



**FY 2020 and FY 2021
Biennial Budget**

**Town of Hilton Head Island,
South Carolina**

**TOWN OF HILTON HEAD ISLAND, SC
FY 2020 and FY 2021
PROPOSED BIENNIAL BUDGET**

ELECTED OFFICIALS



John J. McCann, Mayor, At-Large



David Ames, Ward 3



Tamara Becker, Ward 4



Marc A. Grant, Ward 1



**William (Bill) D. Harkins
Mayor Pro-Tem, Ward 2**



Thomas W. Lennox, Ward 5



Glenn Stanford, Ward 6

ADMINISTRATIVE STAFF

Stephen G. Riley
Josh Gruber
Bradley Tadlock
John Troyer
Shawn Colin
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

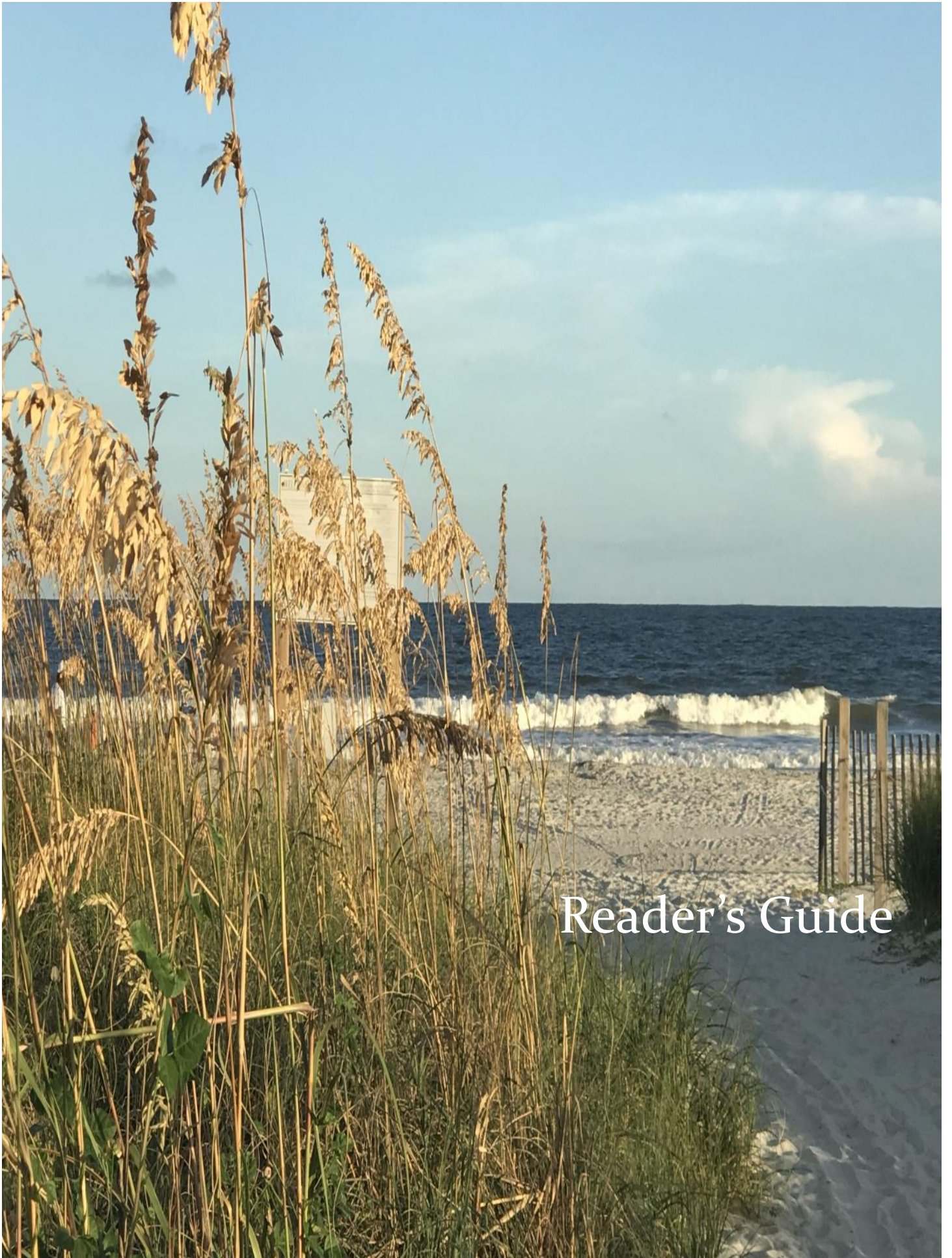
July 1, 2018

Christopher P. Morrill

Executive Director

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Reader's Guide

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 high level preview of the Town's budget, economic overview, and vision for the future.

[Budget Overview](#)

This section provides a summary of the Town's budget.

[Town Vision \(The Town's Vision is part of the Town Council's budget; pages 70 and 71\)](#)

This section identifies Town Council's goals for calendar year 2019.

[Financial Structure Multiyear – All Governmental Funds](#)

The section provides a summary of all funds used by the Town to manage its financial resources for fiscal years 2016 through 2018. Budgets are formally adopted by Town Council for the General Fund, Debt Service Fund, and Capital Projects Fund.

[About Hilton Head Island](#)

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

[General Information](#)

This section includes the location of Hilton Head Island map, Hilton Head Island at a Glance, town-wide organizational chart, and budget calendar.

[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 2020 and fiscal year 2021 consolidated budgets, 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

Debt Service Fund

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

Capital Improvement Plan (multiple funds)

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

Proprietary Fund

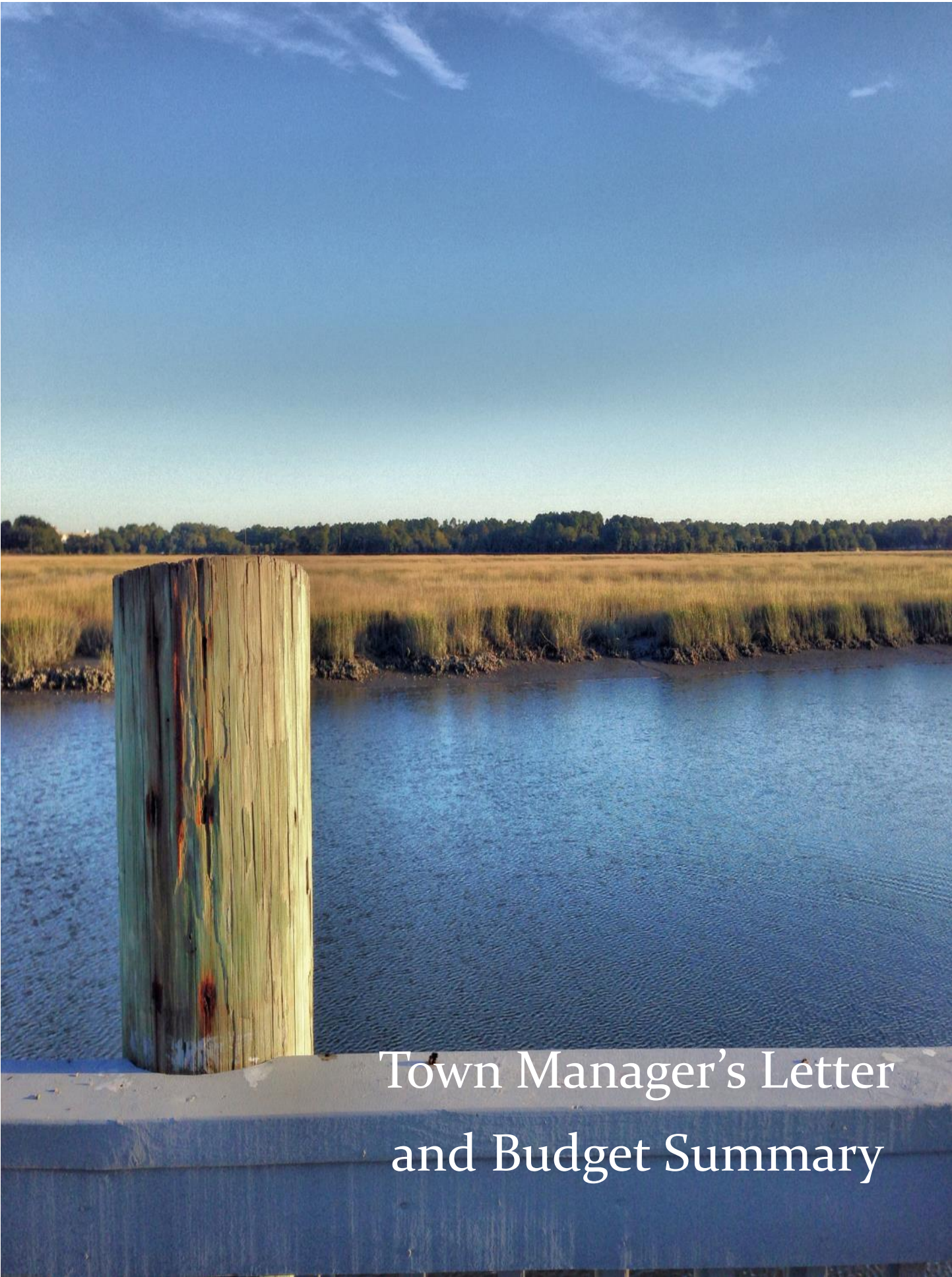
The Town has one budgeted proprietary fund which is the Stormwater Fund. It operates as an enterprise fund.

Stormwater Fund

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

Appendix

1. Financial balance changes greater than 10%
2. Glossary of terms



Town Manager's Letter
and Budget Summary



Town Manager's Letter

Dear Members of Town Council and Citizens of Hilton Head Island:

On behalf of Town staff and myself, I am pleased to present the Fiscal Year 2020 and 2021 Biennial Budget. This is the Town's first endeavor at a biennial budget. This budget represents a fiscally responsible and balanced financial plan, enabling the Town to respond to the needs of its customer using a limited resource of funds.

Since January 2017, approximately \$75 million worth of Town funded capital projects have been completed or placed under contract. This fiscal year we saw the conclusion of the beach renourishment project, USCB Hilton Head Island campus, Office Park Road intersection work, and the Island Recreation Center expansion.

Moving forward into fiscal year 2020, the Town will be looking to complete some of the major projects started later in fiscal year 2019 such as the intersection improvements at Pope Avenue and Lagoon Road, the resurfacing of Pope Avenue, the extension of Lagoon Road, and of course the new Celebration Park. Along with the CIP, staff will continue to work on a number of initiatives far into the new fiscal year.

Workforce development is one of the initiatives Town staff will be hard at work on. We are already working with a consultant and gathering data to present to Town Council, staff is working to present options for navigating this sensitive topic. Working with the community, staff will begin working on the Town's Comprehensive Plan for Town Council to review and approve in early 2020. Formed in early 2019, the U.S. 278 Gateway Corridor Committee will work with staff to present project alternatives to Town Council and the SCDOT.

Also, we are increasing our operating reserve policy from 25% - 30% to 35% - 40% of the General Fund operating budget, to prepare for future uncertainties.

Lastly, our Island is a vacation destination to many, and continues to be a place for many to retire and young families to grow. It is still important that as a Town, we maintain our facilities and expectations of a diverse residential population as well as visitors that make the Island their tourist destination. As revenue growth slows due to the Town approaching buildout, the challenge will continue to be finding ways to stimulate the economy as well as realign our funding streams in order to face the many challenges of increasing demands of service by residents and tourists alike. That said, I am always confident and optimistic about the Town's future!

Sincerely,

Stephen G. Riley, ICMA~CM
Town Manager

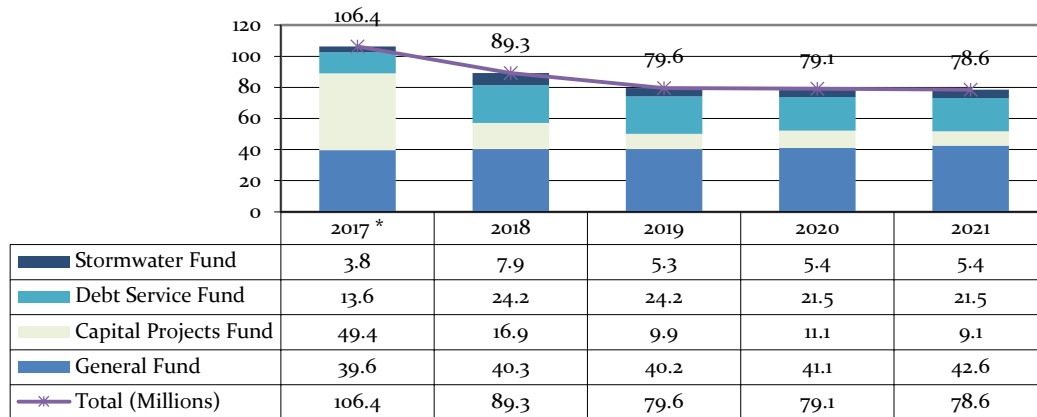
Budget Overview

We developed the budget under the premises of fiscal sustainability. The General Fund budget is essentially the same as last year. The Debt Service Fund budget has declined from its planned peak in fiscal year 2019 as more principal is retired than borrowed for both fiscal year 2019 and fiscal year 2020. Funding for the Capital Improvement Plan (CIP) provides funding for key road improvements, the new signature project – the Lowcountry Celebration Park, pathway improvements, fire station #2 replacement, and other important infrastructure improvements.

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

The table and chart below provide a historical comparison of budgeted expenditures by fund.

	FY 2017 Adopted Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FY 2020 Adopted Budget	% change	FY 2021 Adopted Budget
General Fund	39,613,643	40,319,036	40,257,829	41,108,317	2.1%	42,558,447
Debt Service Fund	13,572,500	24,200,000	24,200,000	21,500,000	-11.2%	21,500,000
CIP	49,440,250	16,924,000	9,876,000	11,139,500	12.8%	9,111,000
Stormwater Utility	3,825,987	7,898,000	5,311,000	5,400,000	1.7%	5,450,000
Total	\$ 106,452,380	\$89,341,036	\$ 79,644,829	\$ 79,147,817	-0.6%	\$78,619,447

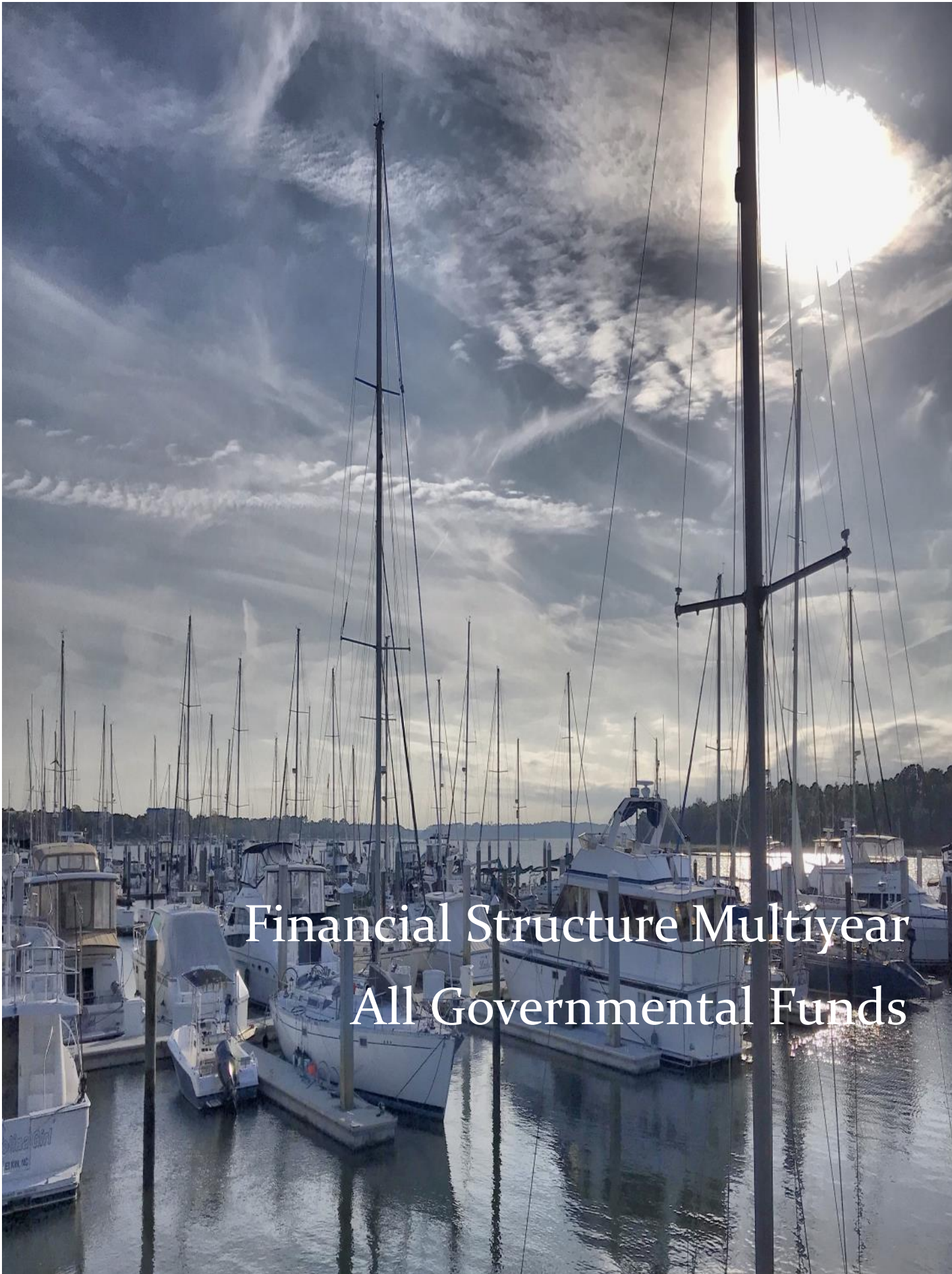


* Fiscal year 2017 was Hurricane Matthew. Since then, the Town has focused on: disaster response, disaster reimbursement, and now completing projects temporarily delayed because of the storm.

Budget Overview

Over the past three years the Town has experienced three hurricanes Matthew, Irma, and Florence, and we have come out stronger than ever. In fiscal year 2017 the established the Natural Disasters Fund with an ending fund balance of \$4.5 million. Over the course of fiscal year 2018 and to-date fiscal year 2019 the Town has managed to increase the fund balance to approximately \$31.3 million. The largest increase was an \$18.0 million bond issue to increase reserves for the next event or disaster. This bond issue is funded with the 5 mils for 5 years property tax override for this specific purpose. This 5 mil funding is in the third year of five years.

These balances represent part of the Town's readiness for another disaster and Town Council's foresight. These balances, coupled with other fund balances and debt capacity set aside for storms or emergencies by Town Council represent the financial resources ready to be deployed if the need arises – as it has in fiscal year 2017 for Matthew, fiscal year 2018 for Irma, and fiscal year 2019 for Florence.



Financial Structure Multiyear
All Governmental Funds

Financial Structure Multiyear – All Governmental Funds

The chart below reflects all Funds used by the Town to manage its financial resources for fiscal years 2016 through 2018. Budgets are formally adopted by Town Council for the General Fund, Debt Service Fund, and Capital Projects Fund.

Fiscal 2018	Tax Increment Financing District											Total Governmental
	General	State Accommodations Tax	Real Estate Transfer Fees	Beach Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Non-major Funds			
REVENUES	34,644,613	4,632,343	6,323,551	3,466,189	7,090,057	6,870,260	5,335,793	2,058,743	32,242,024	4,043,844	106,707,417	
EXPENDITURES	37,524,918	-	4,360,719	34,635	575	257,500	16,147,314	60,775,671	26,095,645	1,738,448	146,935,425	
Excess(Deficit)of Revenues and Exp	(2,880,305)	4,632,343	1,962,832	3,431,554	7,089,482	6,612,760	(10,811,521)	(58,716,928)	6,146,379	2,305,396	(40,228,008)	
Other Sources and Uses (net)	5,618,378	(3,832,175)	(1,739,750)	(1,834,365)	(296,523)	(3,345,957)	11,857,946	86,850,269	16,562,771	(149,147)	109,691,447	
Net change in fund balance	2,738,073	800,168	223,082	1,597,189	6,792,959	3,266,803	1,046,425	28,133,341	22,709,150	2,156,249	69,463,439	
Fund balances - beginning	16,103,222	7,892,225	3,046,790	2,911,776	5,080,403	3,155,802	9,886,150	11,999,880	4,453,926	6,017,774	70,547,948	
Fund balances - ending	\$18,841,295	\$8,692,393	\$ 3,269,872	\$ 4,508,965	\$ 11,873,362	\$ 6,422,605	\$ 10,932,575	\$ 40,133,221	\$ 27,163,076	\$ 8,174,023	\$ 140,011,387	

Fiscal 2017	Tax Increment Financing District											Total Governmental
	General	State Accommodations Tax	Real Estate Transfer Fees	Beach Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Non-major Funds			
REVENUES	30,862,771	4,197,412	6,132,281	2,781,154	6,863,225	6,662,517	5,345,361	2,851,970	12,693,491	3,601,434	81,991,616	
EXPENDITURES	36,430,883	-	4,290,739	27,818	-	125,000	10,962,057	23,992,873	48,389,565	1,089,142	125,308,077	
Excess(Deficit)of Revenues and Exp	(5,568,112)	4,197,412	1,841,542	2,753,336	6,863,225	6,537,517	(5,616,696)	(21,140,903)	(35,696,074)	2,512,292	(43,316,461)	
Other Sources and Uses (net)	719,902	(1,521,037)	(1,696,221)	(2,193,515)	(16,548,633)	(5,278,240)	6,916,076	27,637,476	40,150,000	(834,858)	47,350,950	
Net change in fund balance	(4,848,210)	2,676,375	145,321	559,821	(9,685,408)	1,259,277	1,299,380	6,496,573	4,453,926	1,677,434	4,034,489	
Fund balances - beginning	20,951,432	5,215,850	2,901,469	2,351,955	14,765,811	1,896,525	8,586,770	5,503,307	-	4,340,340	66,513,459	
Fund balances - ending	\$ 16,103,222	\$ 7,892,225	\$ 3,046,790	\$ 2,911,776	\$ 5,080,403	\$ 3,155,802	\$ 9,886,150	\$ 11,999,880	\$ 4,453,926	\$ 6,017,774	\$ 70,547,948	

Fiscal 2016	Tax Increment Financing District											Total Governmental
	General	State Accommodations Tax	Real Estate Transfer Fees	Beach Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Non-major Funds			
REVENUES	30,190,253	4,091,602	5,725,569	2,887,472	6,436,292	6,506,558	5,336,813	1,727,764	-	3,212,886	66,115,209	
EXPENDITURES	36,367,444	-	4,062,663	28,871	-	300,000	10,709,450	11,567,398	-	2,138,330	65,174,156	
Excess(Deficit)of Revenues and Exp	(6,177,191)	4,091,602	1,662,906	2,858,601	6,436,292	6,206,558	(5,372,637)	(9,839,634)	-	1,074,556	941,053	
Other Sources and Uses (net)	7,779,298	(2,657,266)	(1,596,057)	(2,243,681)	(8,186,247)	(5,033,498)	6,473,566	6,724,431	-	(87,878)	1,172,668	
Net change in fund balance	1,602,107	1,434,336	66,849	614,920	(1,749,955)	1,173,060	1,100,929	(3,115,203)	-	986,678	2,113,721	
Fund balance - beginning	19,349,325	3,781,514	2,834,620	1,737,035	16,515,766	723,465	7,485,841	8,618,510	-	3,353,662	64,399,738	
Fund balances - ending	\$ 20,951,432	\$ 5,215,850	\$ 2,901,469	\$ 2,351,955	\$ 14,765,811	\$ 1,896,525	\$ 8,586,770	\$ 5,503,307	\$ -	\$ 4,340,340	\$ 66,513,459	

As mentioned in the previous section the Natural Disaster Fund was established in fiscal year 2017 to capture the costs of the response to Hurricane Matthew, and the subsequent reimbursements from state and federal sources. Since then, the Town has issued an \$18.0 million bond to fortify its capacity for future hurricanes or disaster responses. The proceeds of the bonds are on deposit in this fund.

Financial Structure Multiyear – All Governmental Funds

Notes on Funds:

1. The **General Fund** is used to account for the daily operations of the Town. Funds are reserved according to policy and used to maintain Town operations to offset the seasonality of revenues.
2. **Tax Increment Financing (TIF) District** – Funds were approved for a specific list of capital projects intended with those revenues.
3. **State Accommodations Tax (State A-tax)** – the State provides funding and an approved allocation process for specific uses of these funds by local governments.
4. **Real Estate Transfer Fees** – were specifically approved for land purchases and other special uses.
5. **Beach Preservation Fees** – were approved primarily for Beach Renourishment, and Beach related services and facilities.
6. **Hospitality Fees** – were approved primarily for specific capital projects and to offset some tourist-related expenditures.
7. **Debt Service** – are funds are set aside to be used for the retirement of the Town's debt.
8. **Capital Projects Funds** – are used to provide resources for the approved capital plan. As of 5/8/2019, there were \$55 million in approved capital appropriations.
9. The **Natural Disasters Fund** was created in the response to Hurricane Matthew – to account for the response activities and the related reimbursements. The fund is one indicator of the Town's demonstration of readiness for the next storm and storm response.
10. **Non-Major Governmental Funds** – are primarily the electric franchise fee – which is being collected and used to bury power lines on the island. The purpose of this is aesthetic and functional – protecting power sources in a storm and storm aftermath.



About Hilton Head

About Hilton Head Island¹

History

Hilton Head Island, sometimes referred to as simply **Hilton Head**, is a Lowcountry resort town located on an island of the same name in Beaufort County, South Carolina, United States. It is 20 miles (32 km) northeast of Savannah, Georgia, and 95 miles (153 km) southwest of Charleston. The island is named after Captain William Hilton, who in 1663 identified a headland near the entrance to Port Royal Sound, which he named "Hilton's Head" after himself. The island features 12 miles (19 km) of beachfront on the Atlantic Ocean and is a popular vacation destination. In 2004, an estimated 2.25 million visitors pumped more than \$1.5 billion into the local economy. The year-round population was 37,099 at the 2010 census, although during the peak of summer vacation season the population can swell to 150,000. Over the past decade, the island's population growth rate was 32%. Hilton Head Island is a primary city within the Hilton Head Island-Bluffton-Beaufort metropolitan area.

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

The Town of Hilton Head Island incorporated as a municipality in 1983 and is well known for its eco-friendly development. The town's Natural Resources Division enforces the Land Management Ordinance which minimizes the impact of development and governs the style of buildings and how they are situated amongst existing trees. As a result, Hilton Head Island enjoys an unusual amount of tree cover relative to the amount of development. Approximately 70% of the island, including most of the tourist areas, is located inside gated communities. However, the town maintains several public beach access points, including one for the exclusive use of town residents, who have approved several multimillion-dollar land-buying bond referendums to control commercial growth.

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

New World Discovery

The Sea Pines shell ring can be seen near the east entrance to the Sea Pines Forest Preserve. The ring, one of only 20 in existence, is 150 feet (46 m) in diameter and is believed to be over 4,000 years old. Archeologists believe that the ring was a refuse heap, created by Indians who lived in the interior of the ring, which was kept clear and used as a common area. Two other shell rings on Hilton Head were destroyed when the shells were removed and used to make tabby for roads and buildings. The Green's Shell Enclosure, Sea Pines, and Skull Creek shell rings are listed in the National Register of Historic Places and are protected by law.

¹ Wikipedia with updates

About Hilton Head Island

History

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

A Spanish expedition led by Francisco Cordillo explored the area in 1521, initiating European contact with local tribes. In 1663, Captain William Hilton sailed on the *Adventure* from Barbados to explore lands granted by King Charles II of England to the eight Lords Proprietor. In his travels, he identified a headland near the entrance to Port Royal Sound. He named it "Hilton's Head" after himself. He stayed for several days, making note of the trees, crops, "sweet water", and "clear sweet air".

17th to 19th Centuries

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

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

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

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

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

About Hilton Head Island

History

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

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

The Leamington Lighthouse was built in the 1870s on the southern edge of what is now Palmetto Dunes. On August 27, 1893, the Sea Islands Hurricane made landfall near Savannah, with a storm surge of 16 feet (5 m), and swept north across South Carolina, killing over a thousand and leaving tens of thousands homeless.

20th to 21st Centuries

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

In 1931, Wall Street tycoon, physicist, and patron of scientific research Alfred Lee Loomis, along with his brother-in-law and partner Landon K. Thorne, purchased 17,000 acres (69 km²) on the island (over 63% of the total land mass) for about \$120,000 to be used as a private game reserve. On the Atlantic coast of the island, large concrete gun platforms were built to defend against a possible invasion by the Axis powers of World War II. Platforms like these can be found all along the Eastern Seaboard. The Mounted Beach Patrol and Dog Training Center on Hilton Head Island trained U.S. Coast Guard Beach Patrol personnel to use horses and dogs to protect the southeastern coastline of the U.S.

In the early 1950s, three lumber mills contributed to the logging of 19,000 acres (77 km²) of the island. The island population was only 300 residents. Prior to 1956, access to Hilton Head was limited to private boats and a state-operated ferry. The island's economy centered on shipbuilding, cotton, lumbering, and fishing. The James F. Byrnes Bridge was built in 1956. It was a two-lane toll swing bridge constructed at a cost of \$1.5 million that opened the island to automobile traffic from the mainland. The swing bridge was hit by a barge in 1974 which shut down all vehicle traffic to the island until the Army Corps of Engineers built and manned a pontoon bridge while the bridge was being repaired. The swing bridge was replaced by the current four-lane bridge in 1982.

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

About Hilton Head Island

History

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

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

Geography

Topography

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

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

Barrier Island

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

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

Wildlife

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

About Hilton Head Island

Geography

The Coastal Discovery Museum, in conjunction with the South Carolina Department of Natural Resources, patrol the beaches from May through October as part of the Sea Turtle Protection Project. The purpose of the project is to inventory and monitor nesting locations, and if necessary, move them to more suitable locations. During the summer months, the museum sponsors the Turtle Talk & Walk, which is a special tour designed to educate the public about this endangered species. To protect loggerhead sea turtles, a town ordinance stipulates that artificial lighting must be shielded so that it cannot be seen from the beach, or it must be turned off by 10:00 p.m. from May 1 to October 31 each year. The waters around Hilton Head Island are one of the few places on Earth where dolphins routinely use a technique called "strand feeding", whereby schools of fish are herded up onto mud banks, and the dolphins lie on their side while they feed before sliding back down into the water.

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

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

Plankton support marine life including oysters, shrimp and other invertebrates, and bait-fish species including menhaden and mullet, which in turn support larger fish and mammal species that populate the local waterways. Popular sport fish in the Hilton Head Island area include the red drum (or spot tail bass), spotted sea trout, sheepshead, cobia, tarpon, and various shark species.

About Hilton Head Island

Climate

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

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Average Temperature °F (°C)	49.1 (9.5)	52.0 (11.1)	58.1 (14.5)	65.0 (18.3)	72.1 (22.3)	77.6 (25.3)	80.7 (27.1)	80.0 (26.7)	76.2 (24.6)	67.4 (19.7)	58.8 (14.9)	51.5 (10.8)	65.7 (18.7)
Average high °F (°C)	59.6 (15.3)	62.8 (17.1)	68.8 (20.4)	75.9 (24.4)	82.0 (27.8)	86.6 (30.3)	89.3 (31.8)	88.4 (31.3)	84.4 (29.1)	77.1 (25.1)	69.4 (20.8)	62.1 (16.7)	75.5 (24.2)
Average low °F (°C)	38.7 (3.7)	41.2 (5.1)	47.4 (8.6)	54.2 (12.3)	62.4 (16.9)	68.6 (20.3)	72.1 (22.3)	71.6 (22.0)	68.0 (20.0)	57.6 (14.2)	48.2 (9.0)	40.9 (4.9)	55.9 (13.3)
Average precipitation inches (mm)	3.8 (98)	3.5 (89)	3.9 (100)	3.0 (75)	3.8 (96)	5.1 (131)	6.3 (161)	7.8 (199)	5.9 (149)	3.5 (89)	2.5 (62)	2.9 (74)	52.1 (1,323)

Demographics

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

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

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

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

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

About Hilton Head Island

Economy

According to Hilton Head Island's 2018 Comprehensive Annual Financial Report, the top ten employers in the Town are:

#	Employer	# of Employees	Rank in 2017
1	Serg Group Restaurants	994	1
2	Sea Pines Resort	654	2
3	Marriott Vacation Club International	640	5
4	Hilton Head Medical Center and Clinics	564	3
5	Beaufort County School District	517	4
6	Cypress of Hilton Head	350	7
7	Salty Dog	340	6
8	Westin Hotels & Resorts	315	8
9	Omni Hilton Head Oceanfront Resort	300	9
10	Kroger Super Markets	300	-

Arts and Culture

Organizations

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

About Hilton Head Island

Organizations

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

Annual Events

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

About Hilton Head Island

Annual Events

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

Government

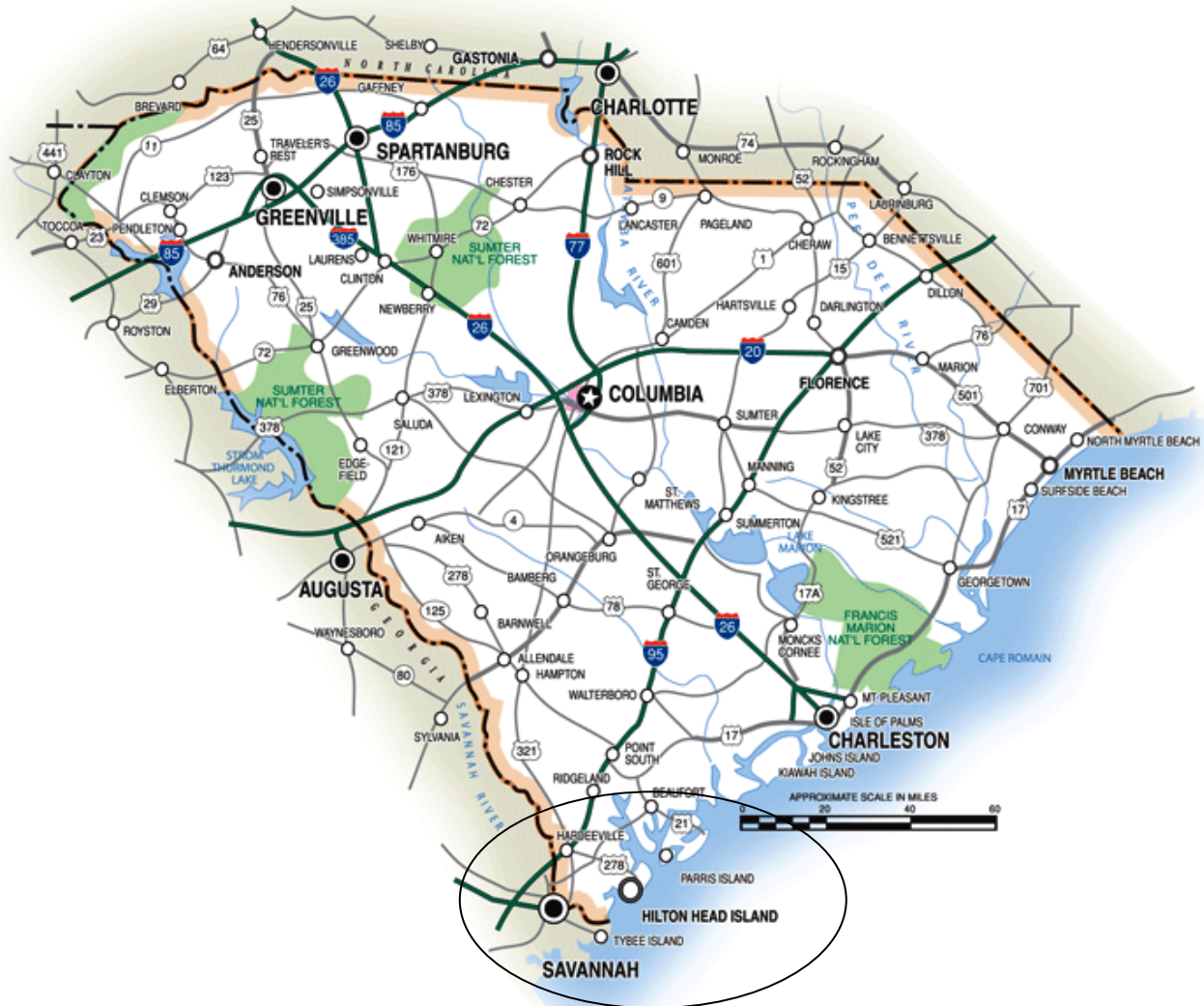
The Town of Hilton Head Island incorporated as a municipality in 1983 and has jurisdiction over the entire island except Mariner's Cove, Blue Heron Point, and Windmill Harbor. The Town of Hilton Head Island has a Council-Manager form of government. The Town Manager is the chief executive officer and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

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



General Information

General Information – Location of Hilton Head Island, South Carolina



General Information – Hilton Head at a Glance

Population

2009	34,249
2010 (census)	37,099
2011	37,585
2012	38,366
2013	38,366
2014	39,412
2015	40,039
2016	40,512
2017	40,500
2018	40,055

Median Age 50.9

Number of Households 17,005

Average Persons per Household 2.29

Average Family Size 2.64

Per Capita Income \$ 47,869

Racial Composition (2010 Census)

White	78.5%
Black or African American	6.5%
Hispanic	12.7%
Other	2.3%

Land Use

Land Area	54 sq. miles
Miles of Beach	13

Tourism

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

Property Tax Millage Rate

General Fund	17.13
Natural Disasters Fund	5.00
Debt Service	5.97
Total Millage Rate	<u>28.10</u>

Bond Ratings

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

Operating Budget

FY 2020	\$ 79,147,817
FY 2021	\$ 78,619,447

Town Staff (FTEs)

FY 2020	260.4
FY 2021	262.4

Recreation and Culture

Public Tennis Clubs	7
Tennis Courts Public and Private	300

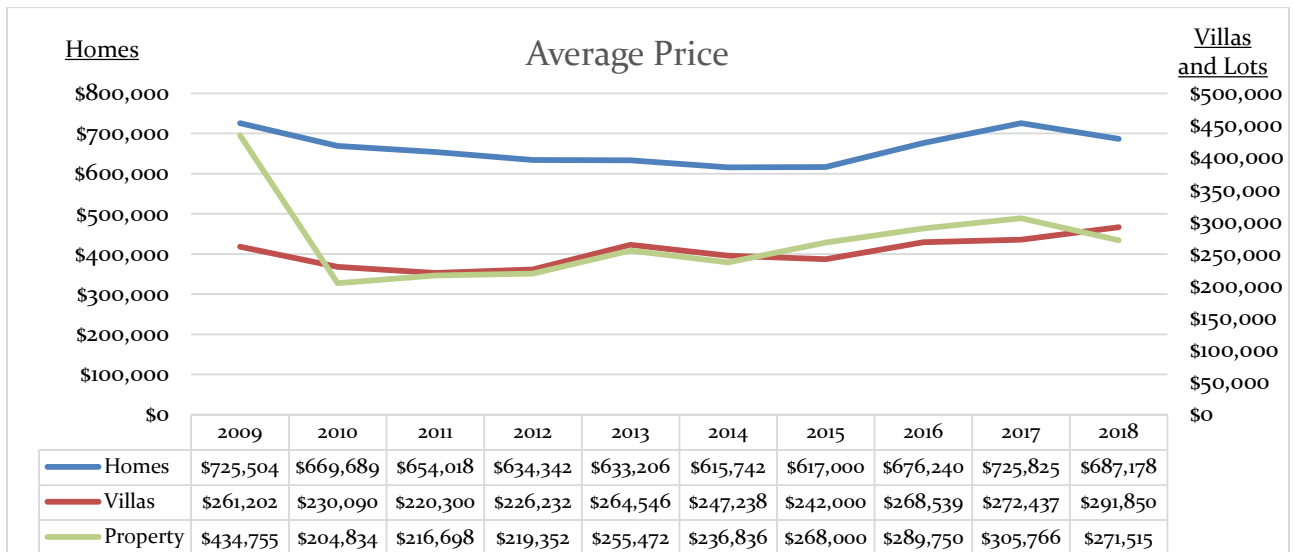
Public Recreation Facilities

Active Recreation	3
Beach Access/Parks	7
Pools	1
Arts Center	1
Libraries	2
Museums	1
Nature Preserves	3
Marinas	8
Golf Courses in Town Limits (non-nunicipal)	23

General Information – Hilton Head at a Glance

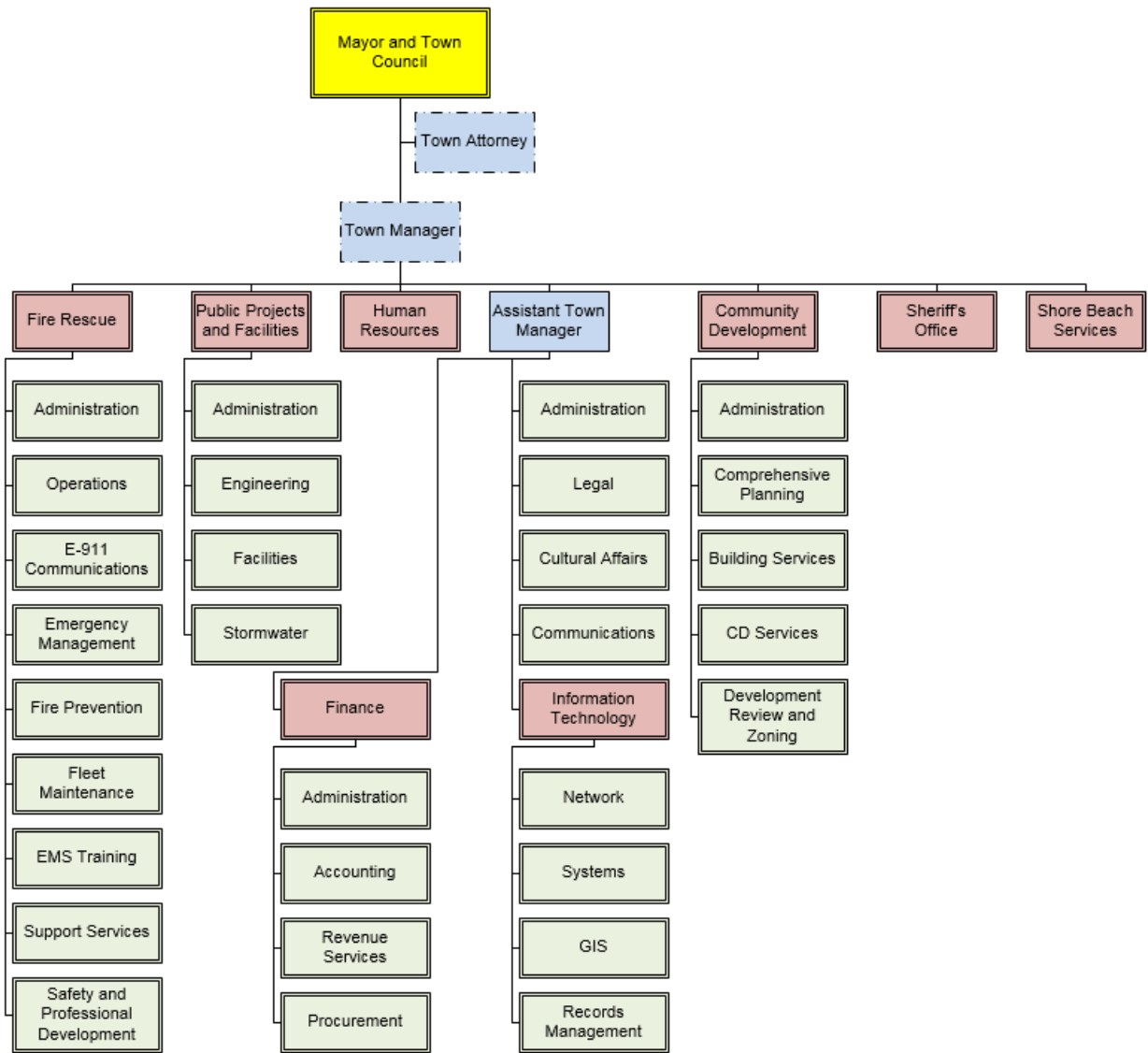
Property Sold Through Real Estate Agents¹

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Homes Sold	550	611	673	768	830	882	932	830	916	1142
% change		11%	10%	14%	8%	6%	6%	-11%	10%	25%
Average Price	\$ 725,504	\$669,689	\$ 654,018	\$ 634,342	\$ 633,206	\$ 615,742	\$ 617,000	\$676,240	\$ 725,825	\$ 687,178
% change		-8%	-2%	-3%	0%	-3%	0%	10%	7%	-5%
Villas Sold	510	725	747	896	885	881	938	937	1094	1120
% change		42%	3%	20%	-1%	0%	6%	0%	17%	2%
Average Price	\$ 261,202	\$230,090	\$ 220,300	\$ 226,232	\$264,546	\$ 247,238	\$242,000	\$ 268,539	\$ 272,437	\$ 291,850
% change		-12%	-4%	3%	17%	-7%	-2%	11%	1%	7%
Lots Sold	47	83	103	122	185	168	146	111	127	146
% change		77%	24%	18%	52%	-9%	-13%	-24%	14%	15%
Average Price	\$ 434,755	\$204,834	\$ 216,698	\$ 219,352	\$ 255,472	\$ 236,836	\$268,000	\$ 289,750	\$ 305,766	\$ 271,515
% change		-53%	6%	1%	16%	-7%	13%	8%	6%	-11%



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

General Information – Town Organizational Chart

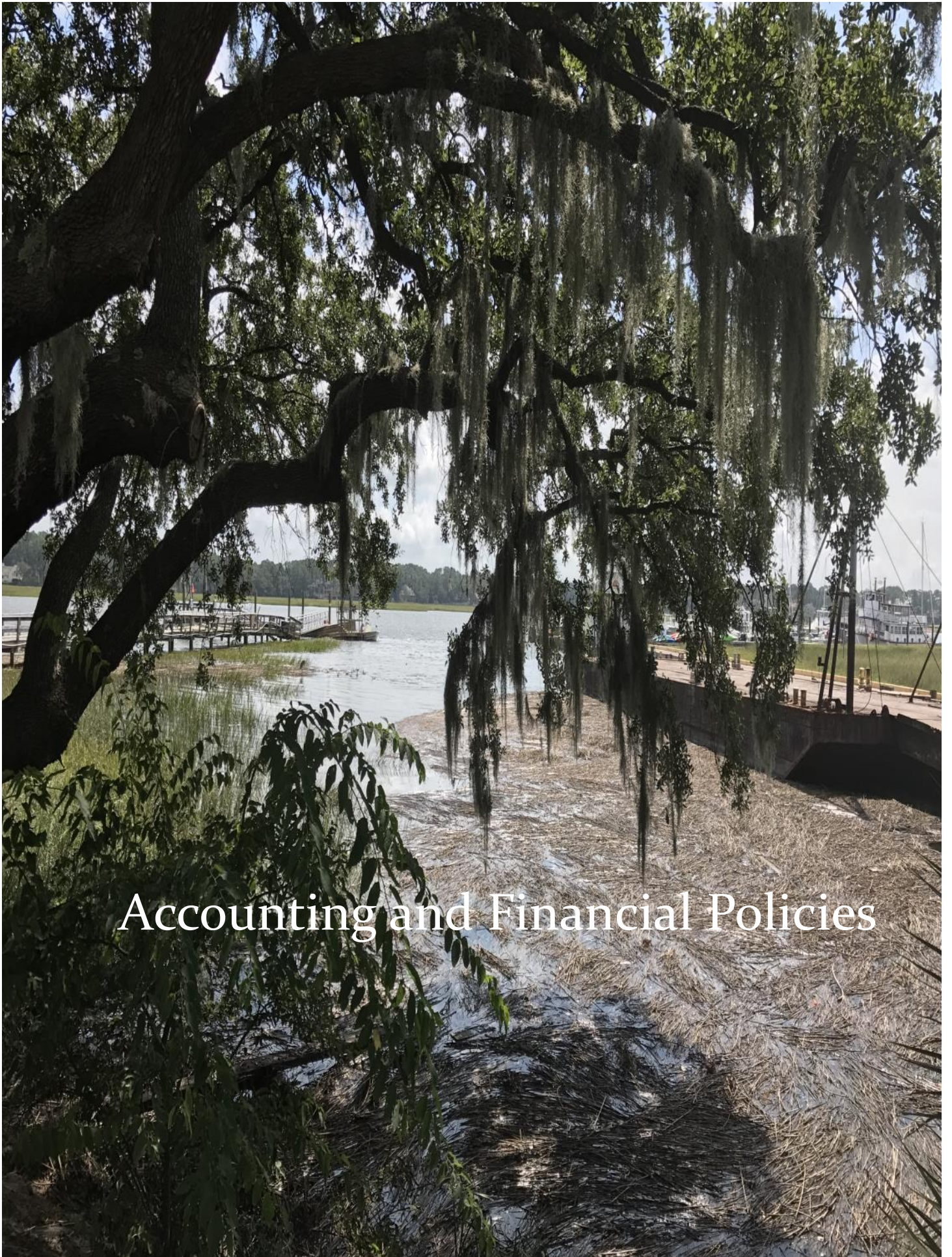


Notes:

1. Position detail can be found in the department budgets
2. Sherriff's Office and Shore Beach Services are contract services

General Information – Budget Calendar

Week of January 7, 2019	Finance personnel meet with the Town Manager and Assistant Town Manager to develop broad, overall goals and strategies for the budget and the budget process
February 1, 2019	Budget kick-off departmental budget packages distributed
February 28, 2019	Department budgets are due to Finance
March 1, 2019 – March 8, 2019	Finance Department prepares abridged proposed budget document
Week of March 11, 2019 and March 18, 2019; March 22, 2019	Administrative review of budget requests with each department
April 2019	Finance prepares abridged budget for presentation to Town Council
May 7, 2019	Town Manager delivers the proposed budget to the Town Council for first reading of ordinance
May 14, 2019	Town Council workshop
May 21, 2019	Town Council workshop
June 4, 2019	Second and final reading of budget
July 1, 2019	Begin new fiscal year with adopted budget



Accounting and Financial Policies

Accounting and Financial Policies

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

Accounting Policies

General Guidelines

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

Government-Wide Statements (CAFR)

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

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

Fund Financial Statements (CAFR)

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

The Town reports the following major governmental funds:

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

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

Accounting and Financial Policies

Fund Financial Statements (CAFR)

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

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

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

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

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

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

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

Accounting and Financial Policies

Fund Financial Statements (CAFR)

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

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

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

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

The Town reports the following enterprise fund:

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

Measurement Focus and Basis of Accounting

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

Accounting and Financial Policies

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

- Government National Mortgage Association (GNMA)
- Federal Home Loan Banks (FHLB)
- Small Business Administration (SBA)
- U.S. Maritime Administration (MA)
- Tennessee Valley Authority (TVA)
- U.S. Export-Import Bank (Eximbank)
- Farmers Home Administration (FHA)
- Federal Financing Bank (FFB)

Accounting and Financial Policies

Investments

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

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

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

Restricted Assets

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

Capital Assets and Depreciation

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

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

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

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

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

Accounting and Financial Policies

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

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

Physical Inventory

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

Compensated Absences

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

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

Long-Term Obligations

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

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

Accounting and Financial Policies

Bond Discounts/Issuance Costs/Deferred Charges on Advance Refunding

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

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

Budgetary Accounting

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

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

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

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

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

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

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

Accounting and Financial Policies

Accounting Policies, continued

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

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

Financial Policies

Revenues

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

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

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

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

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

Expenditures/Expenses

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

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

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

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

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

Accounting and Financial Policies

Financial Policies, continued

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.

Capital Improvement Plan (CIP)

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

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

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

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

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

Contingency

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

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

Debt Management Policies

Market Review

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

Accounting and Financial Policies

Financial Policies, continued

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.

The Town's total assessed value from property assessments is \$938,429,230. The legal debt margin for the Town of Hilton Head Island is \$75,074,338. The Town Council has self-imposed a further limiting 80% cap to reserve bonding capacity in case of a disaster, reserving a minimum of \$20 million. At June 30, 2019 the Town had \$4,858,229 in bonding capacity available.

Bond Ratings

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

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

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

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

Financial Reserves

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

Accounting and Financial Policies

Financial Policies, continued

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 35% up to a maximum of 40% of the Town's upcoming adopted fiscal year operating budget. The operating reserve may be utilized for emergency purposes in pre-disaster and post-disaster occurrences; to offset an early fiscal year tax revenue income stream deficiency; to avoid emergency Town borrowing or use of tax anticipation notes; to cushion the effects of an economic downturn, to provide for emergency expenditures or to offset a revenue shortfall from unforeseen circumstances.

For Fiscal 2018-2019 the General Fund Budget is \$40,257,829.

Based on that approved budget, the Town reserve calculations would be:

A minimum balance of 35% or \$14,090,240; and a maximum balance is 40% or \$16,103,132.

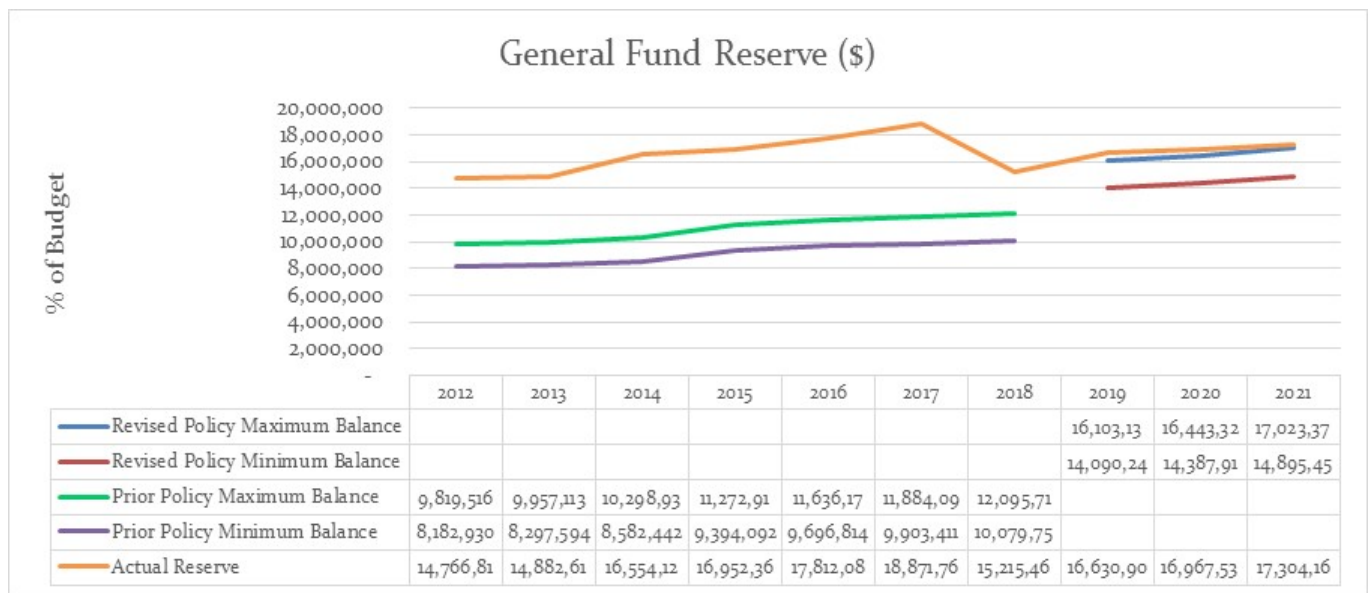
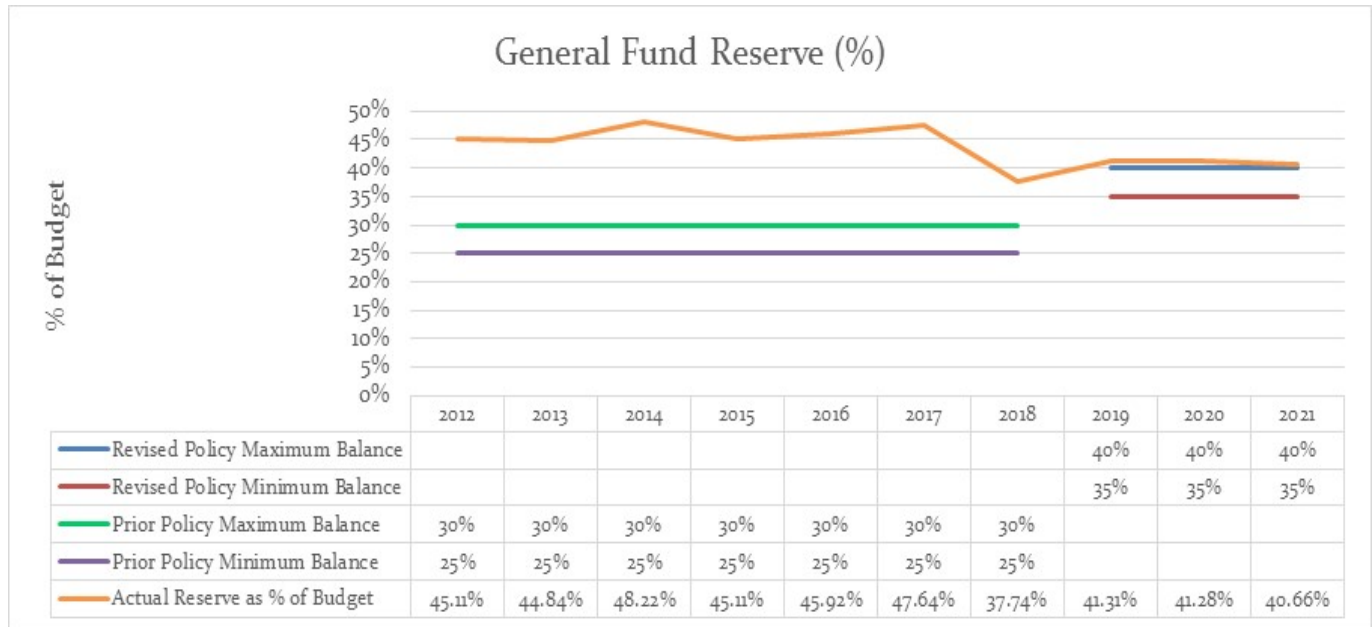
At 6/30/2018, the General Fund Balance included \$13,278,518 in committed and \$3,352,382 in unassigned funds for a total of \$16,630,900.

Therefore at 6/30/2018, the Town's General Fund Balance would be \$527,768 above the maximum per the operating reserve policy.

Unassigned General Fund balances are balances above the maximum level of the operating reserve policy, and not set aside for other purposes.

Accounting and Financial Policies

Financial Policies, continued



The Director of Finance is authorized to transfer the amount of unassigned fund balance above the 40% maximum balance into the following funds:

1. The Debt Service Fund to maintain an account reserved for the reduction of the Town's general obligation debt. These funds may be used for early debt retirement or other debt payments; or
2. The Natural Disasters Fund to maintain an account for disaster preparation, disaster response, or disaster recovery.
3. The Capital Improvements Fund – subject to Town Council appropriations for usage from the CIP Fund.

Accounting and Financial Policies

Financial Policies, continued

The Town Manager may recommend use of these funds for:

1. Emergency purposes
2. Disaster preparation and response purposes
3. To set aside for debt payments or to pay down debt
4. One-time capital expenditures

These recommendations are subject to Town Council appropriation approvals.

A report shall be given each year to Town Council, at the close of the fiscal year, identifying the status of the fund balance in relation to the operating reserve policy, and any potential excess funds that could be transferred or used.

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 maintain a balance of \$1.0 million in this account. If the balance falls below \$1.0 million, 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.

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.

The local ATAX reserve is a component of the General fund. Beginning in Fiscal Year 2018 Restricted for Advertising monies will be held in the Natural Disasters Fund.

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.

Accounting and Financial Policies

Financial Policies, continued

The Town Council has further stated the disaster recovery reserve capacity should be at least \$20.0 million.

Real Estate Transfer Fee Debt Service Reserve

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

Beach Preservation Reserve

The Town will hold in an interest bearing account a portion of the amounts on deposit in the Town of Hilton Head Island Beach Preservation Fee Account. The amount to be held in this reserve account shall be \$12 million in addition to the restricted reserve.

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.

Natural Disasters Fund

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

Accounting and Financial Policies

Financial Policies, continued

Disaster Response Reserve

The table below reflects the Town's current reserve funds available for disasters compared to the Hurricane Matthew benchmark.

Funding Available for a Disaster

	FY 2017	FY 2018	FY 2019 Estimate
Disaster Reserve Fund fund balance	\$ 4,453,926	\$ 27,163,076	\$ 28,000,000
Beach Preservation Fee Reserves	5,080,403	11,873,362	12,000,000
Debt Capacity reserved for Disasters	14,826,456	20,000,000	20,000,000
Funding Available for a Disaster	<u>\$ 24,360,785</u>	<u>\$ 59,036,438</u>	<u>\$ 60,000,000</u>

Funding Needed for a Disaster

Hurricane Matthew Cost (goal)	<u>\$52,000,000</u>	<u>\$52,000,000</u>	<u>\$ 52,000,000</u>
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Funds Available as a % of Goal

	<u>46.8%</u>	<u>113.5%</u>	<u>115.4%</u>
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The Town expects to collect another \$1 million of State and Federal reimbursement for expenditures associated with Hurricanes Matthew, Irma, and Florence. No significant additional spending is expected beyond repayment of the debt funded with the 5 mills for 5 years.



Budget Process

Budget Process

Budget Process Overview

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

Policy and Strategy Phase

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

Assessment Phase

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

Format of Department Budgets

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

Mission Statement

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

Core Services

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

Current Fiscal Year Accomplishments

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

Format of Department Budgets (continued)

Goals

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

Objectives

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

Performance Measures (not all departments report this information)

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

2. Department Expenditures by Division and Category

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

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

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

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

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

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

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

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

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

Format of Department Budgets (continued)

3. Department Expenditures by Division and Category

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

Approach to the Budget Review Process

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

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

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

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

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

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

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

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

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

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

Budget Approval Process

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

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

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

Monitoring the Budget

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

Budget Transfers, Amending the Budget and Encumbrances

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

- a. Make any budget line item transfer within a department in the General Fund.
- b. Transfer up to One Hundred Thousand Dollars (\$100,000) between departments in the General Fund.
- c. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved capital projects as long as the project is complete and closed.
If reserve funds (amending the cost of the Capital Improvement Plan (CIP)) need to be used or a project slid (amending the CIP spending plan) the transfer must be approved by Town Council.
- d. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved capital projects in the Tax Increment Financing Fund (TIF) per (c) above.
- e. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved line items in the Debt Service Fund.
- f. Any other transfers between a department's line items or capital projects exceeding the thresholds outlined above will be submitted to Town Council for approval.
- g. No budget transfers shall (a) be made between the General Fund, Capital Projects Fund, Debt Service Fund, or Tax Increment Financing Fund (TIF) with the exception of transfers identified in (c) above related to the Capital Projects Funds , or (b) conflict with any existing Bond Ordinances.

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

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

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

Capital Budgets are Project-Based

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

Specific Carryforwards and Designations

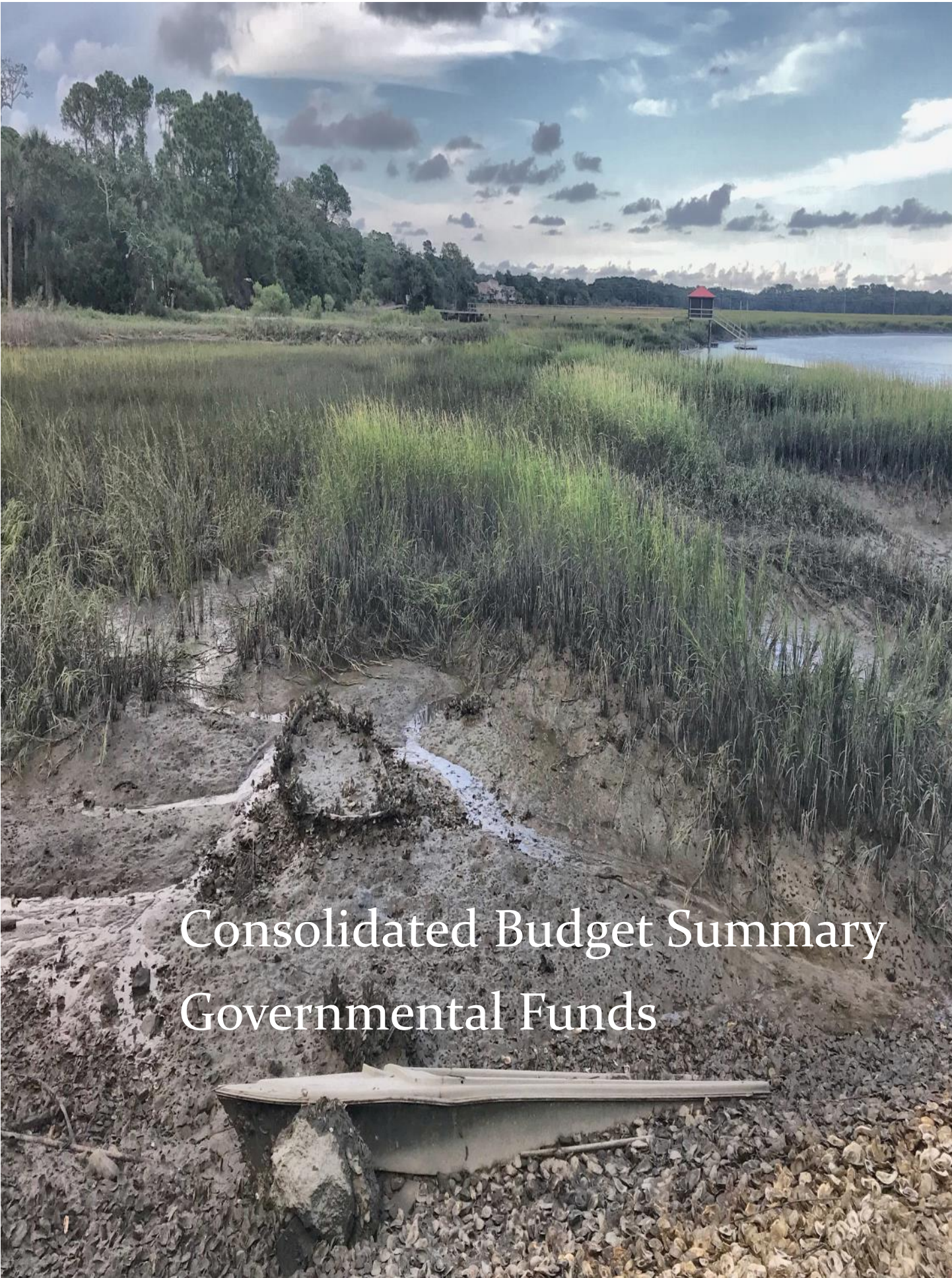
1. During the fiscal year 2019 budget process, it was agreed to carryforward \$500,000 of unspent Town Council initiatives to the new fiscal year. The budget will carryforward, however, Town Council will need to vote to expend any of these funds. Any unspent funds will expire at June 30, 2019.
2. Town Council also designated the proceeds of a legal settlement of \$449,261 of business license fees toward work force housing and transportation initiatives. The funds are set aside, and further direction from Town Council for specific criteria to utilize these funds is forthcoming.
3. Town Council also designates \$200,000 per year toward its dredging initiative.

Biennial Budget

As this is the Town's first biennial budget, the Town will conduct a thorough review of fiscal year 2021 amounts during fiscal year 2020.

The Town Manager expects to propose amendments for fiscal year 2021 during the normal budget schedule for Town Council to consider.

The Town expects adjustments based on evolving circumstances and needs. However, the general direction for fiscal year 2021 has been set by Town Council. The Town does not expect major adjustments, but rather minor adjustments next year.



Consolidated Budget Summary
Governmental Funds

Consolidated Budget Summary – General, Debt, and CIP Funds

Introduction

The fiscal year 2020 and fiscal year 2021 biennial 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 2020 and Fiscal Year 2021 Consolidated Budget – Governmental Funds

The combined fiscal year 2020 budgeted expenditures for the three major governmental funds is \$73,747,817 and \$73,169,447 for fiscal year 2021. The table below reflects revenues by source as a percentage of total revenues for each fiscal year. Note, revenues are anticipated to exceed expenditures by \$336,634 for both fiscal year 2020 and 2021. The additional funds will be used to strengthen the Town’s operating reserves.

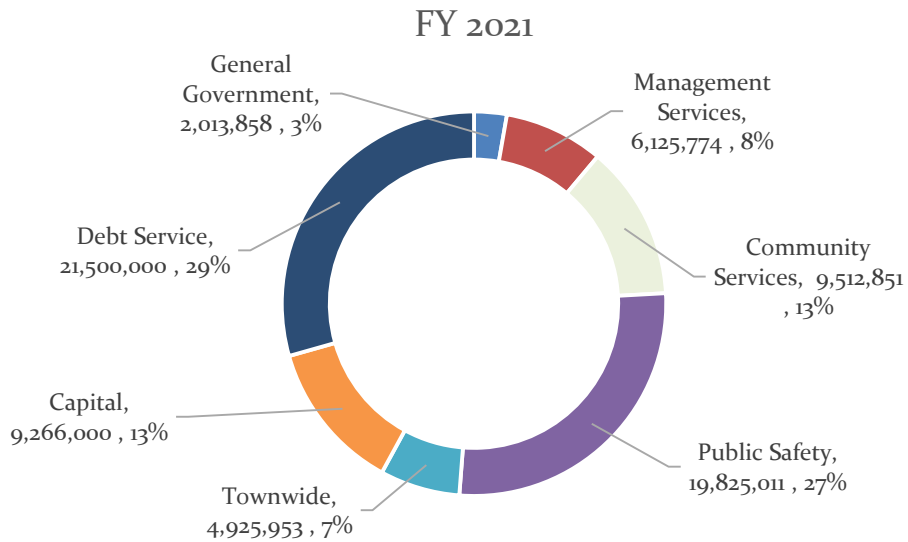
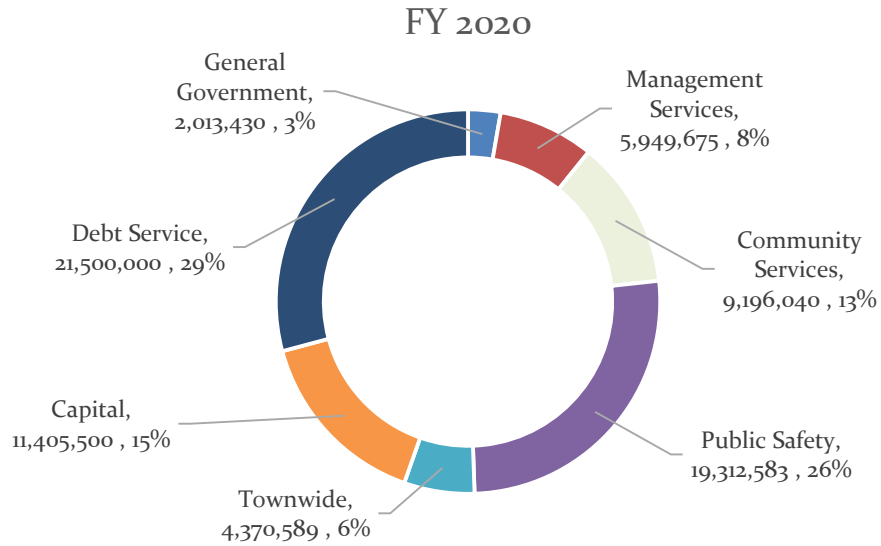
The budget is balanced, prudent and responsive to community needs. Projected revenues will be sufficient to support program expenditures.

All Government Funds - Where the Money Comes From

Revenues	2020	% of Total	2021	% of Total
	Budget		Budget	
Property Taxes	20,463,847	27.62%	20,747,020	28.22%
ATAX Local 1%	3,653,891	4.93%	3,690,430	5.02%
Business Licenses/Franchise Fees	10,900,639	14.71%	10,959,917	14.91%
Permit Fees	1,515,000	2.04%	1,522,575	2.07%
Intergovernmental	840,000	1.13%	840,000	1.14%
Miscellaneous Revenue	3,852,197	5.20%	3,215,287	4.37%
Beach Fees	6,534,990	8.82%	6,614,103	9.00%
Hospitality Fee	8,271,890	11.17%	9,692,115	13.19%
Tax Increment Financing	4,109,626	5.55%	4,560,303	6.20%
State ATAX	1,775,000	2.40%	1,792,750	2.44%
Electric Franchise fee	90,000	0.12%	499,622	0.68%
Road Usage Fee	1,110,000	1.50%	330,000	0.45%
Natural Disasters Fund	3,537,565	4.78%	3,537,265	4.81%
Real Estate Transfer Fees	1,938,263	2.62%	2,608,613	3.55%
Stormwater	125,000	0.17%	150,000	0.20%
Prior Year Funds	5,006,543	6.76%	2,386,081	3.25%
Investments	360,000	0.49%	360,000	0.49%
Total	74,084,451	100.00%	73,506,081	100.00%

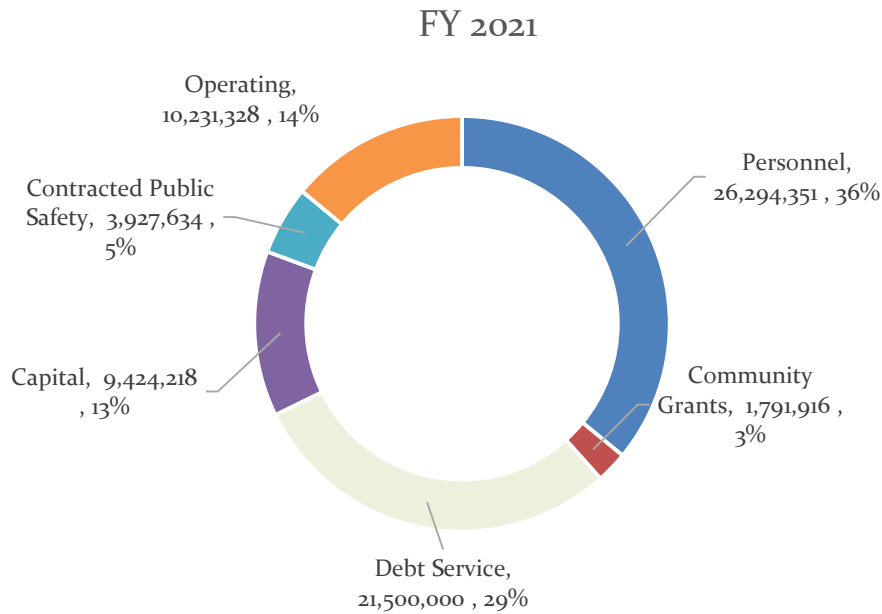
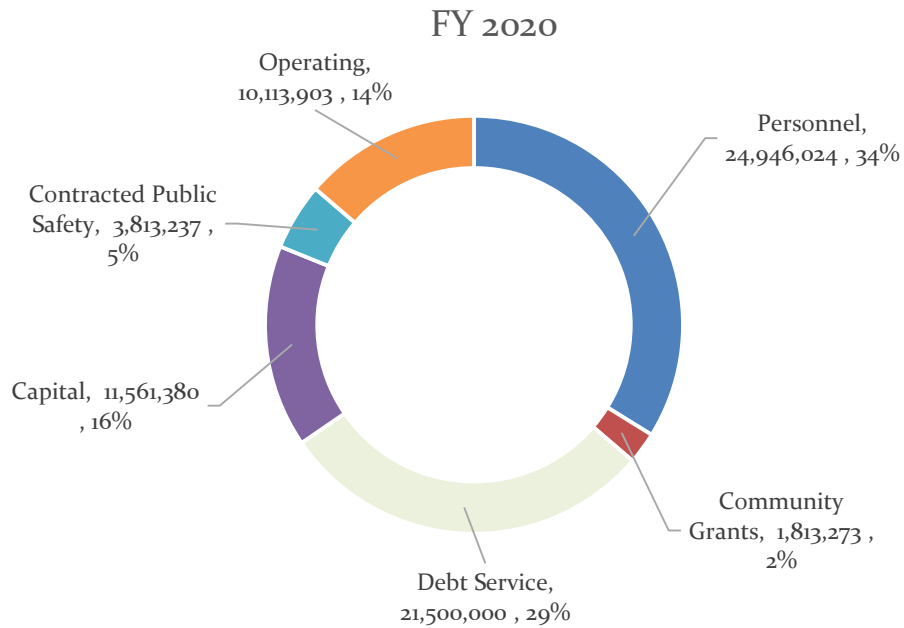
Consolidated Budget Summary – General, Debt, and CIP Funds

All Government Funds - Where the Money Goes by Program



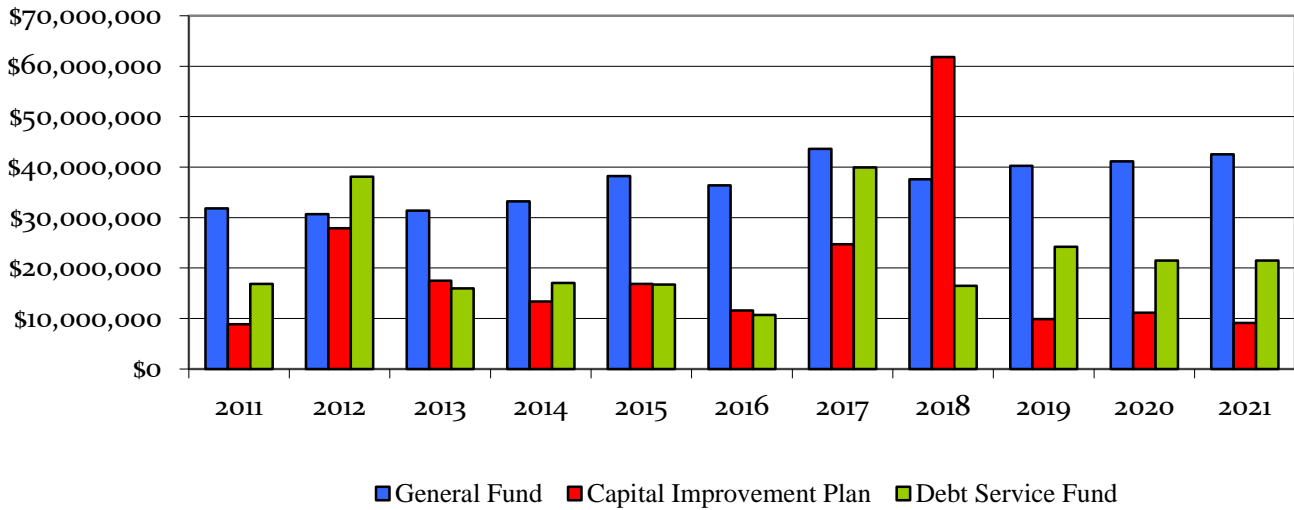
Consolidated Budget Summary – General, Debt, and CIP Funds

All Government Funds - Where the Money Goes by Category



Consolidated Budget Summary – General, Debt, and CIP Funds

Trend Analysis of Expenditures by Fund



Notes:

1. Actual through 2018, and budgeted in 2019, 2020, and 2021.
2. In fiscal year 2018 the Town repaid a bond anticipation note, the repayment is reflected in the Capital Improvement Plan actual expenditures.

Consolidated Budget Summary – General, Debt, and CIP Funds

	2017	2018	2019 Adopted Budget	2020 Budget	% Change	2021 Budget	% Change
Revenues							
Property Taxes	18,916,209	20,155,580	19,918,521	20,463,847	2.7%	20,747,020	1.4%
ATAX - Local	3,430,379	3,543,910	3,532,590	3,653,891	3.4%	3,690,430	1.0%
Business Licenses and Franchise Fees	9,289,682	11,196,245	9,969,000	10,900,639	9.3%	10,959,917	0.5%
Permits	1,697,438	1,880,231	1,497,500	1,515,000	1.2%	1,522,575	0.5%
Intergovernmental	1,185,671	838,323	840,000	840,000	0.0%	840,000	0.0%
Investment Income	46,586	610,172	265,000	360,000	35.8%	360,000	0.0%
Funds from Prior Years	-	-	2,928,417	5,006,543	71.0%	2,386,081	-52.3%
Bond Issue	26,255,949	86,525,341	3,320,000	-	-100.0%	-	0.0%
Operating Transfers In	16,883,505	18,656,608	27,296,091	27,492,334	0.7%	29,784,771	8.3%
Miscellaneous	4,494,137	4,348,283	4,766,710	3,852,197	-19.2%	3,215,287	-16.5%
Total	82,199,556	147,754,693	74,333,829	74,084,451	-0.3%	73,506,081	-0.8%
Expenditures							
General Government	1,405,309	1,949,158	1,764,065	2,013,430	14.1%	2,013,858	0.0%
Management Services	4,990,115	5,214,573	5,880,217	5,949,675	1.2%	6,125,774	3.0%
Community Services	7,734,491	8,523,985	9,052,492	9,196,040	1.6%	9,512,851	3.4%
Public Safety	17,566,480	18,010,769	19,035,775	19,312,583	1.5%	19,825,011	2.7%
Townwide	3,505,217	3,000,054	4,321,280	4,370,589	1.1%	4,925,953	12.7%
Transfers Out	7,866,000	1,090,021	-	-	0.0%	-	0.0%
Capital	25,158,144	34,457,795	9,980,000	11,405,500	14.3%	9,266,000	-18.8%
Bond Anticipation Note Repayment	-	26,000,000	-	-	0.0%	-	0.0%
Debt Issue Costs	536,186	1,753,313	350,000	250,000	-28.6%	250,000	0.0%
Debt Service	10,489,871	15,836,696	23,950,000	21,250,000	-11.3%	21,250,000	0.0%
Total	79,251,813	115,836,364	74,333,829	73,747,817	-0.8%	73,169,447	-0.8%
Excess/(Deficiency) of Revenues over Expenditures	2,947,743	31,918,329	-	336,634		336,634	

Note: the planned surpluses are by design to strengthen reserves.

Consolidated Budget Summary – General, Debt, and CIP Funds

Revenues

1. **Property taxes** – \$20.5 million (FY 2020) and \$20.7 million (FY 2021) – 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.

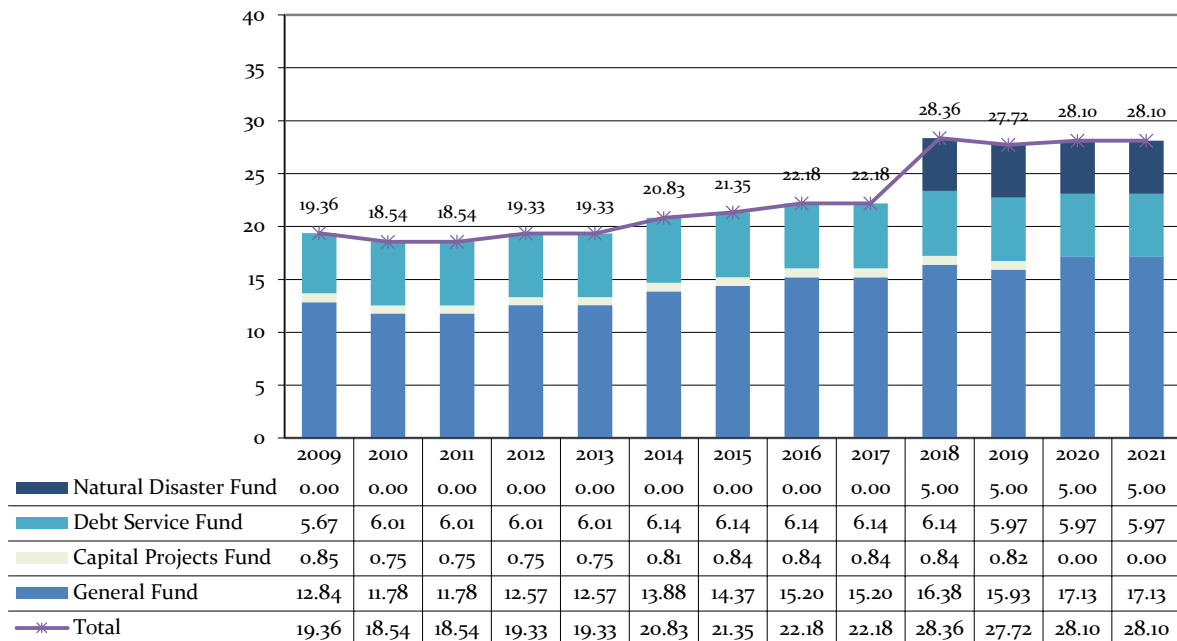
Collection and Distribution

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.

Tax Levy for Fiscal Year 2020 and Fiscal Year 2021

The table below provides a historical overview of the Town’s overall millage rate as well as by type. In fiscal year 2020 the Town merged the CIP millage into the General Fund millage eliminating the need to transfer funds. The millage rates for fiscal year 2020 and fiscal year 2021 will increase by .38 mils, 28.10. **The General Fund millage rate will be increased by 2.2% (.38 mils) for the CPI (consumer price index) as allowed by South Carolina law. The additional funds will be used to strengthen the Town’s reserves.** It should be noted the Town is in the third and fourth years of the planned five years of the 5 mil override for disaster recovery.

Historical Millage Rates by Fund



Consolidated Budget Summary – General, Debt, and CIP Funds

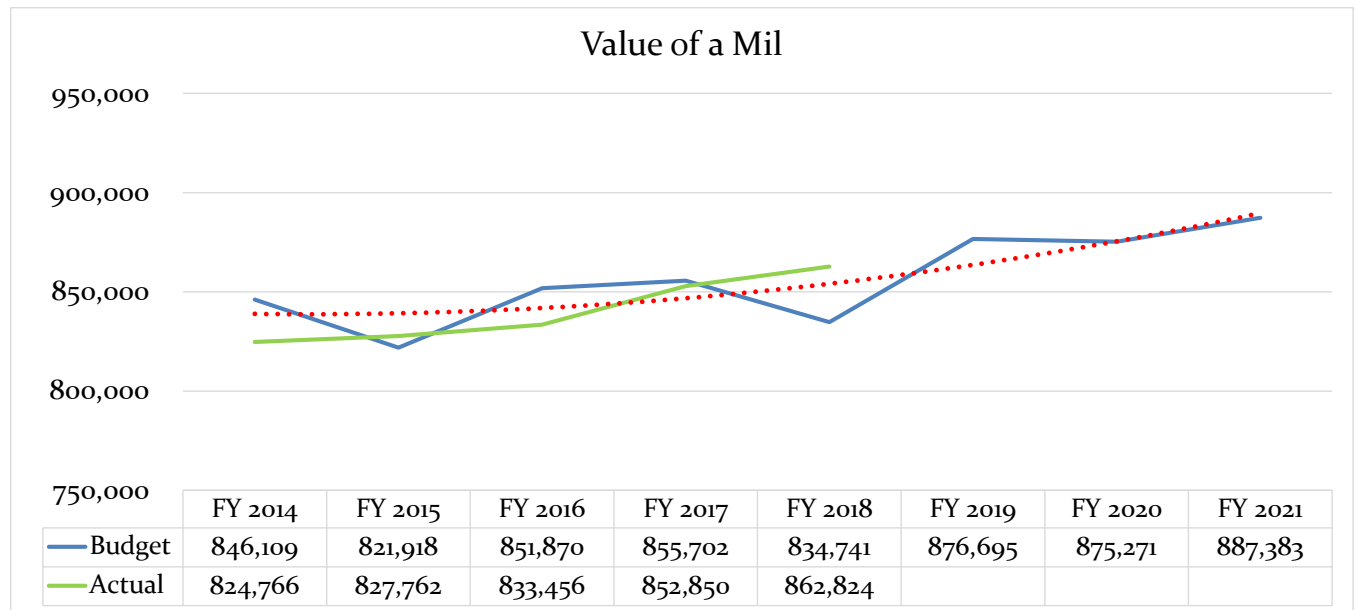
Revenues, continued

Property Tax Impact on a Primary Residence

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Value of Home	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Taxable Value (4% Primary Residence)	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Taxes Paid								
General Fund	194.32	201.18	212.80	212.80	229.32	223.02	239.82	239.82
Disaster Recovery	-	-	-	-	70.00	70.00	70.00	70.00
Debt Services Fund	85.96	85.96	85.96	85.96	85.96	83.58	83.58	83.58
Capital Projects Fund	11.34	11.76	11.76	11.76	11.76	11.48	0.00	0.00
Taxes Paid	291.62	298.90	310.52	310.52	397.04	388.08	393.40	393.40

Historical Value of a Mil

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Budget	846,109	821,918	851,870	855,702	834,741	876,695	875,271	887,383
Actual	824,766	827,762	833,456	852,850	862,824	-	-	-
Actual as % of Budget	-2.5%	0.7%	-2.2%	-0.3%	3.4%			



Consolidated Budget Summary – General, Debt, and CIP Funds

Revenues, continued

2. **Business License** – \$9.9 million (FY 2020) and \$10.0 million (FY 2021) – these funds will be used to fund various operating expenditures. (General Fund)
3. **Franchise Fees** – \$955,000 (FY 2020) and \$964,550 (FY 2021) – these funds will be used to fund various operating expenditures. (General Fund)
4. **Minor grants** are not included in the budget. The matching funds associated with the minor grants are included in the operating budget.
5. **Transfers in from Special Revenue Funds**
 - (a) **Hospitality Taxes** – \$8.3 million (FY 2020) and \$9.7 million (FY 2021) – these funds will be used to fund various operating expenditures, debt service payments, and various capital projects.
 - (b) **Beach Preservation Fees** – \$6.5 million (FY 2020) and \$5.6 million (FY 2021) – these funds will be used to fund various operating expenditures, debt service payments, and various beach related capital projects.
 - (c) **Tax Increment Financing (TIF)** – \$4.1 million (FY 2020) and \$4.6 million (FY 2021) – these funds will be used to fund project management expenditures in the operating budget, debt service payments, and various capital projects.
 - (d) **Road Usage Fees** – \$1.1 million (FY 2020) and \$330,000 (FY 2021) – these funds will be used for road improvement projects.
 - (e) **State Accommodation Tax** – \$1.8 million (FY 2020) and \$1.8 million (FY 2021) – these funds will be used to fund various operating expenditures.
 - (f) **Real Estate Transfer Fees (RETF)** – \$1.9 million (FY 2020) and \$2.6 million (FY 2021) – these funds will be used for debt service payments.
 - (g) The **Stormwater Enterprise Fund** – \$125,000 (FY 2020) and \$150,000 (FY 2021) – to the General Fund for project management.
 - (h) The **Electric Franchise Fund** – \$90,000 (FY 2020) and \$499,622 (FY 2021) – to the General Fund for project management and to fund various operating expenditures.
 - (i) The **Natural Disasters Fund** – \$3.5 million (FY 2020) and \$3.5 million (FY 2021) – to the Debt Service Fund for debt service payments associated with the \$18.0 million borrowed to augment the current reserves in the fund.

Consolidated Budget Summary – General, Debt, and CIP Funds

Revenues, continued

The tables below reflect transfers between the special revenue funds and the General Fund, Debt Service Fund, and CIP.

Revenues	Fiscal Year 2020			Total
	General Fund	Debt Service Fund	CIP	
Beach Preservation Fees	1,361,140	2,973,850	2,200,000	6,534,990
Hospitality Fee	3,337,240	1,629,650	3,305,000	8,271,890
ATAX State	1,775,000	-	-	1,775,000
Tax Increment Financing	180,000	3,929,626	-	4,109,626
Electric Franchise fee	90,000	-	-	90,000
Road Usage Fee	-	-	1,110,000	1,110,000
Natural Disasters Fund	-	3,537,565	-	3,537,565
Real Estate Transfer Fees	-	1,938,263	-	1,938,263
Stormwater	125,000	-	-	125,000
Total	6,868,380	14,008,954	6,615,000	27,492,334

Revenues	Fiscal Year 2021			Total
	General Fund	Debt Service Fund	CIP	
Beach Preservation Fees	1,498,253	3,975,850	1,140,000	6,614,103
Hospitality Fee	3,819,465	1,629,650	4,243,000	9,692,115
ATAX State	1,792,750	-	-	1,792,750
Tax Increment Financing	183,600	3,926,703	450,000	4,560,303
Electric Franchise fee	499,622	-	-	499,622
Road Usage Fee	-	-	330,000	330,000
Natural Disasters Fund	-	3,537,265	-	3,537,265
Real Estate Transfer Fees	-	2,608,613	-	2,608,613
Stormwater	150,000	-	-	150,000
Total	7,943,690	15,678,081	6,163,000	29,784,771

Consolidated Budget Summary – General, Debt, and CIP Funds

Expenditures

The Town's budgeted governmental fund expenditures will **decrease** by **\$586,012** in fiscal year 2020 over the fiscal year 2019 budget. The General Fund budget will increase by \$850,488, the Debt Service Fund budget will decrease by \$2.7 million, and the CIP budget will increase by \$1.3 million.

In fiscal year 2021 governmental fund expenditures will **decrease** by **\$578,370** over the fiscal year 2020 budget. The General Fund budget will increase by \$1.5 million, the Debt Service Fund budget will remain the same as fiscal year 2020, \$2.7 million, and the CIP budget will decrease by \$2.0 million.

General Fund

Overall, General Fund expenditures are programmed at \$41.1 million for fiscal year 2020 slightly above last fiscal year.

FY 2020 – major expenditure changes expenditure changes for fiscal year 2020 from fiscal year 2019	
1. Elimination of the Municipal Court (net savings)	(205,243)
2. 3% merit increase	596,171
3. Addition of one (1) Commercial Combination Inspector	96,220
4. Addition of one (1) Plans Examiner	94,875
5. An increase in insurance costs (property and casualty)	90,621
6. One-time grant request from LRTA	50,000
7. Reduction in Vantage Care Retirement contribution (Townwide budget)	(90,500)
8. Reduction in telephone expense (new phone system)	(139,000)
9. WI-FI expansion Celebration Park (Townwide budget)	46,000
10. Increase funding for security cameras in the Townwide budget (from \$36,000 to \$65,000) to fund surveillance camera installation at Celebration Park	29,000
11. Increase in the Recreation Center grant (Townwide budget)	49,816
12. Reduction in Finance personnel and operating expenditures	(64,940)
13. Reduction in Public Projects & Facilities budget	(44,923)
14. Funding for impact of compensation study	70,000
15. Off-site records storage; Information Technology	120,000

FY 2021 – major expenditure changes expenditure changes for fiscal year 2021 from fiscal year 2020	
1. 3% personnel increase	624,403
2. 3% operating increase	
3. Addition of two (2) Facilities Technicians for additional parks work	100,000
4. Funding of impact of compensation study (estimate)	500,000
5. One-time costs from fiscal year 2020 have been excluded in fiscal year 2021	

Consolidated Budget Summary – General, Debt, and CIP Funds

Expenditures, continued

Contracted Public Safety

1. **Sheriff's Office** – fiscal year 2020, \$3.5 million, a \$138,542 decrease from the fiscal year 2019 budget; fiscal year 2021, \$3.6 million, a \$104,461 increase from the fiscal year 2020 budget.
2. **Shore Beach Services** – fiscal year 2020, \$331,140, a \$55,905 increase from the fiscal year 2019 budget; fiscal year 2021, \$341,074, a \$9,934 increase from the fiscal year 2020 budget.

Capital Outlay

	FY 2020	FY 2021
IT Equipment	155,880	158,218
Security cameras	65,000	
WI-FI system Islanders Beach Park	46,000	
Vehicle replacement	155,000	155,000
Total	421,880	313,218

Community Grants

	FY 2020	FY 2021
Recreation Center; General	893,889	920,707
Coastal Discovery Museum; General	75,000	75,000
Coastal Discovery Museum; Capital	30,000	30,000
Coastal Discovery Museum; Historic Mitchelville Initiative	110,000	110,000
Event Management and Hospitality Program	182,695	184,522
LRTA (Palmetto Breeze)	187,359	187,359
LRTA (one-time additional funding request)	50,000	N/A
Multidisciplinary Court	50,000	50,000
Solicitor Career Criminal Program	118,500	118,500
Community Foundation - Arts	50,000	50,000
Beaufort County EDC	25,000	25,000

Debt Service Fund

Debt services costs are budgeted at 21,500,000 for fiscal year 2020 and fiscal year 2021. Debt service payments will be reduced by approximately \$2,500,000 in fiscal year 2020 due the payoff of the Beach Preservation Fee Bond Series 2011.

Consolidated Budget Summary – General, Debt, and CIP Funds

Expenditures, continued

Capital Improvement Plan

The CIP budget is programmed at \$11.1 million in fiscal year 2020 and \$9.1 million in fiscal year 2021. An additional \$13.8 million is programmed for fiscal years 2022-2023.

	FY 2020	FY 2021
Beach Maintenance	500,000	1,140,000
Existing Public Facilities	1,325,000	105,000
Park Development	947,000	250,000
Facilities Improvements	100,000	100,000
Pathway Improvements	100,000	100,000
Roadway Improvements	6,824,000	2,980,000
Land Acquisition	68,000	20,000
Other/Prior Appropriation	525,500	428,000
Vehicles & Specialized Equipment	750,000	3,988,000
Total	11,139,500	9,111,000

See the CIP section of this document for project details.

Town Staffing (F.T.E.s)

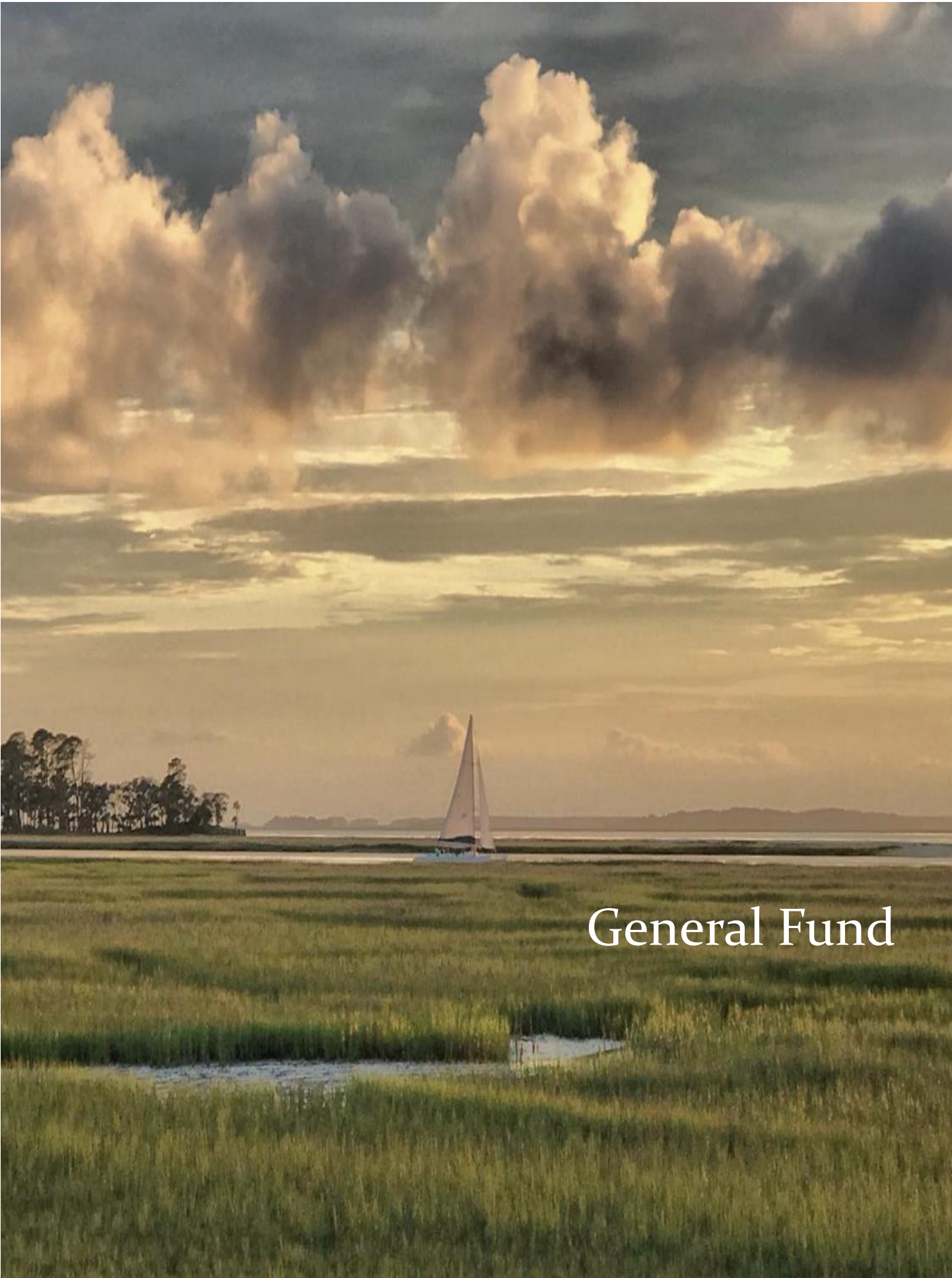
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Town Council	7.0	7.0	7.0	7.0	7.0	7.0
Town Manager	4.0	4.0	4.0	5.0	5.0	5.0
Human Resources	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Services	22.0	22.3	25.3	19.7	19.7	19.7
Finance	19.3	19.3	19.3	21.3	21.3	21.3
Community Development	27.4	27.7	30.1	31.1	33.1	33.1
Public Projects and Facilities	19.0	19.0	19.0	19.0	19.0	21.0
Fire and Rescue	144.7	145.9	145.9	145.3	145.3	145.3
Total General Fund	247.4	249.2	254.6	252.4	254.4	256.4
PPF Stormwater Fund	4.0	4.0	6.0	6.0	6.0	6.0
Total Town Staff	251.4	253.2	260.6	258.4	260.4	262.4
					+2	+2

Fiscal year 2020 staffing changes:

1. One (1) Commercial Combination Inspector; Community Development – Building
2. One (1) Plans Examiner; Community Development – Building

Fiscal year 2021 staffing changes:

1. Two (2) Facilities Technicians; Public Facilities



General Fund

General Fund

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

FY 2020 - Expenditures by Department/Category

Department	Personnel	Operating	Capital	Grants	Expenditures
Town Council	167,924	311,300	-	-	479,224
Town Manager	823,190	23,250	-	-	846,440
Human Resources	438,516	249,250	-	-	687,766
Administrative Services	2,096,000	1,705,389	155,880	-	3,957,269
Finance	1,785,716	206,690	-	-	1,992,406
Community Development	3,347,297	206,700	-	-	3,553,997
Public Projects and Facilities	1,938,460	3,703,583	-	-	5,642,043
Fire and Rescue	13,859,226	1,640,120	-	-	15,499,346
Sheriff/Other Public Safety	-	3,813,237	-	-	3,813,237
Non-Departmental (Townwide)	489,695	2,067,621	266,000	1,813,273	4,636,589
Totals	24,946,024	13,927,140	421,880	1,813,273	41,108,317

FY 2021 - Expenditures by Department/Category

Department	Personnel	Operating	Capital	Grants	Expenditures
Town Council	172,962	320,639	-	-	493,601
Town Manager	847,866	23,967	-	-	871,833
Human Resources	451,671	196,753	-	-	648,424
Administrative Services	2,158,881	1,756,550	158,218	-	4,073,649
Finance	1,839,234	212,891	-	-	2,052,125
Community Development	3,447,716	153,831	-	-	3,601,547
Public Projects and Facilities	2,096,614	3,814,690	-	-	5,911,304
Fire and Rescue	14,275,004	1,622,374	-	-	15,897,378
Sheriff/Other Public Safety	-	3,927,632	-	-	3,927,632
Non-Departmental (Townwide)	1,004,386	2,129,650	155,000	1,791,918	5,080,954
Totals	26,294,334	14,158,977	313,218	1,791,918	42,558,447

Expenditures by Historical/Category

	2017	2018	FY 2019	2020	% change	2021	% change
	Actual	Actual	Adopted Budget	Budget		Budget	
Personnel	21,725,257	23,404,697	24,416,418	24,946,024	2.2%	26,294,351	5.4%
Operating	15,413,821	8,218,354	10,029,527	10,113,903	0.8%	10,231,327	1.2%
Public Safety	3,634,798	3,609,305	3,895,874	3,813,237	-2.1%	3,927,634	3.0%
Capital	1,229,271	826,379	289,600	421,880	45.7%	313,218	-25.8%
Community Grants	1,615,737	1,513,938	1,626,410	1,813,273	11.5%	1,791,916	-1.2%
Total	43,618,884	37,572,673	40,257,829	41,108,317	2.1%	42,558,447	3.5%

General Fund Summary

	2017	2018	2019 Adopted Budget	2020 Budget	% Change	2021 Budget	% Change
Revenues							
Property Taxes	12,971,590	14,133,876	13,840,888	15,127,344	9.3%	15,386,181	1.71%
ATAX Local 1%	3,430,379	3,543,910	3,532,590	3,653,891	3.4%	3,690,430	1.0%
Business Licenses:							
Business Licenses - Town	3,929,882	5,335,475	4,600,000	4,906,872	6.7%	4,931,406	0.5%
Business Licenses - MASC	4,414,070	4,946,869	4,414,000	5,038,767	14.2%	5,063,961	0.5%
Franchise Fees:							
Cable	913,142	878,815	920,000	920,000	0.0%	929,200	1.0%
Beach Fee	32,588	35,086	35,000	35,000	0.0%	35,350	1.0%
Permit Fees:							
Construction	561,565	983,581	560,000	600,000	7.1%	603,000	0.5%
Development	12,344	13,653	12,500	15,000	20.0%	15,075	0.5%
Other	1,123,530	882,997	925,000	900,000	-2.7%	904,500	0.5%
Intergovernmental	849,906	838,323	840,000	840,000	0.0%	840,000	0.0%
Grants:							
Beaufort County - Hazmat	11,677	7,794	11,680	11,677	0.0%	11,677	0.0%
Beaufort County - E911	128,729	158,844	132,000	131,910	-0.1%	131,910	0.0%
DHEC	10,666	-	-	-	0.0%	-	0.0%
Other	20,258	1,629	-	-	0.0%	-	0.0%
SC Regional	-	-	-	-	0.0%	-	0.0%
Miscellaneous Revenue:							
Beach Services	249,688	252,649	250,000	250,000	0.0%	252,500	1.0%
Donations	200	25	-	100	100.0%	-	-100.0%
Municipal Court	245,826	164,849	190,000	-	-100.0%	-	0.0%
Other	433,676	401,215	270,000	270,000	0.0%	272,700	1.0%
Public Safety - EMS	1,428,391	1,678,566	1,400,000	1,500,000	7.1%	1,507,500	0.5%
Public Safety - County D/T	52,512	53,331	52,000	55,000	5.8%	55,000	0.0%
Town Code	20	10	30	10	-66.7%	-	-100.0%
Fund Balance	-	-	569,851	-	-100.0%	-	0.0%
Prior Year Funds	-	-	-	-	0.0%	-	0.0%
Victim's Assistance	38,525	26,104	35,000	21,000	-40.0%	21,000	0.0%
Transfers In:							
Beach Fees	1,111,138	1,361,138	1,361,140	1,361,140	0.0%	1,498,253	10.1%
Special Revenue Federal	12,164	-	-	-	0.0%	-	0.0%
CIP - Ad Valorem	453,000	628,000	453,000	-	-100.0%	-	0.0%
CIP - Sunday Liquor	50,000	50,000	50,000	-	-100.0%	-	0.0%
CIP - Land	175,000	-	175,000	-	-100.0%	-	0.0%
CIP - Road Usage	658,135	-	-	-	0.0%	-	0.0%
Hospitality Fee	3,392,245	1,492,245	3,492,250	3,337,240	-4.4%	3,819,465	14.4%
TIF	175,000	180,000	180,000	180,000	0.0%	183,600	2.0%
ATAX	1,696,220	1,739,750	1,565,900	1,775,000	13.4%	1,792,750	1.0%
Electric Franchise fee	90,000	90,000	90,000	90,000	0.0%	499,622	455.1%
Stormwater	95,000	125,000	125,000	125,000	0.0%	150,000	20.0%
Investments	3,610	307,012	175,000	300,000	71.4%	300,000	0.0%
Total Revenues	38,770,676	40,310,746	40,257,829	41,444,951	2.9%	42,895,081	3.5%

General Fund Summary

	2017	2018	2019 Adopted Budget	2020 Budget	% Change	2021 Budget	% Change
Expenditures							
General Government:							
Town Council	594,083	470,339	510,901	479,224	-6.2%	493,601	3.0%
Town Council - Initiative	170,061	214,799	-	-	0.0%	-	0.0%
Town Manager	641,165	663,662	619,833	846,440	36.6%	871,833	3.0%
Human Resources	549,556	600,358	633,331	687,766	8.6%	648,424	-5.7%
Total General Government	1,954,865	1,949,158	1,764,065	2,013,430	14.1%	2,013,858	0.0%
Management Services:							
Finance							
Administration	302,132	309,787	329,264	367,117	11.5%	378,131	3.0%
Accounting	542,740	566,366	724,583	608,746	-16.0%	627,008	3.0%
Revenue Services	606,193	724,395	797,152	809,224	1.5%	833,501	3.0%
Procurement	-	26,514	206,347	207,319	0.5%	213,485	3.0%
	1,451,065	1,627,062	2,057,346	1,992,406	-3.2%	2,052,125	3.0%
Administrative Services							
Administration/Legal	470,845	528,120	553,354	562,838	1.7%	579,723	3.0%
Office of Cultural Affairs	-	137,058	179,393	250,515	39.6%	258,030	3.0%
Communications	-	21,971	309,207	365,917	18.3%	376,895	3.0%
Records Management	253,243	359,532	301,313	274,458	-8.9%	282,692	3.0%
Municipal Court	386,734	370,092	386,930	-	-100.0%	-	0.0%
Information Technology	2,014,334	2,170,738	2,092,674	2,503,541	19.6%	2,576,309	2.9%
	3,125,156	3,587,511	3,822,871	3,957,269	3.5%	4,073,649	2.9%
Total Management Services	4,576,221	5,214,573	5,880,217	5,949,675	1.2%	6,125,774	3.0%
Community Services:							
Community Development							
Administration	538,333	1,106,042	636,956	687,558	7.9%	708,185	3.0%
Comprehensive Planning	509,473	633,398	687,327	678,983	-1.2%	673,602	-0.8%
Development, Review and Zoning	601,484	698,409	784,407	750,453	-4.3%	747,217	-0.4%
Building	567,486	678,463	798,575	1,012,935	26.8%	1,035,753	2.3%
CD Services	335,453	392,830	408,261	424,068	3.9%	436,790	3.0%
	2,552,229	3,509,142	3,315,526	3,553,997	7.2%	3,601,547	1.3%
Public Projects and Facilities							
Administration	251,524	282,337	292,015	302,662	3.6%	311,742	3.0%
Engineering	1,235,129	867,367	1,019,466	993,180	-2.6%	1,022,975	3.0%
Facilities Management	3,741,656	3,865,139	4,425,485	4,346,201	-1.8%	4,576,587	5.3%
	5,228,309	5,014,843	5,736,966	5,642,043	-1.7%	5,911,304	4.8%
Total Community Services	7,780,538	8,523,985	9,052,492	9,196,040	1.6%	9,512,851	3.4%

General Fund Summary

	2017	2018	2019 Adopted Budget	2020 Budget	% Change	2021 Budget	% Change
Public Safety:							
Fire Rescue							
Administration	349,703	367,204	386,413	413,491	7.0%	425,896	3.0%
Operations	9,632,711	9,871,814	9,983,568	10,205,552	2.2%	10,511,719	3.0%
E-911 Communications	1,081,980	1,158,635	1,293,655	1,300,756	0.5%	1,339,777	3.0%
E-911 Communications Support	286,042	227,355	249,490	474,415	90.2%	421,697	-11.1%
Emergency Management	137,342	132,985	162,865	165,224	1.4%	170,181	3.0%
Fire Prevention	576,729	558,774	603,968	589,317	-2.4%	606,997	3.0%
Fleet Maintenance	512,305	525,624	600,493	577,151	-3.9%	594,466	3.0%
EMS Training	101,564	293,244	408,335	461,131	12.9%	474,965	3.0%
Support Services	1,556,084	625,043	765,395	592,157	-22.6%	609,922	3.0%
Safety and Professional Development	712,784	640,786	685,719	720,152	5.0%	741,757	3.0%
Total Fire Rescue	14,947,244	14,401,464	15,139,901	15,499,346	2.4%	15,897,377	2.6%
Public Safety - Police Services	3,634,798	3,609,305	3,895,874	3,813,237	-2.1%	3,927,634	3.0%
Townwide (non-departmental):							
Personnel	452,251	617,350	518,526	489,695	-5.6%	1,004,386	105.1%
Operating	1,437,230	1,742,900	2,176,344	2,067,621	-5.0%	2,129,650	3.0%
Capital	32,000	-	204,000	266,000	30.4%	155,000	-41.7%
Transfers Out	7,188,000	-	-	-	-	-	0.0%
Grants	1,615,737	1,513,938	1,626,410	1,813,273	11.5%	1,791,917	-1.2%
Total Townwide (non-departmental)	10,725,218	3,874,188	4,525,280	4,636,589	2.5%	5,080,953	9.6%
Total Expenditures	43,618,884	37,572,673	40,257,829	41,108,317	2.1%	42,558,447	3.5%
Net change in fund balances	(4,848,208)	2,738,073	-	336,634		336,634	

General Fund Revenues

General Fund revenues and transfers in from other funds are projected to be \$41.6 million in fiscal year 2020 and \$43.1 million fiscal year 2021. This is a 3.6% from fiscal year 2019 to fiscal year 2020 and a 3.5% increase from fiscal year 2020 to fiscal year 2021.

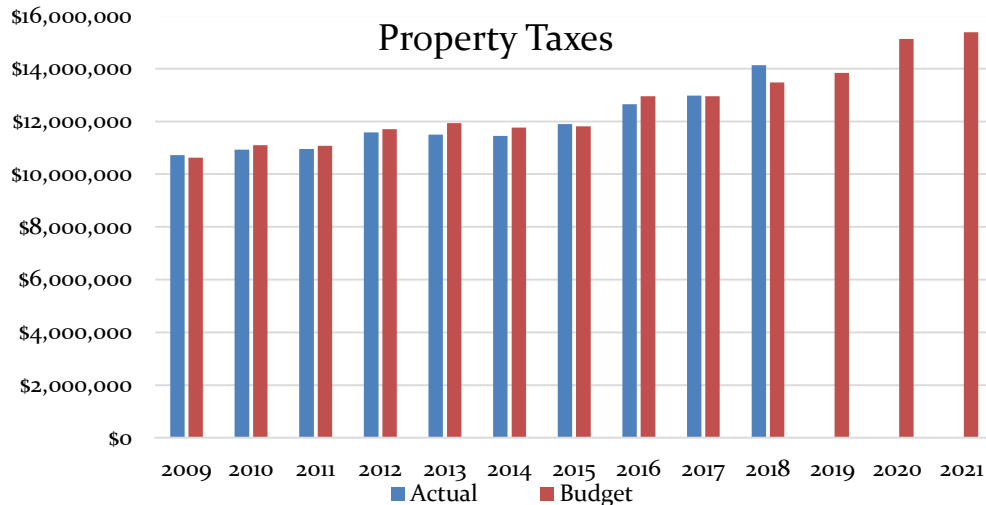
General Fund Revenue by Source as a Percentage of Total Revenue

	2020 Budget	% change	2021 Budget	% change
Property Taxes	15,127,344	36.5%	15,386,181	35.9%
Business Licenses	9,945,639	24.0%	9,995,367	23.3%
ATAx	5,428,891	13.1%	5,483,180	12.8%
Hospitality Taxes	3,337,240	8.1%	3,819,465	8.9%
Other	2,934,697	7.1%	3,385,509	7.9%
Permit Fees	1,515,000	3.7%	1,522,575	3.5%
Beach Preservation Fees	1,361,140	3.3%	1,498,253	3.5%
Franchise Fees	955,000	2.3%	964,550	2.2%
State Shared	840,000	2.0%	840,000	2.0%
Total	41,444,951	100.0%	42,895,081	100.0%

General Fund Revenues

Property Taxes

Property taxes represent approximately 37% of the total General Fund revenue. Revenue anticipated from this source is approximately \$15.1 million in fiscal year 2020 and \$15.4 million in fiscal year 2021. The General Fund millage rate will increase from 15.93 mills to 17.41 mills. The increase is due to (1) consolidating the CIP millage rate into the General Fund millage rate eliminating the transfer between funds, and (2) the General Fund millage rate will be increased by 3.95% (.66 mills), for the CPI (consumer price index) as allowed by South Carolina law. The additional funds will be used to strengthen the Town's reserves.

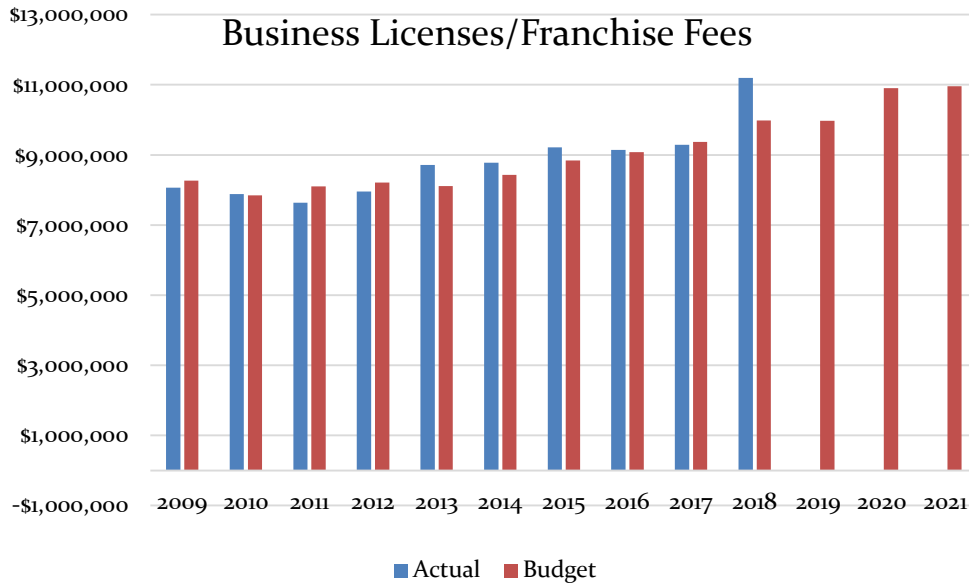


Business Licenses and Franchise Fees

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. Revenue anticipated from this source is approximately \$9.9 million in fiscal year 2020 and \$10.0 million in fiscal year 2021.

Franchise fee revenue is anticipated to be \$955,000 in fiscal year 2020 and \$964,550 in fiscal year 2021.

General Fund Revenues



Note: In fiscal year 2018 the Town received approximately \$375,000 in business license revenue associated with a lawsuit settlement.

Intergovernmental (State Shared)

The Town will receive approximately \$840,000 in state shared revenue in fiscal year 2020 as well as fiscal year 2021. The amount received from this source has remained about the same over the past several years.

Permit Fees

New construction – \$600,000 (FY 2020) and \$603,000 (FY 2021)

Permit fee revenue from new construction.

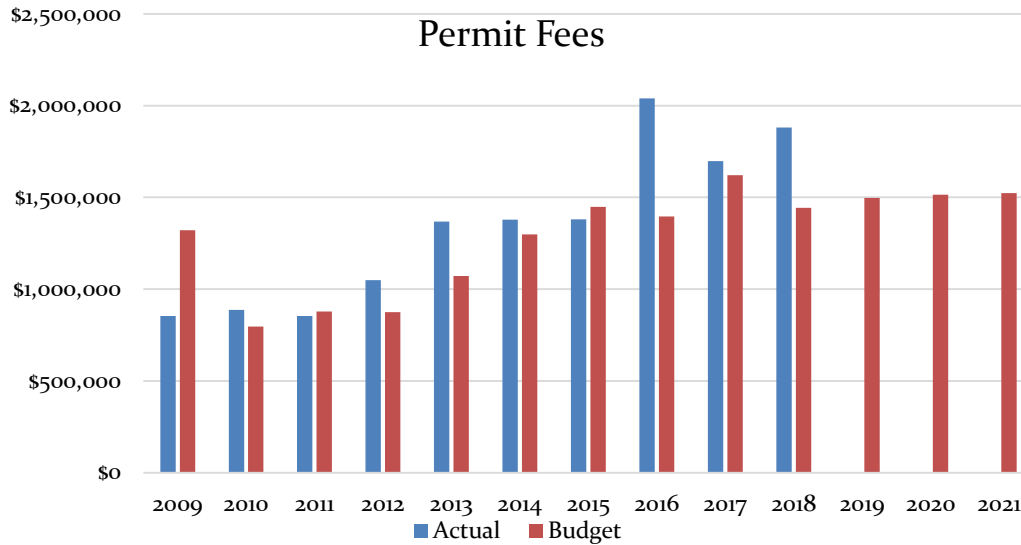
Development – \$15,000 (FY 2020) and \$15,075 (FY 2021)

Revenue from permit fees associated with development.

Other – \$900,000 (FY 2020) and \$904,500 (FY 2021)

Revenue from other miscellaneous permit fees.

General Fund Revenues



Local 1% Accommodations Tax

This revenue source tax will generate \$3.7 million in revenue in fiscal year 2020 and approximately the same in fiscal year 2021. This tax is imposed on the gross proceeds derived from the rental of any rooms (excluding meeting rooms), campground spaces, recreational vehicle spaces, lodging or sleeping accommodations furnished to transients by any hotel, inn, condominium, motel, "bed and breakfast," residence or any other place in which rooms, lodging or sleeping accommodations are furnished to transients for consideration within the town. The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person or persons for a period of ninety (90) days or more are not considered "proceeds from transients."

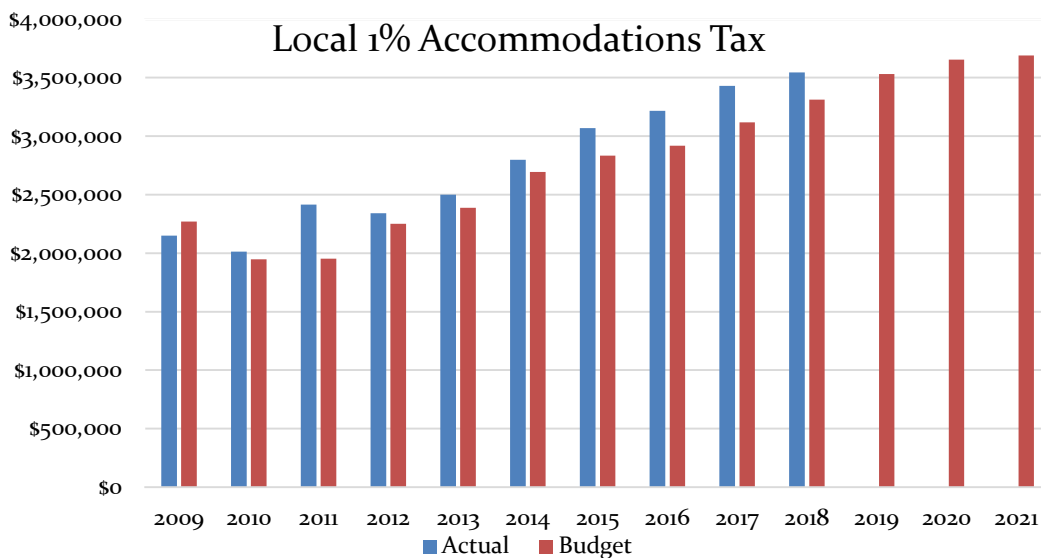
These funds may be used for tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums; cultural, recreational, or historic facilities; beach access and re-nourishment; highways, roads, streets, and bridges providing access to tourist destinations; advertisements and promotions related to tourism development; water and sewer infrastructure to serve tourism-related demand and the operation and maintenance of those items previously enumerated and police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

Event Management and hospitality training program fund – The Town sets aside five (5) percent of this local accommodations tax for special events production, volunteerism and hospitality training and shall select one (1) organization to manage and direct such fund expenditures. To be eligible for selection the organization must be local, organized as a nonprofit (501c), and be mission driven to promote tourism development. The organization must employ a full-time executive director and provide an annual audited financial report in accordance with Generally Accepted Accounting Principles. The organization must not otherwise be designated as the official tourism agency by the town or any other governmental agency. The agency is required to submit an annual budget to the Town of Hilton Head Island prior to April 1 of each calendar year for inclusion in the Town's budget. Town Council will consider the budget and award the organization a reimbursable grant on a June 30 fiscal year basis.

General Fund Revenues

Reserve Fund – The Town sets aside, in a separate account, five (5) percent of the one (1) percent local accommodations tax, as a reserve fund for disaster management communications-oriented programs.

These funds are used to provide for post disaster advertising, a communications link to emergency agencies, and media programs to provide public notice. Funds are distributed upon authorization of the Town Manager.



Transfer-In – Accommodations Tax (State)

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

It is anticipated that this line item will provide \$1.8 million in fiscal year 2020 and approximately the same in fiscal year 2021.

Transfer-In – Hospitality Taxes

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

These funds are used to support the Public Safety function of Town Government. It is anticipated that this line item will provide \$3.3 million in fiscal year 2020 and approximately \$3.8 million in fiscal year 2021.

General Fund Revenues

Transfer-In – Beach Preservation Fees

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

It is anticipated that this line item will provide \$1.4 million in fiscal year 2020 and approximately \$1.5 million in fiscal year 2021.

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.

It is anticipated that this line item will provide \$90,000 in fiscal year 2020 and approximately \$499,622 in fiscal year 2021.

Transfer-In – Stormwater Fees

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

It is anticipated that this line item will provide \$125,000 in fiscal year 2020 and approximately \$150,000 in fiscal year 2021.

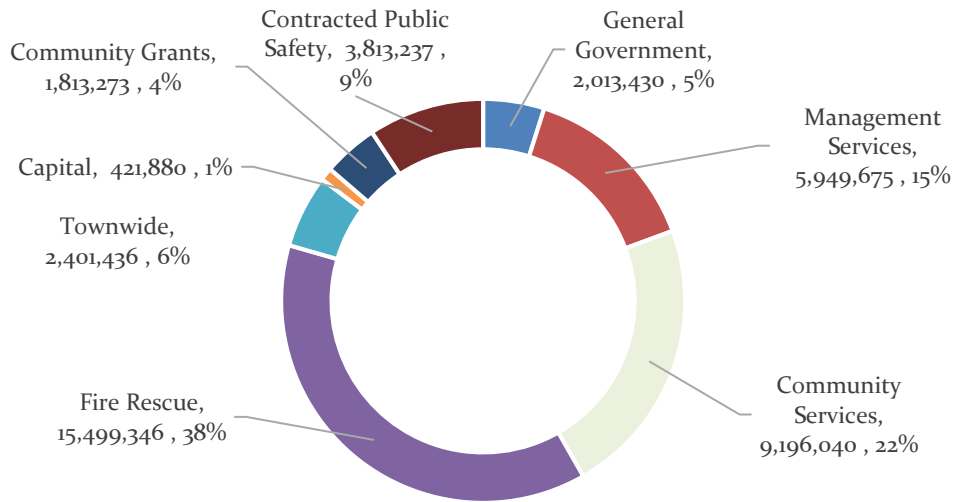
EMS

Funds received through Fire Rescue for medical services rendered are projected be \$1.5 million in fiscal year 2020 and approximately the same in fiscal year 2021.

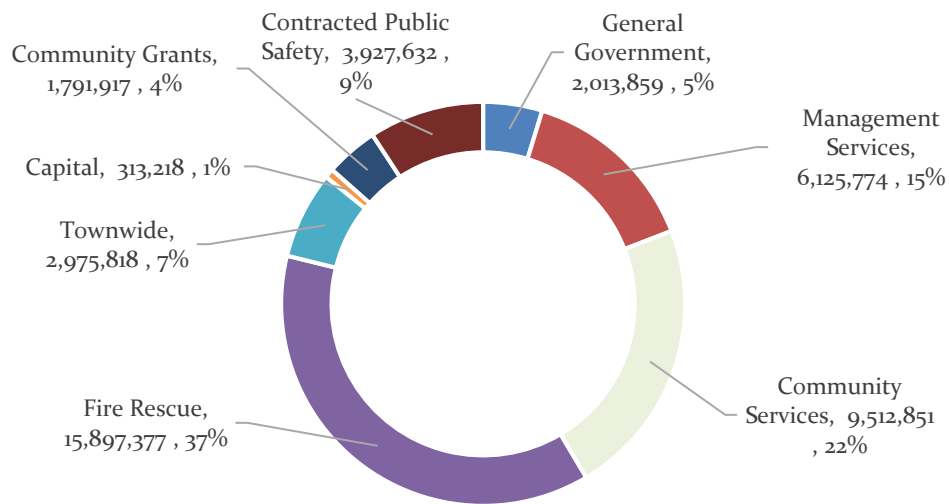
General Fund Expenditures

Overall, expenditures are programmed at \$41.1 million in fiscal year 2020 and \$42.6 million in fiscal year 2021.

FY 2020



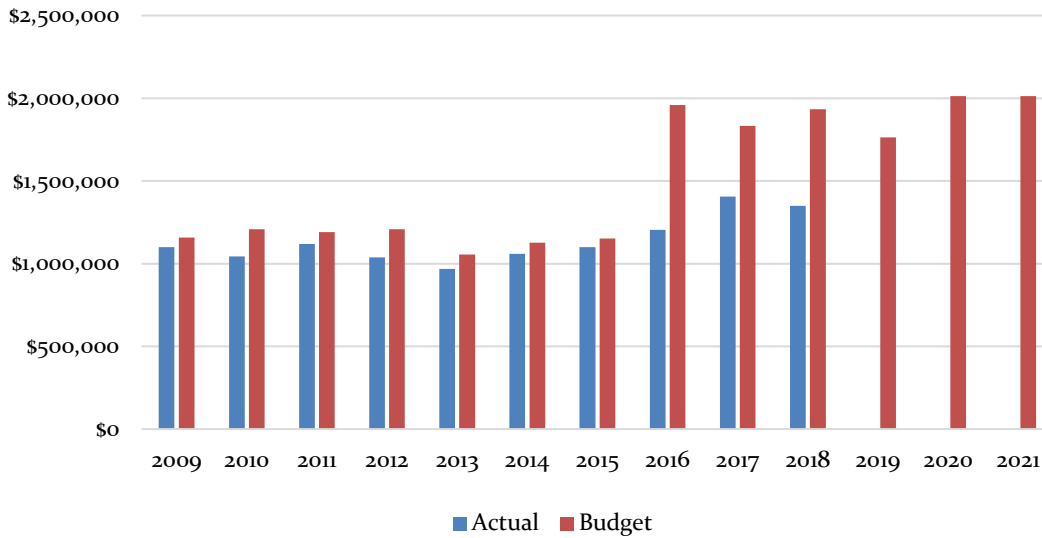
FY 2021



Trend Analysis – Expenditures by Program

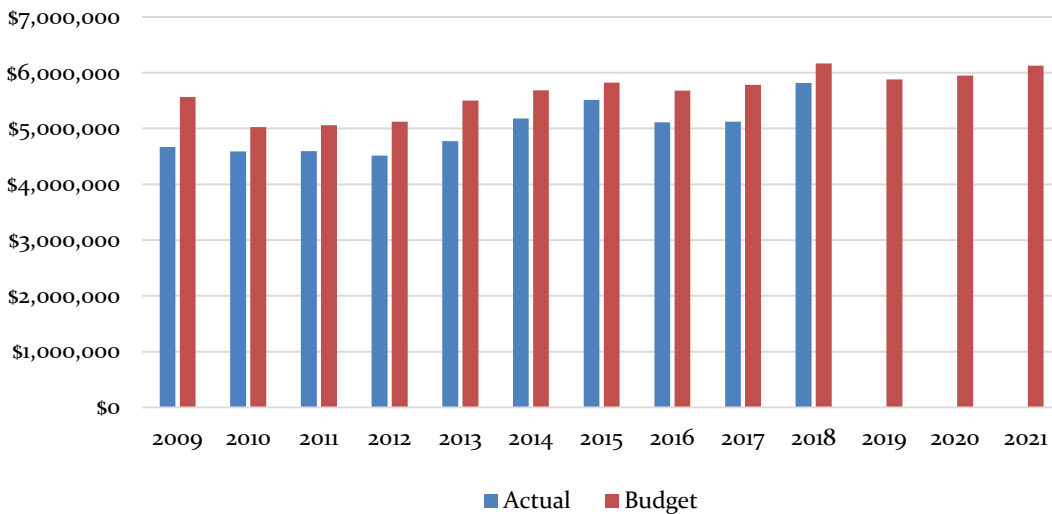
The following charts depict the trends in expenditures by program. For explanations of significant changes, refer to the Consolidated Budget Highlights section of the Consolidated Budget Summary.

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



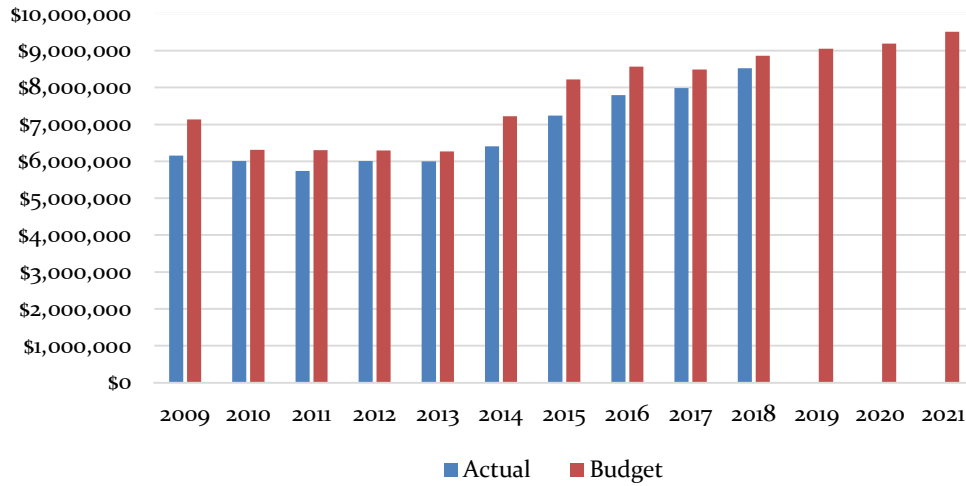
Note: in fiscal year 2019 Human Resources moved from Management Services to this category.

Management Services (Administrative Services, Finance)

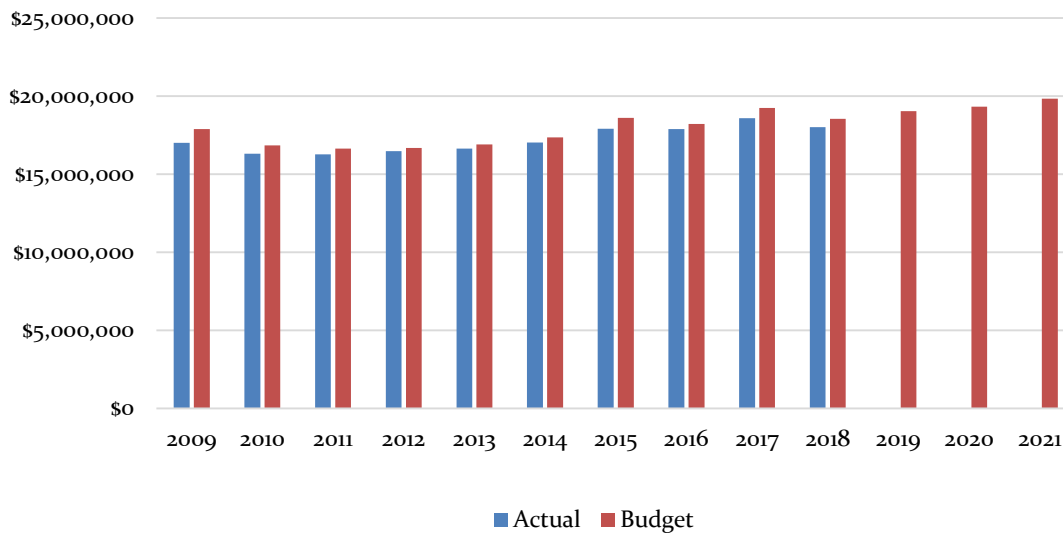


Trend Analysis – Expenditures by Program

Community Services (Community Development, Public Projects and Facilities)

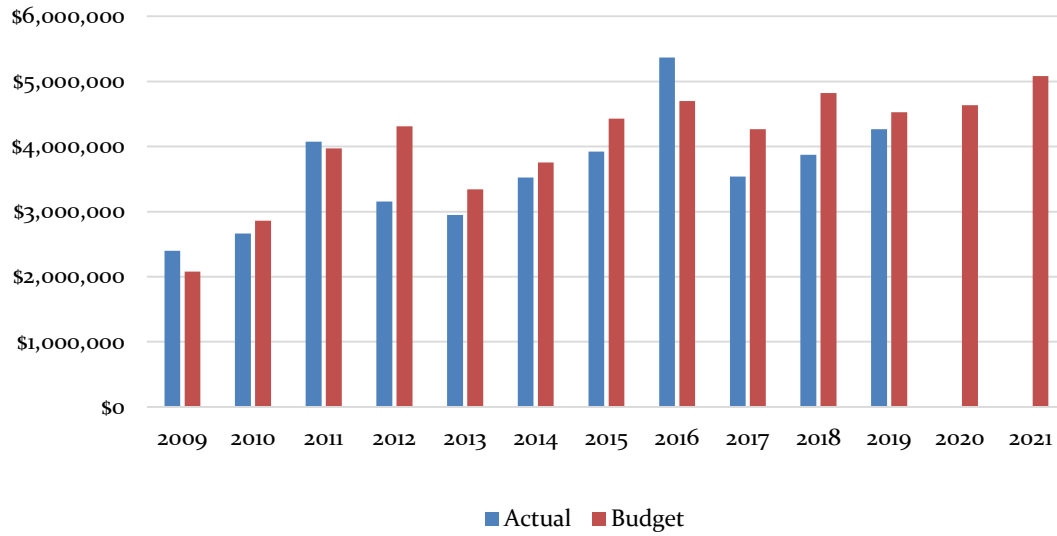


Public Safety (Fire Rescue, Police Services)



Trend Analysis – Expenditures by Program

Townwide



Department Budgets

Program: General Government

Department: Town Council

Council 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

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

Town Council held a two day workshop on December 12th and 13th 2018 to guide the Town's operations for fiscal year 2020. A number of important factors were identified.

Benefits from Good Government

- Progressing
- Addressing needs instead of wants
- Addressing needs of citizens
- Maintaining community relevance
- Anticipating future
- Create infrastructure for investment
- Role of Information Technology
- Knowledgeable and thoughtful and cognizant of decisions
- Facilitate effective two-way communication
- Property appreciation
- Connectivity
- Public-Private Partnerships
- Fiscal conservative
- Transparent

Program: General Government
Department: Town Council

Town Council's 2019 Key Priorities

1. **Celebration Park / Coligny Park**
 - a. Budgetary needs
 - b. Parking Regulations
 - c. Technology in the park

2. **U.S. 278 Corridor Project**
 - a. Creation of US 278 Corridor Advisory Committee
 - b. Provide frequent status updates to community via SCDOT or otherwise

3. **Mitchelville/Gullah-Geechee Culture Preservation**
 - a. St. James Baptist Church
 - b. Stormwater
 - c. Dirt road paving

4. **Comprehensive Plan**
 - a. Develop a Land Use Plan
 - b. Develop a Parks Masterplan
 - c. Environmental Protection

5. **Workforce Development and Affordable Housing**
 - a. Continue evaluating transportation needs
 - b. Economic Development

Town Council has just adopted their 2019 vision and initiatives. The strategies and goals to implement these are currently being developed.

Expenditures by Program/Category

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	2020 Budget	% change	2021 Budget	% change
<u>Town Council</u>							
Personnel	162,259	146,795	158,401	167,924	6.0%	172,962	3.0%
Operating	431,824	323,544	352,500	311,300	-11.7%	320,639	3.0%
Initiatives	170,061	214,799	-	-	0.0%	-	0.0%
Capital	-	-	-	-	0.0%	-	0.0%
Total	764,144	685,138	510,901	479,224	-6.2%	493,601	3.0%
Personnel	7.0	7.0	7.0	7.0		7.0	

Program: General Government
Department: Town Manager

Town of Hilton Head Island Mission

To provide excellent customer service to all that come in contact with the Town. To wisely manage and utilize the financial and physical resources of Town government. To promote policies and programs which will assure the long term health and vitality of the community. To encourage and instill job satisfaction for all Town staff. To develop and enhance the professional growth of all staff members.

Core Services

The Town of Hilton Head Island is a Council-Manager form of government, wherein that the Town Manager is the chief executive officer and head of the administrative branch of the municipal government.

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.

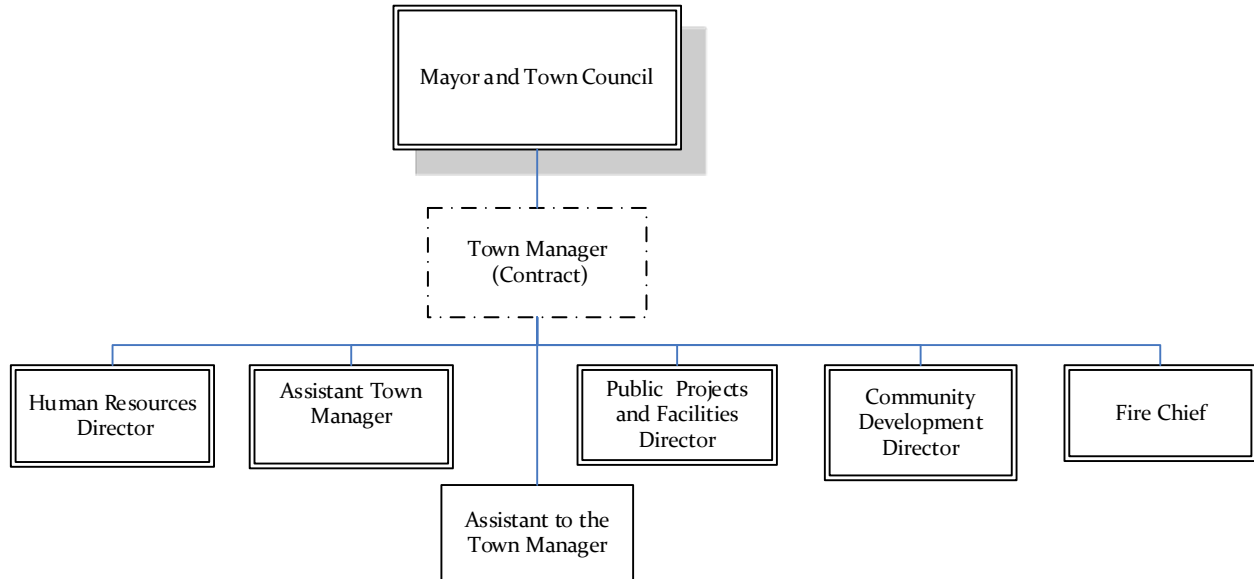
FY 2019 Accomplishments

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

FY 2020 Goals

1. Assist Town Council, Departments, and Divisions to achieve their goals
2. Celebration Park / Coligny Park
3. U.S. 278 Corridor Project
4. Mitchelville/Gullah-Geechee Culture Preservation
5. Comprehensive Plan
6. Workforce Development and Affordable Housing

Program: General Government
Department: Town Manager



Note: The Town Manager and Assistant Town Manager are budgeted in this Department. The salaries of the Fire Rescue Chief, Director of Community Development, Director of Human Resources, and Public Projects and Facilities Director are budgeted in their respective departments.

Expenditures by Program/Category

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	2020 Budget	% change	2021 Budget	% change
Town Manager							
Personnel	618,886	645,904	587,583	823,190	40.1%	847,866	3.0%
Operating	22,279	17,758	32,250	23,250	-27.9%	23,967	3.1%
Capital	-	-	-	-	0.0%	-	0.0%
Total	641,165	663,662	619,833	846,440	36.6%	871,833	3.0%
Personnel	4.0	4.0	5.0	5.0		5.0	

Program: General Government
Division: Human Resources

Mission

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

Core Services

Recruitment and Selection

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

Total Rewards Management

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

Talent Management

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

Organization Effectiveness

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

FY 2019 Accomplishments

- Partnered with Finance to implement a new time and attendance solution (ExecuTime). This new solution replaces several home-grown mechanisms and streamlines time reporting and approval for staff employees. It provides a single solution for all Town employees, a seamless interface with our Payroll software, remote access for employees who need to manage time sheets from outside of the Town Firewall, and vastly enhanced audit capabilities.
- Managed HR programs to comply with new/changing federal and state laws; addressed changes in regulations and monitored pending legislative impact; migrated employee personnel files to digital only format to facilitate improved access to employee records.
- Identified a vendor to perform particularized suspicion testing outside of normal business hours, negotiate a contract for those services and revised associated policies.
- Supported position design and recruitment/selection process for new or redesigned leadership positions (Deputy CD Director, Deputy Chief of Administration/Fire Marshal, and Assistant to the Town Manager).
- Managed a significant number of class spec revisions, position evaluations, and recruitment processes to support organization realignment in several departments
- Expanded recruiting efforts and targeted new advertising strategies to improve candidate sourcing for all externally posted positions.
- Developed and delivered town-wide training initiatives designed to support service delivery goals; used in-house training resources where feasible; varied delivery methods to meet employee preferences and group needs.

Program: General Government
Division: Human Resources

FY 2019 Accomplishments, continued

- 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.
- Secured a Performance Management Platform through the RFP process and lead a team of management employees in revising our Performance Management Process. The new process and platform will be implemented in time to support the FY20 performance cycle.

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures

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

Objective: Effectively manage recruitment process.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
# of positions filled	69	53	55	55
# of external hires	37	27	30	30
% of external offers accepted	94.5%	95.0%	95.0%	95.0%
Average time to fill positions (requisition approval to offer acceptance)	62	55	50	50
Direct cost per hire (exc. staff time)	\$1,231	\$1,200	\$1,200	\$1,200

Objective: Retain employees capable of achieving Town goals.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Overall turnover rate	10.9%	10.0%	9.0%	9.0%
Voluntary turnover rate	8.9%	7.5%	7.0%	7.0%
Involuntary turnover rate	2.0%	2.5%	2.0%	2.0%
Turnover Rate during 1 st year	12.5%	12.5%	10.0%	10.0%
High performer loss (rating ≥ 3.25)	2	6	5	5

Program: General Government
Division: Human Resources

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures, continued

Goal 2: Offer competitive total rewards program.

Objective: Maintain competitive compensation programs.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Salary budget increase % vs. public sector national avg.	+0.3%	+0.3%	0.0%	0.0%
Salary budget increase % vs. national avg. (< 500 employees)	-0.3%	-0.4%	-0.4%	-0.4%
% high performers paid > range mid	53.0%	55.0%	55.0%	55.0%
# of resignations due to salary	0	0	0	0

Objective: Maintain competitive benefit programs.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Benefits as % of total compensation	28.2%	28.3%	28.4%	28.4%
Town medical premium/month vs. national average (single coverage)	\$473 vs \$597	\$500 vs \$629	\$520 vs \$660	\$520 vs \$660
Eligible employee participation rate in 401k match plan	94.5%	96.2%	97.0%	97.0%
# of resignations due to benefits	0	0	0	0

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

Objective: Facilitate effective succession planning and career development

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
# of promotions	32	21	22	22
# of transfers	0	5	3	3
Internal placement rate	46.4%	49.0%	45.5%	45.5%

Objective: Provide effective interdepartmental talent development initiatives.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
# of interdepartmental participant training hours	1,430	1,500	1,700	1,700
% of employees participating in tuition reimbursement program	4.8%	4.5%	4.5%	4.5%
# certification/degree bonuses given	8	6	8	8

Program: General Government
Division: Human Resources

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures, continued

Objective: Maintain effective employee job performance.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
% of employees meeting expectations	96.4%	96.5%	96.5%	96.5%
% of employees with improved ratings	21.0%	25.0%	25.0%	25.0%
# of Employee Recognition Awards	20	25	25	25

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

Objective: Optimize position and organization design

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
# of positions created/re-evaluated	16	14	5	5
# of organization redesigns supported	3	4	2	2

Objective: Maintain employee productivity and engagement.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Non-FMLA sick leave (% of work hours)	1.41%	1.45%	1.50%	1.50%
Average length of service (in years)	9.23	9.57	9.25	9.25

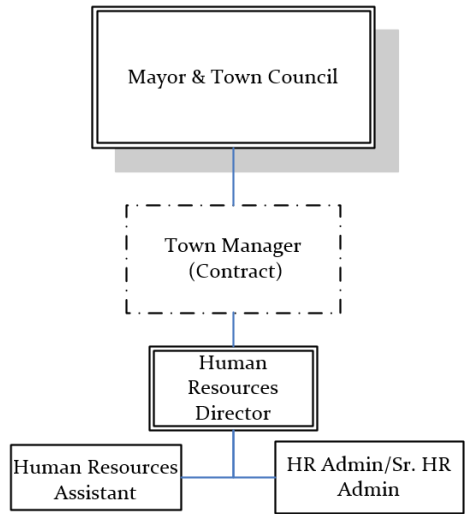
Objective: Support workplace safety

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
# of reported employee injuries	13	12	12	12
# of calendar days away from work due to injury/illness or on restricted duty	493	200	250	250

Objective: Encourage participation in wellness initiatives.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
% using dental preventive care benefit	30.0%	33.0%	35.0%	35.0%
% participating in on-site health screening	37.0%	45.0%	50.0%	50.0%

**Program: General Government
Division: Human Resources**



Expenditures by Program/Category

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	2020 Budget	% change	2021 Budget	% change
Human Resources							
Personnel	454,190	482,304	448,919	438,516	-2.3%	451,671	3.0%
Operating	95,366	118,054	184,412	249,250	35.2%	196,753	-21.1%
Capital	-	-	-	-	0.0%	-	0.0%
Total	549,556	600,358	633,331	687,766	8.6%	648,424	-5.7%
Personnel	4.0	4.0	4.0	4.0		4.0	

Program: Management Services
Division: Administrative Services

Mission

To provide administrative leadership, supervision, support and direction to the Finance Department, Information Technology Department, Communications Division, Administration Division, Culture Affairs Division, Records Management Division, Code Enforcement, and Legal Division. To provide sound legal advice and services to the Town Manager, Town Staff, Town Council, and Boards and Commissions of the Town of Hilton Head Island. Prosecute municipal code violations and misdemeanor offenses in Magistrates Court. Provide support and assist with the Town's Public Information Program and Initiatives. Provide support and assist with the Town's Special Event Process. Provide support and assist with the Town's State Legislative Agenda. Process Town-wide Freedom of Information requests.

Core Services

Administration

Assist Town Manager with Town-wide oversight. Manage Public Information Program to include Mayor/Town Manager correspondence; media relations; promotion of Town news; newsletter publication; magazine articles; Facebook posts; speech writing; liaison with Beaufort County Sheriff's Office. Provide assistance with the Town's State Legislative Agenda. Provide assistance with the Town's Special Event Process. Manage the Mayor's Youth Volunteer Service Award Program. Manage Finance Department, Information Technology Department, Communications Division, Culture & Arts Network Division, and Legal Division.

Communications

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

Office of Cultural Affairs

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

Legal Services

Provide effective legal representation for the Town, providing continuing legal updates to Town Staff, draft and review contracts, draft and review ordinances and resolutions, review and process Freedom of Information Act requests, update Town Codes, and manage overall Code Enforcement Program. Prosecute violations of the municipal code in the Magistrates Court. Prosecute misdemeanor offense including, but not limited to, criminal domestic violence, simple possession of illegal drugs, and driving under the influence which occur in the Town in the Magistrates 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.

Information Technology

Establish and manage the Town's information technology systems, based upon industry best standards, to deliver secure, reliable and cost-efficient technology services to visitors, citizens and staff. Provide development and support for all enterprise applications including the Town's Geographic Information Systems. Maintain IT service desk as front-line response to all IT service related issues.

Program: Management Services
Division: Administrative Services

Records Management

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

FY 2019 Accomplishments

Administration/Legal:

- Oversaw the State's Legislative Agenda and its strategies and provided assistance to support the Town's positions on 2018-2019 State Legislation.
- Assisted with the development and implementation of the Town Council Key Priorities 2018 and organization of the annual Council workshop.
- Scheduled guests and staff for WHHI's 843TV.
- Permitted over 60 Special Events and 37 non-special events on the Island.
- Processed over 500 Freedom of Information Requests, 30 Subpoenas, and 160 Contracts and Addendums.
- Assisted with providing resources, materials, information on Town policies and procedures, and applicable State laws to incoming Town Committee, Commission, and Board members.
- Assisted with the recruitment and appointments of Board and Commission members.
- Assisted with Public Information Enhancement promotion for the Town.
- Assisted with the planning and organization of the Mayor's Youth Community Service Award Program.
- Assisted with the planning, implementation, and organization of Student Government Day.
- 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.
- Assisted with the dissemination of Town information during and after Hurricane Florence and Tropical Storm Michael.
- Managed various Town staff during Hurricane Florence and Tropical Storm Michael and worked with State/Federal legislators.
- 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.
- Worked with deputy sheriffs, revenue collectors, building and fire inspectors, and town code enforcement officers to teach trial advocacy to assist them in presenting better cases in the municipal court.

Program: Management Services
Division: Administrative Services

FY 2019 Accomplishments, continued

Information Technology:

- Completed RFP process and selected vendor to deliver gigabit fiber services, interconnecting all Town facilities on island, as well as replacing antiquated voice services with an IP based telephony solution. Resulting solution will greatly increase level of service to citizens and staff while decreasing Town's current OPEX costs by \$930K over next 5 years.
- Expanded Town WIFI network in building A at Town Hall as well as Facilities Management building.
- Completed roll-out of Munis/Executime payroll software.
- Completed installation of redundant ring storage for file services.
- Completed cloud mirror of Town archived email ensuring no loss of data.
- Developed ATAX business license dashboard to assist Finance department analysis of 6% residential parcels. To date, \$175K of business revenue has been identified utilizing this enhancement.
- Completed major upgrade of GIS systems to enterprise version allowing the Town to realize many enhancements and efficiencies in daily operations both on premise and in the field.
- Replaced CAD Viewer to facilitate Fire Rescue operations in the field.
- Continued data center virtualization initiative, converting 4 end-of-life physical servers and building 4 additional virtual servers for new services, negating the need to expend \$100K in hardware costs.
- Expanded security camera presence at Coligny Park and Island Recreation Center.
- Completed major software upgrades to the Town's financial, Business License, Engineering, training, and inventory applications.
- Implemented new applications Tyler Content Manager (TCM), Vendor Self Service (VSS), Bid Central, and Cartegraph.

Records Management:

- Added over 18,000 building and planning records to electronic content management system.
- Responded to over 500 Freedom of Information Act (FOIA) requests for building and planning records.
- Published staff Municipal Directory on a quarterly basis.
- Managed the Town's boards & commissions interview and appointment process for the Community Services Committee.

Culture & Arts:

- Updated 3 Year Strategic Plan for the Culture & Arts Advisory Committee.
- Created and Executing Culture & Arts Communication Plan.
- Completed Americans for the Arts Economic Impact Report Surveying for the island.
- Executed Community Mural Project at the Island Rec.
- Executed Community Wall Hanging/Eco-Art Project with Island Rec, Memory Matters, Senior Center including writing grant for funding from the Community Foundation.
- Executed Free Junk Art Workshop at Shelter Cove in partnership with the Outside Foundation Clean-Up the Broad Day.
- Increased Following on Social Media and E-News Subscribers

Program: Management Services
Division: Administrative Services

FY 2019 Accomplishments, continued

Communications:

- Implemented public information strategy for single use plastic bag ban ordinance, including targeted communication for residents and businesses.
- Implemented public information strategy for new trolley service in conjunction with Palmetto Breeze.
- Implemented communication strategies for various town initiatives including workforce housing project and Gullah Geechee Cultural Preservation.
- Published quarterly editions of *Our Town* newsletter.
- Provided public information support for Hurricane Florence and Tropical Storm Michael utilizing the Town’s website, e-subscription service, social media and other communication methods.
- Developed Town Style Guide and Comprehensive Communications Plan.

FY 2020 and FY 2021: 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 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Average review of contracts within 3 days	150	160	160	160
Workers compensation compliance	99.0%	99.0%	99.0%	99.0%

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

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Average response to FOIA Requests within 10 days	450	500	500	500

Goal 2: To oversee the State Legislative Agenda and strategies and provide assistance to support the Town’s positions on 2018-2019 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 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Review and Distribute MASC Legislative Alerts	30	30	30	30
Draft Committee Agendas and attend meetings	8	5	5	5
Letters of support or opposition	5	5	5	5

Program: Management Services
Division: Administrative Services

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures, continued

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 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Number of special event applications processed	71	60	65	65
Number of non-special events reviewed and Processed	50	37	40	40

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 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Attorney prosecutions	75	75	75	75
Attorney assists Deputy with prosecution	20	35	25	25
Attorney assists Code Enforcement with prosecution	15	25	50	50

Goal 5:

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

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

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Critical system uptime	99.999%	99.999%	99.999%	99.999%
Number of critical system failures	0	1	0	0

Program: Management Services
Division: Administrative Services

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures, continued

Objective: To respond to critical calls for Information Technology support within 1 hour and to resolve all departmental Help Desk requests in less than 7 days.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Respond to critical calls in 1 hour Help Desk (DP) requests completed:	99.0%	99.0%	99.0%	99.0%
Within 30 days	1	0	0	0
Within 60 Days	0	0	0	0

Goal 6: To administer effective and impartial justice for citizens in order to provide due process and enhance public safety.

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

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Number of cases docketed	5,000	0	0	0
Number of cases disposed	5,000	0	0	0
Number of bench warrants issued	400	0	0	0

Note: The Towns municipal court was closed mid-year in fiscal year 2019.

Goal 7: To administer the Town Records Management Program.

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

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Microfiche records converted to digital	2,000	11,000	10,500	10,500
Paper building plans converted to digital	20,000	4,000	5,000	5,000
Records requests filled	700	700	700	700

Program: Management Services
Division: Administrative Services

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures, continued

Goal 8:

To develop and implement communication strategies to further the Town’s Public Information Program initiatives and goals.

Objective: To develop and implement public information strategies to increase public access to information, services and interaction through the Town’s multiple communication channels.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Town Website Visitors	1,700,00	1,800,000	1,850,000	1,850,000
Town Website Page Views	4,000,000	4,000,000	4,100,000	4,100,000
Town Facebook Followers	18,000	19,500	20,000	20,000
Town E-Subscription Services Subscribers	17,000	21,000	22,000	22,000

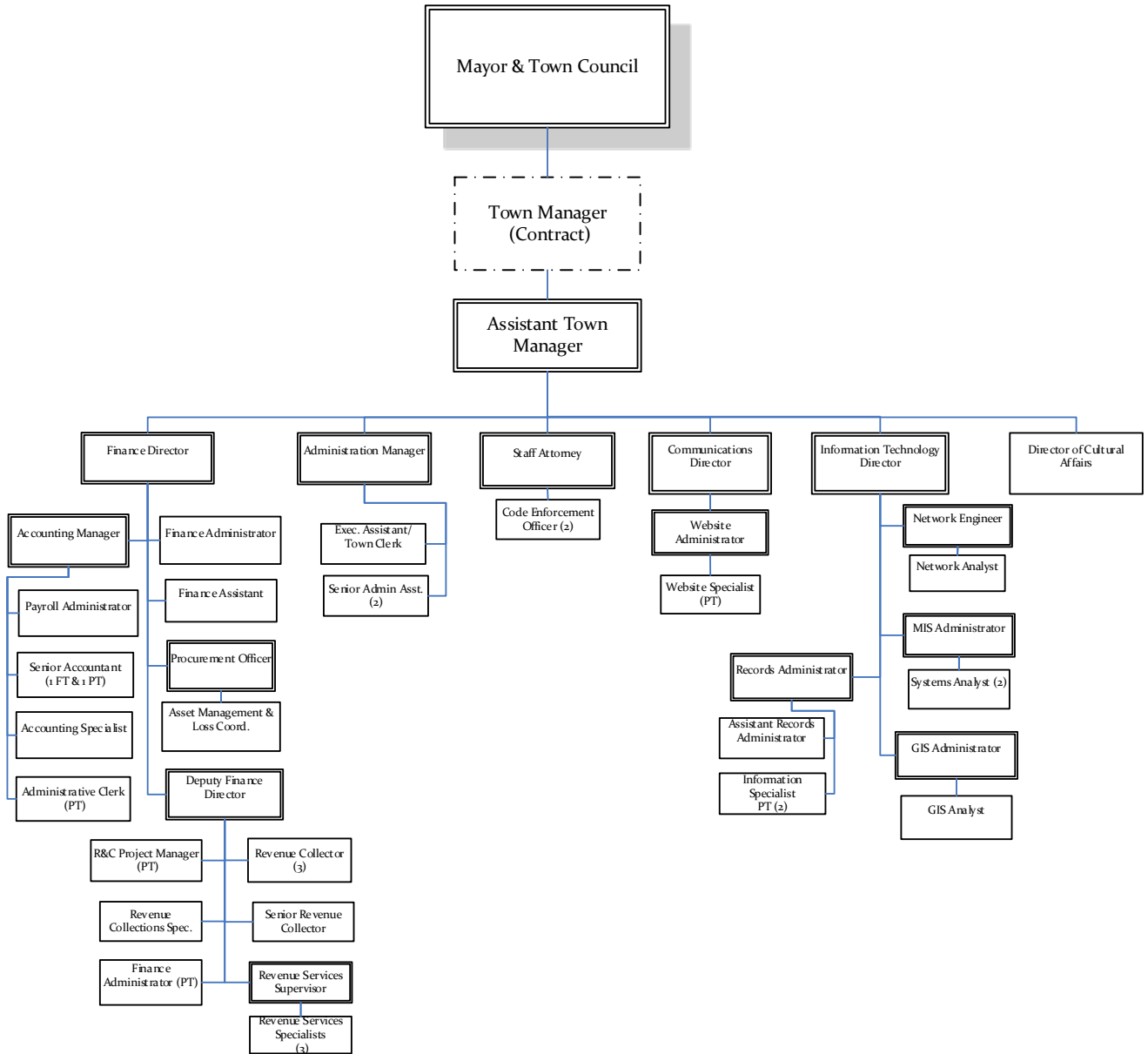
Goal 9:

To develop and implement communication strategies to support and promote the island’s culture and arts assets.

Objective: To develop and implement communication strategies to increase public awareness of arts & culture activity on the island.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Office of Cultural Affairs Website Visitors	12,000	7,000	10,000	10,000
Culture HHI Facebook Followers	1,700	3,700	4,000	4,000
Culture HHI E-Subscription Services Subscribers	1,870	2,500	2,800	2,800

Program: Management Services
Division: Administrative Services



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

Program: Management Services
Division: Administrative Services

Expenditures by Program/Category

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	2020 Budget	% change	2021 Budget	% change
Administrative Services - Program Summary							
Administration/Legal	470,845	528,120	553,354	562,838	1.7%	579,723	3.0%
Cultural Affairs	-	137,058	179,393	250,515	39.6%	258,030	3.0%
Communications	-	21,971	309,207	365,917	18.3%	376,895	3.0%
Records Management	253,243	359,532	301,313	274,458	-8.9%	282,692	3.0%
Municipal Court	386,734	370,092	386,930	-	-100.0%	-	0.0%
Information Technology	2,014,334	2,170,738	2,092,674	2,503,541	19.6%	2,576,310	2.9%
Total	3,125,156	3,587,511	3,822,871	3,957,269	3.5%	4,073,649	2.9%
Administrative Services - By Category							
Personnel	1,952,506	2,274,976	2,361,004	2,096,000	-11.2%	2,158,881	3.0%
Operating	1,036,988	1,102,047	1,376,267	1,705,389	23.9%	1,756,550	3.0%
Capital	135,662	210,488	85,600	155,880	82.1%	158,218	1.5%
Total	3,125,156	3,587,511	3,822,871	3,957,269	3.5%	4,073,649	2.9%
Personnel	22.3	25.3	19.7	19.7		19.7	

Program: Management Services
Department: Finance

Mission

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

The Finance Department's mission incorporates the following principles:

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

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

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

Quality – Achievement and maintenance of a high quality service.

Core Services

Financial Administration

Provide strong financial leadership in all areas of activity undertaken by the Town. Promote the use of technology to ensure the efficient use of the Town's resources. Develop and manage the Town's financial policies and exercise budgetary controls over all expenditures. Provide effective cash and debt management for the Town ensuring strong bond ratings are maintained. Oversee the compilation of accurate comprehensive annual financial reports and budgets in compliance with governmental standards, practices and recommendations. Provide oversight of technological and systems improvements within the department. Ensure the department is committed to providing the highest quality customer services.

Accounting Services

Provide administration of the Town's general ledger, payroll, accounts payable, financial audits, State reporting and grants. Provide accounting functions for the Island Recreation Association and Coastal Discovery Museum. Responsible for maintaining the following funds: General, Tax Increment Financing District (TIF), Debt Service, Capital Projects, Accommodations Tax - State, Accommodations Tax - Local, Beach Preservation Fee, Hospitality Tax, Stormwater Fee, Real Estate Transfer Fee, Home Grant, Road Usage Fee, and Electric Franchise Fee. Provide effective accounting support to staff and committees. Compile accurate monthly and comprehensive annual financial reports in compliance with governmental standards, practices and recommendations to be published on the Town's website and submitted to the Government Finance Officers Association.

Revenue Services

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

Program: Management Services
Department: Finance

Procurement

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

FY 2019 Accomplishments

- In coordination with the Human Resources Department a new electronic payroll system was implemented.
- Completed the conversion of the Town’s business license classification system from SIC (Standard Industrial Classifications) codes to NAICS (North American Industry Classification System) codes.
- In coordination with the Fire Department prepared/reviewed and RFP for a new e-PCR (Electronic Patient Care Reporting) as well as implemented a new EMS billing process.
- The Town implemented an updated investment program which will yield over \$1.0 million in interest earnings for fiscal year 2019 – taking advantage of the change in market conditions.
- The Town has collected over \$42.0 million in disaster reimbursements from state and federal agencies. While there is about a million dollars more in the approval process, the Town has been successful in working with these agencies for reimbursements of disaster responses for hurricane Joaquim, Matthew, Irma, and Florence.
- In the wake of the recent hurricane activity, the Town developed new reserve policies to put the Town in the best position to prepare for and respond to future disasters.
- Supported several large capital improvement projects, including the USCB facility, the recreation facility, sewer expansion, and others.
- Worked with the ATAX Committee to coordinate the grant review and approval process in accordance with state law.
- Worked with the Town’s new financial audit firm to complete and document year-end close and to complete financial reporting.
- Presented the Town’s first ever biennial budget for adoption by Town Council.

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures

Goal 1: Maintain strong credit rating of the Town.

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

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Standard & Poor’s Bond Rating	AA+	AA+	AA+	AA+
Moody’s Investors Bond Rating	Aaa	Aaa	Aaa	Aaa
Fitch Bond Rating	AA+	AA+	AA+	AA+

Note: The Town’s beach bonds were upgraded during fiscal year 2019 from A to AA by Standard and Poor’s. This is a positive reflection on the Town.

Program: Management Services
Department: Finance

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures, continued

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

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

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Business license renewals processed	5,938	6,000	6,050	6,050
New business licenses processed	1,242	1,250	1,275	1,275
Local ATAX/Beach Preservation Fees Permits	1,459	1,465	1,470	1,470
Local ATAX/Beach Preservation Fees receipts processed	6,019	6,025	6,040	6,040
Local ATAX/Beach Preservation Fees collections	\$3,395,887	\$3,400,000	\$3,420,000	\$3,420,000
Hospitality Account Permits	389	400	410	410
Hospitality Account receipts processed	2,396	2,450	2,465	2,465
Hospitality Account collections	\$6,922,166	\$6,925,000	\$6,930,000	\$6,930,000
Beach passes issued	802	815	820	820
Miscellaneous receipts processed	2,300	2,325	2,350	2,350
Miscellaneous receipts collections	\$15,290,240	\$15,295,000	\$15,300,000	\$15,300,000
EMS number of calls billed	4,255	4,300	4,350	4,350
EMS collections (payments)	\$1,552,972	\$1,572,975	\$1,592,000	\$1,592,000
EMS charges billed	\$2,286,439	\$2,316,439	\$2,331,000	\$2,331,000
Collection rate	68%	74%	75%	75%

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

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

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget
Revenue Services documents	44,652	45,000	45,500
EMS documents	19,362	20,000	10,000

Program: Management Services
Department: Finance

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures, continued

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

Objective: Conduct business license site visits/contacts.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Business license site visits/contacts	521	550	560	560

Expenditures by Program/Category

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	2020 Budget	% change	2021 Budget	% change
Finance - Program Summary							
Administration	302,132	309,787	329,264	367,117	11.5%	378,131	3.0%
Accounting Services	542,740	566,366	724,583	608,746	-16.0%	627,009	3.0%
Revenue Services	606,193	724,395	797,152	809,224	1.5%	833,501	3.0%
Procurement	-	26,514	206,347	207,319	0.5%	213,485	3.0%
Total	1,451,065	1,627,062	2,057,346	1,992,406	-3.2%	2,052,125	3.0%
Finance - By Category							
Personnel	1,331,459	1,473,124	1,849,076	1,785,716	-3.4%	1,839,234	3.0%
Operating	119,606	153,938	208,270	206,690	-0.8%	212,891	3.0%
Capital	-	-	-	-	0.0%	-	0.0%
Total	1,451,065	1,627,062	2,057,346	1,992,406	-3.2%	2,052,125	3.0%
Personnel	19.3	19.3	21.3	21.3		21.3	

Note: During fiscal year 2018 the Procurement function was added to the Finance portfolio of services. To support these services, 2 positions were transferred to Finance.

Program: Community Services
Department: Community Development

Mission

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

Core Services

Administration

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

Development, Review and Rezoning

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

Program: Community Services
Department: Community Development

Core Services

Comprehensive Planning

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

Building

1. Delivers prompt, efficient and courteous service in the management, coordination and inspection of the building permitting process to be in compliance with current building code regulations for both single family and commercial structures.
2. Enforces ICC building codes.
3. Collects permit fees and impact fees for both the Town and the County.
4. Provides flood hazard determination to homeowners, insurance, legal and banking representatives.
5. Conducts seminars for the public pertaining to building code regulations.
6. Manages the Community Rating System, assuring that construction within the Town is in compliance with FEMA regulations thereby providing savings on flood insurance premiums for the residents and businesses on the Island.

Community Development Services

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

FY 2019 Accomplishments

- MPO – Worked with Metropolitan Planning Organization (LATS) Technical Committee to assist their consultant in completion of a Palmetto Breeze Transit Planning Service Study.
- Visioning (Our Future) – Worked with consultant to finalize Vision Statement and roadmap. Coordinated with Vision Project Management Team (VPMT), Public Planning Committee (PPC), and Town Council to accept the report and adopt the Vision.
- Comprehensive Plan (Our Plan) – Worked with the PPC, the Planning Commission (PC), and the PC Comprehensive Plan Committee to outline principles and a process for the development of the new comprehensive plan. Solicited applications for the Our Plan Development Team and the Pillar Work Groups.
- HUD Entitlement – Drafted for approval a substantial amendment to the Consolidated Plan. Working with Town Council on adoption.
- HUD Entitlement – Drafted for approval a substantial amendment to the 1-year Annual Action Plan (program year 2017). Working with Town Council on adoption.

Program: Community Services
Department: Community Development

FY 2019 Accomplishments, continued

- HUD Entitlement – Completed the 1-year Annual Action Plan (program year 2019) mandated as part HUD’s CDBG Entitlement Program. Working with Town Council on adoption.
- Mitchelville Project – Drafted for approval a revised MOU and revised lease agreement for the MPP’s continued use of Historic Mitchelville Freedom Park. Working with Town Council on adoption. Participate as a liaison to the County-funded project to prepare a master plan and business plan for Mitchelville.
- USCB Hospitality Facility – Celebrated ribbon cutting/grand opening of facility in November 2018.
- Venue –Worked with Venue Committee to prepare final report for acceptance by Town Council.
- Awards - Applied for Tree City USA recognition. Received Sustainable Communities Award from Audubon International. Applied for Bicycle Friendly Community re-certification. Received South Carolina American Society of Landscape Architects Honor Award for Coligny Beach Park Redevelopment. Applied for MASC 2019 Award.
- Grants - Secured in grants awards: FY18 = \$1,400,000 and year to date FY19 (to 2/15/19) = \$2,118,033
- Oversaw Town Recovery efforts from Hurricanes Mathew and Irma.
- Coordinated all potential FEMA reimbursement activities related to Hurricanes Mathew & Irma damage.
- Gullah Geechee Culture Preservation Project – Hired consultant to study and make recommendations on preservation of the Gullah Geechee culture.
- Workforce Housing – Hired consultant to prepare a Workforce housing Strategic Plan.
- Transportation – Worked with Palmetto Breeze to establish trolley service on the Island between major commercial centers.
- CIP – Served as project manager for Cordillo Courts redevelopment project. Secured grant from USTA.
- Native Island Neighborhood Signage – Installed signs to identify Historic Neighborhoods.
- Participated in the 2018 Home and Garden Show.
- Continued to investigate and address various code enforcement issues including providing all associated administrative support.
- Shelter Cove Towne Centre and Apartments – Continued to oversee redevelopment activities and development agreement. Water Walk Site #1 apartments complete.
- Lowcountry Celebration Park –Development Plan Review approved.
- Permits/Approvals/Inspections between 7/1/2018-2/26/2019:
 - Building & Web Permits: 3181
 - Number of Inspections: 13844
 - Planning Approvals: DPR-12 ; Minor DPR-62 ; SUB-12 ; ZMA-1 ;PPR-1 ; VAR-2 ; Appeals-1 ; DRB-66 ; Signs-102 ; NAT-413; MH Placement-18; Plats-27; ADPR-11; Lighting Plans-2
- Continued coordination of Airport related issues, including tree mitigation.
- LMO Amendments –Worked with LMO Committee and the Planning Commission to receive feedback on amendments related to the use of recreational vehicles and electric go-carts.
- Held and participated in several meetings to provide education related to the proposed new flood maps.
- Participated with Engineering in Dirt Road informational meetings and provided guidance related to LMO issues.
- Drafted amendments to the Flood Damage Controls section of the Municipal Code to reflect direction from the Community Assistance Visit from the State EMD.
- Continued to work on options for ArborNature’s grinding operations.

Program: Community Services
Department: Community Development

FY 2019 Accomplishments, continued

- BCEGS Review: ISO awarded the Building Division with a 3 for Single Family Residential Structures and a 3 for Commercial/Industrial Structures.

FY 2020 and FY 2021: Goals and Objectives

Goal 1: Comprehensive Plan

Objective: Assist in HHI Our Plan to rewrite the 2020 Comprehensive Plan.

Goal 2: Lowcountry Celebration Park

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

Goal 3: Unsafe Structures

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

Goal 4: LMO Amendments

Objective: Coordinate amendments necessary to fix some unclear portions or incorporate new uses in the LMO and take them through the adoption process. Add amendments to accommodate Town's dirt road paving program, grinding operations, recreational vehicles and food trucks and other mobile businesses.

Goal 5: HUD CDBG Entitlement Program

Objective: Continue execution of the 5-year Consolidated Plan focusing on public improvement projects in pursuit of CDBG Entitlement Program Goals.

Goal 6: Sewer

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

Goal 7: Overhead to Underground Electrical Conversion (OHUG)

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

Goal 8: Implement Airport Master Plan

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

Program: Community Services
Department: Community Development

FY 2020 and FY 2021: Goals and Objectives, continued

Goal 9: Investigate means to assist owners of heirs property with issues related to ownership

Objective: Engage a non-profit organization for community outreach purposes. Work with consultant to evaluate LMO changes associated with Culture Preservation Project recommendations. Provide staff support to the Gullah-Geechee Land and Cultural Preservation Task Force.

Goal 10: Circle to Circle Recommendations

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

Goal 11: 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 12: Regionalization

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

Goal 13: Workforce Availability (Housing)

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

Goal 14: Workforce Availability (Transportation)

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

Goal 15: Disaster Recovery

Objective: Continue to address damage related to Hurricanes Matthew and Irma including issues related to non-qualifying reimbursements from FEMA. Prepare resources in advance of the next hurricane season. Continue to pursue FEMA qualifying reimbursement and necessary documentation for potential audits.

Goal 16: Native Island Neighborhood Signage

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

Program: Community Services
Department: Community Development

FY 2020 and FY 2021: Goals and Objectives, continued

Goal 17: Gateway Bridge Corridor Coordination

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

Goal 18: FEMA – Flood Rate Insurance Maps

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

Goal 19: Grants

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

Goal 20: Public Art

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

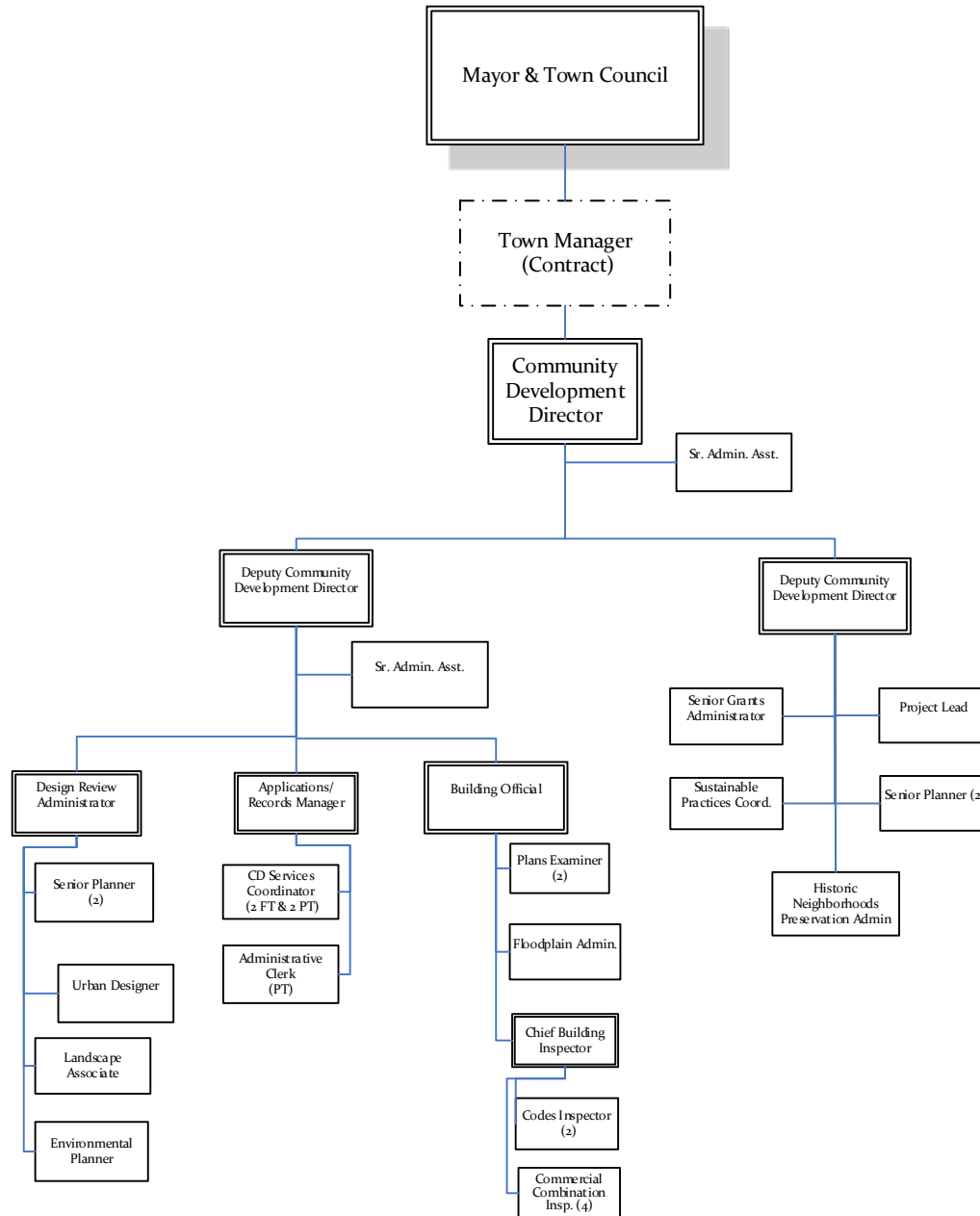
Goal 21: Capital Improvement Projects (CIP)

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

Goal 22: Energov Software

Objective: Complete testing and upgrade to latest version of Energov software.

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

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	2020 Budget	% change	2021 Budget	% change
Community Development - Program Summary							
Administration	538,333	1,106,042	636,956	687,558	7.9%	708,185	3.0%
Comprehensive Planning	509,473	633,398	687,327	678,983	-1.2%	673,602	-0.8%
Development Review & Zoning	601,484	698,409	784,407	750,453	-4.3%	747,217	-0.4%
Building	567,486	678,463	798,575	1,012,935	26.8%	1,035,754	2.3%
CD Services	335,453	392,830	408,261	424,068	3.9%	436,790	3.0%
Total	2,552,229	3,509,142	3,315,526	3,553,997	7.2%	3,601,547	1.3%
Community Development - By Category							
Personnel	2,284,493	2,793,135	3,118,346	3,347,297	7.3%	3,447,716	3.0%
Operating	221,689	116,007	197,180	206,700	4.8%	153,831	-25.6%
Capital	46,047	600,000	-	-	0.0%	-	0.0%
Total	2,552,229	3,509,142	3,315,526	3,553,997	7.2%	3,601,547	1.3%
Personnel	27.7	30.1	31.1	33.1		33.1	

Program: Community Services
Department: Public Projects and Facilities

Mission

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

Core Services

Administration

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

Engineering

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

Facilities

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

FY 2019 Accomplishments

EXISTING FACILITIES

Parks:

- Installed new Kayak Launch at the Rowing and Sailing Center.
- Re-surfaced basketball court at Greens Shell Park.
- New stall bathroom doors at Greens Shell Park.
- Sidewalk repairs at Greens Shell Park.
- Re-surfaced basket court and tennis courts at Old School House Park.
- Re-surfaced 2 tennis courts at Chaplin Park.
- Added pickle ball striping to basketball courts at Chaplin Park.
- Major repairs to existing skate ramps at Bristol's Sports Arena.
- New ice machine and two new water fountains at Crossings Park.
- New split rail fencing at the meadow and soccer fields at Crossings Park.
- Nozzle head replacements at Coligny water feature.

Program: Community Services
Department: Public Projects and Facilities

FY 2019 Accomplishments, continued

EXISTING FACILITIES

Parks:

- Minor boardwalk repairs at Coligny, Driessen, Islanders and Folly Field Parks.
- Wooden pathway engineering inspections completed.
- Minor parking lot paver repairs at Chaplin, Crossings and Islanders Parks.
- Howell tract dumpster area design/build.

ALL RENOVATIONS

Town Hall:

- Breakroom flooring repairs with new flooring.
- Bldg. C restroom and hallway flooring repairs.
- Library decking repairs and painting.
- Various office up-fits/painting in Human Resources, Executive Wing, Community Development and Information Technology departments.

Fire Stations:

- Various office paints at Headquarters and Fire Station #3 and #7.
- Fire Station #3 extractor room design.
- Microwave tower fencing repairs.

REHAB/RENOVATION

New/Replacement Plantings:

- Completion of Island Rec Center Enhancement and Renovation Project.
- Replanting's at Spanish Wells/Marshland Rd. median, Mathews Dr., entrance to Port Royal Plantation, New Orleans Rd., School Rd. and William Hilton Pkwy, Arrow Rd. and Palmetto Bay Rd. and Genesta St.
- New plantings at FS Training Center fence line.
- Vine removal in the areas of William Hilton Pkwy and Jenkins tract, Cordillo Parkway, Chaplin waterfront property and William Hilton Pkwy and Dillon Rd.

PATHWAY MAINTENCE

- Completed annual pathway repair projects.
- Pope Ave. wooden pathway repairs.
- Refurbished north island pathway markings and crosswalks.
- Initiated cultural pavement markings at pre-determined pathway areas.

Program: Community Services
Department: Public Projects and Facilities

FY 2019 Accomplishments, continued

WORK ORDER TOTALS

- Completed over 5,000 work orders assigned to FM staff.

CAPITAL PROJECTS

- Completed the Pope Avenue, Office Park Road, and New Orleans Road intersection improvement project.
- Completed the Lawton Woods drainage and dirt road paving project.
- Completed the traffic study of the William Hilton Pkwy and Shelter Cove corridor.
- Began construction on the Coligny Area transportation projects.
- Began Pope Avenue resurfacing project for Beaufort County and SCDOT.
- Completed in-house design and permitting of new pathway along William Hilton Pkwy in Shelter Cove area.

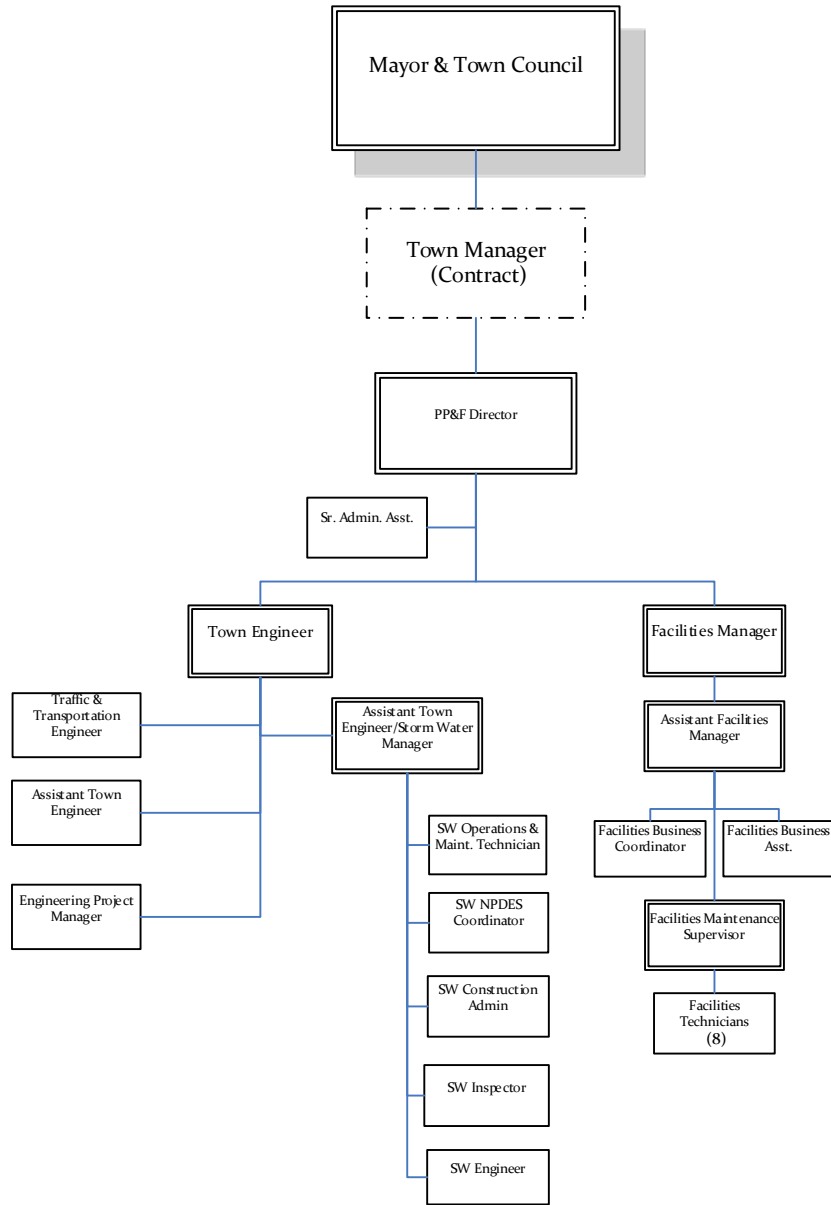
STORM WATER UTILITY

- Began a watershed study in the Palmetto Hall-Mitchellville area.
- Implemented a new Asset Management system using Cartegraph software.

FY 2020 and FY 2021 Objectives

- 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.
- Manage infrastructure assets (storm water, signs, roadways , pathways) using GIS and Cartegraph software
- Provide timely and thorough regulatory reviews and inspections of land development project so ensure compliance with the Town’s Land Management Ordinance.
- Comply with the NPDES permit requirements and self-report to SC DHEC.
- Manage capital improvement projects to ensure work is completed correctly and cost effectively within advertised schedules.

Program: Community Services
Department: Public Projects and Facilities



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

* Stormwater positions are funded in the Stormwater enterprise fund.

Program: Community Services
Department: Public Projects and Facilities

Expenditures by Program/Category

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	2020 Budget	% change	2021 Budget	% change
Public Projects and Facilities - Program Summary							
Administration	251,524	282,337	292,015	302,662	3.6%	311,742	3.0%
Engineering	1,235,129	867,367	1,019,466	993,180	-2.6%	1,022,975	3.0%
Facilities	3,741,656	3,865,139	4,425,485	4,346,201	-1.8%	4,576,587	5.3%
Total	5,228,309	5,014,843	5,736,966	5,642,043	-1.7%	5,911,304	4.8%
Public Projects and Facilities - By Category							
Personnel	1,651,820	1,790,293	1,861,887	1,938,460	4.1%	2,096,614	8.2%
Operating	3,576,489	3,224,550	3,875,079	3,703,583	-4.4%	3,814,690	3.0%
Capital	-	-	-	-	0.0%	-	0.0%
Total	5,228,309	5,014,843	5,736,966	5,642,043	-1.7%	5,911,304	4.8%
Personnel	19.0	19.0	19.0	19.0		21.0	

Program: Public Safety
Department: Fire Rescue

Mission

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

Town Council Guiding Principle

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

Town Council Goal

Financially Sound, Excellent Services

Core Services

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

Program: Public Safety
Department: Fire Rescue

2019 Accomplishments

- **Commission on Fire Accreditation International** – Fire Rescue submitted the required Annual Compliance Report in July of 2018.
- **Center for Patient Safety** – Fire Rescue has partnered with the Center for Patient Safety which is a federal Patient Safety Organization (PSO). The partnership will help guide our efforts to adopt a just culture, improve system performance, measure outcomes, and reduce medical errors. (February 2018)
- **Field Training Officer (FTO) and Field Training and Evaluation Program (FTEP)** – The FTO and FTEP program ensures that new paramedics are appropriately led through various operational and clinical competencies prior to being released for independent practice. (August 2018)
- **National Continued Competency Program (NCCP)** – Fire Rescue adopted the NCCP Program from the National Registry of Emergency Medical Technicians. The program enabled Fire Rescue to improve EMT and Paramedic education and training across a variety of impact areas including airway management, cardiology, trauma, medical, and operations. It also helps to streamline online re-certification for our staff, improving efficiency. (October 2018)
- **Comprehensive Airway Management Program (CAMP)** – Fire Rescue hosted the Comprehensive Airway Management Program with Jim DuCanto, M.D., Robert Barrix, and Gene Benoit. 50 EMTs and paramedics received world class training in how to properly ventilate and oxygenate patients in challenging circumstances. (December 2018)
- **CPR, AED, and Stop-the-Bleed** – Piloted a new public safety program that enables citizens to learn 3 life-saving skills in one class. The program was piloted with loss prevention officers from Marriott properties along with other civic groups and has received positive feedback. (January 2019)
- **PulsePoint AED** – More than 200 Automatic External Defibrillators (AEDs) have been verified and uploaded into PulsePoint, an innovative app for your smartphone that leverages GPS technology to notify citizen-rescuers that help is needed for sudden cardiac arrest. The app is now in the final phases of implementation. (July 2018)
- **Resell of Decommissioned Fire Rescue Apparatus** – Continued the process of the reselling of aging and decommissioned Fire Rescue apparatus to limit fleet size and maintenance costs. (On-going)
- **New Fleet Maintenance Mechanic** – A New Mechanic was hired to replace a retiring member of the staff. (March 2018).
- **New Fleet Maintenance Administrative Assistant** – New Administrative Assistant was hired and the position was restructured to meet the changing needs of the Division. (October 2018)
- **Fire Rescue In House Third Party CDL Testing Program** – Supported the professional development of 12 Fire Rescue Line Personnel and 1 Fleet Maintenance Mechanic Tested in obtaining their South Carolina CDL License. (On-going)
- **Supported the Replacement of Various Staff and Town Vehicles** – Supported the Procurement Director and other Town Division in replacing aging vehicles.
- **Fire Rescue Ambulance Fleet Replacement** – Vendor was selected and the order for 10 new ambulances was placed. Expect delivery in summer of 2019. (June 2018)

Program: Public Safety
Department: Fire Rescue

2019 Accomplishments, continued

- **Conducted Annual Pumper and Aerial Ladder Testing** – Fleet Maintenance completed the annual pumper and ladder testing. This testing is conducted by a third party agency to assure the pumper fleet operates as designed and that ladders are safe for use. (November 2018)
- **Homeland Security Sustainment Grants** – Received \$62,000 for support of the Regional Technical Rescue Team and \$67,000 for the Regional Hazmat Team. Funding is used for equipment and training and offsets the Town's budget costs to support the two specialty teams. (On-going)
- **New Employee Hiring Process** – Hired 14 new firefighters to replace vacancies due to attrition/retirements. (On-going)
- **Fire Hydrant Inspection Program** – Inspected approximately 3,000 fire hydrants to ensure the reliability of the waters system. (On-going)
- **Implemented the Captain of EMS** – The new position Captain of EMS was created to develop and implement training programs critical to the safe, efficient, and effective delivery of Emergency Medical Services. (September 2018)
- **Reclassification of EMS Administrative Assistant** – The current position work processes were reevaluated and the position was reclassified as EMS Documentation and Billing Specialist. (August 2018)
- **Hazardous Materials Team Operational Readiness Exercise** – SCHM-4 participated in a Regional Operational Readiness Exercise in Walterboro, SC. The Team was tasked with mobilizing assets from Hilton Head Island and Bluffton Township to respond to a simulated emergency at a large (approximately 400,000 square feet) industrial building. (February 2019)
- **Hose Testing Program** – All fire service hose in inventory is tested every year in accordance with the latest edition of NFP 1962 *Standard for the Inspection, Care, and Use of Fire Hose, Couplings, Nozzles and the Service Testing of Fire Hose*. (On-going)
- **Technical Rescue Team Urban Search & Rescue Operational Readiness Exercise** – The Technical Rescue Team (SCTF-4) participated in a readiness exercise of a building collapse in Walterboro, SC. The exercise was evaluated by the South Carolina Office of Homeland Security, State Law Enforcement Division. As part of our agreement to receive annual grant funding the team is required to demonstrate the ability to mobilize to any given location and complete various rescue scenarios. (February 2019)
- **Applied for AFG Grant** – Applied for AFG grant to upgrade the aging station alerting system. (October 2018)
- **Hurricane Florence Deployment** – Fire Rescue USAR Regional Response Team SCTF-4 was deployed to Marion and Horry Counties in the aftermath of Hurricane Florence. The team assisted state and federal agencies with search and rescue, planning, and logistics. Fire Rescue also deployed an engine company with 4 personnel through state mobilization to support Horry County. Both teams were deployed for a total of 17 days. (October 2018)
- **Special Event Coverage** - Operations personnel provided special event coverage to the Hilton Head Island Marathon, St. Patrick's Day Parade, RBC Heritage, and the Concours d'Elegance Car Show and other various community events. (On-Going)

Program: Public Safety
Department: Fire Rescue

2019 Accomplishments, continued

- **Tropical Events Florence and Michael** – Coordinated the Town’s preparation for both tropical events. Both which required the opening of the Town’s EOC.
- **January Winter Storm** – Coordinated the Town’s preparation and response to the Winter Storm which required the opening of the Town’s EOC.
- **Pre-Hurricane Meeting Private Partners** – Held a pre-hurricane season private sector partners meeting with 30 partners in attendance. (May 2018)
- **Emergency Management Guides** – Continue to development of the Emergency Management Guides that provide procedures to employees during various events. (On-going)
- **Emergency Management Public Preparedness Guides** – Updated the English and Spanish version of the preparedness guide to include new/updated information and picture from real events on Hilton Head Island. (On-going)
- **Emergency Management Deployment** – Emergency Manager was deployed to the State of South Carolina Emergency Operations Center for one week to support recovery operations after Hurricane Florence. (September 2018)
- **Strom Ready Community Renewal** – Renewed our StormReady designation through the National Weather Service. (July 2018)
- **TsunamiReady Community Recognition** – Received our TsunamiReady designation through the National Weather Service. (July 2018)
- **Exercises** – The Emergency Management Coordinator served as Co-Exercise Director and assisted with the development of three exercises:
 - **Command and Control** – a series of Table Top exercises focusing on Unified Command and Command and Control of a multi-agency event.
 - **Earthquake** – developed, in coordination with Beaufort County, three exercises and one workshop focusing on a countywide response to an earthquake and development of a critical infrastructure list. The exercises were to be held at the Emergency Management Institute, but were canceled due to the partial federal government shutdown.
 - Support an Active Shooter Table Top Exercise for Beaufort Memorial Hospital. (On-going)

Program: Public Safety
Department: Fire Rescue

2019 Accomplishments, continued

- **After Action Reports Program** – After Action reviews are updated on an on-going basis after significant events to identify lessons learned and assign tasks to implement improvements. Status of our After Action Reports to date:
 - Matthew Town Operations – 80 of the 86 items noted have been addressed
 - Matthew Base Camp Operations – Complete, all 49 noted items addressed
 - Irma Town Operations – 55 of the 66 items have been addressed
 - Irma Base Camp Operations – Complete, all 26 noted items addressed.
 - January Winter Storm Town Operations – 10 of the 19 noted items have been addressed.
 - Tropical Events Florence and Michael Town Operations 11 of 16 noted items addressed. (On-going)
- **HazCat Operations Course** – 11 members of Hilton Head / Bluffton Township Fire District Hazardous Materials Team completed certification in a Department of Home Land Security (DHS) approved chemical detection and screening class. (May 2018)
- **Thermal Imaging training** – Conducted department wide training to educate the members on the use of the department’s new thermal imaging cameras (TICs) that were purchased to replace 14 year old models. (June 2018)
- **Just Culture/Crew Resource Management** – 42 Fire Rescue employees attended a Leadership Seminar lead by Paul LeSage and hosted by the 1% Operation Committee training fund. (May 2018)
- **Fire Apparatus Operator Promotional Process** – Conducted a FAO assessment center to identify candidates for promotion. A total of three members were promoted to the FAO position. (September 2018)
- **Quality Improvement Through Accreditation** – Four department members participated in a three day class as an introduction to the CFAI accreditation process. (October 2018)
- **OSHA Respiratory Protection** – Respirator Program Manager attended 40 hour training program that reviewed OSHA regulations on program management. (October 2018)
- **National Registry EMT / Paramedic Refresher Class** – Conducted in-house National Refresher courses for EMTs and Paramedics; 54 personnel attended, 28 – Paramedics and 26 – EMTs.
- **Paramedic Certification Class** – The department sponsored two firefighters in the paramedic curriculum from January – November. Both Students successfully graduated from the program in November. (November 2018)
- **High Performance CPR** – All Line personnel conducted refresher training in high performance CPR. (November 2017)
- **Open Burning Compliance Inspections** – Crews conducted 316 open burning compliance checks during the calendar year 2018. (On-going)

Program: Public Safety
Department: Fire Rescue

2019 Accomplishments, continued

- **Fire in the Streets** – Fire Rescue continued the Fire in the Streets program. This program focuses on a specific residential area of the community with Fire Rescue personnel going door to door and meet with the residents. At each home, the personnel check smoke alarms or install new batteries. In conjunction with our existing smoke detector program, Fire Rescue visited 285 homes, installed 229 smoke alarms and changed 122 batteries in 2018. Since the inception of the Fire in the Streets Program the department has visited over 832 homes and installed 1175 smoke alarms and changed 322 batteries. (Ongoing)
- **Facebook Posts** – Fire Rescue posted over 100 safety and promotional messages on Facebook since January 2018. These messages include services offered by Fire Rescue, safety messages, and items of interest about Fire Rescue. This number does not include posts during disasters. (Ongoing)
- **Hydrants** – Fire Rescue in cooperation with HHI PSD identified areas where hydrant locations exceed the International Fire Code requirements. A cost sharing agreement was executed and 9 new hydrants were installed into various areas. First year of a two year program. (November 2018)
- **Alarms for the Hearing Impaired** – Fire Rescue has been working with the SC State Fire Marshal's office to provide bed shaker alarms for island residents with hearing loss. Over the past year four (4) four bed shaker alarms were installed. (On-going)
- **Santa Mail** – The Santa Mail program starts the day after Thanksgiving and runs until December 22. In 2018 Fire Rescue responded to over 241 letters! Our best year and every letter included a fire safety message!
- **Geocaching** – Hilton Head Island Fire Rescue started Geocaching in 2017 as another method to reach the citizens and visitors with safety messages. Geocaching is a recreational activity – a real world outdoor treasure hunt for finding a hidden object by means of GPS coordinates posted on a website. We have a geocaches currently located at Headquarters (Fire Safety), Station 1 (Bike Safety), Station 4 (Boating Safety), Station 2 (Alligator Safety) and Station 6 (Water Safety) Since the first one was deployed in December of 2017 there have been 340 visits to the caches.
- **Beaufort County Airport Emergency Exercise** – Department supported the County CFR crews in the annual Airport exercise to ensure readiness between the departments during airport emergencies. (March 2017)
- **Community Outreach** – In a joint effort with the Hilton Head Rotary Club and Fire Rescue Communications Division, the activity instructed children how to call 911 and the importance of knowing your address. (April 2018)
- **Reduce 911 Cell Errors** – Continue to work Beaufort County to implement changes to the overall 911 system to reduce the error locations from cell phones in the community. (On going)
- **New Computer Aided Dispatch System** – Researched and implemented a new Computer Aided Dispatch (CAD system in the Town's E911 Center. The new CAD replaced technology that was implemented 18 years ago. The new CAD has improved mapping features, improved collection of response times and incident data. 80% of cost was reimbursable from the Stated E911 phone tax. (December 2018)

Program: Public Safety
Department: Fire Rescue

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures

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

Town Council Goal: Financially Sound, Excellent Services

Operations

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

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

To provide for a safe and timely response to all emergent incidents with the goal of being on scene from the time a call is received in the E911 Center to when an ambulance arrives curb side on EMS incidents in 7 minutes and 50 seconds 90% of the time; and, for a fire truck to arrive on scene at fire incident in 8 minutes and 30 seconds 90% of the time.

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

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.

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

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Total Emergency Incidents	7,477	7,590	7,760	7,760
Emergency Medical Service (EMS) responses	5,285	5,313	5,432	5,432
EMS patients transported	4,075	4,180	4,290	4,290
EMS patients treated but not transported	150	165	170	170
Fire Suppression and other responses	2,195	2,277	2,328	2,328
Actual number of fires	113	140	147	147
EMS First Arriving – Total Response Time Baseline (90 th percentile)	7:52	7:45	7:40	7:40
Fire First Arriving – Total Response Time Baseline (90 th percentile)	8:29	8:20	8:15	8:15
Pre-incident plans processed (Planning)	52	120	1,000	1,000

Program: Public Safety
Department: Fire Rescue

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures

Emergency Medical Services

Division Goal: Facilitate the provision of high-quality emergency medical care to our citizens and visitors with a commitment to clinical excellence, compassion, customer service, and the preservation of human dignity.

Division Objectives: Administrate an effective and compliant Patient Care Reporting (PCR) platform that appropriately documents patient care encounters, enables the collection of relevant performance metrics, and allows the Town to obtain appropriate reimbursement for medical care.

Develop and curate education and training that is timely and relevant for a variety of injuries and time-sensitive diagnoses. Enable staff to provide evidence-based therapies to improve clinical outcomes.

Support EMS certification and recertification using the best regionally-available schools, training methods, and evaluation techniques according to state and national standards and best practices.

Promote a culture of clinical excellence and continuous quality improvement using Just Culture and High Reliability models that enhance the safety and quality of life for each individual patient we encounter.

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
EMS training hours	6,969	7,000	7,000	7,000
Paramedic graduates	2	2	2	2
FOIA requests processed	208	250	240	240
Report returns processed (EMS)	379	350	315	315

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.

Continue to evaluate our current hurricane evacuation point for critical staff and public safety assets and continue to search for an alternate location.

Program: Public Safety
Department: Fire Rescue

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures

Emergency Management, continued

Strive to maintain and update our current Emergency Operation Plan and Emergency Management Guides. Continue to develop annexes to the emergency operations plan for every hazard identified in the Beaufort County Hazard Mitigation Plan, develop new Emergency Management Guides.

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

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Plans and Procedures updated/developed	15	10	20	20
Exercises Participated in	8	6	4	4
Exercises/Training program staff attendees	130	120	150	150
Disaster Preparedness presentations conducted	17	15	15	15
Disaster presentations/training public attendees	900	1,000	1,000	1,000
<i>Citizen's Guide to Emergency Preparedness</i> distributed	2,000	2,000	2,200	2,200

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.

Program: Public Safety
Department: Fire Rescue

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures

Bureau of Fire Prevention, continued

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Public Education Presentations (includes Company Pub Ed taught, Company public events, Risk Watch, Station Tours and Public Ed Officer Pub Ed taught)	433	450	450	450
CPR/AED/First Aid Students	578	600	600	600
Fire Extinguisher Training Students	196	200	200	200
Car Seat Installations	140	140	140	140
File of Life Recipients	1,122	1,000	1,000	1,000
Smoke Detectors Installed	205	200	200	200
Plan Reviews	283	300	300	300
Total Fire Safety Inspections (Total includes Initial Inspections, Re-Inspections, Business License Inspections, New Construction/Renovation Inspections)	2,594	2,900	2,900	2,900
Business License Inspections	293	400	400	400
Existing Building Inspections (Initial Inspections & Re-inspections)	1,383	1,500	1,500	1,500
New Renovated Construction Inspections	788	1,000	1,000	1,000
Violations found during inspections	2,233	1,600	1,600	1,600
Violations Corrected	2,075	1,600	1,600	1,600
Planning project reviews & inspections	212	200	200	200
Fire cause/origin investigations	45	30	30	30
Special Event reviews & Inspections	87	100	100	100

E-911 Communications

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

Division Objectives:

To receive, process and dispatch requests for services in a timely and efficient manner in order to protect the lives and property of the community.

To answer calls for service in less than ten seconds, ninety five percent of the time and complete the alarm handling process time in 80 seconds 90% of the time.

Program: Public Safety
Department: Fire Rescue

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures

E-911 Communications, continued

	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2020 Budget
Calls answered 0-10 seconds 90th Percentile times baseline: Alarm Handling (pick-up phone to Dispatch)	99.9%	99.0%	99.9%	99.9%
	1:10	1:12	1:09	1:09
Total telephone requests received	51,945	53,891	54,450	54,450
Pool & elevator lines	6,385	6,735	6,800	6,800
911 calls for service line	30,925	31,220	31,500	31,500
Dispatch administration	14,439	15,786	16,000	16,000
Dispatch other business	196	150	150	150
New addresses created (911 Addressing)	156	125	150	150
Existing addresses corrected (911 Addressing)	250	80	100	100

Safety and Professional Development

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

Division Objectives:

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

Develop and deliver training as required by OSHA Regulations.

Provide administration and management of the Fire Rescue Training Center.

Maintain training records consistent with department and NFPA standards.

Administer the new firefighter orientation program.

Training Hours/Type	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Company training – firefighting	24,089	30,000	30,000	30,000
Company drills – fire, rescue	2,281	2,000	2,000	2,000
Rescue/extraction	690	1,000	1,000	1,000
Hazardous materials	1,643	1,500	1,500	1,500
Total Hours	28,703	34,500	34,500	34,500

Program: Public Safety
Department: Fire Rescue

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures

Safety and Professional Development, continued

Drills/Classes Sessions	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Company drills	105	70	70	70
Live burn training	14	24	24	24
Urban search and rescue training	7	10	10	10
S.C. fire academy classes	11	12	12	12
Fire rescue classes	7	17	20	20
Driver/operator training/testing	36	36	36	36
New firefighter orientation	12	5	5	5
Officer training	12	12	12	12
Total	204	186	189	189

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:

Manage 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 the fire pumper and ladder testing and other certification tests as required.

Support the implementation of the new ambulance fleet.

Training Hours/Type	FY 2018 Actual	FY 2019 Projected	FY 2020 Budget	FY 2021 Budget
Total Maintenance Requests – All Types	1,316	1,350	1,330	1,330
Scheduled Maintenance (Preventative and Safety)	234	248	250	250
Unscheduled Maintenance (Vehicle Repairs)	818	830	810	810
Other Repairs (Mowers, powered equipment)	242	250	250	250
Emergency Repairs	22	22	30	30
Town Fleet Vehicles (Emergency, Passenger, Utility)	123	123	123	123

Program: Public Safety
Department: Fire Rescue

FY 2020 and FY 2021: Goals, Objectives, and Performance Measures

Support Services

Division Goal: To provide administrative support and services to support the mission of Fire Rescue through efficient administrative processes and functions.

Division Objectives:

Provide oversight of the Community Risk Reduction Program.

Maintain critical public safety computer systems 24/7 - 365 days a year to assure timely and accurate emergency response.

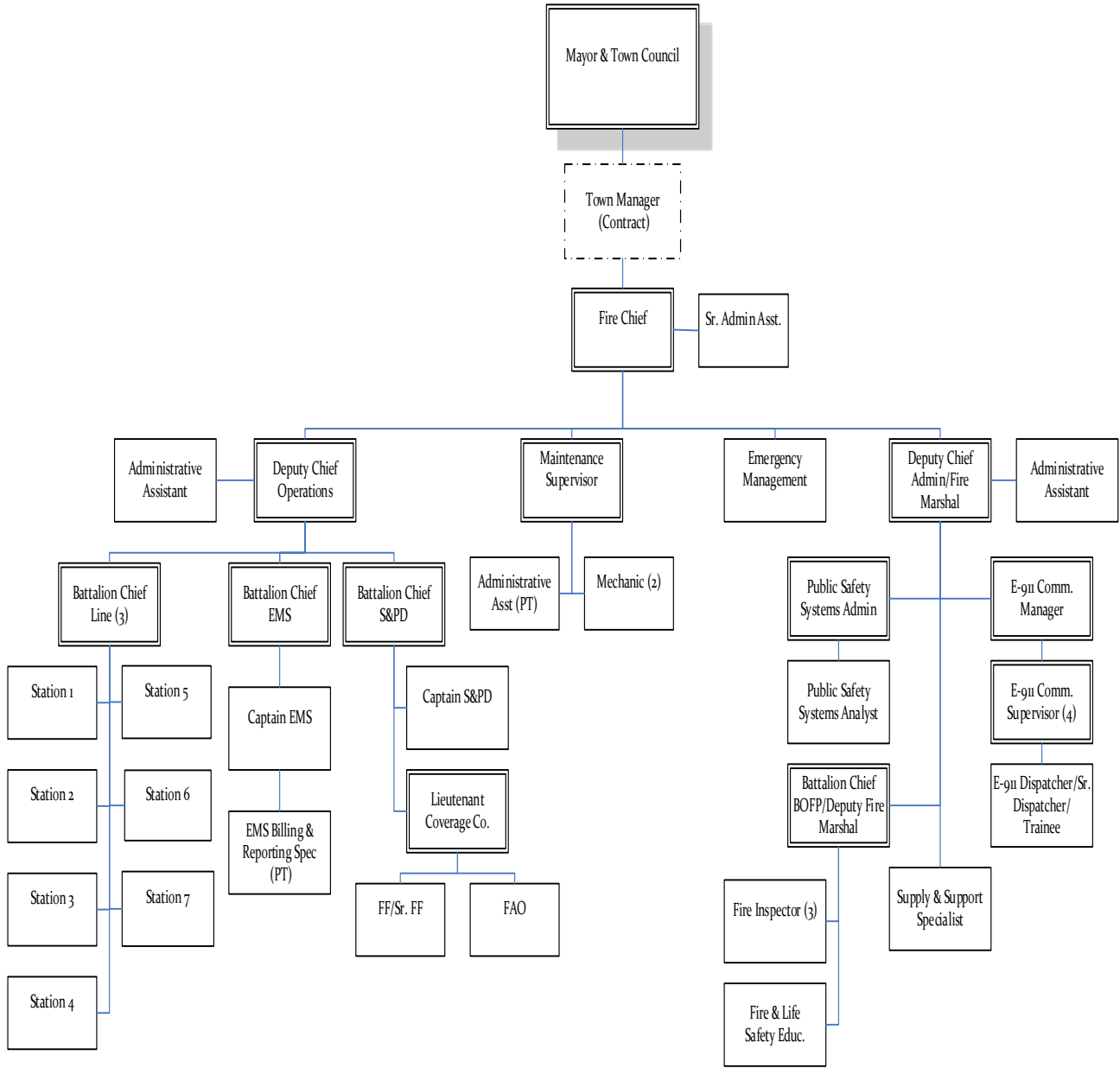
Support the Computer Aided Dispatch System, Records Management System, Electronic Patient Care Reporting and Medical Billing programs.

Provide storage and backup of all data and operating systems in order to replicate all Fire Rescue data systems and operating platforms in case of catastrophic failure or emergencies.

Provide the oversight of the departments Accreditation Process and manage response data to evaluate response benchmarks and established levels of service to identify areas of improvement.

Efficiently provide and maintain effective firefighting and emergency medical response equipment and supplies that support the department operations and personnel.

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



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

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

Expenditures by Program/Category

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	2020 Budget	% change	2021 Budget	% change
Fire Rescue - Program Summary							
Administration	349,703	367,204	386,413	413,491	7.0%	425,896	3.0%
Operations	9,632,711	9,871,814	9,983,568	10,205,552	2.2%	10,511,717	3.0%
E-911 Communications	1,081,980	1,158,635	1,293,655	1,300,756	0.5%	1,339,779	3.0%
E-911 Communications Support	286,042	227,355	249,490	474,415	90.2%	421,697	-11.1%
Emergency Management	137,342	132,985	162,865	165,224	1.4%	170,181	3.0%
Fire Prevention	576,729	558,774	603,968	589,317	-2.4%	606,997	3.0%
Fleet Maintenance	512,305	525,624	600,493	577,151	-3.9%	594,466	3.0%
EMS Training	101,564	293,244	408,335	461,131	12.9%	474,965	3.0%
Support Services	1,556,084	625,043	765,395	592,157	-22.6%	609,922	3.0%
Safety and Professional Development	712,784	640,786	685,719	720,152	5.0%	741,757	3.0%
Total	14,947,244	14,401,464	15,139,901	15,499,346	2.4%	15,897,377	2.6%
Fire Rescue - By Category							
Personnel	12,817,393	13,180,816	13,512,676	13,859,226	2.6%	14,275,003	3.0%
Operating	1,114,289	1,204,757	1,627,225	1,640,120	0.8%	1,622,374	-1.1%
Capital	1,015,562	15,891	-	-	0.0%	-	0.0%
Total	14,947,244	14,401,464	15,139,901	15,499,346	2.4%	15,897,377	2.6%
Personnel	145.9	145.9	145.3	145.3		145.3	

Program: Public Safety
Department: Sheriff/Other Public Safety

Mission

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

Core Services

Police Services

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

Shore Beach Services

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

Expenditures by Program/Category

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted Budget	2020 Budget	% change	2021 Budget	% change
Sheriff - Program Summary							
Police Services	3,184,080	3,156,430	3,362,097	3,223,555	-4.1%	3,320,260	3.0%
Stipend	103,600	93,150	120,000	120,000	0.0%	123,600	3.0%
Victim Services	63,542	63,542	63,542	63,542	0.0%	65,448	3.0%
Detention Center	33,871	42,435	75,000	75,000	0.0%	77,250	3.0%
Total Sheriff	3,385,093	3,355,557	3,620,639	3,482,097	-3.8%	3,586,558	3.0%
Shore Beach Services							
Expenses	-	-	-	59,000	100.0%	60,770	3.0%
Contract	249,705	253,748	275,235	272,140	-1.1%	280,304	3.0%
Total Sheriff and Shore Beach Services	3,634,798	3,609,305	3,895,874	3,813,237	-2.1%	3,927,632	3.0%

Program: Townwide

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

Personnel

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

Operating

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

Capital

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

Grants

Grants provided by the Town are as follows:

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

Program: Townwide

Grants

6. **LRTA** – The Lowcountry Regional Transportation Authority (dba Palmetto Breeze) provides public transportation throughout the lowcountry region including service from rural counties to destinations on Hilton Head Island and the urban services areas in the Bluffton/Hilton Head area. The Town provides an annual grant to support this regional transportation program.
7. **14th Circuit Solicitor's Office** – The Town provides annual grants to support the following programs:
 - **Adult Multi-Disciplinary Court** – The goal of this program is to address the underlying problems that are causing an individual to commit crimes so they become productive members of society. Each person is carefully screened to undergo professional substance abuse and mental health treatment. Those who are unsuccessful in abiding by the court's rigid requirements are transferred to prison.
 - **Career Criminal Unit** – The Criminal Prosecution Unit, is a team of experienced prosecutors, investigators and an intelligence analyst who focus solely on sending the worst of the worst to prison. The team targets defendants based on their criminal history and their danger to the community as opposed to the particular crime they are charged with.
8. **Community Foundation** – The Town provides funding for the biennial Public Art Exhibition at the Coastal Discovery Museum. Following a one-mile trail around Honey Horn Plantation, the exhibition features from around the country.

Program: Townwide

Townwide	FY 2017	FY 2018	FY 2019	2020		2021	
	Actual	Actual	Adopted Budget	Budget	% change	Budget	% change
Personnel	452,251	617,350	518,526	489,695	-5.6%	1,004,386	105.1%
Operating	282,467	319,080	335,000	464,500	38.7%	478,435	3.0%
Insurance	375,889	425,973	540,000	625,621	15.9%	644,390	3.0%
Utilities	633,841	671,187	692,000	564,500	-18.4%	581,435	3.0%
Taxes/Assessments	89,274	89,085	92,000	93,000	1.1%	95,790	3.0%
Transfers Out	7,188,000	47,755	-	-	0.0%	-	0.0%
Capital	32,000	-	204,000	266,000	30.4%	155,000	-41.7%
Contingency	55,759	189,820	517,344	320,000	-38.1%	329,600	3.0%
Community Grants							
Turtle Watch	24,164	-	-	-	0.0%	-	0.0%
Grant Matching Funds	-	-	-	30,000	100.0%	30,000	0.0%
Recreation Center - General	683,052	707,052	844,073	893,889	5.9%	920,707	3.0%
Recreation Center - Capital	183,244	-	-	-	0.0%	-	0.0%
Coastal Discovery Museum - General	86,314	75,000	75,000	75,000	0.0%	75,000	0.0%
Coastal Discovery Museum - Capital	47,252	26,120	-	30,000	100.0%	30,000	0.0%
LEPC	5,982	13,989	10,830	10,830	0.0%	10,830	0.0%
Executive Director	-	94,826	110,000	110,000	0.0%	110,000	0.0%
Event Management & Hospitality	127,488	109,298	165,648	182,695	10.3%	184,522	1.0%
LRTA (Palmetto Breeze)	200,000	259,153	187,359	187,359	0.0%	187,359	0.0%
LRTA additional funding request	-	-	-	50,000	100.0%	-	-100.0%
Multidisciplinary Court	50,000	50,000	50,000	50,000	0.0%	50,000	0.0%
Solicitor Career Criminal Program	33,500	118,500	118,500	118,500	0.0%	118,500	0.0%
Community Foundation - Arts	-	50,000	50,000	50,000	0.0%	50,000	0.0%
Beaufort County EDC	-	10,000	15,000	25,000	66.7%	25,000	0.0%
First Tee	49,741	-	-	-	0.0%	-	0.0%
Heritage Classic Foundation	125,000	-	-	-	0.0%	-	0.0%
Sub-Total Community Grants	1,615,737	1,513,938	1,626,410	1,813,273	11.5%	1,791,918	-1.2%
Total	10,725,218	3,874,188	4,525,280	4,636,589	2.5%	5,080,953	9.6%

Note: in fiscal year 2021 \$500,000 has been placed in the Townwide personnel budget to provide funding for the impact of a Town-wide compensation study to be undertaken in fiscal year 2020.

General Fund Four-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 four-year forecast provides the baseline for next year's budget.

By using the four-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 – % increase by year: 2021 – 1.75%, 2022 – 1.75%, 2023 – 1.50%
- ATAX local 1% – 1.00% increase per year 2021-2023
- Business License Fees – 0.50% increase per year 2021-2023
- Franchise Fees – 1.00% increase per year 2021-2023
- Permit Fees – 0.50% increase per year 2021-2023
- Intergovernmental – no increase 2021-2023 (same as 2020)
- Grants – no increase 2021-2023 (same as 2020)
- Miscellaneous Revenue; Beach Services – 1.00% increase per year 2021-2023
- Miscellaneous Revenue; Other – 1.00% increase per year 2021-2023
- Miscellaneous Revenue; Public Safety – EMS – 0.50% increase per year 2021-2023
- Investments – no increase 2021-2023 (same as 2020)
- Transfer in Beach Fees – % increase by year: 2021 – 10.00%, 2022 – 1.00%, 2023 – 0.00%
- Transfer in HTAX – % increase by year: 2021 – 14.40%, 2022 – 12.20%, 2023 – 5.00%
- Transfer in TIF – 2.00% increase per year 2021-2023
- Transfer in State ATAX – 1.00% increase per year 2021-2023
- Transfer in Palmetto Electric Franchise Fee – % increase by year: 2021 – 455.10%, 2022 – 3.00%, 2023 – 3.00% (recognizing the virtual completion of the underground project)
- Transfer in Stormwater – % increase by year: 2021 – 20.00%, 2022 – 0.00%, 2023 – 0.00%

General Fund Four-Year Financial Model

Expenditure Assumptions

- Currently established positions will retain the same salary grade in future year
- 3.00% increase in personnel and benefit costs per year 2021-2023
- 3.00% in operating costs per year 2021-2023
- Funding for the implementation of a compensation study
- Added two (2) facilities technicians in 2021
- Grants:
 - Recreation Center – 3.00% increase per year 2021-2023
 - Coastal Discovery Museum; General/Capital no increase 2021-2023 (same as 2020)
 - Gullah Executive Director – no increase 2021-2023 (same as 2020)
 - LRTA – no increase 2021-2023 (same as 2020)
 - Event Management & Hospitality Training – 1.00% increase per year 2021-2023
 - Multidisciplinary Court – no increase 2021-2023 (same as 2020)
 - Solicitor Career Criminal Program – no increase 2021-2023 (same as 2020)
 - Community Foundation – no increase 2021-2023 (same as 2020)
 - Operating Grants – no increase 2021-2023 (same as 2020)
 - Beaufort EDC – no increase 2021-2023 (same as 2020)

Note: These are budgetary assumptions only. Town Council has final authority for future spending.

General Fund Four-Year Financial Model

	2017	2018	2019 Adopted Budget	2020 Budget	Years 2, 3, 4		
					2021	2022	2023
Revenues							
Property Taxes	12,971,590	14,133,876	13,840,888	15,127,344	15,386,182	15,655,440	15,890,271
ATAX Local 1%	3,430,379	3,543,910	3,532,590	3,653,891	3,690,430	3,727,335	3,764,608
Business Licenses	8,343,952	10,282,344	9,014,000	9,945,639	9,995,367	10,045,344	10,095,570
Franchise Fees	945,730	913,901	955,000	955,000	964,550	974,196	983,937
Permit Fees	1,697,439	1,880,231	1,497,500	1,515,000	1,522,575	1,530,188	1,537,839
Intergovernmental	849,906	838,323	840,000	840,000	840,000	840,000	840,000
Grants	171,330	168,267	143,680	143,587	143,587	143,587	143,587
Miscellaneous Revenue	2,448,838	2,576,749	2,766,881	2,096,110	2,108,700	2,121,490	2,134,369
Transfers In	7,907,902	5,666,133	7,492,290	6,868,380	7,943,690	8,463,128	8,714,785
Investments	3,610	307,012	175,000	300,000	300,000	300,000	300,000
Total Revenues	38,770,676	40,310,746	40,257,829	41,444,951	42,895,081	43,800,706	44,404,967
Expenditures							
General Government	1,954,865	1,949,158	1,764,065	2,013,430	2,013,858	2,073,524	2,134,980
Management Services	4,576,221	5,214,573	5,880,217	5,949,675	6,125,774	6,304,745	6,491,461
Community Services	7,780,538	8,523,985	9,052,492	9,196,040	9,512,851	9,798,237	10,092,184
Fire Resuce	14,947,244	14,401,464	15,139,901	15,499,346	15,897,377	16,374,298	16,865,526
Other Public Safety	3,634,798	3,609,305	3,895,874	3,813,237	3,927,634	4,045,463	4,166,827
Townwide	10,725,218	3,874,188	4,525,280	4,636,589	5,080,953	5,204,439	5,331,594
Total Expenditures	43,618,884	37,572,673	40,257,829	41,108,317	42,558,447	43,800,706	45,082,572
Net change in fund balance	(4,848,208)	2,738,073	-	336,634	336,634	-	(677,605)

Commentary:

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

Among the updates are: after monitoring revenue each year, the forecasts are updated for the most recent data available. Expenditures are continuously monitored to ensure coincidence with revenue collections. Activities may be scheduled-back or delayed to ensure the financial model is responsible and responsive as possible.

Over the course of the next several years our initial expenditure plan outpaces the growth in revenues. In order to address this issue the Town is currently monitoring revenue collections, reviewing current revenue policies, exploring alternative revenue sources, and tightening expenditure controls, searching for ways to reduce expenditures, in order to bridge the gap.

This is positioned purposefully to readily available activities would conditions evolve better than projected.



Debt Service Fund

Debt Service Fund – Governmental and Business-type Activities (Stormwater Fund)

The Debt Service Fund accounts for the accumulation of resources and the payment of debt of governmental funds. (The proprietary fund has its own debt.) Debt service payments will be reduced by approximately \$2,500,000 in fiscal year 2020 due the payoff of the Beach Preservation Fee Bond Series 2011.

After issuing more than \$100 million in new debt in fiscal year 2018 and fiscal year 2019 to fund an aggressive Capital Improvements Plan, no new borrowings are contemplated for fiscal year 2020.

The Town issues three types of bonds: general obligation, tax increment financing (TIF), and special revenue obligation. The bonds are used for the acquisition and construction of major capital facilities, as well as the purchase of land. The Town presently has \$146 million in outstanding bonds associated with governmental type activities and \$10.0 million in outstanding bonds associated with business-type activities.

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

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

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

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

For the Year Ended June 30	Governmental Activities			Business-type Activities		
	Interest	Principal	Total	Interest	Principal	Total
2020	4,872,277	15,020,000	19,892,277	278,490	1,235,000	1,513,490
2021	4,520,823	15,490,000	20,010,823	244,356	1,270,000	1,514,356
2022	4,075,859	15,545,000	19,620,859	209,257	1,300,000	1,509,257
2023	3,588,371	16,060,000	19,648,371	173,327	1,340,000	1,513,327
2024	3,099,005	13,020,000	16,119,005	136,292	1,375,000	1,511,292
2025-2029	9,703,081	39,535,000	49,238,081	186,067	3,570,000	3,756,067
2030-2034	4,981,850	15,400,000	20,381,850	-	-	-
2035-2039	2,580,021	10,180,000	12,760,021	-	-	-
2040-2044	1,359,907	6,475,000	7,834,907	-	-	-
2045-2047	289,576	4,410,000	4,699,576	-	-	-
Total	\$ 39,070,770	\$ 151,135,000	\$ 190,205,770	\$ 1,227,789	\$ 10,090,000	\$ 11,317,789

Revenues and Expenditures Analysis – Historical and Budget; Governmental Activities

	2017	2018	2019 Adopted Budget	2020 Budget	% Change	2021 Budget	% Change
<u>GOVERNMENTAL ACTIVITIES</u>							
<u>Revenues</u>							
Property Taxes	5,229,221	5,297,023	5,429,633	5,336,503	-1.7%	5,360,838	0.5%
Bonds Issued	27,885,000	-	-	-	0.0%	-	0.0%
Bond Premium	1,574,351	468,259	-	-	0.0%	-	0.0%
BABS Subsidy	79,889	-	-	-	0.0%	-	0.0%
Investment Income	36,251	38,770	90,000	60,000	-33.3%	60,000	0.0%
Prior Year Funds	-	-	2,358,566	2,029,543	-14.0%	336,081	-83.4%
<u>Transfers In:</u>							
Beach Preservation Fees	2,536,913	3,037,325	5,305,444	2,973,850	-43.9%	3,975,850	33.7%
Natural Disasters Fund	-	1,499,473	3,536,565	3,537,565	0.0%	3,537,265	0.0%
Hospitality Fees	1,627,113	1,634,350	1,635,200	1,629,650	-0.3%	1,629,650	0.0%
Tax Increment Financing	-	3,318,838	3,926,392	3,929,626	0.1%	3,926,703	-0.1%
Real Estate Transfer Fees	2,193,515	1,834,365	1,918,200	1,938,263	1.0%	2,608,613	34.6%
Hospitality Tax Bond	-	-	-	-	0.0%	-	0.0%
Beach Bonds 2017	-	298,930	-	-	0.0%	-	0.0%
Lease Revenue	65,336	65,336	-	65,000	100.0%	65,000	0.0%
Total Revenues	41,227,589	17,492,669	24,200,000	21,500,000	-11.2%	21,500,000	0.0%
<u>Expenditures</u>							
Administrative	17,125	14,175	100,000	100,000	0.0%	100,000	0.0%
Payment to Escrow Agent	28,966,152	-	100,000	100,000	0.0%	100,000	0.0%
Contribution to Refunding	-	-	-	942,281	100.0%	889,577	-5.6%
Transfers	-	298,930	-	-	0.0%	-	0.0%
Debt Issue Costs	472,186	609,548	760,953	250,000	-67.1%	250,000	0.0%
Principal	8,040,000	11,830,000	17,530,000	15,140,000	-13.6%	15,570,000	2.8%
Interest	2,432,746	3,693,591	5,709,047	4,967,719	-13.0%	4,590,423	-7.6%
Total Expenditures	39,928,209	16,446,244	24,200,000	21,500,000	-11.2%	21,500,000	0.0%
Net change in fund balances	1,299,380	1,046,425	-	-		-	

* Fiscal year 2020 and 2021 principal payments are estimates. The Town plans to issue \$5.0 in general obligation bonds in the latter part of fiscal year 2019 with no additional debt for fiscal year 2021 and fiscal year 2022.

Legal Debt Limit

Article Ten (X), 17125 Section Fourteen (14) of the South Carolina Constitution of 1895 as amended provides that a City or Town shall incur General Obligation Debt over the eight percent (8%) limit when approved by a majority vote of qualified electors of the political subdivision voting in a referendum authorized by law. There shall be no conditions or restrictions limiting the incurring of such indebtedness except:

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

Legal Debt Limit

<u>Calculation of Legal Debt Limit</u>	<u>June 30, 2018</u>
Estimate Assessed Value from Property Assessments	<u>938,429,230</u>
Debt Limit - Eight Percent (8%) of Assessed Value, without Voter Approval	75,074,338
Reduced by Town Council imposed policy of the greater of twenty percent (20%) or \$20.0 million	<u>(20,000,000)</u>
Adjusted Debt Limit	55,074,338
Bonds Applicable to Debt Limit:	
General Obligation Non-Referendum Refunding Bonds Series 2009A	(3,040,000)
General Obligation Non-Referendum Bonds Series 2013B	(3,211,109)
Series 2017B Reserve Replenishment Bond -- Hurricane Matthew	(16,655,000)
Series 2017A General Obligation Bond -- Capital Plan	<u>(27,310,000)</u>
Reductions for Bonds outstanding at 6/30/2018	<u>(50,216,109)</u>
Debt Margin available without a Referendum at June 30, 2018	<u>4,858,229</u>
Principal payments scheduled in fiscal year 2019	1,877,778
Commitments and Potential Commitments of the Debt Margin	
Series 2019 GO bonds	<u>5,000,000</u>
Planned Debt Capacity at 6/30/2019	<u>1,736,007</u>

The Town is making a concerted effort to finish collecting State and Federal reimbursements from Hurricanes Matthew, Irma, and Florence. The Town is also working on clearing a substantial number CIP projects delayed by these storms. As these two initiatives are taking place, the Town is also building future debt capacity for future projects and reserves for future storms or emergencies.

Long-Term Obligations

GOVERNMENTAL ACTIVITIES

\$ 5,005,000 General Obligation Bonds Dated September 9, 2009

On September 9, 2009, the Town issued \$ 5,005,000 in general obligation bonds with an average interest rate of 2.72% to advance refund \$ 4,900,000 general obligation bonds dated November 16, 1999 with an average interest rate of 5.56%. The net proceeds of \$ 5,248,484 including a premium of \$ 34,061 (after payment of \$ 139,061 in issuance costs) and funds on hand were used to purchase United States government securities. These general obligation bonds were refunded to reduce total debt service payments over the life of the bonds and to obtain an economic gain. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	3.000	81,064	410,000	491,064
2021	3.100	68,404	420,000	488,404
2022	3.250	54,906	430,000	484,906
2023	3.375	40,409	445,000	485,409
2024-2025	3.500	33,250	940,000	973,250
		<u>\$ 278,033</u>	<u>\$ 2,645,000</u>	<u>\$ 2,923,033</u>

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

Long-Term Obligations

\$12,385,000 General Obligation Bonds Dated August 3, 2011

On August 3, 2011, the Town issued \$12,385,000 in general obligation bonds with an average interest rate of 4.76% to advance refund \$11,210,000 general obligation bonds dated May 12, 2004, with an average interest rate of 3.28%. The net proceeds of \$12,281,450 including a premium of \$194,479 (after payment of \$298,029 in issuance costs) and funds on hand were used to purchase United States government securities. These general obligation bonds were refunded to reduce total debt service payments over the life of the bonds and to obtain an economic gain. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	2.750	273,594	690,000	963,594
2021	4.000	254,619	710,000	964,619
2022	3.000	226,219	740,000	966,219
2023	3.000	204,019	765,000	969,019
2024-2028	various	630,352	4,225,000	4,855,352
2029	3.750	35,063	935,000	970,063
		<u>\$ 1,623,866</u>	<u>\$ 8,065,000</u>	<u>\$ 9,688,866</u>

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

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

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

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	2.000	152,889	175,000	327,889
2021	4.000	149,389	180,556	329,945
2022	5.000	142,167	186,111	328,278
2023	5.000	132,861	197,222	330,083
2024-2028	various	520,139	1,125,001	1,645,140
2029-2033	various	288,390	1,355,556	1,643,946
2034-2035	4.000	37,556	622,223	659,779
		<u>\$ 1,423,391</u>	<u>\$ 3,841,669</u>	<u>\$ 5,265,060</u>

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

Long-Term Obligations

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

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

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	2.000	122,311	140,000	262,311
2021	4.000	119,511	144,444	263,955
2022	5.000	113,733	148,889	262,622
2023	5.000	106,289	157,778	264,067
2024-2028	various	416,111	899,999	1,316,110
2029-2033	various	230,710	1,084,444	1,315,154
2034-2035	4.000	30,044	497,777	527,821
		<u>\$ 1,138,709</u>	<u>\$ 3,073,331</u>	<u>\$ 4,212,040</u>

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

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

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

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	1.500	109,463	2,085,000	2,194,463
2021	1.500	80,775	1,740,000	1,820,775
2022	4.000	52,425	765,000	817,425
2023	1.500	31,050	810,000	841,050
2024-2025	1.500	25,088	1,665,000	1,690,088
		<u>\$ 298,801</u>	<u>\$ 7,065,000</u>	<u>\$ 7,363,801</u>

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

Long-Term Obligations

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

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

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	4.000	242,838	125,000	367,838
2021	4.000	237,838	550,000	787,838
2022	4.000	215,838	585,000	800,838
2023	1.500	192,438	605,000	797,438
2024-2028	various	613,290	2,700,000	3,313,290
2029-2033	various	294,940	2,535,000	2,829,940
2034-2035	various	40,263	1,105,000	1,145,263
		<u>\$ 1,837,445</u>	<u>\$ 8,205,000</u>	<u>\$ 10,042,445</u>

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

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

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

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	4.000	133,800	870,000	1,003,800
2021	4.000	98,200	910,000	1,008,200
2022	4.000	61,500	925,000	986,500
2023	2.000	32,350	1,065,000	1,097,350
2024	2.000	10,850	1,085,000	1,095,850
		<u>\$ 336,700</u>	<u>\$ 4,855,000</u>	<u>\$ 5,191,700</u>

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

Long-Term Obligations

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

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

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	5.000	926,069	-	926,069
2021	5.000	926,069	-	926,069
2022	5.000	926,069	640,000	1,566,069
2023	5.000	894,069	570,000	1,464,069
2024-2028	various	3,955,245	3,990,000	7,945,245
2029-2033	various	3,172,471	4,660,000	7,832,471
2034-2038	3.000	2,439,665	5,390,000	7,829,665
2039-2043	various	1,560,695	6,270,000	7,830,695
2044-2047	3.250	477,751	5,790,000	6,267,751
		<u>\$ 15,278,103</u>	<u>\$ 27,310,000</u>	<u>\$ 42,588,103</u>

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

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

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

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	2.000	272,565	3,265,000	3,537,565
2021	2.000	207,265	3,330,000	3,537,265
2022	2.000	140,665	3,395,000	3,535,665
2023	2.100	72,765	3,465,000	3,537,765
		<u>\$ 693,260</u>	<u>\$ 13,455,000</u>	<u>\$ 14,148,260</u>

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

Long-Term Obligations

\$5,000,000 General Obligation Bonds Dated May 8, 2019

On April 24, 2019, the Town issued \$5,000,000 in general obligation bonds with an average interest rate of 2.53%. These funds will be used to provide funding for various CIP projects (e.g. rebuilding fire station #2, and the sewer installation project)

A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	5.000	154,558	130,000	284,558
2021	5.000	183,400	170,000	353,400
2022	5.000	174,900	180,000	354,900
2023	5.000	165,900	185,000	350,900
2024	5.000	156,650	195,000	351,650
2025-2029	5.000	626,750	1,135,000	1,761,750
2030-2034	3.000	369,900	1,390,000	1,759,900
2035-2039	3.000	147,900	1,615,000	1,762,900
		<u>\$ 1,979,958</u>	<u>\$ 5,000,000</u>	<u>\$ 6,979,958</u>

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

On October 26, 2011, the Town issued \$8,250,000 in special obligation bonds (hospitality fee) with an average interest rate of 3.32% to advance refund \$8,625,000 in revenue bonds (hospitality fee) dated June 1, 2004 with an average interest rate of 4.86%. The net proceeds of \$8,129,802 including a premium of \$33,584 (after payment of \$150,484 in issuance costs) and funds on hand were used to purchase United States government securities. These revenue bonds were refunded to reduce total debt service payments over the life of the bonds and to obtain an economic gain. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	various	165,981	465,000	630,981
2021	various	148,531	480,000	628,531
2022	3.125	134,056	495,000	629,056
2023	3.250	118,588	510,000	628,588
2024-2028	various	319,185	2,820,000	3,139,185
		<u>\$ 886,341</u>	<u>\$ 4,770,000</u>	<u>\$ 5,656,341</u>

The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated amount of certificates; (b) maximum annual debt service on certificates for any fiscal year or; (c) 125% of the average annual debt on the certificates. At June 30, 2018, \$610,000 was the fair value amount held in the reserve which is reported in the Debt Service Fund. Hospitality fees are transferred to the Debt Service Fund in amounts sufficient to repay these special obligation bonds.

Long-Term Obligations

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

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

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	4.000	513,669	485,000	998,669
2021	4.500	494,269	505,000	999,269
2022	4.500	471,544	530,000	1,001,544
2023	5.000	447,694	555,000	1,002,694
2024-2028	various	1,813,770	3,190,000	5,003,770
2029-2033	various	1,064,701	3,930,000	4,994,701
2034-2036	4.125	231,619	2,770,000	3,001,619
		<u>\$ 5,037,266</u>	<u>\$ 11,965,000</u>	<u>\$ 17,002,266</u>

The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated amount of certificates; (b) maximum annual debt service on certificates for any fiscal year or; (c) 125% of the average annual debt on the certificates. At June 30, 2018, \$1,073,000 was the fair value amount held in the reserve which is reported in the Debt Service Fund. Hospitality fees are transferred to the Debt Service Fund in amounts sufficient to repay these special obligation bonds.

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

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

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	4.000	1,328,850	2,645,000	3,973,850
2021	4.000	1,220,850	2,755,000	3,975,850
2022	5.000	1,094,125	2,865,000	3,959,125
2023	5.000	947,375	3,005,000	3,952,375
2024-2028	5.000	2,266,125	17,445,000	19,711,125
		<u>\$ 6,857,325</u>	<u>\$ 28,715,000</u>	<u>\$ 35,572,325</u>

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

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

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

Long-Term Obligations

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2020	1.780	394,626	3,535,000	3,929,626
2021	1.780	331,703	3,595,000	3,926,703
2022	1.780	267,712	3,660,000	3,927,712
2023	1.780	202,564	3,725,000	3,927,564
2024-2025	1.780	204,967	7,655,000	7,859,967
		<u>\$ 1,401,572</u>	<u>\$ 22,170,000</u>	<u>\$ 23,571,572</u>

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

BUSINESS-TYPE ACTIVITIES

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

On December 1, 2010, the Town issued \$13,810,000 in revenue bonds with an average interest rate of 2.78% to advance refund \$13,740,000 revenue bonds dated December 1, 2002 with an average interest rate of 4.85%. The net proceeds of \$14,894,433 (after payment of \$202,091 in issuance costs) and funds on hand were used to purchase United States government securities which were placed in an irrevocable trust for in substance defeasance. These revenue bonds were refunded to reduce total debt service payments over the life of the bonds and to obtain an economic gain. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Business-Type Activities		
		Interest	Principal	Total
2020	2.780	200,577	950,000	1,150,577
2021	2.780	174,167	975,000	1,149,167
2022	2.780	147,062	1,000,000	1,147,062
2023	2.780	119,262	1,030,000	1,149,262
2024-2026	2.780	183,063	3,260,000	3,443,063
		<u>\$ 824,131</u>	<u>\$ 7,215,000</u>	<u>\$ 8,039,131</u>

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

Long-Term Obligations

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

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

For the Year Ending June 30	Interest Rate by Year (%)	Business-Type Activities		
		Interest	Principal	Total
2020	2.710	77,913	285,000	362,913
2021	2.710	70,189	295,000	365,189
2022	2.710	62,195	300,000	362,195
2023	2.710	54,065	310,000	364,065
2024-2028	2.710	139,296	1,685,000	1,824,296
		<u>\$ 403,658</u>	<u>\$ 2,875,000</u>	<u>\$ 3,278,658</u>

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



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

Capital Improvement Plan (CIP)

Summary

The CIP budget is programmed at \$9.9 million in fiscal year 2020 and \$10.7 million in fiscal year 2021. An additional \$17.4 million is programmed for fiscal years 2022-2024. Unspent capital improvement appropriations carry-forward to the new-year.

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

The Palmetto Electric Franchise Fee Fund grants/reimburses the majority of its funds to the Palmetto Electric Cooperative for power line burial; any capital infrastructure created by this program is an asset of the Cooperative not the Town.

As required by proprietary fund accounting, the Stormwater Fund (Enterprise Fund) reports its own capital.

In accordance with State law, the proposed CIP for fiscal year 2018 was developed by staff for review and recommendation of the full Planning Commission. The pathways and parks section was also reviewed by the Parks & Recreation Commission. The Planning Commission annually recommends the proposed CIP to Town Council for adoption during their CIP Budget Workshop in June.

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

Included in this section is the Town's capital expenditure plan with funding sources for the upcoming year. Expenditures in this section are exclusive of projects associated with the Stormwater Program or the Palmetto Electric Program. 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.

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

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

Pathway maintenance per mile	\$ 6,500/year (General Fund)
Park litter and landscape (passive/beach)	\$25,000/year (General Fund)
Park janitorial (restrooms and supplies)	\$12,500/year (General Fund)
Roadways	\$15,000/mile/year (General Fund) County and State roads maintained by others

Issues Impacting the Town's CIP Funding Plan

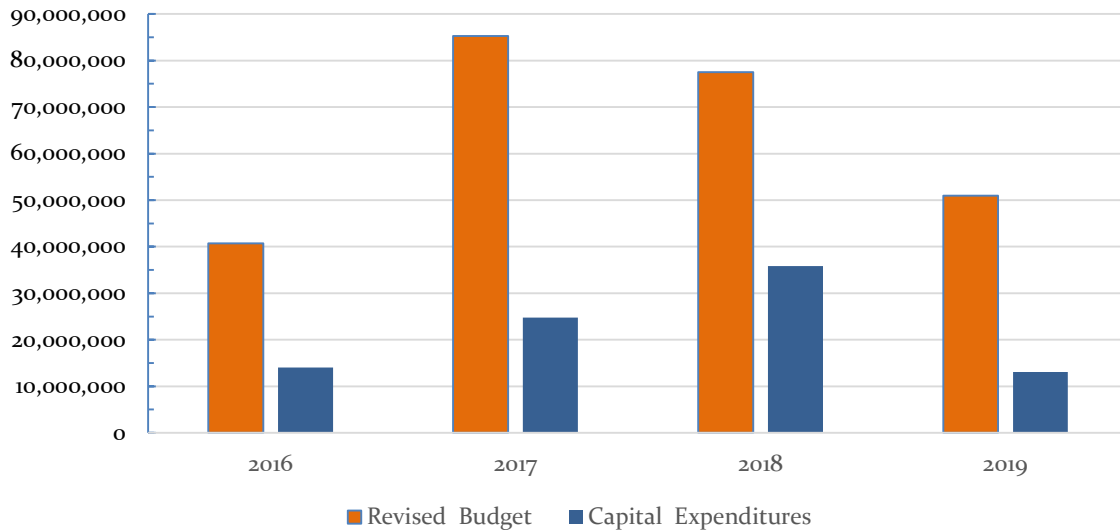
There are two issues that impact the Town's CIP funding plan:

1. In fiscal years 2016 Town Council approved an aggressive CIP spending plan. With two hurricanes and a tropical storm over the past three years the CIP had to be temporarily curtailed to focus on recovery efforts. Now the Town is moving forward advancing these projects.
2. In light of the fiscal impact of the storms the Town has also increased the emergency debt reserve from \$15.0 million to \$20.0 million reducing the amount the Town has available to borrow for current capital projects in order to maintain the appropriate level of storm readiness.

There are sufficient financial resources to advance the backlog of prior year projects in addition to the projects programmed from 2020 through 2023. Over the course of the next two years the Town will build a new CIP spending plan to include an update to the projects list as well as funding options. As the projects move forward, the Town will consider its infrastructure and facilities within the planned LMO update the Town is embarking on.

The chart below reflects a comparison between the CIP budgets and actual expenditures from 2016-2019.

Capital Improvements Fund -- emphasizing reducing the backlog of projects already approved, but delayed by Hurricane Matthew



Capital Improvement Plan (CIP) Sources of Revenue

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

1. **Beach Preservation Fees** are derived from an additional two percent (2%) Local Accommodations Tax levied by Town Council. This source generates approximately \$6.8 million in revenue annually. These funds are dedicated to beach re-nourishment and related monitoring, dune refurbishment, maintenance and operations, and new beach parks and beach access facilities.
2. **Bond/COP Proceeds**. In fiscal year 2019 the Town anticipates issuing \$10.4 million in new debt to be funded by various revenue sources.
3. **Fund Balance** which is un-obligated and obligated monies that are rolled over from previously approved, but incomplete, projects.
4. **Hospitality Tax** which is a two percent (2%) tax on the sale of prepared meals and beverages, sold in establishments with or without licenses and for on premise consumption of alcoholic beverages, beer or wine. This source generates approximately \$6.7 million in revenue annually.

Capital Improvement Plan (CIP) Sources of Revenue, continued

5. **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.
6. **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. (This project is not included in the CIP)
7. **Road Usage Fee** is a fee charged to registered automobiles in the Town, which will generate approximately \$900,000 in revenue in FY 2020.
8. **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.
9. **Tax Increment Financing (TIF)** in which funds derive from increased assessed value above the baseline assessment when the TIF District was established. These funds may be used for public projects within the District. TIF generates approximately \$4.3 million in revenue annually.

CIP Plan by Funding Source

THOUSANDS OF DOLLARS

CIP By Program	2020	2021	2022	2023	Total
Impact Fees - Roads	\$ 514.0	\$ 200.0	\$ -	\$ -	\$ 714.0
Impact Fees - Parks	343.5	428.0	277.0	55.0	1,103.5
Property Taxes	575.0	50.0	50.0	-	675.0
Hospitality Taxes	3,325.0	4,243.0	2,557.0	2,738.0	12,863.0
TIF	-	450.0	-	1,000.0	1,450.0
Road Usage Fees	1,110.0	330.0	1,850.0	660.0	3,950.0
Sale of Land	68.0	20.0	20.0	20.0	128.0
State/Federal Grants	322.0	2,000.0	2,000.0	-	4,322.0
Other	300.0	250.0	275.0	686.0	1,511.0
Beach Bond/Beach Fees	2,200.0	1,140.0	1,100.0	500.0	4,940.0
GO Bond/Prior Year	2,382.0	-	-	-	2,382.0
Total	\$ 11,139.5	\$ 9,111.0	\$ 8,129.0	\$ 5,659.0	\$ 34,038.5

CIP Plan by Program by Year

THOUSANDS OF DOLLARS

CIP By Program	2020	2021	2022	2023	Total
Pathways	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 400.0
Roadway Improvements	6,824.0	2,980.0	3,850.0	660.0	14,314.0
Park Development	947.0	250.0	275.0	1,015.0	2,487.0
Existing Facilities and Infrastructure	1,325.0	105.0	50.0	-	1,480.0
New Facilities and Infrastructure	100.0	100.0	100.0	100.0	400.0
Beach Maintenance	500.0	1,140.0	1,100.0	500.0	3,240.0
Sub-Total CIP	9,796.0	4,675.0	5,475.0	2,375.0	22,321.0
Land/Other	168.0	20.0	20.0	20.0	228.0
IT Capital Outlay	750.0	-	-	-	750.0
Fire Capital Outlay	-	3,988.0	2,357.0	2,638.0	8,983.0
Honey Horn	43.5	53.0	67.0	55.0	218.5
Recreation Center Capital Outlay	382.0	375.0	210.0	571.0	1,538.0
Sub-Total Other	1,343.5	4,436.0	2,654.0	3,284.0	11,717.5
Grand Total	\$ 11,139.5	\$ 9,111.0	\$ 8,129.0	\$ 5,659.0	\$ 34,038.5

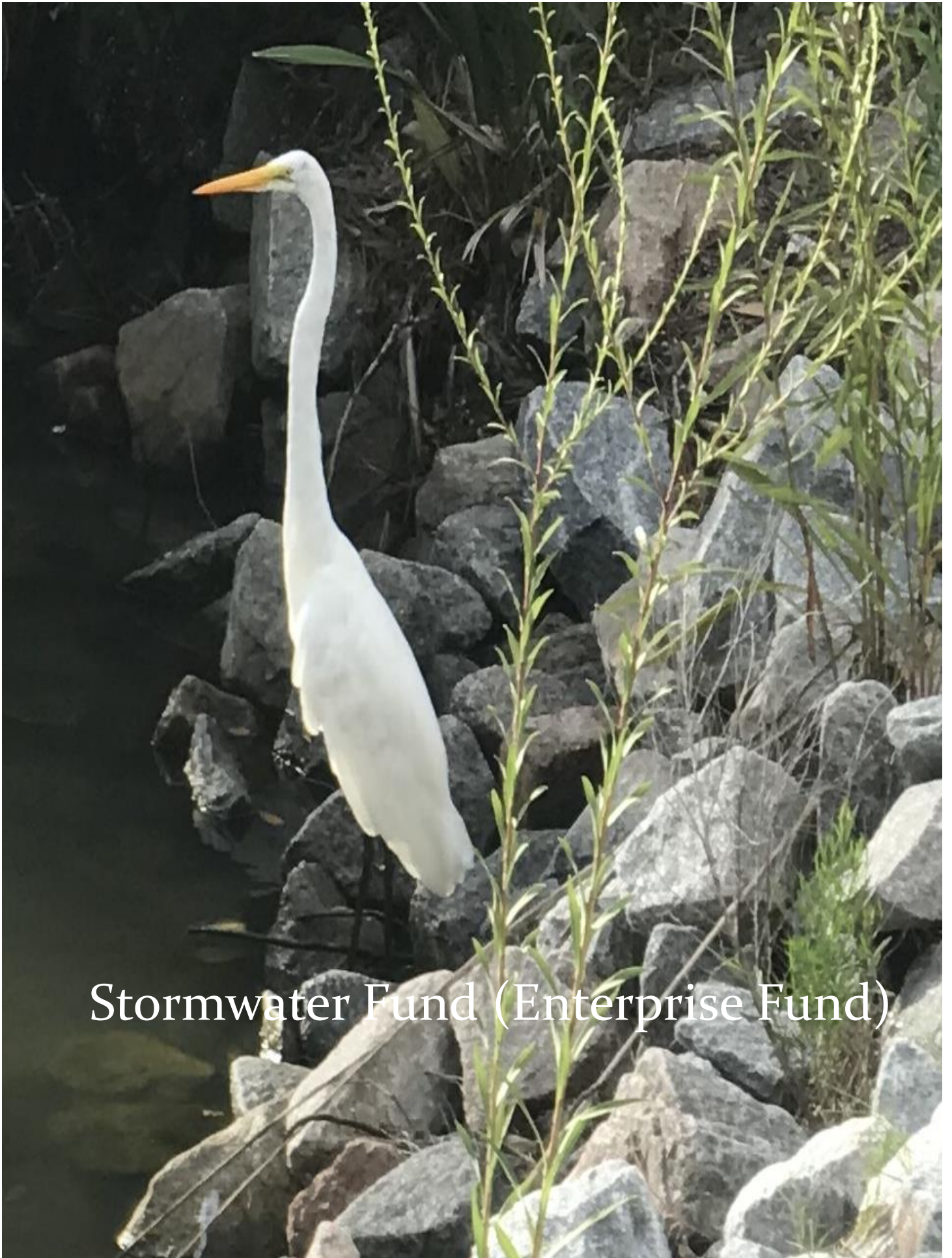
Revenues and Expenditures by Category Analysis – Historical and Budget

	2017	2018	2019 Adopted Budget	2020 Budget	% Change	2021 Budget	% Change
Revenues:							
Ad Valorem Property Taxes	715,398	724,681	648,000	575,000	-11.3%	50,000	-91.3%
Investment Income	6,725	264,390	-	-	0.0%	-	0.0%
Grants	1,260,180	194,510	850,000	322,000	-62.1%	-	0.0%
Sunday Liquor Permit Fees	335,765	290,300	200,000	300,000	50.0%	250,000	-16.7%
Impact Fees	308,226	476,677	1,376,000	857,500	-37.7%	628,000	-26.8%
Lease Revenue	108,536	108,091	-	-	0.0%	-	0.0%
Other Revenue	117,140	94	-	-	0.0%	-	0.0%
Fund Balance/Prior Year Funds	-	-	-	2,402,000	100.0%	2,000,000	-16.7%
Sale of Property & Equipment	-	-	-	68,000	100.0%	20,000	-70.6%
Bond Proceeds	25,762,750	86,226,411	3,320,000	-	-100.0%	-	0.0%
Transfers In:							
Beach Preservation Fees	900,583	707,592	1,975,000	2,200,000	11.4%	1,140,000	-48.2%
Hospitality Fees	258,883	219,362	607,000	3,305,000	444.5%	4,243,000	28.4%
Tax Increment Financing	1,346,037	333,338	-	-	0.0%	450,000	100.0%
General Fund	-	47,755	-	-	0.0%	-	0.0%
Debt Service Fund	-	298,930	-	-	0.0%	-	0.0%
Road Usage Fee	112,559	59,147	900,000	1,110,000	23.3%	330,000	-70.3%
Total Revenue	31,232,782	89,951,278	9,876,000	11,139,500	12.8%	9,111,000	-18.2%
Expenditures:							
Beach Maintenance	17,213,169	7,506,099	500,000	500,000	0.0%	1,140,000	128.0%
Existing Public Facilities	1,833,305	13,980,575	155,000	1,325,000	754.8%	105,000	-92.1%
Park Development	3,218,040	8,817,100	700,000	947,000	35.3%	250,000	-73.6%
Facilities Improvements	146,258	643,702	3,470,000	100,000	-97.1%	100,000	0.0%
Pathway Improvements	30,824	17,479	100,000	100,000	0.0%	100,000	0.0%
Roadway Improvements	1,477,351	2,666,461	3,725,000	6,824,000	83.2%	2,980,000	-56.3%
Land Acquisition	9,926	490	20,000	68,000	240.0%	20,000	-70.6%
Other/Prior Appropriation	-	-	-	525,500	100.0%	428,000	-18.6%
Debt Service - Principal	-	25,000,000	-	-	0.0%	-	0.0%
Debt Service - Interest	-	1,000,000	-	-	0.0%	-	0.0%
Bond Issue Costs	64,000	1,143,765	100,000	-	-100.0%	-	0.0%
Transfers Out	743,336	1,042,266	678,000	-	-100.0%	-	0.0%
Vehicles & Specialized Equipment	-	-	428,000	750,000	75.2%	3,988,000	431.7%
Total Expenditures	24,736,209	61,817,937	9,876,000	11,139,500	12.8%	9,111,000	-18.2%
Net Change in Fund Balance	6,496,573	28,133,341	-	-		-	

Note: The Capital Projects Fund experienced a temporary increase as several projects were delayed after Hurricane Matthew. The Town is emphasizing completing these projects in fiscal year 2019 and fiscal year 2020. As a result of these efforts, the fund balance that was temporarily raised will be brought back to a more historical standard level.

Fiscal Years 2020 and 2021 CIP Projects by Funding Source

Projects	FY 2020	Thousands of Dollars		
		Funding Source	FY 2021	Funding Source
Pathways				
Crosswalk signage and paving markers	\$ 20.0	Hospitality Bond		
Crosswalk lighting at unsignalized locations	80.0	Hospitality Tax	100.0	Hospitality Tax
Roadway Improvements				
Private dirt roads acquisition/paving	1,110.0	Road Usage Fee	330.0	Road Usage Fee
South Forest Beach Drive improvements			100.0	TIF
Intersection improvements: Shelter Cove Towne Center	3,500.0	GO Bond, Hospitality Tax		
Traffic signal mast arms		Impact Fees	200.0	
Coligny/Pope Avenue improvements			350.0	TIF
William Hilton Pkwy improvements - Jenkins Island to Squire Pope Rd			2,000.0	State Funded
Coligny Master Plan	2,214.0	Impact Fees, Beach Bond/Fees		
Park Development				
Park upgrades	622.0	Sunday Liquor Permit Fees/CDBG		
Park upgrades: Crossings Park batting cages			175.0	Sunday Liquor Permit Fees
Park upgrades: Barker Field picnic shelter			75.0	Sunday Liquor Permit Fees
Shelter Cove area parking	300.0	Property Taxes		
Public Art Foundation	25.0	Property Tax		
Existing Facilities and Infrastructure				
Fire Rescue Training Center enhancements	125.0	Hospitality Tax	55.0	Hospitality Tax
Town Hall remodeling	200.0	Property Tax, Hospitality Tax	50.0	Property Tax
Fire Station 2 replacement	1,000.0	GO Bond		
New Facilities and Infrastructure				
Fire Hydrant project	100.0	Hospitality Tax	100.0	Hospitality Tax
Beach Maintenance				
Beach management & monitoring	500.0	Beach Bond/Fees	500.0	Beach Bond/Fees
Beach area parking			640.0	Beach Bond/Fees
Land				
Legal fees related to land and projects	68.0	Sale of Land	20.0	Sale of Land
Other				
Fire Rescue - apparatus replacement			3,988.00	Hospitality Tax
Cost of Issue	100.0	Property Taxes		
Computer software and equipment	750.0	GO Bond		
Honey Horn capital outlay	43.5	Impact Fees	375.0	Impact Fees
Recreation Center capital outlay	382.0	GO Bond/ Impact	53.0	Impact Fees
Total	\$ 11,139.5		\$ 9,111.0	



Stormwater Fund (Enterprise Fund)

Stormwater Fund (Enterprise Fund)

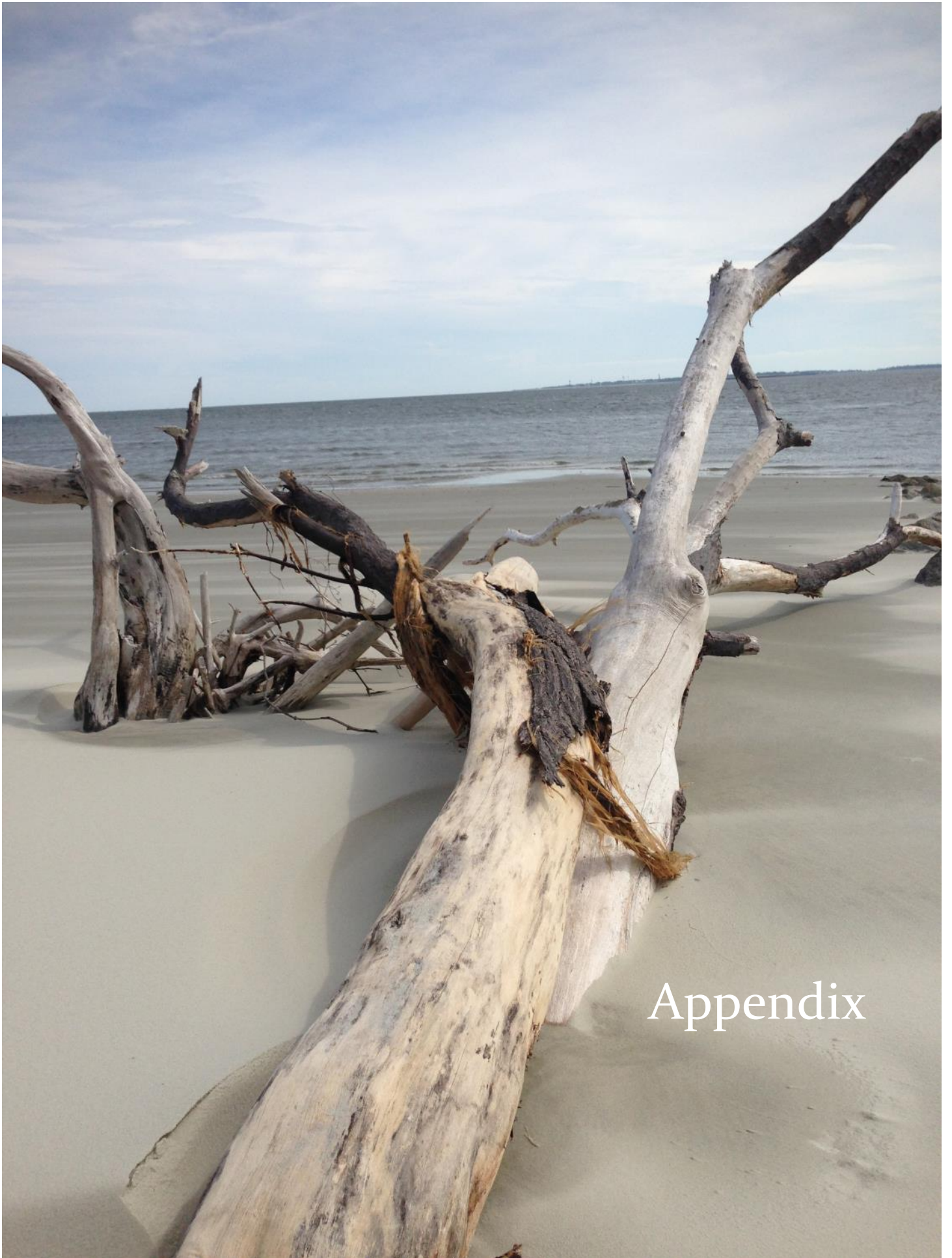
Summary

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.

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 2020 is \$5.40 million and for fiscal year 2021 \$5.45 million, including a transfer to the General Fund.

	2017	2018	2019 Adopted Budget	2020 Budget	% Change	2021 Budget	% Change
Revenues							
Stormwater Utility Fees	3,583,005	4,775,637	4,775,000	4,800,000	0.5%	4,824,000	0.5%
Prior Period Funds	-	-	535,000	599,000	12.0%	624,000	4.2%
Total Revenues	3,583,005	4,775,637	5,310,000	5,399,000	1.7%	5,448,000	0.9%
Operating Expenses							
Planned Unit Developments	628,633	633,155	1,945,000	1,245,000	-36.0%	1,221,721	-1.9%
Non-Planned Unit Developments	170,683	255,851	674,000	1,503,000	123.0%	1,470,000	-2.2%
Personnel	283,155	381,779	563,000	554,863	-1.4%	571,509	3.0%
Operating	340,856	351,034	374,000	359,000	-4.0%	369,770	3.0%
Capital	-	-	32,000	-	-100.0%	-	0.0%
Depreciation	1,066,043	1,067,092	1,187,945	1,235,000	4.0%	1,325,000	7.3%
Total Operating Expenses	2,489,370	2,688,911	4,775,945	4,896,863	2.5%	4,958,000	1.2%
Operating Income	1,093,635	2,086,726	534,055	502,137	-6.0%	490,000	-2.4%
Non-Operating Income (Expenses)							
Investment Income	1,202	19,696	1,000	1,000	0.0%	2,000	100.0%
Administrative	(2,500)	(2,500)	(2,500)	(2,500)	0.0%	(2,500)	0.0%
Loss on Refunding	(89,554)	(89,555)	(89,555)	(89,555)	0.0%	(89,555)	0.0%
Interest	(275,499)	(265,867)	(312,000)	(279,000)	-10.6%	(244,356)	-12.4%
Debt Issue Costs	-	(89,131)	-	-	0.0%	-	0.0%
Other Charges	-	(7,500)	(6,000)	(7,082)	18.0%	(5,589)	-21.1%
Total Non-Operating Income (Expenses)	(366,351)	(434,857)	(409,055)	(377,137)	-7.8%	(340,000)	-9.8%
Income (Loss) Before Transfers/Bond Proceeds	727,284	1,651,869	125,000	125,000	0.0%	150,000	20.0%
Transfers Out	(1,095,000)	(125,000)	(125,000)	(125,000)	0.0%	(150,000)	20.0%
Net Change in Fund Net Position	(367,716)	1,526,869	-	-		-	

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



Appendix

Appendix

Financial Balance Changes Greater than 10%

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

1. **General Fund** – There is no planned use of Fund Balance for the FY 2020 budget. In fact, the budget calls for an increase of \$336,634 in Town reserves to better prepare the Town for possible natural disasters, economic downturns or uncertainties.
2. **Road Usage Fee** – The Town has primarily directed these funds toward road paving with an emphasis on dirt roads. The Town expects to fully utilize Road Usage Fees to the extent practical.
3. **Tax Increment Financing (TIF)** – Fiscal year 2019 is the fourth year in the 10 year extension. Projects include University of South Carolina Beaufort Hilton Head Island facility, Coligny area improvements, and road improvements. The District will stage these projects using a TIF bond issue to implement what projects the special TIF District will provide.
4. **State ATAX** – State law prescribes how the State ATAX funds are distributed. The ATAX Committee meets and considers applications and recommends distribution of these funds within the SC state law requirements.
5. **Real Estate Transfer Fee (RETF)** – These funds will be directed to the CIP in accordance to the long-term capital plan. The increase in fund balance is only temporary.
6. **Beach Preservation Fee** – The current year includes beach renourishment projects both caused and not caused by Hurricane Matthew. The Town issued a Bond Anticipation Note (BAN) in 2016 which was primarily for beach renourishment. Beach bonds were issued to repay the BAN and Beach Preservation Fees are being used to make debt service payments on these bonds.
7. **Hospitality Tax (HTAX)** – The Hospitality Tax Fund continues to provide for specific debt service and support the CIP for projects and Fire Rescue initiatives as funding becomes available. The fund is not expected to have a 10% variance in the fund balance.
8. **Debt Service Fund** – The Town issued [one](#) long-term bond issues in fiscal year 2019:

- General Obligation \$ 5,000,000

These bonds supported the Town's Capital Improvement Plan and were planned accordingly. Payments will be a full year for all of these issues for the first time in FY 2020. The temporary increase in the Debt Service Fund balance in anticipation of the higher payments coming in future years will be reversed as funds set aside were deployed in accordance with the plan.

9. **Capital Improvement Plan (CIP)** – The Town has a number of significant projects in the works. The funds within the CIP increased in fiscal year 2017 in anticipation of these projects. Due to Hurricanes Matthew and Irma, a number of these projects were delayed. Most of these projects have restarted in fiscal years 2018 and 2019 as the Town gets back to regular business after the Hurricanes.

Financial Balance Changes Greater than 10%

10. **Disaster Fund** – In fiscal year 2017, due to the significance of Hurricane Matthew, the Town established a Disaster Fund to capture the cost of the hurricane response as well as the reimbursements and funding from various sources. For fiscal year 2017, through transfers from other funds, a temporary financing Bond Anticipation Note, and an accrual for the initial FEMA reimbursements, the fund essentially broke even. In fiscal year 2018 the Town did receive more FEMA funding, repaid the BAN, and issued GO bonds to help restore disaster funds for the next storm. In 2018, the Town also incurred costs related to Hurricane Irma – most of which is expected to be reimbursable from FEMA and the State. The Town issued a GO bond issue to help re-establish the disaster reserves in this fund for future possible disasters. At publication, the Town has received over \$40 million in reimbursements from Hurricane Matthew, Irma and Florence and could receive another \$1+ million. The Town implemented an emergency 5 mills for 5 years to repay the disaster bonds. Going forward, the Town expects to collect the 5 mills in FY 20, FY 21 and FY 22. The Debt payments related to that will continue to FY 23 – after allowing for collection in FY22 for the last payments in FY 23. The Town is ready to deploy the remaining funds as need ensues.
11. **Electric Franchise Fee** – Work was delayed in the Electric Franchise Fee area due to Hurricane Matthew. Because of this delay, expenditures for the project to move electric lines underground were delayed and the fund balance temporarily increased. The Town's intent is to utilize as much as these funds will provide. These activities will help the Town prepare for the next storm. Work is wrapping up on the Electric underground burial project.

Glossary of Terms

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

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

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

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

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

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

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

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

BCSO – Beaufort County Sheriff's Office.

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

EDC – Beaufort County Economic Development Corporation.

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

Bond Anticipation Note (BAN) - is a short-term interest-bearing security issued in advance of a future **bond** issue. **Bond anticipation notes** are issued by governments, such as local municipalities, wishing to generate funds for upcoming projects.

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

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

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

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

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

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

Glossary of Terms

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

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

CDBG – The Community Development Block Grant (CDBG) Entitlement Program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary of Terms

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

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

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

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

Fund Balance – Equals the equity in each fund.

GAAP – Generally Accepted Accounting Principles

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

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

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

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

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

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

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

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

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

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary of Terms

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.

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

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

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

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

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

Glossary of Terms

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

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

Taxable Value – The assessed value of real property

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.

THE TOWN OF HILTON HEAD ISLAND SOUTH CAROLINA

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