	12,208	20,000	20,000	17,346	-13.3%	-13.3%
General Contingency	5,161	3,898	2,676	50,000	44,879	75,000	50.0%	67.1%
Subtotal	1,364,556	1,403,305	1,380,031	2,520,633	2,482,304	1,866,443	-26.0%	-24.8%
Capital:								
Security Cameras	-	28,349	41,635	42,000	42,000	32,000	-23.8%	-23.8%
Subtotal	-	28,349	41,635	42,000	42,000	32,000	-23.8%	-23.8%
Operating Grants:								
Turtle Watch	37,700	33,738	37,300	42,450	42,450	36,500	-14.0%	-14.0%
Economic Development Corporation	-	98,927	345,398	454,574	461,984	-	-100.0%	-100.0%
Recreation Center - General	629,278	629,278	629,278	657,748	657,748	683,052	3.8%	3.8%
Recreation Center - Capital	-	270,695	216,545	255,113	254,500	267,000	4.7%	4.9%
Coastal Discovery Museum - General	75,000	75,000	75,000	75,000	75,000	75,000	0.0%	0.0%
Coastal Discovery Museum - Capital	-	68,025	3,064	82,672	62,700	61,500	-25.6%	-1.9%
Coastal Discovery Museum - Mitchelville Initiative	-	-	-	-	-	100,000	n/a	n/a
Event Management & Hospitality Training	117,927	152,190	145,232	145,330	145,330	144,830	-0.3%	-0.3%
LRTA (Palmetto Breeze)	175,000	175,000	200,000	200,000	200,000	250,000	25.0%	25.0%
Airport Noise Reduction Wall(s)/Capital Match	-	-	-	500,000	500,000	-	100.0%	100.0%
Multidisciplinary Court	48,500	48,500	50,000	50,000	50,000	50,000	0.0%	0.0%
Solicitor Career Criminal Program	35,000	35,000	33,500	33,500	33,500	33,500	0.0%	0.0%
Community Foundation - Arts	36,961	37,500	37,500	37,500	37,500	50,000	33.3%	33.3%
Operating Grants	8,626	14,294	11,771	2,806	-	-	0.0%	0.0%
First Tee	-	-	150,000	-	-	50,000	0.0%	0.0%
Heritage Classic Foundation	295,313	320,156	351,164	383,722	383,722	125,000	-67.4%	-67.4%
Subtotal	1,459,305	1,958,303	2,285,753	2,920,415	2,904,434	1,926,382	-34.0%	66.3%
TOTAL	2,947,443	3,526,322	3,921,463	5,823,721	5,749,322	4,268,434	-26.7%	-25.8%

General Fund Three-Year Financial Model

One of the most significant tools employed by the Town for strategic planning is the long-range financial plan (forecast). The financial model provides a picture of the financial impact the Town would experience if no action were taken, including tax increases or changes in service. The forecasts are based on a combination of general assumptions and specific program changes of which the Town has knowledge. These general assumptions include economic considerations, commercial and residential development, service loads, and incremental growth in the compensation system. The three-year forecast provides the baseline for next year's budget.

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

Revenue Assumptions

- Property Taxes – FY 2018 2.0% increase; FY 2019 2.0%; FY 2020 1.4%
- ATAX local – FY 2018 1.3% increase; FY 2019 0.1%; FY 2020 1.1%
- Transfers In from Other Funds:
 - ⇒ Beach Preservation Fees – FY 2018 no increase; FY 2019 0.0%; FY 2020 0.0%
 - ⇒ Electric Franchise Fees – FY 2018 no increase; FY 2019 0.0%; FY 2020 0.0%
 - ⇒ Hospitality Taxes – FY 2018 1.4% increase; FY 2019 (2.6%); FY 2020 4.1%
 - ⇒ Stormwater Utility Fees – FY 2018 2.6% ; FY 2019 2.0%; FY 2020 2.5%
 - ⇒ TIF – increase: – FY 2018 8.6% decrease; FY 2019 0.0%; FY 2020 0.0%
- Transfers In from Capital Projects Fund:
 - ⇒ Ad Valorem Taxes – FY 2018 (0.0%) ; FY 2019 0.0%; FY 2020 0.0%
- Business License Fees – FY 2018 1.7% increase; FY 2019 0.2%; FY 2020 0.9%
- Franchise Fees
 - ⇒ Cable – FY 2018 0.0% increase; FY 2019 0.1%; FY 2020 0.1%
 - ⇒ Beach fees – FY 2018 0.0% increase; FY 2019 0.0%; FY 2020 0.0%
- Permit Fees
 - ⇒ Construction fees – FY 2018 (5.5)% decrease; FY 2019 0.1%; FY 2020 0.1%
 - ⇒ Development fees – FY 2018 0.0% increase; FY 2019 0.0%; FY 2020 0.0%
 - ⇒ Other permit fees – FY 2018 0.2% increase; FY 2019 (0.2)%; FY 2020 0.0%
- Intergovernmental – FY 2018 0.3%; FY 2019 0.6%; FY 2020 0.6%
- Public Safety EMS – FY 2018 1.6% increase; FY 2019 2.0%; FY 2020 2.0%
- Investments – FY 2018 11.0% increase; FY 2019 0.0%; FY 2020 0.0%

General Fund Three-Year Financial Model, Cont'd

Expenditure Assumptions

Personnel Expenditures

- Currently established positions will retain the same salary grade in future years
- An Increase in personnel expenditures – FY 2018 2.6% increase; FY 2019 2.0%; FY 2020; 2.0%

Operating Expenditures/Capital Outlay

- Operating expenditures and capital outlay are projected to increase as determined by the individual departments. Expenditures will exceed revenues because of capital equipment/apparatus and road maintenance. The Town is performing an alternative revenue study in fiscal year 2016 to determine how to add revenues to address these funds. Otherwise, expenditures will be deferred to coincide with actual revenue collections.

	2016					FY 2017	3-Year		
	2013	2014	2015	Budget	Estimated	Budget	2018	2019	2020
<u>Revenues</u>									
Property Taxes	11,500,913	11,447,533	11,894,284	12,948,587	12,634,499	12,950,052	13,159,963	13,356,439	13,542,346
ATAX Local 1%	2,499,067	2,798,783	3,068,339	2,917,990	3,044,505	3,119,000	3,181,380	3,213,194	3,245,326
Business Licenses	7,774,138	7,795,909	8,334,478	8,268,840	8,217,821	8,471,000	8,538,260	8,666,870	8,743,807
Franchise Fees	935,569	976,919	876,060	812,750	901,444	900,000	880,000	885,000	890,000
Permit Fees	1,368,166	1,377,939	1,380,846	1,395,817	1,704,744	1,620,233	1,406,000	1,411,000	1,416,000
Intergovernmental	800,659	805,027	812,085	800,000	803,687	812,000	815,000	820,000	825,000
Grants	160,266	187,068	143,718	105,677	155,269	147,001	108,001	109,000	110,000
Miscellaneous Revenue	2,105,932	1,863,008	2,158,607	2,141,101	1,963,063	2,180,450	2,278,200	2,268,250	2,253,686
Transfers In	5,673,200	6,670,458	8,128,638	7,447,565	7,472,565	7,397,564	7,680,196	7,867,247	8,170,834
Investments	2,732	2,662	2,347	2,700	2,403	2,700	3,000	3,000	3,000
Total Revenues	32,820,642	33,925,306	36,799,402	36,841,027	36,900,000	37,600,000	38,050,000	38,600,000	39,200,000
<u>Expenditures</u>									
General Government	968,505	1,060,140	1,046,890	1,108,889	1,071,200	1,833,846	1,161,354	1,189,274	1,217,613
Management Services	4,773,823	5,181,583	5,373,628	5,645,404	5,312,938	5,785,125	5,831,449	5,962,477	5,959,380
Community Services	5,996,416	6,406,807	7,238,600	8,541,055	7,877,862	8,490,379	8,541,010	8,708,525	8,772,953
Public Safety	16,632,644	17,018,783	17,904,895	18,054,167	17,788,678	19,235,859	20,649,662	20,603,531	22,393,011
Townwide	2,947,443	3,526,323	3,921,463	5,823,721	5,085,679	4,268,434	4,266,526	4,286,192	4,307,043
Total Expenditures	31,318,830	33,193,635	35,485,477	39,173,236	37,136,357	39,613,643	40,450,000	40,750,000	42,650,000
Net change in fund balances	1,501,811	731,671	1,313,925	(2,332,209)	(236,357)	(2,013,643)	(2,400,000)	(2,150,000)	(3,450,000)
Fund balance - beginning	15,813,557	17,315,368	18,047,039	19,360,964	19,360,964	19,124,607	17,110,964	14,710,964	12,560,964
Fund balance - ending	17,315,368	18,047,039	19,360,964	17,028,755	19,124,607	17,110,964	14,710,964	12,560,964	9,110,963

General Fund Three-Year Financial Model, Cont'd

Budget Monitoring

The Town monitors its Budget continuously, formally reporting financial results to the legislative body and the public monthly. Part of the monitoring process includes a mid-year budget amendment as necessary. The budget-monitoring process includes a detailed look into revenues and expenditures to ensure the adopted projections continue to be the expected values. Also, operating expenditures and capital outlay are reviewed to ensure compliance by the individual departments. The Town has a long history of conservative revenue projections and making any adjustment needed to continue its fiscal prudence. This budget monitoring process within a fiscal year is also extended to multi-year monitoring.

Incorporating the Capital Improvement Plan into Future Operations

Annually, Council adopts the 10-year Capital Improvement Plan in a process that includes evaluating needs and resources of the Town into a specific plan. The CIP is developed while the 3-year plan for operations is developed. The impact of the CIP on operations is considered and incorporated in the 3 year plan of operations. Council reviews in detail the CIP and considers the impact of future operations reflected in the 3-year plan prior to adopting the CIP. All of these are considered contemporaneously with the development of the operating budget. Once adopted, the CIP and 3-year plan are included in the financial monitoring as described above.

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Debt Service Fund

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Debt Service Fund

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

The most significant change in the Debt Service Fund for fiscal year 2017 is the expectation of three new bond issues. The planned amounts are: \$20.5 Beach Preservation Fee Bonds, \$30.25 million Tax Increment Financing (TIF) Bonds and \$20.0 General Obligation Bonds. The Town retired TIF bonds in fiscal year 2015 causing a temporary drop in debt service payments. The Town will issue new Beach Fee Bonds in fiscal year 2017 for the next full re-nourishment – which is underway. The Town intends to issue the TIF bonds for the TIF extension recently approved – with the main projects being the USC-Beaufort (USCB) project and Coligny/Pope Initiatives with a Community Park.

Since the Town plans to issue General Obligation Bonds in fiscal year 2017; it is not reducing the millage. The Fund Balance is expected to be applied toward the debt service of the new bonds.

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

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016		% change		
				Revised Budget	FY 2016 Estimate	FY 2017 Budget	FY 2017 Budget	FY 2017 Estimate
Revenues:								
Ad Valorem Property Taxes	\$5,493,152	\$ 5,064,974	\$ 5,084,193	\$5,230,346	\$5,200,000	\$ 5,324,419	1.8%	2.4%
Issuance of Bonds	-	-	-	-	-	-		
Bond Premium	-	-	-	-	-	-		
BABS Subsidy	189,634	171,155	168,051	163,391	164,000	169,870	4.0%	3.6%
Investment Income	76,527	57,136	37,374	36,905	36,000	38,801	5.1%	7.8%
Transfers In:								
Beach Preservation Fees	3,113,645	3,106,277	4,381,225	2,828,938	2,818,000	3,336,913	18.0%	18.4%
Hospitality Fees	1,637,313	1,562,670	1,616,427	1,628,113	1,628,000	1,627,113	-0.1%	-0.1%
Tax Increment Financing	4,064,432	4,093,289	4,122,476	-	-	772,500	n/a	n/a
Real Estate Transfer Fees	2,152,296	2,169,797	2,269,578	2,294,953	2,290,000	2,237,884	-2.5%	-2.3%
Capital Projects Fund	-	-	-	-	-	-		
Series 2011 Hospitality Bond	1,061,140	-	-	-	-	-		
Series 2013 GO Bonds	664,056	-	-	-	-	-		
Lease Revenue	-	119,782	10,889	65,336	64,000	65,000	0.0%	1.6%
Total Revenue	18,452,195	16,345,080	17,690,213	12,247,982	12,200,000	13,572,500	10.8%	11.3%
Expenditures:								
Administrative	23,625	17,025	11,025	11,025	11,025	38,790	251.8%	251.8%
Payment to Escrow Agent	-	-	-	-	-	25,000		
Transfer to Beach Pres. Fees	-	-	1,900,110	-	-	-		
Debt Issue Costs	-	-	-	-	-	750,000		
Principal	11,645,000	12,950,000	12,994,999	7,420,000	7,420,000	7,680,000	3.5%	3.5%
Interest	4,265,011	4,080,573	3,702,272	3,784,676	3,784,676	5,078,710	34.2%	34.2%
Total Expenditures	15,933,636	17,047,598	18,608,406	11,215,701	11,215,701	13,572,500	21.0%	21.0%
Net Change in Fd Balance	2,518,558	(702,518)	(918,193)	1,032,281	984,299	-		
Beginning Fund Balance	6,587,994	9,106,552	8,404,034	7,485,841	7,485,841	8,470,140		
Ending Fund Balance	\$9,106,552	\$ 8,404,034	\$ 7,485,841	\$8,518,122	\$8,470,140	\$ 8,470,140		

Planned Debt Service Fund Expenditures for Fiscal Year 2017

Debt Service Payments -- (without Stormwater bonds)

	<u>Interest</u>	<u>Principal</u>
<u>General Obligation Bonds</u>		
Series 2005 General Obligation Referendum Refunding Bonds (\$24,265,000)	\$ 551,265	\$ 1,875,000
Series 2008 General Obligation Referendum Refunding Bonds (\$12,215,000)	313,562	775,000
Series 2009 General Obligation Non-Referendum Refunding Bonds (\$5,005,000)	113,820	375,000
Series 2010 General Obligation Referendum Bonds (\$12,000,000)	485,343	470,000
Series 2011 General Obligation Referendum Refunding Bonds (\$12,385,000)	328,044	645,000
Series 2013A General Obligation Referendum Bonds (\$5,000,000)	172,306	155,556
Series 2013B General Obligation Non-Referendum Bonds (\$4,000,000)	137,844	124,444
Series 2017A General Obligation Non-Referendum Bonds (\$20,000,000 est.)	500,000	-
Total General Obligation Bonds	<u>\$2,602,184</u>	<u>\$ 4,420,000</u>
<u>Revenue/Special Obligation Bonds</u>		
Series 2011A Special Obligation Bonds (Hospitality Tax) (\$8,250,000)	\$ 202,794	\$ 425,000
Series 2011B Special Obligation Bonds (Hospitality Tax) (\$15,250,000)	559,319	440,000
Series 2011 Special Obligation Bonds (Beach Preservation Fee) (\$11,000,000)	141,913	2,395,000
Series 2017C Special Obligation Tax Increment Bonds (\$30,250,000 est.)	772,500	-
Series 2017B Special Obligation Bonds (Beach Pres. Fee) (\$20,000,000 est.)	800,000	-
Total Revenue/Special Obligation Bonds	<u>\$2,476,526</u>	<u>\$ 3,260,000</u>
Grand Total	<u><u>\$5,078,710</u></u>	<u><u>\$ 7,680,000</u></u>

Calculation of Legal Debt Limit

Assessed Value as of March 28, 2016	<u>\$863,950,905</u>
Debt Limit - Eight Percent (8%) of Assessed Value, without Voter Approval	69,116,072
Town Council Imposed Eighty Percent (80%) Cap	55,292,858
Amount Applicable to Debt Limit:	
General Obligation Non-Referendum Refunding Bonds Series 2009A (Series 1999)	3,800,000
General Obligation Non-Referendum Bonds Series 2013B	<u>3,466,669</u>
	<u>7,266,669</u>
Legal Debt Margin without a Referendum	<u><u>\$ 48,026,189</u></u>

* The planned General Obligation Bond Issue for 2017 would reduce the legal debt margin. The proposed amount has not been finalized yet, so it is not included in this schedule.

Calculation of the Legal Debt Limit, Continued

Article Ten (X), Section Fourteen (14) of the South Carolina Constitution of 1895 as amended provides that a City or Town shall incur General Obligation Debt over the eight percent (8%) limit when approved by a majority vote of qualified electors of the political subdivision voting in a referendum authorized by law. There shall be no conditions or restrictions limiting the incurring of such indebtedness except:

- a. Those restrictions and limitations imposed in the authorization to incur such indebtedness;
- b. The provisions of Article Ten (X) Section 14; and
- c. Such general obligation debt shall be issued within five years of the date of such referendum and shall mature within forty (40) years from the time such indebtedness shall be incurred.

Outstanding and Planned Debt Issues

(without self-funding Stormwater bonds)

	Original Issue Amount	Principal Outstanding at June 30, 2016
<u>General Obligation Bonds</u>		
Series 2005 General Obligation Referendum Refunding Bonds (\$24,265,000)	\$ 24,265,000	\$ 14,995,000
Series 2008 General Obligation Referendum Refunding Bonds (\$12,215,000)	12,215,000	8,050,000
Series 2009 General Obligation Non-Referendum Refunding Bonds (\$5,005,000)	5,005,000	4,160,000
Series 2010 General Obligation Referendum Bonds (\$12,000,000)	12,000,000	9,975,000
Series 2011 General Obligation Referendum Refunding Bonds (\$12,385,000)	12,385,000	10,690,000
Series 2013A General Obligation Referendum Bonds (\$5,000,000)	5,000,000	4,486,110
Series 2013B General Obligation Non-Referendum Bonds (\$4,000,000)	4,000,000	3,588,890
Total General Obligation Bonds	\$ 74,870,000	\$ 55,945,000
Bonds to be Issued		
Series 2017 General Obligation Bonds (\$20,000,000 estimate.)	20,000,000	20,000,000
Expected GO Bonds Outstanding after Current Year Issue	\$ 94,870,000	\$ 75,945,000
<u>Revenue/Special Obligation Bonds</u>		
Series 2011A Special Obligation Bonds (Hospitality Tax) (\$8,250,000)	8,250,000	6,505,000
Series 2011B Special Obligation Bonds (Hospitality Tax) (\$15,250,000)	15,250,000	13,760,000
Series 2011 Special Obligation Bonds (Beach Preservation Fee) (\$11,000,000)	11,000,000	9,685,000
Total Revenue/Special Obligation Bonds	\$ 34,500,000	\$ 29,950,000
Bonds to be Issued		
Series 2017 Beach Preservation Bonds (\$20,500,000 estimate)	\$ 20,500,000	\$ 20,500,000
Series 2017 TIF Bonds (\$30,250,000 estimate)	30,250,000	30,250,000
Expected Special Revenue Bonds Outstanding after Current Year Issue	64,750,000	60,200,000
Grand Total with Planned Debt Issues	\$ 159,620,000	\$ 136,145,000

Outstanding Debt Issues (continued)

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

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

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

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

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

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

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

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

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

Outstanding Debt Issues (continued)

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

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

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

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

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

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

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

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

The Town is required to maintain a reserve for the hospitality tax special obligation bonds. The reserve shall be the lesser of (a) 10% of the stated amount of certificates; (b) maximum annual debt service for any fiscal year or; (c) 125% of the average annual debt on the certificates. The original required deposit was \$1,061,140. The Town has allowed the investment to remain in the reserve. As of June 30, 2015, \$1,070,011 was the fair value amount held in the reserve which is reported in the Debt Service Fund.

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

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

On October 26, 2011 the Town issued \$8,250,000 in special obligation bonds (hospitality tax) with an average interest rate of 3.32% to advance refund \$8,625,000 in revenue bonds (hospitality tax) dated June 1, 2004 with an average interest rate of 4.86%. The net proceeds of \$8,129,802 including a premium of \$33,584 (after payment of \$150,484 in issuance costs) and funds on hand were used to purchase United States government securities. These revenue bonds were refunded to reduce total debt service payments over the life of the bonds by \$2,091,227 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$291,878. 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. As of June 30, 2015, \$601,611 was the fair value amount held in the reserve which is reported in the Debt Service Fund.

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

Outstanding Debt Issues (continued)

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

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

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. As of June 30, 2015, \$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 annually to the Debt Service Fund in an amount sufficient to repay the annual debt service.

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

On June 18, 2013, The Town issued \$5,000,000 in general obligation bonds for general land acquisition. This bond issue and the series 2010A comprise the total \$17,000,000 authorized by the Referendum.

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

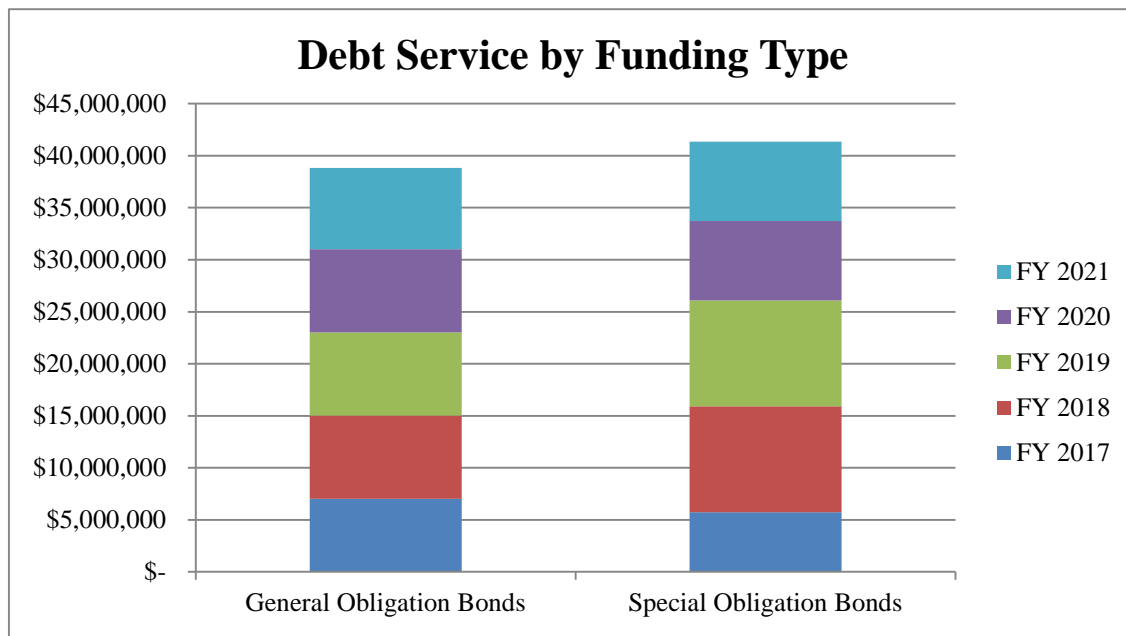
10. **Series 2013B General Obligation Non-Referendum Bonds; \$4,000,000 Dated June 12, 2013**

On June 18, 2013, the Town issued \$4,000,000 in general obligation bonds for the purchase of land, building and up-fit for the sheriff's office, SHARE Senior Center, and sewer projects.

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

Planned Debt Service for the Next Five Years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>General Obligation Bonds</u>					
Series 2005 General Obligation Referendum Refunding Bonds (\$24,265m)	\$ 2,426,265	\$ 2,415,390	\$ 2,410,015	\$ 2,410,640	\$ 2,269,693
Series 2008 General Obligation Referendum Refunding Bonds (\$12.215m)	1,088,562	1,088,813	1,091,338	1,090,325	1,086,178
Series 2009 Gen. Ob. Non-Referendum Refunding Bonds (\$5,005,000)	488,820	488,370	487,645	491,064	488,404
Series 2010 General Obligation Referendum Bonds (\$12,000,000)	955,343	951,543	945,445	938,195	929,505
Series 2011 General Obligation Referendum Refunding Bonds (\$12.385m)	973,044	968,694	968,894	963,594	964,619
Series 2013A General Obligation Referendum Bonds (\$5,000,000)	327,862	328,417	331,184	330,512	332,584
Series 2013B General Obligation Non-Referendum Bonds (\$4,000,000)	262,288	262,733	260,216	259,688	261,316
Series 2017A General Obligation Bonds(\$20,000,000) - estimated	<u>500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Total General Obligation Bonds	\$ 7,022,184	\$ 8,003,960	\$ 7,994,737	\$ 7,984,018	\$ 7,832,299
<u>Revenue/Special Obligation Bonds</u>					
Series 2011A Special Obligation Bonds (Hospitality Tax) (\$8,250,000)	\$ 627,794	\$ 633,231	\$ 632,731	\$ 630,981	\$ 628,531
Series 2011B Special Obligation Bonds (Hospitality Tax) (\$15,250,000)	999,319	1,001,119	1,002,469	998,669	999,269
Series 2011 Special Oblg. Bonds (Beach Preservation Fee) (\$11m)	2,536,913	2,551,288	2,543,294	-	-
Series 2017B Special Oblg. Bonds (Beach Pres. Fee) (\$20.5m est.)	800,000	2,500,000	2,500,000	2,500,000	2,500,000
Series 2017C Special Obligation Bonds (TIF) (\$25,570,000) - estimated	<u>772,500</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>
Total Revenue/Special Obligation Bonds	\$ 5,736,526	\$10,185,638	\$10,178,494	\$ 7,629,650	\$ 7,627,800
Grand Total	<u>\$12,758,710</u>	<u>\$18,189,598</u>	<u>\$18,173,231</u>	<u>\$15,613,668</u>	<u>\$15,460,099</u>



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

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Capital Improvement Program (CIP)

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

In accordance with State law, the proposed CIP for fiscal year 2017 was developed by staff for review and recommendation of the full Planning Commission. The pathways and parks section was also reviewed by the Parks & Recreation Commission. The Planning Commission annually recommends the proposed CIP to Town Council for adoption during their CIP Budget Workshop in June.

Included in this section is the Town's capital expenditure plan with funding sources for the upcoming year. Expenditures in this section are exclusive of projects associated with the Stormwater Program or the Palmetto Electric Program. In addition, a ten-year capital plan is included that identifies anticipated capital expenditures **with funding sources to be determined**. Input for the capital improvements program comes from a variety of sources. Sources are 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 **Stormwater Utility Program** in which funds derive from stormwater utility fees assessed annually based on a rate per SFU (Single Family Unit) are committed to the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems and programs within the Town limits of Hilton Head Island in concert with Beaufort County and other water resource management programs. The fee generates approximately \$3.725 million annually. The budget for this program is reflected in the separate enterprise fund.

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

Capital Project Fund (CPF) Revenues and Other Sources

Previously, Town Council directed that we “minimize reliance on property tax while expanding alternative revenue sources.” The CPF continues to be an excellent example of that approach. It consistently reduces reliance on ad valorem property taxes and shares the costs of infrastructure requirements with the beneficiaries. The CPF incorporates many different funding sources; a brief description of some of those sources is provided below.

1. **Impact Fees** are assessed against new developments to finance capital improvements necessary to support the growth in population.
 - a. **Traffic Impact Fees** are derived from development and applied to roads, pathways and additional traffic signals. Pathways may only be funded up to fifty percent with Traffic Impact Fees.
 - b. **Parks Impact Fees** were enacted Countywide to provide funding for emerging park needs.
2. **Fund Balance** which is un-obligated and obligated monies that are rolled over from previously approved, but incomplete, projects.
3. **New Fiscal Year Taxes** are ad valorem property taxes collected during the next fiscal year. The amount dedicated to the CIP is .84 mils and will generate approximately \$705,000.
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 will generate approximately \$5.9 million in revenue for the Town next fiscal year. These funds are dedicated to beach re-nourishment and related monitoring, dune refurbishment, maintenance and operations, and new beach parks and beach access facilities. The Town expects to expend \$3.3 million of these funds to pay debt service on bonds associated with beach renourishment projects and has budgeted \$750,000 for projects in the CPF. Also, the Town budgeted a \$1.1 million transfer to the General Fund for beach park repairs, maintenance and operations.
6. **Hospitality Tax** which is a two percent (2%) tax on the sale of prepared meals and beverages, sold in establishments with or without licenses and for on premise consumption of alcoholic beverages, beer or wine. This source will generate approximately \$6.0 million in revenue next fiscal year. The Town has budgeted \$375,000 for projects; the remainder goes for debt service and to support public safety and road maintenance in the General Fund.
7. **Tax Increment Financing (TIF)** in which funds derive from increased assessed value above the baseline assessment when the TIF District was established. These funds may be used for public projects within the District. TIF will generate approximately \$4.0 million in revenue next fiscal year; \$5.575 million is budgeted for CPF projects. The Town will also use cash on hand plus issue bonds to construct a USCB campus on the Island and make improvements to the Coligny / Pope Avenue area.
8. **Real Estate Transfer Fee** which is .25 of 1% on each real estate transaction in the Town. This source will generate approximately \$2.2 million in revenue next fiscal year. These funds are dedicated to the Land Acquisition Program and its debt service.

Capital Projects Fund Revenues and Other Sources (continued)

9. **Bond Proceeds from funding sources above.** In fiscal year 2017 the Town budgeted \$1.75 million, \$25.75 million and \$8.015 million for capital projects from hospitality tax, tax increment financing and general obligation bonds, respectively.
10. **Grants** Three grants have been obtained for FY 2017 and will provide \$725,000 for dirt road paving, road resurfacing, and intersection improvements.
11. **Road Usage Fee** is a fee charged to registered automobiles in the Town, which will generate approximately \$730,000 in revenue in FY 2017. The Town has budgeted \$322,250 for roadway projects in the CPF, and the remainder will be transferred to the General Fund for road maintenance, repairs, and to support public safety.

Implementation of the fiscal year 2017 CPF will require about \$44.4 million during the fiscal year. The chart below reflects a comparison of the major budgeted revenue sources for fiscal years 2016 and 2017.

Revenue Source	FY 2016 Budget	FY 2017 Budget	\$ Change	% Change
Property Taxes	\$ 715,552	\$ 705,000	\$ (10,552)	-1.47%
Sunday Permit Fees	681,851	350,000	(331,851)	-48.67%
Beach Preservation Fees	1,405,414	750,000	(655,414)	-46.63%
Tax Increment Financing	3,919,533	5,575,000	1,655,467	42.24%
Hospitality Tax	413,925	425,000	11,075	2.68%
Bond Proceeds - Beach Fees, General Obligation, Hospitality and TIF	32,172,840	40,265,000	8,092,160	25.15%
Impact Fees - Roads	35,000		(35,000)	-100.00%
Grants	-	525,000	525,000	100.00%
Road Usage Fee	-	322,250	322,250	100.00%
Other	67,336	-	(67,336)	-100.00%
Total	\$ 39,411,451	\$ 48,917,250	\$ 9,505,799	24.12%

Capital Projects Fund Expenditures

In the **Beach Maintenance** category, there are 2 projects programmed during the next ten years (including 1 on-going beach management and monitoring project), and are funded for \$750,000 in fiscal year 2017.

In the **Existing Facilities/Infrastructure** category, there are 3 projects programmed during the next ten years, 2 of the projects are funded for approximately \$2.55 million in fiscal year 2017.

In the category of **Park Development**, 3 projects (including 1 on-going maintenance project) are programmed during the next ten years, 2 projects are funded for approximately \$5.3 million in fiscal year 2017.

In the **New Facilities/Infrastructure** category, there are 3 projects programmed during the next ten years, 3 projects are funded for approximately \$27.02 million in fiscal year 2017.

In the **Pathways** category, there is 1 project programmed during the next ten years. There is one project funded for \$100,000 in fiscal year 2017. Funded projects may involve land acquisition, legal work, design, concept and survey, and/or construction.

Capital Projects Fund Expenditures

In the category of **Roadway Improvements**, there are 14 projects programmed during the next ten years; 9 of them are funded for approximately \$8.17 million in fiscal year 2017.

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

Impact on Operation and Maintenance Expenditures

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

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

In fiscal year 2017, the major impact items of the Town's capital assets on the operating budget are as follows:

- The fiscal year 2017 General Fund operating budget associated with the upkeep of the Town's facilities and parks (including the shift of budgeting of non-project capital outlay from the Capital Projects Fund to the General Fund) is \$587,000.
- The Town established a budget in the General Fund – PP&F – Engineering in fiscal year 2014 for maintaining Town-owned roads recognizing the minimal likelihood that the County will accept the Town's roads into its inventory. In fiscal year 2017, the roads maintenance budget will be \$403,000.

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

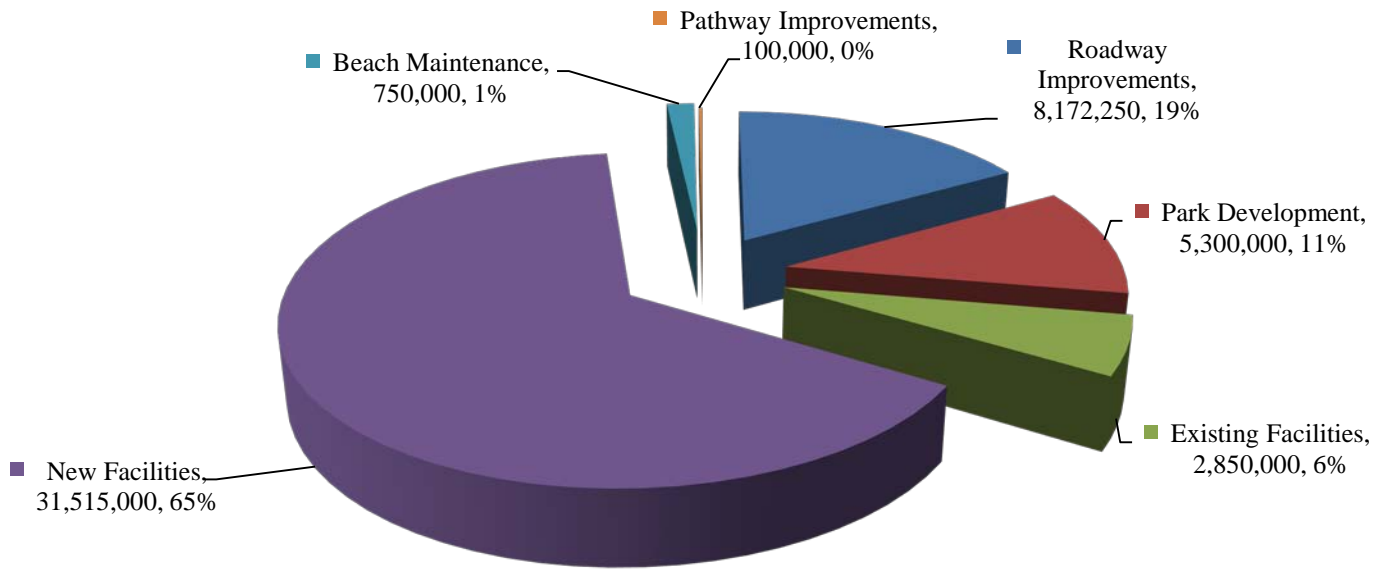
On-going Impact of the CIP on Operations and Operating Expenditures

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.

Fiscal Year 2017 Capital Projects Fund (CPF)

The Capital Projects Fund budget for fiscal year 2017 is \$48,687,250 plus \$300,000 for bond issue costs and \$453,000 for transfers to the General and Debt Service Fund and consists of the following project category funding levels.

Capital Projects Fund Expenditures by Category



Capital Projects Fund

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

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Budget	FY 2016 Estimated Actual	FY 2017 Budget	% change	
							FY 2016 Budget	FY 2016 Est. Actual
Revenues:								
Ad Valorem Property Taxes	685,501	667,370	694,238	715,552	715,552	705,000	-1.47%	-1.47%
Investment Income	3,269	3,099	2,468	2,000	2,000	-	-100.00%	-100.00%
Grants	27,622	-	275,000	-	-	525,000	100.00%	100.00%
Contributions	20,000	-	-	-	-	-	-	-
Sunday Permit Fees	381,015	349,169	364,107	681,851	681,851	350,000	-48.67%	-48.67%
Traffic Impact Fees	100,572	141,157	216,183	35,000	155,000	-	-100.00%	-100.00%
Park Impact Fees	63,160	107,576	77,748	-	-	-	-	-
Beaufort County Bond	-	-	-	-	-	-	-	-
Bond Premium	664,056	-	-	-	-	-	-	-
Bond Proceeds (Beach Preservation)	-	-	-	20,500,000	20,500,000	-	-100.00%	-100.00%
Bond Proceeds (Hospitality)	-	-	-	718,923	718,923	1,750,000	143.42%	143.42%
Bond Proceeds (TIF)	-	-	-	3,250,000	3,250,000	30,250,000	830.77%	830.77%
Bond Proceeds (2013 General Obligation)	9,000,000	-	-	-	-	-	-	-
Bond Proceeds (2016 General Obligation)	-	-	-	7,703,917	7,703,917	8,265,000	7.28%	7.28%
Lease Revenue	208,998	127,938	213,996	65,336	65,000	-	-100.00%	-100.00%
Other Revenue	-	-	-	-	-	-	-	-
Reimbursement of Prior Year Expenditures	-	458,479	4,990	-	-	-	-	-
Sale of Property & Equipment	266,622	175,000	559,688	-	300,000	-	-	-100.00%
Transfers In:								
Beach Preservation Fees	642,078	2,327,672	612,676	1,405,414	1,405,414	750,000	-46.63%	-46.63%
Hospitality Fees	273,575	2,374,820	490,011	413,925	475,000	425,000	2.68%	-10.53%
Tax Increment Financing	1,594,527	1,844,358	4,329,873	3,919,533	3,919,533	5,575,000	42.24%	42.24%
Debt Service Fund	-	-	-	-	50,000	-	-	-
Real Estate Transfer Fees	-	-	-	-	-	-	-	-
Road Usage Fee	-	-	-	-	-	322,250	100.00%	100.00%
Total Revenue	13,930,995	8,576,638	7,840,978	39,411,451	39,942,190	48,917,250	24.12%	22.47%
Expenditures:								
Beach Maintenance	711,634	2,326,444	794,774	21,905,413	10,285,413	750,000	-96.58%	-92.71%
Existing Facilities	1,220,283	4,118,687	522,053	473,691	380,691	2,850,000	501.66%	648.64%
Park Development	765,811	707,641	1,115,701	6,796,550	287,550	5,300,000	-22.02%	1743.16%
New Facilities	1,340,995	2,601,826	2,227,088	4,438,495	2,769,495	31,515,000	610.04%	1037.93%
Pathway Improvements	1,354,262	1,436,506	1,007,895	662,223	573,223	100,000	-84.90%	-82.55%
Roadway Improvements	1,669,550	1,548,043	2,650,081	4,586,712	3,307,712	8,172,250	78.17%	147.07%
Land Acquisition	6,080,118	19,752	2,012,510	131	120,000	-	-100.00%	-100.00%
Total Expenditures	13,142,653	12,758,899	10,330,102	38,863,215	17,724,084	48,687,250	25.28%	174.70%
Other Financing Sources / Uses:								
Bond Proceeds Previously Recognized	-	-	- *	(718,923)	(718,923) *	(1,750,000)	143.42%	143.42%
Bond Issue Costs	127,167	114,997	-	375,000	375,000	300,000	-20.00%	-20.00%
Transfers Out	4,215,828	479,485	1,035,039	1,515,836	1,515,836	453,000	-70.12%	-70.12%
Net Change in Fund Balance	(3,554,653)	(4,776,743)	(3,524,163)	(2,061,523)	19,608,347	(2,273,000)		
Beginning Fund Balance	20,474,068	16,919,415	12,142,672	8,618,509	8,618,509	6,556,986		
Ending Fund Balance	16,919,415	12,142,672	8,618,509	6,556,986	28,226,856	4,283,986		

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

Capital Projects Fund Expenditures by Funding Source – FY 2017

THOUSANDS OF DOLLARS									
Estimated FY 2016 Funding (Enc./Roll)	FY 2017 Budget	Impact Fees	FY 2017 Property Taxes	Beach Fee	Hospital- ity Tax	TIF	Sunday Liq. Permit Fees	Other Funds	Notes

PATHWAYS

Pathway Accessibility & Safety Enhancement Projects	-	100				100			
Pope Ave (Off Road)	89								
TOTAL	89	100	-	-	-	100	-	-	-

ROADWAY IMPROVEMENTS

Office Park Rd Intersection Imprvmt	784	1,600				1,325		275	Hargray Grant on Hand
Extension of Lagoon Road	20	2,500				2,500			
Reconstruction of Nassau Street	25	1,100				1,100			
South Forest Beach Dr Imprvmts	30	650				650			
Intersection Improvements-W.B. 3rd lane WHP at Squire Pope	30								
Intersection Improvements-Shelter Cove Towne Center	125								
Traffic Signal Mast Arm: Shelter Cove Lane / 278	100								
Private Dirt Roads Acquisition	40	372		250				122	Rd Usage
Misc Turning Lane Improvements	-	225				225			
Pope Avenue Resurfacing (From BCTC)	-	325						325	CTC Funding via IGA
Dirt Road Paving (CDBG Project)	125	200						200	CDBG Grant
Dirt Road Paving (Road Usage Fee-Wiley Rd.)	-	200						200	Rd Usage Fee
Bluffton Parkway Beautification	-	1,000				1,000			HTX Bond
TOTAL	1,279	8,172	-	250	-	1,225	5,575	-	1,122

PARK DEVELOPMENT

Parks Upgrades	70	300					300		
Recreation Center Expansion	5,393	5,000						5,000	New GO Bond
Public Art Program	34								
Shelter Cove Parking Lot	200								
Crossings Park Drainage Imprvmt	223								
Shelter Cove Community Park (Pier)	589								
TOTAL	6,509	5,300	-	-	-	-	-	300	5,000

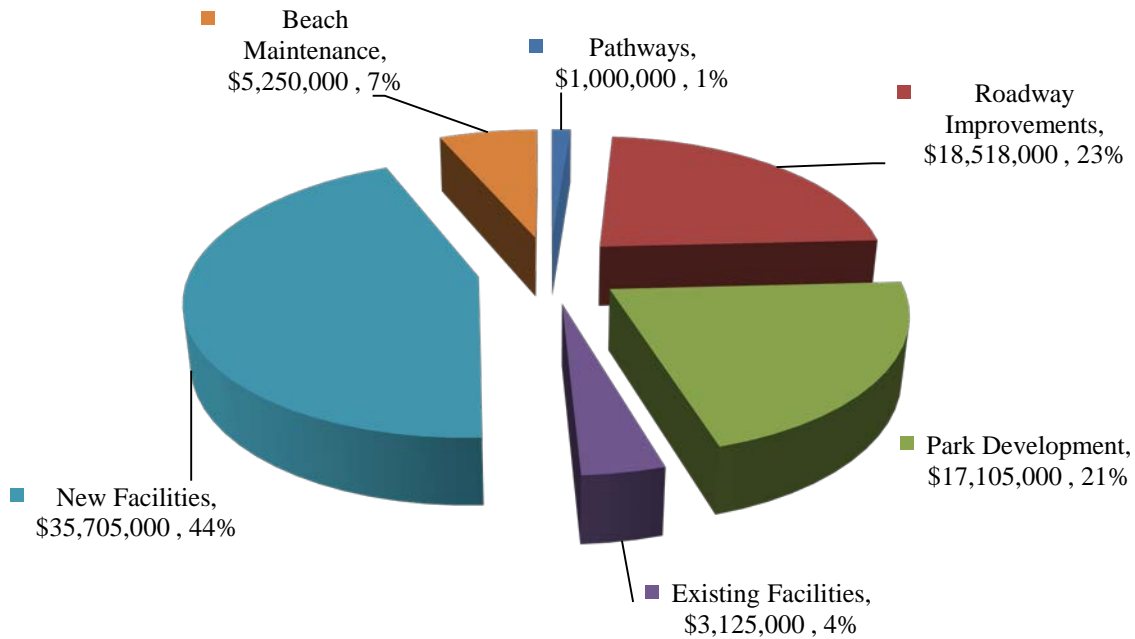
Capital Projects Fund Expenditures by Funding Source – FY 2017 (Continued)

THOUSANDS OF DOLLARS										
Estimated FY 2016 Funding (Enc./Roll)	FY 2017 Budget	Impact Fees	FY 2017 Property Taxes	Beach Fee	Hospital- ity Tax	TIF	Sunday Liq. Permit Fees	Other Funds	Notes	
EXISTING FACILITIES & INFRASTRUCTURE										
Fire Station #2 Replacement	25	2,750				750		2,000	H.Tax Bond / GO Bond	
Town Hall Remodeling	68	100				100				
TOTAL	93	2,850	-	-	-	850	-	-	2,000	
NEW FACILITIES & INFRASTRUCTURE										
USCB Hospitality Management Program Building	518	18,900				18,900			TIF Bond	
Coligny / Pope Ave Initiative Area Improvements w, Community Park	196	11,350				11,350			TIF Bond	
Sewer Projects	900	1,265						1,265	GO Bond	
58 Shelter Cove Tenant Upfit	55									
TOTAL	1,669	31,515	-	-	-	-	30,250	-	1,265	
BEACH MAINTENANCE										
Beach Management & Monitoring	120	250			250					
Beach Renourishment Project	11,500	500			500					
TOTAL	11,620	750	-	-	750	-	-	-	-	
TOTAL FY 2017 BUDGET	21,259	48,687	-	250	750	2,175	35,825	300	9,387	

Ten-Year Capital Improvements Program (CIP)

The Town formally adopts a one year Capital Projects Fund budget. In addition, it develops an unbudgeted (planned) Ten-Year Capital Improvements Program (CIP). The anticipated capital expenditures over the next ten years are anticipated to be \$80,703,000. The Town estimates the following expenditures by program.

Ten-Year Capital Improvements Program Expenditures by Program



CIP Expenditures by Category 2017-2026

	THOUSANDS OF DOLLARS					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022-2026
SUMMARY						
Pathways	100	100	100	100	100	500
Roadway Improvements	8,172	1,096	1,900	5,400	950	1,000
Park Development	5,300	2,880	300	325	300	8,000
Existing Facilities & Infrastructure	2,850	50	225	-	-	-
New Facilities & Infrastructure	31,515	585	1,415	2,190	-	-
Beach Maintenance	750	500	500	500	500	2,500
TOTALS (THOUSANDS OF DOLLARS)	48,687	5,211	4,440	8,515	1,850	12,000

CIP Expenditures by Category 2017-2026

	THOUSANDS OF DOLLARS					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022-2026
PATHWAYS						
Pathway Accessibility & Safety Enhancement Projects	100	100	100	100	100	500
TOTAL	100	100	100	100	100	500
ROADWAY IMPROVEMENTS						
Office Park Rd Intersection Imprvmt	1,600					
Extension of Lagoon Road	2,500					
Reconstruction of Nassau Street	1,100					
South Forest Beach Dr Imprvmts	650		100		750	
Intersection Improvements-W.B. 3rd lane WHP at Squire Pope		500	TBD	4,000		
Intersection Improvements-Shelter Cove Towne Center			1,250			
Private Dirt Roads Acquisition	372	TBD	TBD	TBD	TBD	TBD
Misc Turning Lane Improvements	225					
Pope Avenue Resurfacing (From BCTC)	325					
Dirt Road Paving (CDBG Projects)	200	200	200	200		
Dirt Road Paving (Road Usage Fee Projects)	200	200	200	200	200	1,000
Bluffton Parkway Beautification	1,000					
Traffic Signal Mast Arms (TIF Funded in District)		96	150			
Pope Avenue Improvements		100		1,000		
Arrow / Target Rd Improvement			TBD			
TOTAL	8,172	1,096	1,900	5,400	950	1,000
PARK DEVELOPMENT						
Parks Upgrades	300	380	300	325	300	1,500
Recreation Center Expansion	5,000					
Chaplin Linear Park		2,500				6,500
TOTAL	5,300	2,880	300	325	300	8,000

CIP Expenditures by Category 2017-2026

EXISTING FACILITIES & INFRASTRUCTURE

Fire Station #2 Replacement	2,500					
Town Hall Remodeling	50	50	50			
Fire Rescue Training Center Enhancements			175			
TOTAL	2,550	50	225	-	-	-

NEW FACILITIES & INFRASTRUCTURE

USCB Hospitality Management Program Building	18,900					
Coligny / Pope Ave Initiative Area Improvements w, Community Park	6,850		750	2,100		
Sewer Projects	1,265	585	665	90		
TOTAL	27,015	585	1,415	2,190	-	-

BEACH MAINTENANCE

Beach Management & Monitoring	500	500	500	500	500	2,500
Beach Projects	250	-	-	-	-	-
TOTAL	750	500	500	500	500	2,500
TOTALS (THOUSANDS OF DOLLARS)	43,887	5,131	4,440	8,515	1,850	12,000

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Stormwater Fund (Enterprise Fund)

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Stormwater Fund (Enterprise Fund)

This fund is used to account for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems within the Town in concert with Beaufort County and other water resource management programs. The total expense budget for fiscal year 2017 is \$3.825 million including a transfer to the General Fund. The annual base fee per SFU will remain at \$108.70 for fiscal year 2017.

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Budget	FY 2016		% change	
					Estimated Actual	FY 2017 Budget	FY 2016 Budget	FY 2016 Est. Actual
Revenues:								
Stormwater Fees	3,574,933	3,564,300	3,551,386	3,574,134	3,584,444	3,725,000	4.2%	3.9%
Miscellaneous Income/Grant Income	5,512	-	25,764	-	44,272	-	0.0%	0.0%
Prior Year Funds	-	-	-	-	-	-	0.0%	0.0%
Investment Income	253	394	450	-	300	300	0.0%	0.0%
Total Revenue	3,580,698	3,564,694	3,577,600	3,574,134	3,629,016	3,725,300	4.2%	2.7%
Expenses:								
Total Personnel	154,100	269,278	317,573	370,797	352,072	370,887	0.0%	5.3%
Operating:								
Travel	-	972	2,265	5,200	3,000	5,000	-3.8%	66.7%
Meetings & Conferences	-	2,586	1,195	3,100	3,100	3,000	-3.2%	-3.2%
Public Education	6,507	19,954	4,895	7,000	12,000	20,000	185.7%	66.7%
Mapping Update	-	58,980	-	-	-	-	0.0%	0.0%
General Operating Expenses	3,201	4,485	35,876	13,900	14,600	19,100	37.4%	30.8%
Beaufort County SWU Admin Fees	90,039	89,700	90,496	105,000	105,000	167,000	59.0%	59.0%
Street Sweeping Contract	-	-	-	106,000	106,000	108,000	1.9%	1.9%
Project Database Management System	-	-	-	-	-	50,000	0.0%	0.0%
Contingency Repairs/Vehicle Purchase	-	-	-	28,000	30,764	-	-100.0%	100.0%
Beaufort County Stormwater Master Plan	-	-	-	147,000	140,000	-	-100.0%	100.0%
NPDES Compliance (IDDE program)	-	-	-	-	-	10,000	100.0%	100.0%
Water Quality Monitoring	42,353	36,514	91,933	120,000	100,000	120,000	0.0%	20.0%
Total Operating	142,100	213,191	226,660	535,200	514,464	502,100	-6.2%	-2.4%
Projects:								
Infrastructure and Capital	662,236	553,843	815,243	387,000	479,968	776,000	100.5%	61.7%
Inventory and Modeling	522,127	326,633	399,899	150,000	220,418	50,000	-66.7%	-77.3%
Maintenance and Repairs	264,092	373,183	357,807	713,000	678,545	629,000	-11.8%	-7.3%
Pump Station Costs	249,884	455,300	257,195	250,000	146,884	250,000	0.0%	70.2%
Total Project Costs	1,698,339	1,708,959	1,830,144	1,500,000	1,525,815	1,705,000	13.7%	11.7%
Debt Service:								
Principal	780,000	805,000	825,000	850,000	850,000	875,000	2.9%	2.9%
Interest	366,077	333,245	414,081	299,000	299,000	275,000	-8.0%	-8.0%
Other Charges	2,500	2,500	2,500	3,000	2,500	3,000	0.0%	20.0%
Total Debt Service	1,148,577	1,140,745	1,241,581	1,152,000	1,151,500	1,153,000	0.1%	0.1%
Total Expenses	3,143,116	3,332,173	3,615,958	3,557,997	3,543,851	3,730,987	4.9%	5.3%
Transfer to General Fund	236,130	74,163	94,258	94,258	94,258	95,000	0.8%	0.8%
Total Expenses and Transfers Out	3,379,246	3,406,336	3,710,216	3,652,255	3,638,109	3,825,987	4.8%	5.2%
Net Change in Fund Balance	201,452	158,358	(132,616)	(78,121)	(9,093)	(100,687)		
Beginning Fund Balance (unrestricted)	3,691,780	1,812,919	1,971,277	1,838,661	1,838,661	1,829,568		
Ending Fund Balance (unrestricted)	3,893,232	1,971,277	1,838,661	1,760,540	1,829,568	1,728,881		

Revenues and Expenses Analysis - Historical, Estimated Actual, and Budget
Stormwater Expenses by Category 2017-2020

STORMWATER BUDGET SUMMARY	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2017	FY 2018	FY 2019	FY 2020
CATEGORY					
Salary, Benefits, Operating Expenses	140	968	706	718	730
Debt Service		1,153	1,154	1,149	1,154
Capital & Infrastructure Upgrades and Improvements	286	776	1,750	250	682
Inventory & Modeling	-	50	50	50	50
Maintenance & Repairs	28	629	250	669	325
Pump Station Costs	-	250	450	450	450
TOTAL	454	3,826	4,360	3,286	3,391

STORMWATER BUDGET DETAIL	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2017	FY 2018	FY 2019	FY 2020
SALARY, BENEFITS, OPERATING EXPENSES AND DEBT SERVICE					
SALARY AND BENEFITS					
Total Salary and Benefits	-	371	382	394	405
OPERATING EXPENSES					
Beaufort County SWU Administration Fee (withheld by County)	-	167	150	150	150
Beaufort County Stormwater Master Plan Update	140	-	-	-	-
Public Education	-	20	20	20	20
Water Quality Monitoring	-	120	120	120	120
Asset Management Software / Project Database Software Development	-	50	-	-	-
Transfer to General Fund for OH cost allocation		95			
NPDES Compliance (IDDE program)		10	10	10	10
General Operating Costs	-	27	24	24	24
Travel	-	5	5	5	5
Training & Conference	-	3	3	3	3
Legal (PUD negotiations, easements)	-	5	5	5	5
Membership Dues		1	1	1	1
Tools & Equip.	-	8	5	5	5
Uniforms & Protective Gear	-	1	1	1	1
Cell Phone	-	1.2	1.2	1.2	1.3
Stormwater Hotline		1.3	1.3	1.3	1.3
Veh. Fuel	-	1.6	1.6	1.7	1.7
Total Operating Expenses	140	489	324	324	324
DEBT SERVICE (matures fiscal year 2026)					
Principal	-	875	900	920	950
Interest	-	275	251	226	201
Other Charges and Fees	-	3	3	3	3
Total Debt Service	-	1,153	1,154	1,149	1,154
TOTAL SALARY, BENEFITS, OPERATING EXPENSES AND DEBT SERVICE	140	2,013	1,860	1,867	1,884

Stormwater Expenses by Category 2017-2020

STORMWATER BUDGET DETAIL		THOUSANDS OF DOLLARS				
		Est. Roll-Forward Bal.	FY 2017	FY 2018	FY 2019	FY 2020
CAPITAL & INFRASTRUCTURE UPGRADES & IMPROVEMENTS						
Capital Upgrades Contingency (Pipe Lining, Pipe Replacement, Infrastructure Upgrades)						
HILTON HEAD PLANTATION - PUD						
8 Dolphin Point Lane - Pipe Upgrades						
	HHP		10			
Sweetwater Lane - Pipe Replacement						
	HHP	40	-	-	-	-
Old Fort Drive Outfall - CCTV, line or replace existing 48" pipes						
	HHP	-	151	-	-	-
Prestwick Court Lagoon Connector - Line and replace 42" & 48" pipes						
	HHP	-	-	-	-	300
Total Hilton Head Plantation						
			161			
INDIGO RUN - PUD						
Total Indigo Run						
		-	-	-	-	-
LONG COVE - PUD						
Friendfield Court Weir Replacement						
	LCC	-	-	75	-	-
Long Cove Club Drive - Lagoon pipe extensions (5 locations)						
	LCC		10	-	-	-
Total Long Cove Club						
			10	75	-	-
PALMETTO HALL - PUD						
Arthur Hills Golf Course (#18, #11, #12) - Replace three outfall weirs						
	PH	-	50	-	-	-
Total Palmetto Hall						
			50	-	-	-
PALMETTO DUNES - PUD						
Total Palmetto Dunes						
	PD	-	-	-	-	-
LEAMINGTON - PUD						
Total Leamington						
	LM	-	-	-	-	-
PORT ROYAL PLANTATION - PUD						
Total Port Royal Plantation						
			-	-		-
SEA PINES - PUD						
Baynard Cove Outfall Repairs - steel supports / gates / grate replacement						
	SP	10	120	-	-	-
Spotted Sandpiper - Pipe repair / replacement						
	SP	-	140	-	-	-
Ruddy Turnstone - CCTV and pipe repair						
	SP	-	30	-	-	-
Duck Hawk Road - CCTV and pipe/sinkhole repair						
	SP	-	60	-	-	-
Ocean Course Pipe Upgrades (#15 to N. Sea Pines Drive)						
	SP	-	40	-	-	-
Light House Lane - CCTV and pipe repair						
	SP	-	-	-	-	141
Total Sea Pines						
			390	-	-	141
SHIPYARD - PUD						
Total Shipyard						
		-	-			
WEXFORD - PUD						
Wexford Club Drive Flooding - Pipe Upgrades						
	WEX	-	-	50	-	-
Pump Station Access Easement Stabilization (46 Yorkshire)						
	WEX	50	-	-	-	-
Total Wexford						
		-	-	50	-	-
NON-PUD AREAS						
Northridge Theater / Mathews Drive outfall - Upsize pipes						
	XN	62	15	-	-	-
Lemoyne Avenue Flooding - Install drainage infrastructure (roll \$100k to FY17)						
	XN	99		-	-	-
Tanglewood Dr. - Road Flooding (coordinate w/ Coligny Re-development)						
	XN	8	-	-	-	-
Lawton Woods - Install drainage infrastructure / design/permit/util FY17, construct						
	XN	17	150	1,500	-	-
Mathews Drive / Ashmore Channel - Replace 72" & 60" pinch valves						
	XN	-	-	-	250	-
Islanders Beach Park Flooding - Install drainage infrastructure						
	XN	-	-	-	-	50
Driessen Beach Park Flooding - Install drainage infrastructure						
	XN	-	-	-	-	50
Total Non-PUD						
			165	1,500	250	100
TOTAL CAPITAL & INFRASTRUCTURE UPGRADES & IMPROVEMENTS						
		286	776	1,750	250	682

Stormwater Expenses by Category 2017-2020

STORMWATER BUDGET DETAIL (continued)		THOUSANDS OF DOLLARS					
		Est. Roll-Forward Bal.	FY 2017	FY 2018	FY 2019	FY 2020	
INVENTORY & MODELING							
Inventory & Modeling Updates		-	50	50	50	50	
TOTAL INVENTORY, MODELING, AND MASTER PLANNING		-	50	50	50	50	
MAINTENANCE & REPAIRS							
Emergency Contingency for Repairs			50	-	-	-	
General Maintenance Contingency (All Areas)			50	-	-	-	
Street Sweeping Contract			108	108	108	108	
MAINTENANCE & REPAIRS PROJECTS							
Mathews / Matilda - Channel Repair and Bank Stabilization	XS	-	-	-	-	50	
The Cottages - repair bank erosion, replace weir	SH		25	-	-	-	
Wiler's Creek Bank Stabilization	IR	-	-	-	-	-	
Haig Point Outfall (Crossings to Broad Creek) Channel Stabilization	XN	-	-	-	25	90	
Pine Island / Barrier Beach Repair	HHP		100	100	100		
Seabrook Drive (Behind 4 Hadley) - Erosion and end treatment repair	HHP		-	-	15	-	
2 Fife Lane - Pipe / inlet / sinkhole repair	LCC		15	-	-	-	
Lawton Canal - Replace 2 lift gates and clean structure	SP		15	-	-	-	
Aberdeen Court Inlet Repair	IR		-	-	5	-	
Baynard Cove Outfall - cleaning and repairs	SP	8	-	-	-	-	
Light House Road - Replace flap gate	SP		5	-	-	-	
Clipper Course (#8 Tee) - Repair lagoon bank erosion	SH	-	-	-	-	-	
Windward Village - Lagoon bank erosion repair	SH		-	-	-	-	
167 Mooring Buoy - Pipe and Inlet repairs	PD		-	-	-	-	
35 Baynard Park - erosion repair	SP		-	-	-	-	
CHANNEL MAINTENANCE, CON'T							
Cordillo Parkway to Lawton Drive channel maintenance	SP	-	25	10	10	-	
Arrow Road Powerline Channel (Town owned portion)	XN		15	-	-	-	
Ashmore Channel	XN		4	-	-	-	
Shipyards Outfall (WHP to Dunnagan's Alley)	XN		2	-	-	-	
Gumtree / Wildhorse Channel	XN		4	-	-	-	
Jarvis Creek Outfall Channel	XN		13	-	-	-	
Willion Hilton Parkway to Leg O'Mutton (Gardner Channel)	XN		25	-	-	-	
Oakview	XN		4	-	-	-	
Old Woodlands	XN		6	-	-	-	
Palmetto Headlands	XN		10	-	-	-	
Mathews Drive Outfall (US 278 to Dillon)	XN		10	-	-	-	
Muddy Creek	XN		3	-	-	-	
Haig Point Channel (Arrow to Broad Creek)	XN		70	-	-	-	
Airport Outfall	XN		10	-	-	-	
Folly Field channel maintenance	XN		5	-	-	-	
Wexford Powerline Channel Maintenance	WEX		30	30	10		
Scarborough Head Road Channel Maintenance	PRP		25	-	-	-	
Century Drive Channel Maintenance	PRP		25	-	-	-	
South Port Royal Drive Channel Maintenance	PRP		20	-	-	-	
Club Course drainage system (70 & 76 Club Course)	SP		-	-	30	-	
Club Course drainage system (#5 to #8)	SP		-	-	15	-	
Club Course drainage system (Wood Duck/Water Oak & Water Oak to Oyster Landing Club)	SP		-	-	15	-	
Wimbledon Court Channel Maintenance	PRP		-	-	-	-	
Ocean Course #4 & #5 (Tupelo Road)	SP		-	-	24	-	

Stormwater Expenses by Category 2017-2020

STORMWATER BUDGET DETAIL (continued)		THOUSANDS OF DOLLARS				
		Est. Roll-Forward Bal.	FY 2017	FY 2018	FY 2019	FY 2020
CHANNEL MAINTENANCE, CON'T						
Beach Lagoon dredging	SP		-	-	60	-
20 River Club - Erosion and weir siltation	IR	-	-	-	-	-
65 Lighthouse to Forest Drive - channel maintenance	SP	-	-	-	26	-
Willow Oak Rd. To Lighthouse Road	SP		-	-		-
Club Course drainage system (#18 to Oyster Landing Club)	SP		-	-	15	-
Parking Lot 2 to Greenwood Drive	SP		-	-	19	-
Governors Road to Six Oaks (Parking Lot 4)	SP		-	-	19	-
Greenwood Forest (Wisteria Lane) to Greenwood Drive	SP		-	-	35	-
Lawton Canal sediment removal	SP		-	-	15	-
Plantation Drive (Heron Point #12 to Lawton Stables)	SP		-	-	32	-
66 Baynard Cove channel maintenance	SP		-	-	13	-
Ridgewood Lane to Greenwood Villas	SP		-	-	26	-
Marshland Road at Mathews Drive roadside ditch	XS		-	-	3	-
Broad Point and River Club - Channel maintenance	IR		-	-	-	-
Club Course drainage system cleaning (Otter Rd. to Newhall Rd.)	SP	-	-	-	25	-
Port & Lagoon Villas / Wren Drive - Channel and outfall siltation	SP	-	-	-	-	-
Heritage Villas lagoon bank erosion repair	SP		-	-	-	40
Night Heron Lane lagoon maintenance	SP		-	-	-	10
Cordillo Parkway (downstream of Pump Station)	SH		-	-	4	-
Mathews Court	XS		-	-	-	-
Bear Creek Golf Course (Headlands) - Channel Maintenance	HHP	20	-	-	-	-
Preserve at Indigo Run - Culvert / channel siltation	IR	-	-	-	-	10
Barcelona Drive between North Forest Beach	SH		-	-	-	4
Katie Miller Road	XN		-	-	-	3
Squire Pope Road Outfalls	XS		-	-	-	4
Squiresgate to Wildhorse	XN		-	-	-	3
Clifford Miller Drive	XN		-	-	-	3
Misc. maintenance (Town owned parks, roadside ditches, ponds)	XN		25	-	-	-
Point Comfort Club Lagoon Outfall	XN	-	-	-	20	-
Channel Maintenance Totals		20	331	40	416	77
PIPE & INLET CLEANING						
Headlands Road / Rusty Rail Lane pipe cleaning	HHP		5	-	-	-
Barony Golf Course #13 Tee Pipe Cleaning	PRP		3	-	-	-
54 Barcelona Drive - Pipe and Inlet Cleaning	SH		3	-	-	-
Coggins Point Road Pipe Cleaning	PRP		3	-	-	-
Wexford Club Drive - Pipe and Inlet Cleaning	WEX		2	-	-	-
Yorkshire Drive - Pipe and Inlet Cleaning	WEX		4	-	-	-
Wicklow Drive - Pipe and Inlet Cleaning	WEX		6	-	-	-
Indigo Run Drive pipe and inlet cleaning	IR		3	-	-	-
31 Full Sweep - Pipe and Inlet Cleaning	PD		3	-	-	-
Bridgetown Road - Pipe and Inlet Cleaning	WEX		3	-	-	-
Wexford On the Green - Pipe and Inlet Cleaning	WEX		3	-	-	-
Golden Bear 11th Tee pipe cleaning	IR		-	2	-	-
Pipe and Inlet Cleaning Totals		0	38	2	-	-
TOTAL MAINTENANCE & REPAIRS		28	737	250	669	325

Stormwater Expenses by Category 2017-2020

STORMWATER BUDGET DETAIL (continued)	THOUSANDS OF DOLLARS				
	Est. Roll-Forward Bal.	FY 2017	FY 2018	FY 2019	FY 2020
PUMP STATION COSTS (MAINTENANCE, REPAIRS and REPLACEMENT)					
Sea Pines Pump Station	-	50	50	50	50
Shipyard Pump Station	-	25	50	50	50
Wexford Pump Station	-	25	50	50	50
Jarvis Creek Pump Station	-	50	50	50	50
Annual Pump Replacement	-	-	150	150	150
Emergency Contingency for Repairs	-	100	100	100	100
TOTAL PUMP STATION COSTS (MAINTENANCE, REPAIRS & REPLACEMENT)	-	250	450	450	450
TOTAL BUDGET	454	3,826	4,360	3,286	3,391

Outstanding Debt Issues

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

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

Stormwater Revenue Bonds; \$13,810,000						
Issued December 1, 2010						
Matures: 2026						
Debt Outstanding as of June 30, 2016: \$9,910,000						
	FY	FY	FY	FY	FY	FY
	2017	2018	2019	2020	2021-2025	2026
Interest	275,498	251,173	226,153	200,577	592,418	31,136
Principal	875,000	900,000	920,000	950,000	5,145,000	1,120,000
Total	1,150,498	1,151,173	1,146,153	1,150,577	5,737,418	1,151,136
Interest Rate	2.78%	2.78%	2.78%	2.78%	2.78%	2.78%



Glossary of Terms

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Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary of Terms, continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fund Balance – Equals the equity in each fund.

Glossary of Terms, continued

GAAP – Generally Accepted Accounting Principles

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary of Terms, continued

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

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

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

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

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

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

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

Roads Usage Fee – A user fee charged to registered automobiles in the Town which will be added by the County to the automobile tax bill. The fees will be used to fund operating and capital costs of roads, and for Fire Rescue apparatus/vehicles in a proportion that equates to the Department's service calls to roads.

Roads Usage Fund – A special revenue fund established in fiscal year 2017 which reports road usage fee revenues and transfers to the general fund or capital projects funds. The transferred funds transferred will be used for road projects of a general fund nature (maintenance and repairs); capital road projects (acquiring private roads and the initial paving of those roads); and a portion of Fire Rescue apparatus/vehicles (based on the percentage of service calls to roads – wrecks, hazardous spills, etc.).

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.

Glossary of Terms, continued

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

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

Taxable Value – The assessed value of real property

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.

Fund Balance Changes Greater than 10%

There are three funds that have a budgeted change in fund balance greater than 10% for FY17.

General Fund – The General Fund planned draw of \$2,013,643 includes \$663,643 of specifically identified savings from Town Council Initiatives carried forward from FY16 to FY17. Of the remaining \$1,350,000 the Town expects to offset with expenditures less than approved budget and conservative revenues – so that the final draw on General Fund Balance will be significantly less than indicated.

Real Estate Transfer Fee – The Real Estate Transfer Fee Fund plans a temporary increase of \$328,718 or 21%. These funds are expected to eventually find their way into the CIP as the Town uses the funds for the indicated purpose.

Capital Projects Fund -- The Capital Projects Fund plans a draw of fund balance of \$2,273,000 for FY17. The largest portion of this planned draw (\$1,750,000) is the planned spend-down of bond proceeds. The Town plans on issuing a BAN in FY17, and final funding in late FY17/early FY18 for a group of projects – that will match the timing of the funding required by the projects approved in the CIP by Town Council.

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FY 2017 Financial Structure-All Funds

FY 2017 Flow of Funds-All Funds

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FY 2017 Financial Structure - All Funds

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

	General	Tax Increment Financing District	State ATAX	Real Estate Transfer Fee	Beach Preservation Fee	Hospitality Tax	Debt Service	Capital Projects	Electric Franchise Fee	Road Usage Fee	Total Governmental Funds	Enterprise Fund Stormwater
Revenues:												
Real and Personal Property Taxes	\$ 12,950,052	\$ 4,024,000	\$ -	\$ -	\$ -	\$ -	\$ 5,324,419	\$ 705,000	\$ -	\$ -	\$23,003,470	\$ -
Accommodations Tax	3,119,000	-	5,185,699	-	-	-	-	-	-	-	8,304,699	-
Hospitality Tax	-	-	-	-	-	5,974,253	-	-	-	-	5,974,253	-
Business Licenses/Franchise Fees	9,371,000	-	-	-	-	-	-	-	-	-	9,371,000	-
Permits	1,620,233	-	-	-	-	-	-	350,000	-	-	1,970,233	-
Other Fees:										831,250	831,250	-
Impact	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Transfer	-	-	-	2,592,325	-	-	-	-	-	-	2,592,325	-
Beach Preservation	-	-	-	-	5,877,443	-	-	-	-	-	5,877,443	-
Electric Franchise	-	-	-	-	-	-	-	-	3,023,399	-	3,023,399	-
Stormwater	-	-	-	-	-	-	-	-	-	-	-	3,725,000
State Shared Funds	812,000	-	-	-	-	-	-	525,000	-	-	1,337,000	-
Grants	147,001	-	-	-	-	-	-	-	-	-	147,001	-
Miscellaneous Revenue	2,180,450	-	-	-	-	-	169,870	-	-	-	2,350,320	-
Investment Income	2,700	1,000	350	200	3,100	500	38,801	-	401	-	47,052	300
Total revenues	30,202,436	4,025,000	5,186,049	2,592,525	5,880,543	5,974,753	5,533,090	1,580,000	3,023,800	831,250	64,829,446	3,725,300
Expenditures/Expenses:												
General Government												
Town Council	1,174,768	-	-	-	-	-	-	-	-	-	1,174,768	-
Town Manager	659,078	-	-	-	-	-	-	-	-	-	659,078	-
	1,833,846	-	-	-	-	-	-	-	-	-	1,833,846	-
Administration												
Finance	1,825,840	-	-	25,923	-	-	-	-	-	-	1,851,763	-
Administration/Legal	3,959,285	-	-	-	-	-	-	-	-	-	3,959,285	-
	5,785,125	-	-	25,923	-	-	-	-	-	-	5,811,048	-
Community Services												
Community Development	2,967,648	-	-	-	-	-	-	-	-	-	2,967,648	-
Public Projects and Facilities	5,522,731	-	-	-	-	-	-	-	-	-	5,522,731	872,987
	8,490,379	-	-	-	-	-	-	-	-	-	8,490,379	872,987
Public Safety												
Fire and Rescue	15,517,963	-	-	-	-	-	-	-	-	-	15,517,963	-
Sheriff Services	3,470,639	-	-	-	-	-	-	-	-	-	3,470,639	-
Beach Shore Patrol	247,257	-	-	-	-	-	-	-	-	-	247,257	-
	19,235,859	-	-	-	-	-	-	-	-	-	19,235,859	-
Townwide												
	4,268,434	-	-	-	-	-	-	-	-	-	4,268,434	-
Capital Projects												
	-	-	-	-	-	-	-	48,687,250	2,935,922	-	51,623,172	1,705,000
Accommodations Tax Grants												
Heritage Classic	-	-	1,773,971	-	-	-	-	-	-	-	1,773,971	-
Visitor and Convention Bureau	-	-	1,877,531	-	-	125,000	-	-	-	-	1,877,531	-
Administration	-	-	-	-	-	-	38,790	-	-	-	38,790	-
Debt Service	-	-	-	-	-	-	13,533,710	300,000	-	-	13,833,710	1,153,000
Total expenditures	39,613,643	-	3,651,502	25,923	-	125,000	13,572,500	48,987,250	2,935,922	-	108,911,740	3,730,987
Excess (deficiency) of revenues over (under) expenditures/expenses	(9,411,206)	4,025,000	1,534,547	2,566,602	5,880,543	5,849,753	(8,039,410)	(47,407,250)	87,878	831,250	(44,082,294)	(5,687)
Other financing sources (uses):												
Transfers In:												
Accommodations Tax - State	1,347,182	-	-	-	-	-	-	-	-	-	1,347,182	-
Road Fee	-	-	-	-	-	-	-	-	-	-	-	-
Hospitality Tax	3,392,245	-	-	-	-	1,627,113	425,000	-	-	-	5,444,358	-
Real Estate Transfer	-	-	-	-	-	2,237,884	-	-	-	-	2,237,884	-
Beach Preservation	1,111,138	-	-	-	-	3,336,913	750,000	-	-	-	5,198,051	-
Road Usage Fee	509,000	-	-	-	-	-	-	322,250	-	-	831,250	-
Electric Franchise	90,000	-	-	-	-	-	-	-	-	-	90,000	-
TIF	175,000	-	-	-	-	-	772,500	5,575,000	-	-	6,522,500	-
Capital Projects Fund:												
Ad Valorem Taxes	453,000	-	-	-	-	-	-	-	-	-	453,000	-
Sale of Equipment	175,000	-	-	-	-	-	-	-	-	-	175,000	-
Lease	-	-	-	-	-	-	65,000	-	-	-	65,000	-
Sunday Liquor Fees	50,000	-	-	-	-	-	-	-	-	-	50,000	-
Stormwater	95,000	-	-	-	-	-	-	-	-	-	95,000	-
Transfers Out:												
Accommodations Tax	-	-	(1,347,182)	-	-	-	-	-	-	-	(1,347,182)	-
Hospitality Tax	-	-	-	-	-	(5,594,358)	-	-	-	-	(5,594,358)	-
Real Estate Transfer	-	-	-	(2,237,884)	-	-	-	-	-	-	(2,237,884)	-
Beach Preservation	-	-	-	-	(5,198,051)	-	-	-	-	-	(5,198,051)	-
Electric Franchise	-	-	-	-	-	-	-	-	(90,000)	-	(90,000)	-
Road Fee	-	-	-	-	-	-	-	-	-	(831,250)	(831,250)	-
TIF	-	(6,522,500)	-	-	-	-	-	-	-	-	(6,522,500)	-
Capital Projects Fund:												
Ad Valorem Taxes	-	-	-	-	-	-	-	(453,000)	-	-	(453,000)	-
Sale of Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Lease	-	-	-	-	-	-	-	-	-	-	-	-
Sunday Liquor Fees	-	-	-	-	-	-	-	-	-	-	-	-
Road Fees	-	-	-	-	-	-	-	-	-	-	-	-
Stormwater Fees	-	-	-	-	-	-	-	-	-	-	-	(95,000)
Bond Proceeds	-	2,497,500	-	-	-	-	-	40,265,000	-	-	42,762,500	-
Bond Proceeds Previously Recognized	-	-	-	-	-	-	-	(1,750,000)	-	-	(1,750,000)	-
Total other financing sources (uses)	7,397,565	(4,025,000)	(1,347,182)	(2,237,884)	(5,198,051)	(5,594,358)	8,039,410	45,134,250	(90,000)	(831,250)	41,247,500	(95,000)
Revenues Over/(Under) Expenditures/Expenses	(2,013,643)	-	187,365	328,718	682,492	255,395	0	(2,273,000)	(2,122)	-	(2,834,794)	(100,687)
Fund balance - beginning (estimated)	19,078,113	3,765,336	2,195,647	1,507,849	14,494,486	2,941,605	8,470,140	6,556,986	3,455,250	-	62,465,412	1,829,568
Fund balance - ending	\$ 17,064,471	\$ 3,765,336	\$ 2,383,011	\$ 1,836,567	\$ 15,176,978	\$ 3,197,000	\$ 8,470,140	\$ 4,283,986	\$ 3,453,128	\$ -	\$ 59,630,619	\$ 1,728,881

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

Financial Structure Multiyear- All Funds

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

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	\$ 11,894,284	\$ 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	1,154,492	2,967,278	32,869,963
	<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>2,967,278</u>	<u>65,390,543</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:	1,155,354							10,330,101		11,485,455
Total Expenditures	<u>35,485,477</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)	(1,338,188)	(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)	(918,193)	(3,524,162)	608,702	(2,873,429)
Fund balance -- beginning	18,035,399	5,916,184	2,589,155	1,496,785	14,578,141	1,365,837	8,404,034	12,142,672	2,744,960	67,273,167
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>\$ 8,618,510</u>	<u>\$ 3,353,662</u>	<u>\$ 64,399,738</u>

For the year ended June 30, 2014										
	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	\$ 11,447,533	\$ 6,433,568	\$ -	\$ -	\$ -	\$ -	\$ 5,064,975	\$ 667,370	\$ -	\$ 23,613,446
Accommodations Tax	2,798,783	-	4,936,607	-	-	-	-	-	-	7,735,390
All Other	13,008,532	1,360	478	2,469,093	5,601,894	5,633,821	228,291	728,939	3,140,947	30,813,355
	<u>27,254,848</u>	<u>6,434,928</u>	<u>4,937,085</u>	<u>2,469,093</u>	<u>5,601,894</u>	<u>5,633,821</u>	<u>5,293,266</u>	<u>1,396,309</u>	<u>3,140,947</u>	<u>62,162,191</u>
EXPENDITURES										
Operating	32,524,409	-	3,135,576	24,689	-	300,000	-	-	1,721,596	37,706,270
Debt service:							17,047,598			17,047,598
Capital outlay:	669,225							12,873,896		13,543,121
Total Expenditures	<u>33,193,634</u>	<u>-</u>	<u>3,135,576</u>	<u>24,689</u>	<u>-</u>	<u>300,000</u>	<u>17,047,598</u>	<u>12,873,896</u>	<u>1,721,596</u>	<u>68,296,989</u>
Excess (Deficit) of Revenues and Exp.	(5,938,786)	6,434,928	1,801,509	2,444,404	5,601,894	5,333,821	(11,754,332)	(11,477,587)	1,419,351	(6,134,798)
Other Sources and Uses (net)	6,670,458	(6,101,422)	(1,270,356)	(2,169,797)	(6,545,087)	(7,507,501)	11,051,814	6,700,844	(121,311)	707,642
Net change in fund balance	731,672	333,506	531,153	274,607	(943,193)	(2,173,680)	(702,518)	(4,776,743)	1,298,040	(5,427,156)
Fund balance -- beginning	17,303,727	5,582,678	2,058,002	1,222,178	15,521,334	3,539,517	9,106,552	16,919,415	1,446,920	72,700,323
Fund balances -- ending	<u>\$ 18,035,399</u>	<u>\$ 5,916,184</u>	<u>\$ 2,589,155</u>	<u>\$ 1,496,785</u>	<u>\$ 14,578,141</u>	<u>\$ 1,365,837</u>	<u>\$ 8,404,034</u>	<u>\$ 12,142,672</u>	<u>\$ 2,744,960</u>	<u>\$ 67,273,167</u>

For the year ended June 30, 2013										
	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	\$ 11,500,914	\$ 6,562,575	\$ -	\$ -	\$ -	\$ -	\$ 5,493,152	\$ 685,501	\$ -	\$ 24,242,142
Accommodations Tax	2,499,067	-	4,496,693	-	-	-	-	-	-	6,995,760
All Other	13,145,461	1,137	364	2,255,361	5,001,165	5,251,334	266,161	804,636	2,668,410	29,394,029
	<u>27,145,442</u>	<u>6,563,712</u>	<u>4,497,057</u>	<u>2,255,361</u>	<u>5,001,165</u>	<u>5,251,334</u>	<u>5,759,313</u>	<u>1,490,137</u>	<u>2,668,410</u>	<u>60,631,931</u>
EXPENDITURES										
Operating	30,874,006	-	2,953,227	22,551	-	295,313	-	-	1,313,355	35,458,452
Debt service:							15,933,636	127,167		16,060,803
Capital outlay:	454,466							13,142,653		13,597,119
Total Expenditures	<u>31,328,472</u>	<u>-</u>	<u>2,953,227</u>	<u>22,551</u>	<u>-</u>	<u>295,313</u>	<u>15,933,636</u>	<u>13,269,820</u>	<u>1,313,355</u>	<u>65,116,374</u>
Excess (Deficit) of Revenues and Exp.	(4,183,030)	6,563,712	1,543,830	2,232,810	5,001,165	4,956,021	(10,174,323)	(11,779,683)	1,355,055	(4,484,443)
Other Sources and Uses (net)	5,673,200	(5,841,889)	(1,178,148)	(2,152,296)	(4,737,428)	(2,431,992)	12,692,882	8,225,030	(82,551)	10,166,808
Net change in fund balance	1,490,170	721,823	365,682	80,514	263,737	2,524,029	2,518,559	(3,554,653)	1,272,504	5,682,365
Fund balance -- beginning	15,813,557	4,860,855	1,692,320	1,141,664	15,257,597	1,015,488	6,587,993	20,474,068	174,416	67,017,958
Fund balances -- ending	<u>\$ 17,303,727</u>	<u>\$ 5,582,678</u>	<u>\$ 2,058,002</u>	<u>\$ 1,222,178</u>	<u>\$ 15,521,334</u>	<u>\$ 3,539,517</u>	<u>\$ 9,106,552</u>	<u>\$ 16,919,415</u>	<u>\$ 1,446,920</u>	<u>\$ 72,700,323</u>

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FY 2017 Flow of Funds - All Funds



Acknowledgements

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