

*Town of Hilton Head Island, South  
Carolina*



**Consolidated Municipal Budget  
Fiscal Year  
July 1, 2009 through June 30, 2010**

**Final /6.16.09**

TOWN OF HILTON HEAD ISLAND, SC  
CONSOLIDATED MUNICIPAL BUDGET  
FISCAL YEAR ENDED JUNE 30, 2010

---

---

**ELECTED OFFICIALS**

---

---

**MAYOR**

The Honorable Thomas D. Peebles

**TOWN COUNCIL**

Kenneth (Ken) S. Heitzke, Mayor Pro Tempore

Willie (Bill) Ferguson

John D. Safay

George W. Williams, Jr.

Drew Laughlin

---

---

**ADMINISTRATION**

---

---

Stephen G. Riley  
Gregory DeLoach  
Curtis Coltrane  
Lavarn Lucas  
Susan Summons  
Charles F. Cousins  
Scott Liggett

Town Manager  
Assistant Town Manager Administration  
Assistant Town Manager Community Services  
Fire 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, 2008**

President

Executive Director

# FY 2010 Consolidated Municipal Budget

## Table of Contents

	<b>Page</b>
Reader's Guide.....	1-2
Town Manager's Letter.....	3-10
Town Vision.....	11-12
About Hilton Head Island .....	13-15
General Information.....	16-19
Town Organizational Chart	16
Budget Calendar and Map	16-17
Hilton Head at a Glance	18-19
Accounting and Financial Policies.....	20-31
Budget Process Overview .....	32-35
Consolidated Budget .....	36-42
Combined Budget	36
Historical Overview General, Debt Service, and Capital Projects	
Funds	36-38
Budget Highlights	38-40
Property Taxes – All funds	41-42
Town Staffing	42
General Fund.....	43-97
Department Expenditure Summary	43
Historical Overview of Revenues and Expenditures	44
General Fund Two-Year Comparison	45
General Fund Detail Revenue Two-Year Comparison	46
General Fund Revenues	47-51
General Fund Expenditures and Trend Analysis	51-53
Departmental Budgets	54-95
General Fund Three-Year Financial Plan	96-97
Capital Projects Fund (CIP).....	98-116
Revenues	98-101
Expenditures by Program	101-103
Capital Projects Fund Two-Year Comparison	104
Expenditures by Category/Funding Source – FY 2010	105-111
Ten-Year Capital Plan (FY 2010-2019)	112-116
Debt Service Fund.....	117-124
Debt Service Fund Two-Year Comparison	117
Debt Service Fund Expenditures	118
Calculation of the Legal Debt Limit	119
Outstanding Debt Issues	120-123
Planned Debt Service for the Next Five Years	124
Appendix .....	125-130
Glossary of Terms	125-129
Financial Structure – All Funds	130

# Reader's Guide

This reader's guide is intended to assist those readers not familiar with the Town's budget document in gaining an understanding of how the budget document is organized and what information is presented. The budget document is divided into the following sections:

## Town Manager's Letter

This section provides a general overview of the Town's budget.

## Town Vision

This section identifies goals for the upcoming fiscal year.

## About Hilton Head Island

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

## General Information

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

## Accounting and Financial Policies

This section includes the operating budget policies, operating reserve policy, financial reserves/bond ratings, disaster planning policies, major policy considerations, performance measurement policy, financial modeling tools, capital improvement program policies, debt management policies, revenue policies, reporting and analysis policies, investment policies, and fixed asset policies.

## 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

This section includes an introduction, Fiscal Year 2010 consolidated budget, where the money comes from (chart), where the money goes by program (chart), where the money goes by category (chart), trend analysis of expenditures by fund (chart), description of major governmental funds, description of restricted major governmental funds, description of other governmental funds, historical overview of revenues and expenditures (schedule), budget highlights, property tax analysis, millage rate historical analysis (chart), and staffing changes.

## General Fund

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

## Capital Projects Fund (CIP)

This section includes an overview and summary of major revenue sources, expenditures by category, a two-year revenue and expenditure comparison, the Town's capital plan for the upcoming year, and the ten-year Capital Improvement Plan.

## Debt Service Fund

This section includes a revenue analysis, expenditure analysis for the upcoming fiscal year, two-year revenue and expenditure comparison, calculation of legal debt limit, a list of outstanding debt issues, and the planned debt position for the next five years.

## Appendix

This section provides definitions of key terms used throughout this document.

Also, there is a chart of all funds used by the Town to manage its financial resources. The chart reflects the anticipated revenues, expenditures, and fund balance for all funds.



## Town Manager's Letter

# Town Manager's Letter

Town Council Members  
Town of Hilton Head Island  
One Town Center Court  
Hilton Head Island, SC 29928

June 16, 2009

Dear Council Members:

We respectfully present the Fiscal Year 2010 Budget for the Town of Hilton Head Island, South Carolina, to the Town Council for review. This year the budget proved to be particularly challenging due to the continued slow down in the real estate market and an overall sluggish economy. The effect on the Town's budget is less revenue from building permits, bed taxes and fees, hospitality taxes, and business licenses. This budget represents an annual funding plan which responds to the needs of the Town while maximizing a limited resource of funds.

## Budget Summary

The Fiscal Year 2010 Budget represents a funding plan designed to meet the needs of the Town's citizens. The total consolidated budget amount is \$59,876,810.

The General Fund budget maintains the current level of high quality service, but overall, expenditures have been reduced due to less revenues being received by the Town because of the down turn in the economy. Expenditures in this fund are programmed at \$32.1 million for Fiscal Year 2010 compared to \$33.8 million last fiscal year.

The Capital Projects Fund (CIP) reflects the Town's continued focus on road and facility improvements accounting for 53% of the capital budget. The largest component is \$3.3 million earmarked for existing facility improvements. Expenditures in this fund are programmed at \$10.4 million for Fiscal Year 2010 compared to \$38.2 million last fiscal year.

The Debt Service Fund budget expenditures are programmed at \$17.4 million for Fiscal Year 2010 compared to \$16.8 million budgeted last fiscal year.

Funding to maintain the high quality services provided to the citizens of the Town will continue to be a challenge because revenues are not projected to grow at the same rate as the demand for services.

### Millage Rate

The total millage rate for Fiscal Year 2010 will increase by .50 mils. The chart below reflects the millage rates by fund for Fiscal Years 2009 and 2010.

	<u>FY 2009</u>	<u>FY 2010</u>
General Fund	12.84	13.34
Debt Service Fund	5.67	5.67
Capital Projects Fund (CIP)	0.85	0.85
<b>Total Millage Rate</b>	<b><u>19.36</u></b>	<b><u>19.86</u></b>

The increase in the General Fund millage rate is 3.9%. The increase is based on a population adjustment and a consumer price index adjustment (CPI) as allowed by state code.

### Financial Plan

As outlined above, the Town's budget consists of three separate fiscal accounting funds. These funds are created to provide for the following specific activities of the Town:

- The General Fund is the operating fund of the Town and accounts for all financial resources of the Town except those required for capital improvements and debt service.
- The Capital Projects Fund accounts for the financial resources used to acquire land and facilities; and to construct and improve public facilities, including roads, bike paths, and fire stations; vehicle replacement; drainage improvements; and park development.
- The Debt Service Fund accounts for the accumulation of resources and the payment of debt.

The following table shows the amount and percent of change to these three funds over last fiscal year:

**Comparison of the Fiscal Year 2009 Revised Budget with the Fiscal Year 2010 Budget**

	General Fund	Capital Projects Fund	Debt Service Fund	Consolidated Municipal Budget
FY 2009 Revised Budget	\$ 33,818,027	\$ 38,242,941	\$ 16,766,090	\$ 88,827,058
FY 2010 Budget	\$ 32,057,870	\$ 10,423,000	\$ 17,395,940	\$ 59,876,810
<b>Amount of Increase/(Decrease)</b>	<b>\$ (1,760,157)</b>	<b>\$ (27,819,941)</b>	<b>\$ 629,850</b>	<b>\$ (28,950,248)</b>
<b>Percent of Increase/(Decrease)</b>	<b>-5.20%</b>	<b>-72.75%</b>	<b>3.76%</b>	<b>-32.59%</b>

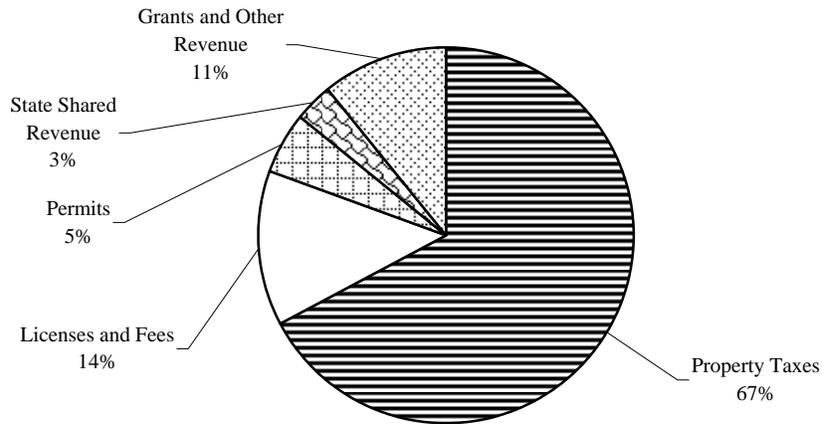
**Budgets by Fund as a Percent of the Total Budget**

	General Fund	Capital Projects Fund	Debt Service Fund	Consolidated Municipal Budget
FY 2009 Revised Budget	38.07%	43.05%	18.87%	100.00%
FY 2010 Budget	53.54%	17.41%	29.05%	100.00%

**General Fund**

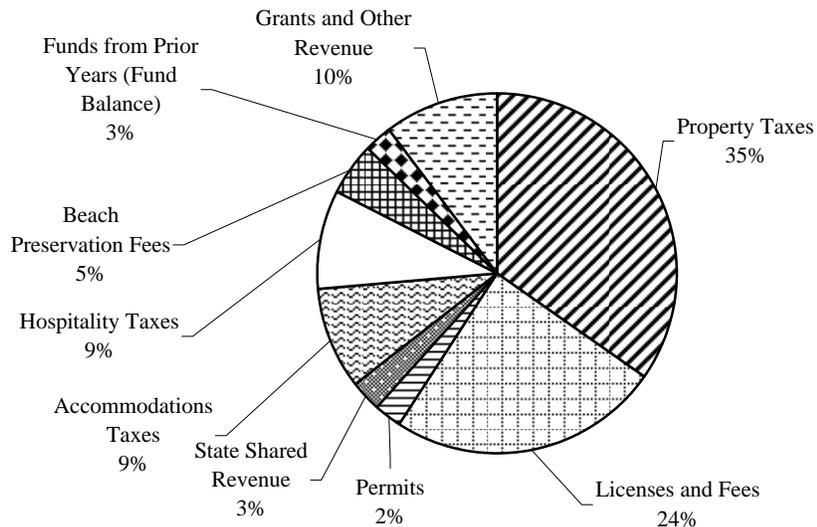
A mix of property taxes, other fees and taxes, local accommodations tax for public safety, funds from prior years (fund balance) supports the General Fund budget of \$32,057,870. As one of our financial planning goals, we continue to look at the mix of revenues for the General Fund. The charts below provide a comparison of the actual revenues collected for Fiscal Year 1994 compared to the Fiscal Year 2010 Budget. These graphs highlight the progress made to lessen the reliance on a high percentage of property tax revenue from 67% in Fiscal Year 1994 as compared to 35% in Fiscal Year 2010. Additional funding is provided through, licenses and fees, local 1% accommodations tax, state accommodations tax, beach preservation fee, hospitality tax, stormwater fee, electricity franchise fee, funds from prior years (fund balance), and tax increment financing (TIF). The increase in funding provided through these other sources demonstrates the Town’s ability to expand the diversity of its funding sources through the years.

### FISCAL YEAR 1994 GENERAL FUND BUDGET



---

### FISCAL YEAR 2010 GENERAL FUND BUDGET



### General Fund - Major Revenues

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

Revenue Source	FY 2009		FY 2010	\$	%
	Revised Budget	Budget			
Property Taxes	\$ 10,622,550	\$ 11,098,760	\$ 476,210	4.48%	
Business Licenses & Franchise Fees	8,263,200	7,847,630	(415,570)	-5.03%	
Permit Fees	1,321,000	795,500	(525,500)	-39.78%	
Funds from Prior Years (Fund Balance)	1,454,157	877,640	(576,517)	-39.65%	
Local Accommodations Tax	2,269,580	1,946,330	(323,250)	-14.24%	
Transfers In:					
State Accommodations Tax	1,361,930	1,020,890	(341,040)	-25.04%	
Hospitality Tax	2,460,960	2,854,630	393,670	16.00%	
Beach Preservation Fee	1,427,340	1,461,940	34,600	2.42%	

### General Fund - Expenditures

The chart below reflects the budgets by category for Fiscal Years 2008 and 2009:

Expenditure Category	FY 2009		FY 2010	\$	%
	Revised Budget	Budget			
Personnel	\$ 21,299,690	\$ 21,124,130	\$ (175,560)	-0.82%	
Operating	7,352,628	5,929,390	(1,423,238)	-19.36%	
Grants	1,409,700	1,316,940	(92,760)	-6.58%	
Capital Outlay	578,790	268,900	(309,890)	-53.54%	
Debt Service	-	339,370	339,370	100.00%	
Sheriff/Other Public Safety	3,177,219	3,079,140	(98,079)	-3.09%	
<b>Total</b>	<b>\$ 33,818,027</b>	<b>\$ 32,057,870</b>	<b>\$ (1,760,157)</b>	<b>-5.20%</b>	

### Personnel

The \$175,560 decrease in total personnel costs is due to reductions in funding for short-term salaries, overtime, medical insurance premiums, and workers' compensation premiums. Personnel costs that are anticipated to increase next fiscal year are the Town's PORS retirement contributions and Vantage Care contributions. Also, the Town reduced staffing for the upcoming fiscal year by 4.5 full-time equivalent positions.

### Operating and Capital Expenditures

Overall other operating expenditures were reduced by \$1.5 million compared to last fiscal year's budget. The reduction in expenditures carries forward a reduction in operating expenditures implemented in FY 2009 due to a decline in revenues received by the Town. In addition General Fund capital expenditures were reduced by \$309,890 over last fiscal year.

**Capital Projects Fund - CIP**

The Capital Projects Fund Budget (CIP) budget reflects revenues and expenditures for Fiscal Year 2010 as well as a ten-year projection of anticipated new projects. The hard work and input of the Planning Commission and Parks and Recreation Commission in developing this proposal is acknowledged.

This appropriation of \$10.4 million is primarily funded by hospitality taxes, stormwater fees, TIF (tax increment financing) funds, beach preservation fees, and property taxes. Existing facility and infrastructure improvements is the largest element of the FY 2010 capital improvement plan.

The appropriations for this fund provide for:

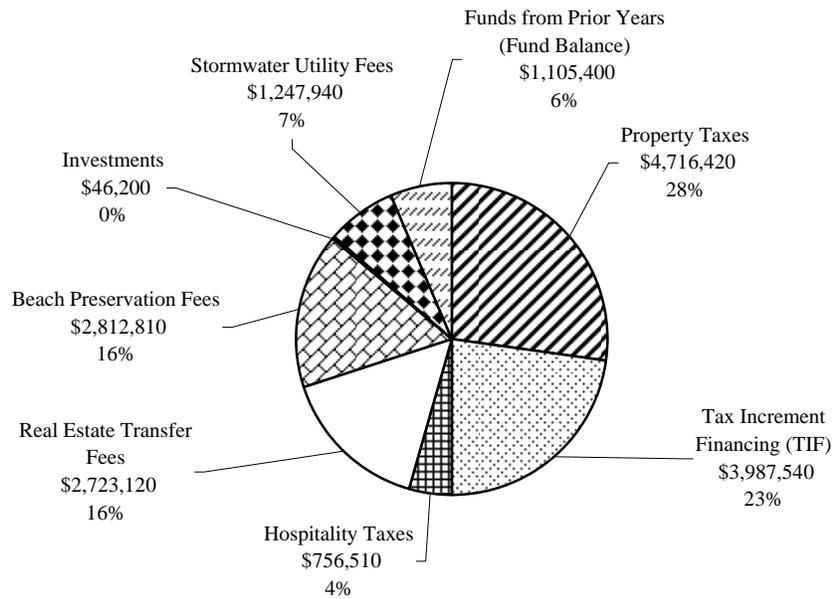
Project Category	FY 2009		FY 2010	\$	%
	Revised	Budget			
	Budget	Budget		Change	Change
Pathways	\$ 2,888,502	\$ 763,000	\$	(2,125,502)	-73.58%
Drainage Improvements	2,529,865	1,538,000		(991,865)	-39.21%
Roadway Improvements	11,153,915	2,305,000		(8,848,915)	-79.33%
Park Development	2,115,047	675,000		(1,440,047)	-68.09%
Existing Facilities/Infrastructure	9,509,239	3,252,000		(6,257,239)	-65.80%
New Facilities/Infrastructure	6,746,260	1,040,000		(5,706,260)	-84.58%
Beach Maintenance	2,809,114	850,000		(1,959,114)	-69.74%
Land Acquisition*	491,000	-		(491,000)	-100.00%
<b>Total</b>	<b>\$ 38,242,942</b>	<b>\$ 10,423,000</b>	<b>\$</b>	<b>(27,819,942)</b>	<b>-72.75%</b>

\*This budget is amended by Town Council as land purchases are accomplished.

Debt Service Fund

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

Sources of funding for debt service in FY 2010 are as follows:



Debt service costs for Fiscal Year 2010 are as follows:

	Interest	Principal	Total
Certificates of Participation	\$ 205,870	\$ 1,095,000	\$ 1,300,870
General Obligation Bonds	2,589,280	4,690,000	7,279,280
Revenue Bonds	1,677,760	3,130,000	4,807,760
TIF Bonds	717,540	3,270,000	3,987,540
Other Charges	-	-	20,490
<b>Grand Total</b>	<b>\$ 5,190,450</b>	<b>\$ 12,185,000</b>	<b>\$ 17,395,940</b>

Town Council Members  
Page 8  
June 16, 2009

### Summary

The development of the budget this fiscal year proved to be challenging, but the Town has diversified financial resources with which to sustain our Town programs. Through this budget process, we are able to demonstrate that such a successful community can create a budget that continues the Town's progressive focus. The sluggish economy has reduced the amount of available funds, making it a challenge for Town staff to continue to provide the highest quality of service to the Town's full time residents. This fact coupled with the demands of a substantial number of visitors each year has had a significant impact on this financial plan, it still provides for the needs of the Town Council's community-oriented agenda. Thanks to all the departments for holding the line in this budget.

Sincerely,



TOWN OF HILTON HEAD ISLAND

Stephen G. Riley, AICP  
Town Manager



## Town Vision

# TOWN VISION

## “WORLD CLASS RESIDENTIAL AND RESORT COMMUNITY” MEANS:

- Great Natural Beauty
- World-Class Beach
- Pristine Waterways
- Preserving our Low Country Character and Heritage
- Well-Planned Community
- Sustainable Community through Continuous Revitalization
- Vibrant Community
- Exceptional Recreational Opportunities for All
- Community Welcomes All
- Hilton Head Island: Community Spirit and Pride

## Goals

### TOWN OF HILTON HEAD ISLAND 2014 OUR GOALS

- Sustainable Town – Preserving Our Character
- Unique Amenities for Residents and Guests
- Top Quality Services, Financially-Sound Town
- Effective Regional Transportation System
- Clean, Safe, Accessible Waterways
- Strengthen Community Spirit and Pride

## Policy Agenda 2010: Targets for Action

### TOP PRIORITY

- Redevelopment Strategy and Direction
- Economic Development Strategy and Direction
- Dune Accretion and Storm Protection Ordinance
- Port Royal Beach Erosion Direction
- Update Comprehensive Plan
- Comprehensive Rewrite of the Land Management Ordinance

### HIGH PRIORITY

- Light Industrial District (IL) Zoning Review
- Rowing and Sailing Center Direction
- Mathews Drive Connectivity Direction
- PUD Commercial and Resort Area Strategy
- Recycling Program and Direction

## MODERATE PRIORITY

- Law Enforcement Center Direction
- Dredging Policy and Direction
- Recreational Center and Aquatic Facilities Direction
- Fire and Rescue Standards of Coverage
- Street Name Signs: Mast Arm Mounted Signs

# Management Agenda 2010

## TOP PRIORITY

- Budget: Services and Service Level Priority
- Coligny Beach Park Phase 1
- Review Development/Redevelopment Process
- “Green” Initiatives in Town Operations
- PUD Infrastructure Agreements for Stormwater Utility Management

## HIGH PRIORITY

- Capital improvements Program Criteria and Process
- Stormwater Utility Fees
- All-hazards Disaster Plan
- Shelter Cove Mall Theater Project



## About Hilton Head Island

# About Hilton Head Island

## History<sup>1</sup>

### **Early History**

The written history of Hilton Head Island began with the Spaniards in 1526 as they explored the coastal waters from Key West to the St. Lawrence, naming it "La Florida." They found Indian settlements and evidence of agriculture. (With the arrival of the Europeans, the Indians fate was signed, so that by the year 1662, most of the Indians were gone due to European abuse and disease. But, they left a rich legacy of names and archaeological treasures still being unearthed today.)

Captain Jean Ribaut, a French Huguenot, led an expedition to the area in 1562. He built a fort, named Port Royal, near the present town of Port Royal in Beaufort County.

In 1566, the Spanish again prevailed and established a Fort named Santa Elena on Parris Island (St. Helena), in what is now Beaufort County. From here they explored westward into the new world.

As the scale of power tipped in Europe, England's Elizabeth I sent Sir Francis Drake, in 1586, to drive the Spanish from "La Florida." English development did not commence until 1663, when then King Charles II granted the Coastal Area to 8 Lord Proprietors. They named their territory "Carolina."

### **Hilton Head Discovered**

English Captain William Hilton, in August of 1663, while exploring the Port Royal Sound, sighted the high bluffs of the Island and named it for himself, "*Hilton Head*." The word "Head" refers to the headlands visible to them as they sailed the uncharted waters. He lingered several days, making note of the trees, crops, and also the *sweet water* and *clear sweet air*.

The first English development in the Low Country began in 1698. Indian attacks, sponsored by the Spanish, continued to harass the settlers in the area.

In 1717, Col. John Barnwell was granted a thousand acres on the NW corner of Hilton Head Island by the Lord Proprietors. He became the first white settler. By 1766, 25 families lived on Hilton Head Island.

In 1742, the SC colonial half-galley Beaufort, commanded by Captain David Cutler Braddock, was stationed in the cove at the southern point of the Island to guard against Spanish intrusions. The point and the cove have carried the name Braddock ever since.

### **Revolutionary War**

As talk of Revolution escalated in the Colonies, Hilton Head Island sided with the Colonists. Daufuskie Island, just 1 mile south of the Island, was occupied by the Tories. During the Revolution, the British frequently raided Hilton Head Island and hostilities continued for weeks after Cornwallis surrendered at Yorktown.

---

<sup>1</sup> Information obtained from the Beaufort County Public Library

## **Revolutionary War (continued)**

During the war, the British burned Plantations on the Island and captured slaves who were later sold in the West Indies. After the war, the Island made a healthy recovery. This became the "Golden Age," as the crops of cotton, indigo, and rice flourished.

Houses on the Island during this prosperous period between the Revolutionary and the Civil War were not the pillared mansions of romantic novels. Although large and airy, the majority were not the owner's main house. Lavish Townhouses were kept in Beaufort or Savannah, or even Charleston. Many of these homes are still in use today.

The War of 1812 once again disrupted life on the Island as the British invaded and burned most of the houses near deep water. When the War was over, the Island's booming economy returned and the good life resumed.

## **Civil War**

South Carolina was among the richest of States, and Hilton Head Island was responsible for several millionaires. South Carolina was the 1st State to secede from the Union on December 20, 1860. The Civil War began April 12, 1861, with Confederates firing on Fort Sumter in Charleston harbor. In January, 1861, General Robert E. Lee was assigned command of the coasts of South Carolina, Georgia, and East Florida. By October of 1861, 77 Union ships sailed from Virginia to Port Royal. On board were 13,000 troops, 1,500 horses, 500 surf boats, and 1,000 laborers to build a town and fortress for the blockade of the South.

In November, 1861, after surviving a hurricane off Cape Hatteras, the small armada circled Port Royal Sound, firing at all settlements in the area. By noon of that day, on November 7th, the Confederates knew the battle for the area was lost, and fled before the invading forces of the Union. Victory that day for the Union meant freedom for 1,000 slaves. The Yankees were here to stay until the War's end. Fort Mitchel was built in 1862. It was named for General Ormsby Mitchel, a well liked leader, who died of malaria that year.

Eventually, Union Forces reached 50,000 on the Island. The blockade of Savannah was accomplished, preventing the Confederacy from exporting cotton and importing supplies from Europe. Hilton Head was Headquarters for the *South Atlantic Blockading Squadron*. The Island became the transfer point for prisoners of war and the wounded as well as Union Soldiers on their way to battle and tons of supplies. Black males on the Island and in the surrounding area were pressed into service, becoming the first Black troops for the Union. The money they earned as soldiers enabled them, after the War, to buy land on Hilton Head Island. General Mitchel, before his death, began construction of adequate housing for several thousand homeless Blacks who had gathered on the Island since the War began. Mitchelville was the first town developed specifically for the freedmen. It had almost 1,500 residents.

During this time, their children attended schools and they lived in this housing for the duration of the War. After Lee's surrender at Appomattox, the Federal troops departed for the North. Only Mitchelville inhabitants remained. With the passage of time Mitchelville disappeared, and the Island was left to nature and only a few islanders. Hilton Head Island was again forgotten. Small communities of former slaves sprang up on the Island. These communities consisted of farmers, fishermen, basket weavers and fishnet makers. Summer was for farming, winter was for harvesting oysters and in the fall the "blue crab" was caught. Island navigators piloted boats between Savannah and the Island.

## **Civil War (continued)**

"Gullah", a blend of slave, native, cadence, and Elizabethan English was spoken here. This rich culture, developed over the years of slavery, survives to this day. Old spirituals and songs were made up and used by slaves as codes for meeting times and places and as messages for freedom. The songs and stories also spoke of storms and other events in the lives of the slaves. As interest in the history of African-Americans on Hilton Head grows, more evidence of their lifestyle is being preserved. The Gullah culture continues as community leaders encourage its preservation.

By 1890, Northerners again came, this time to hunt and fish the abundant game. 1,000 acres in Leamington Plantation were sold to the North Carolina Hunt Club. Money was scarce and the Islanders bartered for goods and services. In 1931, more land was acquired for hunting purposes, including those remaining lands owned by the Federal Government. By now, the native island population was around 300. Access to the Island was by water only.

During World War II, the Leamington Lighthouse was the site of Camp McDougal, used by the Shore Patrol. Gun emplacements for target practice out over the Atlantic are still visible south of the Marriott Hotel (formerly known as the Hyatt) as the sands shift with the tides. These join Indian relics and landmarks of the Revolution and Civil War that are found throughout the Island.

## **Modern Age**

1950 marks the beginning of the Modern Age of Hilton Head Island. Electricity arrived in 1951, and the first telephone was installed in 1960. In the fifties, the Fraser family and Fred Hack led a group of Georgia natives in the purchase of 19,000 of the Island's 25,000 acres. These farsighted men ended the use of land for timbering and hunting, and began selling the land to developers. They brought a system of land use that became the prototype of many other successful developments by focusing on preserving the natural environment.

Dirt roads gave way to paved ones. Beautiful bridges replaced Ferry boats accessing the Island. Residential Plantations were developed, often around original Plantation boundaries.

Rapid growth of the Island began in 1970, and the population has grown from 2,500 then to some 35,000+ in recent years. In 1970, The Island Packet, our present daily Newspaper, was first published as a 12 page tabloid. In 1975, the Island Hospital was built, and the Town population was then 6,500. The Town was incorporated on May 18, 1983. The Articles of Incorporation provide for a Council-Manager form of government. The legislative authority rests with a Mayor and six (6) council members.

## **Geography/Industry**

Hilton Head Island is a barrier island on the Atlantic coast of South Carolina. The Island is located about 45 miles from Savannah, Georgia and about 85 miles from Charleston, South Carolina. Approximately 54 miles in square area, the Island is about 12 miles long and 5 miles wide. A four-lane bridge over the Intercoastal Waterway connects the Island with the mainland. The Town has jurisdiction over the entire Island except for Mariner's Cove, Blue Heron Point, and Windmill Harbor.

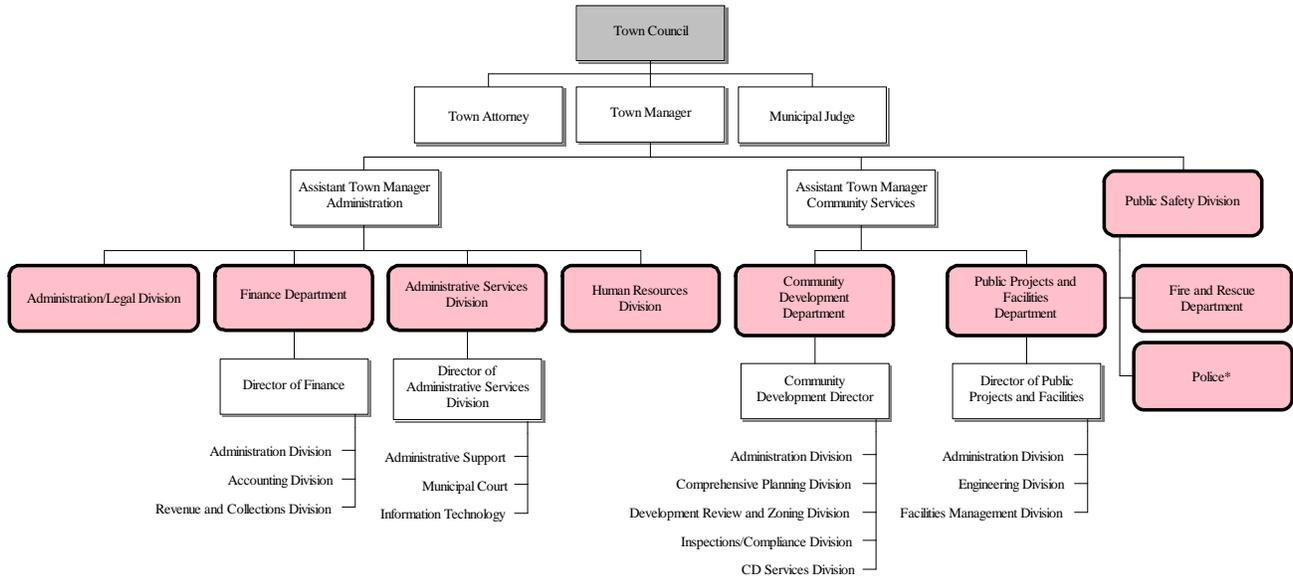
Tourism is the largest industry in the Island's economy. There are approximately 2.5 million visitors annually. The Island hosts a major sports event in the Verizon Heritage Golf Tournament. The Island has established world class accommodations, and the tourism industry continues to grow with a peak summer population of approximately 247,860.



## **General Information**

# General Information

## Town Organizational Chart

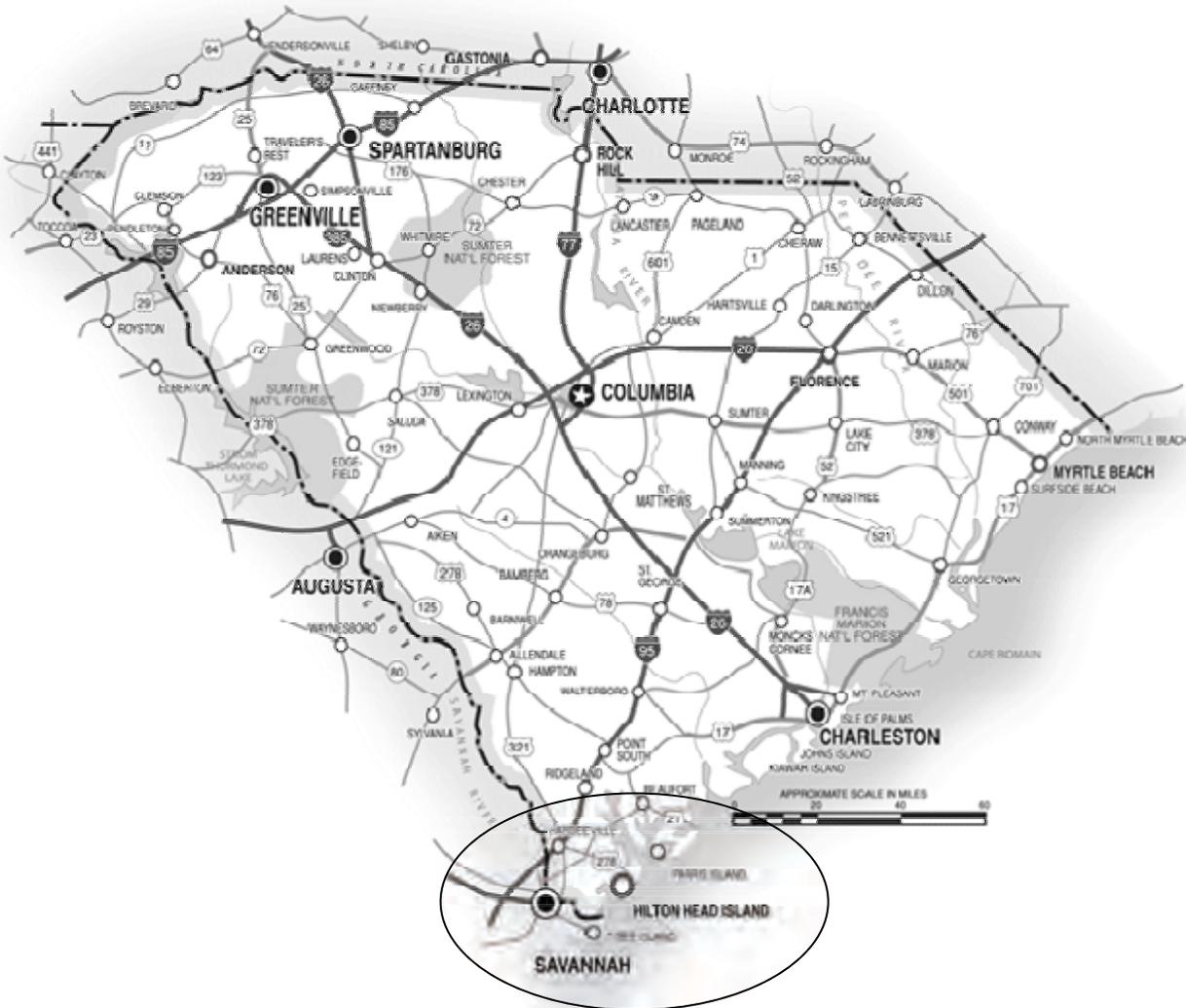


## Budget Calendar and Map

### Budget Calendar

January 23, 2009	Budget kick-off departmental budget packages distributed
February 20, 2009	Department budget package due to Finance
March 20, 2009	Proposed budget is submitted to the Town Manager for review
March 21 – April 14, 2009	Town Manager reviews the proposed budget with ESC and Senior Management
May 5, 2009	Town Manager delivers the proposed budget to the Town Council for first reading of ordinance
May 11, June 1, June 9, 2009	Town Council workshops
June 16, 2009	Public hearing; revised first reading of the budget ordinance by Town Council
June 24, 2009	Second and final reading of budget

Where is Hilton Head Island?



# Hilton Head Island at a Glance

## Demographic Information

Population	
1997	31,141
1998	31,452
1999	31,767
2000	33,862
2001	34,001
2002	34,531
2003	34,499
2004	35,180
2005	38,931
2006	39,700
2007	40,500
2008 (estimate)	40,172
2009 (estimate)	40,453
Median Age	46.0
Number of Households	14,408
Average Family Size	2.32
Per Capita Income	\$36,621
Racial Composition	
White	85.33%
Black or African American	8.26%
American Indian, Alaskan Native	0.14%
Asian	0.55%
Other	5.72%
Hispanic Ethnicity	11.48%
<b>Land Use</b>	
Land Area	54 sq. miles
Miles of Beach	13
<b>Tourism</b>	
Monthly Peak	
Summer Population	150,000

Total Annual Visitors	2.5 million
Annual Visitor Expenditures	\$1.7 billion

## General Information

### Property Tax Millage Rate:

General Fund (Operating)	13.34
Capital Projects Fund (CIP)	.85
Voter Approved Debt	5.67

Total Millage Rate	19.86
--------------------	-------

### Bond Ratings:

Moody's Investor Service	Aa <sup>1</sup>
Standard and Poor's	AA+
Fitch	AA

FY 2010 Budget	\$59,876,810
----------------	--------------

Total Town Staff (FTEs)	257.60
-------------------------	--------

### Recreation and Culture

Public Tennis Clubs	7
Tennis Courts Public and Private	300

### Public Recreation Facilities

Active Recreation	3
Beach Access/Parks	7
Pools	1

Arts Center	1
-------------	---

Number of Libraries	2
---------------------	---

Number of Museums	1
-------------------	---

Number of Nature Preserves	3
----------------------------	---

Number of Marinas	8
-------------------	---

Golf Course in Town Limits (non-municipal)	23
--	----

## Hilton Head Island at a Glance (continued)

### **Economic Development<sup>2</sup>**

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

- Presently, there are more than 600 real estate executives employed on the Island.
- 61% of local jobs are tourism-related.
- Tourism in the Hilton Head Island area employs over 10,000 people living both on the Island and in the surrounding communities.
- Approximately 43 percent of the 5,000 licensed Island enterprises are retail and service-oriented companies.
- Retail operations and restaurants, in particular, have flourished on Hilton Head Island.
- Tourism contributes more than \$1.5 billion into the Hilton Head Island area economy annually.
- Tourist lodging facilities on Hilton Head Island pay nearly \$20 million in property taxes to Beaufort County.
- Sales taxes paid by visitors total \$47 million. Taxes paid by tourists save every South Carolina taxpayer more than \$200 each year in state taxes.

### **Property Sold Through Real Estate Agents**

<sup>3</sup>

	2005	2006	% change	2007	% change	2008	% change
<b>Homes Sold</b>	1,314	758	-42.3%	694	-8.4%	538	-22.5%
Average Price	\$ 927,752	\$ 999,051	7.7%	\$ 1,018,686	2.0%	\$ 852,501	-16.3%
Days on Market	94	103	9.6%	128	24.3%	161	25.8%
<b>Villas Sold</b>	1,954	791	-59.5%	627	-20.7%	476	-24.1%
Average Price	\$ 349,583	\$ 398,854	14.1%	\$ 395,179	-0.9%	\$ 393,936	-0.3%
Days on Market	61	95	55.7%	118	24.2%	147	24.6%
<b>Lots Sold</b>	370	196	-47.0%	73	-62.8%	34	-53.4%
Average Price	\$ 439,756	\$ 515,836	17.3%	\$ 515,938	0.0%	\$ 438,244	-15.1%
Days on Market	82	93	13.4%	133	43.0%	189	42.1%

<sup>2</sup> Hilton Head Island Chamber of Commerce

<sup>3</sup> hhisleinfo.com



## **Accounting and Financial Policies**

# Accounting and Financial Policies

## Accounting Policies

### **General Guidelines**

The Comprehensive Annual Financial Report (CAFR) presents the status of the Town's finances on a basis consistent with Generally Accepted Accounting Principles (GAAP) [i.e., the governmental funds use the modified accrual basis of accounting.] In order to provide a meaningful comparison of actual results with the budget, the CAFR presents the Town's operation on a GAAP basis and shows fund expenditures and revenues on a budget basis for all of the Town's major funds.

### **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 does not report any 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 are considered government 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 operating expenditures associated with administrative services, sheriff/other public safety, fire, community services, and public projects and facilities.

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

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

**Fund Financial Statements (CAFR) (continued)**

*Tax Increment Financing (TIF) 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.* 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 Fees 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.* 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.

*Stormwater Utility Fee 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. Beaufort County collects the stormwater fee and remits the funds to the Town minus an administrative over-head fee. The Town uses these funds for drainage infrastructure maintenance and any associated debt service costs.

**Fund Financial Statements (CAFR) (continued)**

*Real Estate Transfer Fee 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.

The Town reports the Community Development Block Grants, Palmetto Electric Franchise Fees, and the Home Grant Special Revenue funds as non-major governmental funds.

The Tax Increment Financing Fund (TIF), Accommodations Tax Fund, Beach Preservation Fees Fund, Real Estate Transfer Fee Fund, and Electricity Franchise Fee Fund budgets are reflected in the General Fund, Capital Projects Fund (CIP), and Debt Service Fund as “transfers in”. Any additional funds expended from these funds are approved at the time the funds are expended.

**Measurement Focus and Basis of Accounting**

All funds of the Town are maintained during the year using the modified accrual basis of accounting.

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.

### **Measurement Focus and Basis of Accounting (continued)**

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.

### **Cash and Cash Equivalents**

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

### **Investments**

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

- Government National Mortgage Association (GNMA)
- Federal Home Loan Banks (FHLB)
- Small Business Administration (SBA)
- U.S. Maritime Administration (MA)
- Tennessee Valley Authority (TVA)
- U.S. Export-Import Bank (Eximbank)
- Farmers Home Administration (FHA)
- Federal Financing Bank (FFB)
- General Services Administration (GSA)
- Department of Housing and Urban Development (HUD)
- Repurchase agreements whose underlying purchased securities consist of the afore-mentioned instruments;
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
- Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation.

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

Unrated investments (overnight funds) are invested in a money market "account" vs. a true "fund." That is, the funds are held by Wachovia 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 can not 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. The Town's road network is deeded to the County and is not included in the Town's capital asset inventory.

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

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

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

Buildings	30 years
Infrastructure	25 years
Vehicles	8-15 years
Furniture, fixtures, equipment	5-20 years
Land	20-30 years
Roads	25-30 years
Waterway	30 years
Dams	30-50 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 age. In accordance with GASB no liability is recorded for non-vesting accumulative rights to receive sick pay benefits.

The sick leave termination benefit for employees who have a minimum of five years consecutive employment and are terminated for non-disciplinary reasons is computed based on a percentage of actual sick leave. The sick leave termination benefit is paid as a taxable lump-sum bonus at termination. Employees who were department heads or who were older than age 55 on July 1, 2000, were grandfathered under the prior plan of receiving their sick leave as a retirement benefit. The grandfathered employees are eligible for the greater of the sick leave termination benefit or the sick leave retirement benefit.

### **Long-Term Obligations**

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

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

### **Bond Discounts/Issuance Costs/Deferred Losses on Advance Refundings**

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 losses on advance refundings are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts and deferred losses on advance refundings are presented as a reduction of the face amount of the bonds payable, whereas issuance costs are recorded as deferred charges in accordance with Governmental Accounting Standards Board Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Funds.

In the government-wide financial statements, bond discounts, issuance costs and deferred losses on advance refundings are accounted for in the same manner as in the proprietary funds.

## **Budgetary Accounting**

Annual appropriated budgets are adopted for the General Fund, Debt Service Fund, and Capital Projects Fund. The State Accommodations Fund budget is adopted by Town Council some time after the start of the fiscal year. In FY 2009 the budget format has been changed to also include the special revenue fund budgets as well. Special revenue funds are used to fund expenditures in the three major funds. The Town's special revenue funds are tax increment financing (TIF), beach preservation fees, hospitality tax, stormwater fee, Palmetto Electric franchise fees, and real estate transfer fees (RETF.)

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

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

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

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

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

## **Financial Policies**

### **Revenues**

The Town estimates its annual revenues by objective and analytical processes. Revenue forecasts for the 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.

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 (balanced budget).

### **Expenditures**

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

## **Expenditures (continued)**

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

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

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

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

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

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

Expenditure forecasts for the next three years shall be all-inclusive and will be reviewed and updated annually.

## **Capital Improvement Plan (CIP)**

The Town will develop a ten-year Capital Improvements Plan and update it annually.

As part of the annual operating budget, the Town will adopt an annual capital improvement budget based on the multi-year CIP.

The Town will make all capital improvements in accordance with the adopted Capital Improvement Plan.

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

The CIP will contain multi-year projections of expenditures.

The annual budget will implement the first year of the CIP.

Projects funded with bonds, loans, or short-term notes will continue until the project is finished and closed on the general ledger. Staff must re-appropriate the budgets for these projects annually through the budget process.

Projects funded by cash will expire at year end with no funding roll-forward unless approved by Town Council.

Excess funds shall be used to fund future capital projects, over budget projects, or to refund financial instruments.



## Debt Management 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.

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

### *Debt Service Levels*

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

Based on the estimated total assessed value of \$831,819,000, the legal debt margin for the Town of Hilton Head Island is \$66,545,520. Town Council has imposed an 80% cap which further limits this to \$53,236,416. The Town has \$12,325,000 in bonds issued at June 30, 2007, which are applicable to this cap, leaving \$42,941,416 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.

## Disaster Planning Reserves/Policies

To protect the Town's assets against catastrophic events the following reserves have been established:

### *Operating Reserve*

The Town will establish and maintain an operating reserve based on a range with a **minimum of 25%** up to a **maximum of 30%** of the Town's adopted fiscal year operating budget. The operating reserve may be utilized for emergency purposes in post-disaster occurrences; to offset an early fiscal year tax revenue income stream deficiency; and to avoid emergency Town borrowing or use of tax anticipation notes. The Director of Finance is authorized to transfer the amount of undesignated fund balance above the 30% maximum into the debt service reserve fund to maintain an account reserved for the reduction of Town debt. This account shall be called debt defeasance. A report shall be given each year to Town Council, at the close of the fiscal year, identifying the potential excess funds that could be transferred.

## Disaster Planning Reserves/Policies (continued)

### *Advertising Reserve*

The Town will set aside 2% of the 2% local hospitality tax and 5% of the 1% local accommodations tax revenues collected annually into a disaster advertising reserve account. These funds are held in reserve for disaster management communications oriented programs. The fund will be used to provide post disaster advertising, a communications link to emergency agencies, and media programs to provide public notice. Funds may be distributed upon authorization by the Town Manager. The total amount of funds to be deposited in the reserve for this purpose will not exceed \$1 million. Annual interest earned on funds in the reserve will also be deposited into the account.

### *General Reserve*

Once the Disaster Advertising Reserve reaches \$1 million, the Town will set aside 2% of the 2% local hospitality tax and 5% of the 1% local accommodations tax revenues collected annually into a disaster general reserve account. These funds may be used for pre-disaster planning and post disaster recovery efforts (non-communication related activities or debt service payments). The total amount of funds held in reserve for this purpose will not exceed 15% of the General Fund's annual operating revenue.

### *Debt Service Levels*

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

### *Real Estate Transfer Fee Debt Service Reserve*

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

### *Beach Preservation Reserve*

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

Funds held in the reserve account may be used for the following:

- 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.

## **Disaster Planning Reserves/Policies (continued)**

- 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.

In the event of a disaster the Town will adopt the following ordinances/resolutions:

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



## **Budget Process Overview**

# 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 services, consulting, supplies, repairs, utilities, 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.

### **Approach to the Budget Review Process**

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

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

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

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

## **Approach to the Budget Review Process (continued)**

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 Deputy Town Manager and staff are developing the ten-year Capital Improvement Program (CIP) for Planning Commission approval. This budget is submitted to the Finance Department and incorporated as part of the budget document.

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

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

The Finance Department staff consolidates: the General Fund revenue budget and departmental expenditure budgets; the Capital Projects Fund/CIP budget; the Debt Service Fund budget; as well as the three-year financial forecast creating the proposed operating budget (business plan) for the upcoming fiscal year.

### **Budget Approval Process**

During the month of March, 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.

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

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

### **Monitoring the Budget**

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

### **Budget Transfers, Amending the Budget and Encumbrances**

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

- a. Make any budget line item transfer within a department in the General Fund.
- b. Transfer up to One Hundred Thousand Dollars (\$100,000) between departments in the General Fund.
- c. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved capital projects in the Capital Projects Fund.

**Budget Transfers, Amending the Budget and Encumbrances (continued)**

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

*Contract Authority* - the Town Manager is authorized to enter into Town contracts if the total contract amount does not exceed the budgeted line item by fifteen percent (15%) or One Hundred Thousand Dollars (\$100,000), whichever is less. If the total contract amount exceeds said thresholds, the contract and 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 in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. While appropriations lapse at the end of each fiscal year, re-appropriation of encumbrances of the fund balance will be provided for through an amendment of the new fiscal year budget to increase the revenues (funds from previous fiscal year(s)) and increase the appropriated budget expenditures. The threshold for encumbrance roll-over is \$1,000. Any encumbrances less than this threshold will be liquidated and must be expended using funds from the new fiscal year budget.



## **Consolidated Budget**

# Consolidated Budget Summary

## Introduction

The Fiscal Year 2010 Annual Budget was developed based on the goals and vision of Town Council. The financial resources have been allocated in the budget in a manner that we believe will successfully meet the challenges we have before us and set the stage for the Town's continued success in the future.

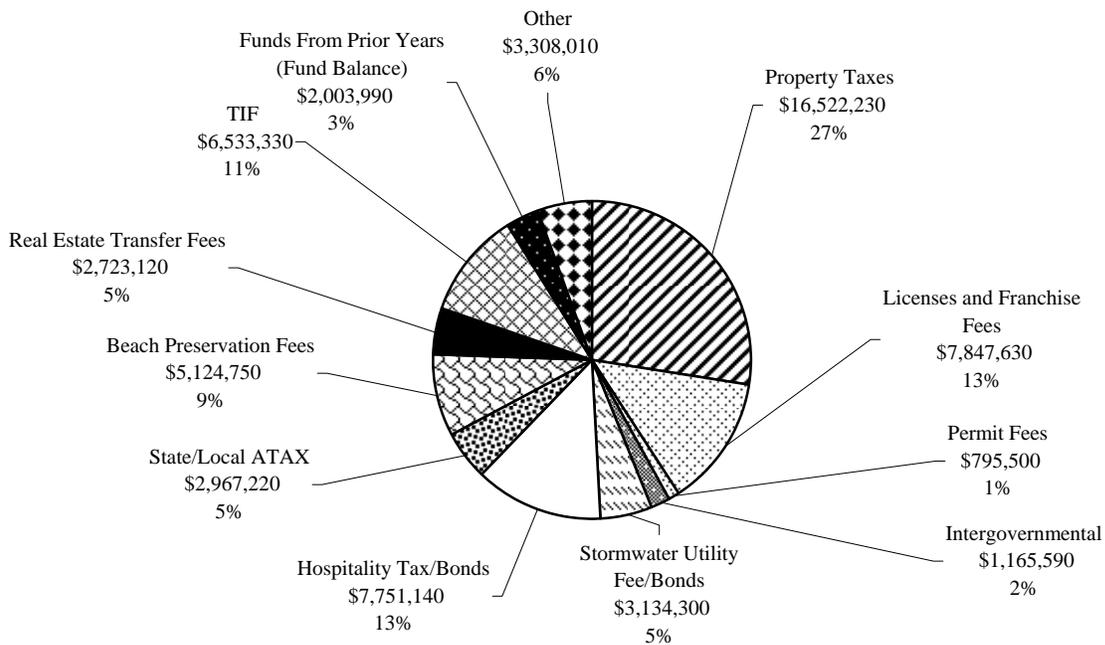
## Fiscal Year 2010 Combined Budget

The combined Fiscal Year 2010 budgeted expenditures for all funds is \$59,876,810. This represents a decrease of \$28.9 million or 32.6% compared to the Fiscal Year 2009 budget. The General Fund budget decreased by \$1.8 million or 5.2%, the Debt Service Fund budget increased by \$629,850 or 3.8%, and the Capital Projects Fund (CIP) budget decreased by \$27.8 million or 72.8%.

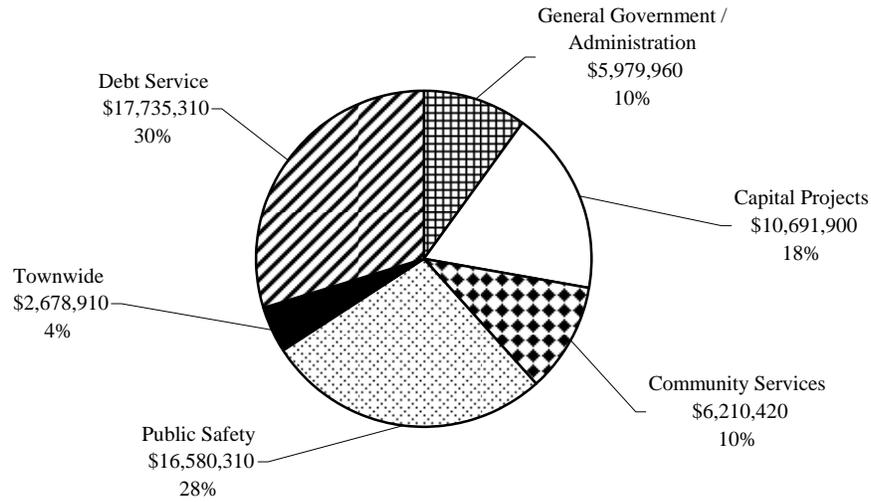
The Fiscal Year 2010 budget is balanced, prudent and responsive to community needs. Projected revenues will be sufficient to support program expenditures. The Town will use: General Fund \$877,640, the Debt Service Fund \$1,105,400 and the Capital Projects Fund \$20,950, in reserve funds (fund balance) to balance those respective budgets. Sufficient reserve funds exist in all funds.

The Town's budget is structured on the basis of individual funds. This approach represents the financial structure of the Town as a municipal corporation. Each fund is a distinct financial entity with its own revenues and expenditures.

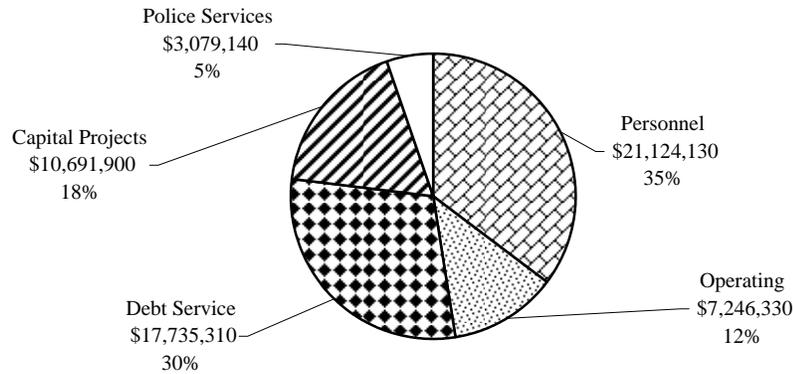
### ALL FUNDS - WHERE THE MONEY COMES FROM



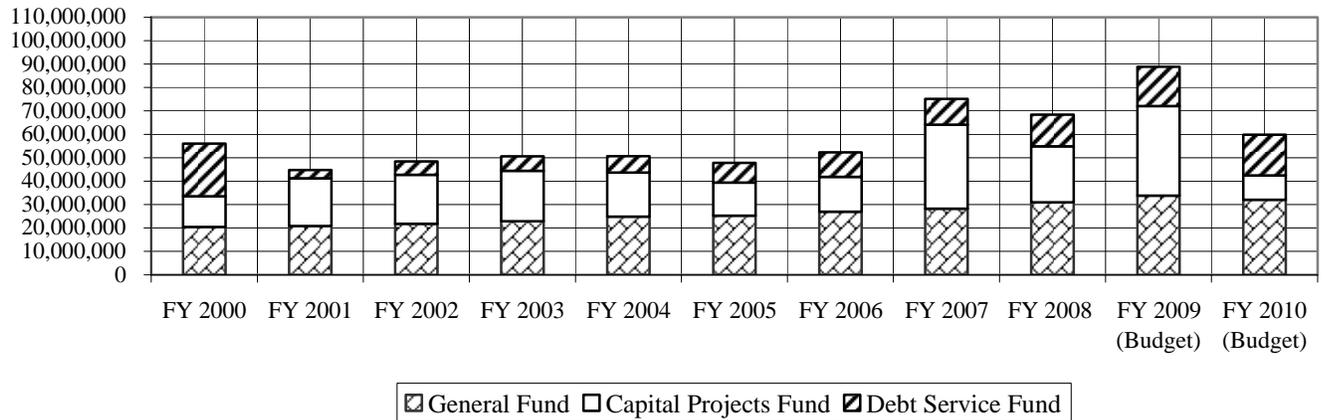
## ALL FUNDS - WHERE THE MONEY GOES BY PROGRAM



## ALL FUNDS - WHERE THE MONEY GOES BY CATEGORY



## Trend Analysis of Expenditures by Fund



Note: FY 2000 through FY 2008 are actual, and FY 2009 and FY 2010 are budget figures. Also, FY 2004 and FY 2005 exclude debt refunding.

## Historical Overview of Revenues and Expenditures - General Fund, Debt Service Fund and Capital Projects Fund (CIP)

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Revised Budget	FY 2010 Budget
<b>Revenues</b>					
Property Taxes	\$ 14,976,068	\$ 15,305,712	\$ 15,431,982	\$ 16,015,750	\$ 16,522,230
Other Taxes/Fees	9,056,304	8,840,891	9,144,367	11,938,731	181,000
Business Licenses and Franchise Fees	8,313,950	8,261,098	8,722,028	8,263,200	7,847,630
Permits	1,890,293	1,353,573	1,256,773	1,321,000	795,500
Intergovernmental	1,155,021	1,268,534	1,312,571	1,512,880	1,165,590
Investment Income	1,899,605	2,771,343	1,632,421	710,000	158,990
Miscellaneous	3,322,172	3,224,459	4,741,416	4,207,538	2,888,690
<b>Total</b>	<b>\$ 40,613,413</b>	<b>\$ 41,025,610</b>	<b>\$ 42,241,558</b>	<b>\$ 43,969,099</b>	<b>\$ 29,559,630</b>
<b>Expenditures</b>					
General Government	\$ 1,395,347	\$ 1,360,932	\$ 1,551,674	\$ 1,138,390	\$ 1,156,500
Administration	3,642,659	3,651,665	3,940,411	5,297,263	4,823,460
Community Services	5,333,019	5,771,519	6,964,349	7,105,273	6,210,420
Public Safety	14,760,157	15,428,220	16,921,361	17,665,839	16,580,310
Townwide	1,664,406	1,745,509	2,018,190	2,153,810	2,678,910
Capital Outlay/Projects	14,960,064	35,868,205	23,255,954	38,700,394	10,691,900
Debt Service	10,590,370	11,661,646	13,800,058	16,766,090	17,735,310
<b>Total</b>	<b>\$ 52,346,022</b>	<b>\$ 75,487,696</b>	<b>\$ 68,451,997</b>	<b>\$ 88,827,059</b>	<b>\$ 59,876,810</b>
<b>Sub-Total Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ (11,732,609)</b>	<b>\$ (34,462,086)</b>	<b>\$ (26,210,439)</b>	<b>\$ (44,857,960)</b>	<b>\$ (30,317,180)</b>
<b>Other Financing Sources (Uses)</b>					
Bond Issue/Other	-	19,303,951	22,414,397	16,213,191	-
Operating Transfers In	15,762,506	24,612,718	13,676,941	25,474,033	28,313,190
<b>Total Other Financing Sources (Uses)</b>	<b>15,762,506</b>	<b>43,916,669</b>	<b>36,091,338</b>	<b>41,687,224</b>	<b>28,313,190</b>
<b>Total Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ 4,029,897</b>	<b>\$ 9,454,583</b>	<b>\$ 9,880,899</b>	<b>\$ (3,170,736)</b>	<b>\$ (2,003,990)</b>

### Budget Highlights

Some of factors impacting the budget are:

#### **Revenues:**

- The Town's General Fund millage rate will increase by .50 mils as allowed by State Code. Based on this change the total millage rate will increase from 19.36 to 19.86 mils.

**FY 2010 is a reassessment year, the millage rate will be revised in August or September of 2009 to reflect the roll back millage rate and the legally allowed millage rate increase.**

- Property tax revenue for all three funds will increase by \$506,660 due to the population/CPI millage rate adjustment in the General Fund and a 1.5% anticipated growth in assessed property values.
- Other Taxes/Fees is less in FY 2010 because the Town will not receive any capital sales tax funds and Local Accommodations Taxes, Hospitality Taxes and Stormwater Fees are budgeted in separate funds and reflected as transfers in. In previous years these funds were budgeted in either the General Fund or the Capital Projects Fund.

## Budget Highlights (continued)

### ***Revenues (continued):***

- It is anticipated revenue from business licenses will **decrease** by \$339,220. (General Fund)
- It is anticipated that revenue from building and development permits will **decrease** by \$525,500. This is due to a down turn in the real estate market. (General Fund)
- \$7.7 million of hospitality tax revenue will be used to fund various General Fund expenditures, debt service payments, and various capital projects.
- \$5.1 million of beach preservation fee revenue will be used to fund various General Fund expenditures, debt service payments, and various capital projects.
- \$6.5 million of TIF funds will be used to fund various project management expenditures in the General Fund, debt service payments, and various capital projects.
- \$3.1 million of stormwater fee revenue will be used to fund various General Fund expenditures, debt service payments, and various capital projects.

### ***Expenditures:***

- Personnel costs – decreased by 0.8% or \$175,560 compared to the FY 2009 revised budget.

No merit increase is planned for the upcoming fiscal year.

#### **Increases**

- ⇒ Salaries increased by 0.5% or \$78,450
- ⇒ The PORS retirement contribution was increased by 7.1% or \$67,990
- ⇒ Vantage Care increased by 12.2% or \$11,170

#### **Decreases**

- ⇒ Short-term salaries was reduced by 44.9% or \$15,210
- ⇒ Overtime was reduced by 17.8% or \$118,500
- ⇒ Medical insurance premiums was reduced by 2.8% or \$42,150
- ⇒ Workers' compensation premiums was reduced by 13.1% or \$53,150

*(The items below refer to expenditure categories)*

- Travel was reduced by 46.5% or \$119,503
- Meetings and conferences was reduced by 29.9% or \$56,819
- Training was reduced by 92.5% or \$38,090
- Townwide employee training was reduced by 48.1% or \$21,800
- Recruitment was reduced by 50.3% or \$24,250
- Facilities maintenance was reduced 40.1% or \$53,400

## Budget Highlights (continued)

### *Expenditures (continued):*

- Closed loop traffic signal was reduced by 25.3% or \$33,862
- Records management was reduced by 59.0% or \$32,227
- Legal fees was increased by 8.4% or \$21,000
- Professional services was reduced by 41.8% or \$176,149
- Consulting services was reduced by 65.9% or \$200,855
- Printing and publishing was reduced by 21.0% or \$15,400
- Equipment <\$5,000 was reduced by 19.0% or \$51,258
- Furniture/Fixtures <\$5,000 was reduced by 60.0% or \$50,450
- Computer software ≥\$5,000 was reduced by 100.0% or \$156,712
- Debt service associated with the purchase of eight fire trucks is a new line item for FY 2010; \$339,370
- Affiliated agency requests:
  1. Recreation Association            amount requested: \$616,940 (decrease of \$146,400)
  2. Coastal Discovery Museum       amount requested: \$75,000 (decrease of \$10,000)
  3. Palmetto Breeze                   amount requested: \$175,000 (no change)
  4. Drug Court                           amount requested: \$48,500 (decrease of \$2,000)
  5. Beach Services                     amount requested: \$165,060 (decrease of \$13,980)
  6. Sheriff's Office                     amount requested: \$2,914,080 (decrease of \$84,099)

Town Council approved the addition of one (1) investigator position for the Sheriff's Office. Funding is being provided for the position only and does not include the equipment associated with outfitting the new position.

  7. Solicitor's Office                   amount requested: \$35,000 (**new**)

Town Council approved the partial funding of the Solicitor's career criminal program.
- Major capital projects and equipment purchases for FY 2010 (Capital Projects Fund) are:
  1. Apparatus and vehicle replacement \$2.2 million
  2. Widen Mathews Drive (US 278 north to Beach City Road) \$1.0 million
  3. Sewer service projects \$800,000
  4. Drainage system rehabilitation \$771,000
  5. Miller Pond project \$569,000
  6. Mainland transportation improvements \$500,000
  7. Port Royal fill project \$500,000

## Property Taxes - All funds

### **Current Property taxes**

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

### **Collection and Distribution**

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

Property taxes are levied for the purposes of funding the provision of municipal services, the Capital Improvements Program (CIP), and the retirement of debt. For Fiscal Year 2010, 13.34 mils will be paid to the General Fund (67.2% of levy), .85 mils to the Capital Projects Fund (4.3% of levy), and 5.67 mils (28.5% of levy) will be used for the retirement of debt.

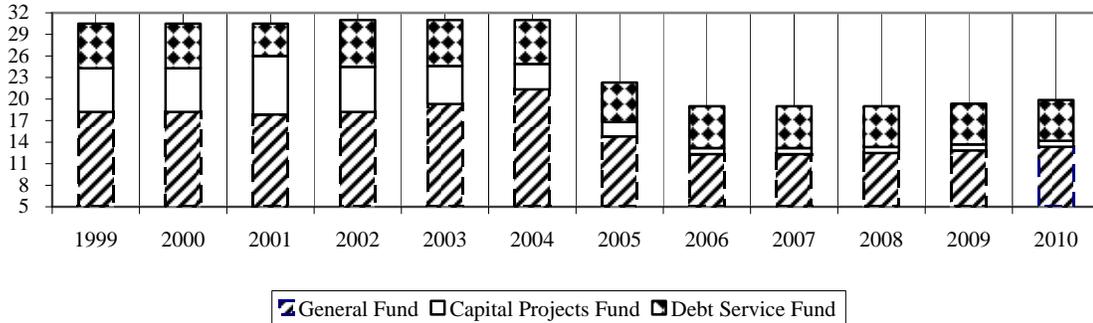
In 2006 the South Carolina legislature enacted a new code section which placed limitations on annual millage rate increases. The code section reads as follows:

A local governing body may increase the millage rate imposed for general operating purposes above the rate imposed for such purposes for the preceding tax year only to the extent of the increase in the average of the twelve monthly consumer price indexes for the most recent twelve-month period consisting of January through December of the preceding calendar year, plus, beginning in 2007, the percentage increase in the previous year in the population of the entity as determined by the Office of Research and Statistics of the State Budget and Control Board. However, in the year in which a reassessment program is implemented, the rollback millage, as calculated pursuant to Section 12-37-251(E), must be used in lieu of the previous year's millage rate.

Based on this legislation the Town's allowable population percentage increase is .07% and the consumer price index percentage increase is 3.84%, for a combined allowable millage rate increase of 3.9%. The allowable millage rate increase for the General Fund has been incorporated into the budget.

Property Taxes - All funds (continued)

**Millage Rate - Historical Analysis**



Town Staffing

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
<b><u>General Government</u></b>				
Town Council	7.00	7.00	7.00	7.00
Town Manager	4.00	4.00	5.00	5.00
<b><u>Administration</u></b>				
Administration/Legal	27.50	27.50	26.50	26.50
Finance	17.00	19.00	19.00	19.00
<b><u>Community Services</u></b>				
Community Development	36.00	36.00	36.00	32.00
Public Projects and Facilities	20.00	21.00	21.00	21.00
<b><u>Public Safety</u></b>				
Fire and Rescue	147.30	147.60	147.60	147.10
<b>TOTAL</b>	<b><u>258.80</u></b>	<b><u>262.10</u></b>	<b><u>262.10</u></b>	<b><u>257.60</u></b>

The FY 2010 budget includes the elimination of 4.5 positions:

- .5 Administrative Assistant position in Fire and Rescue Administration
- 2 Plans Examiner positions in Community Development Inspections/Compliance
- 1 Codes Inspector position in Community Development Inspections/Compliance
- 1 Community Development Assistant position in Community Development CD Services

Two employees were reassigned to other vacant positions as a result of the positions eliminated above.



## General Fund

# General Fund Analysis

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

## Department Expenditure Summary for Fiscal Year 2010 (General Fund)

Department	Personnel	Operating	Capital/Debt	Grants	Total Expenses
Town Council	\$ 84,980	\$ 339,370			\$ 424,350
Town Manager	700,640	31,510			732,150
Administration/Legal	2,281,570	956,800	83,900		3,322,270
Finance	1,439,940	145,150			1,585,090
Community Development	2,672,110	97,030			2,769,140
Public Projects and Facilities	1,719,530	1,721,750			3,441,280
Fire and Rescue	12,199,660	1,301,510	185,000		13,686,170
Sheriff/Other Public Safety		3,079,140			3,079,140
Non-Departmental (Townwide)	34,700	1,327,270	339,370	1,316,940	3,018,280
<b>Totals</b>	<b>\$ 21,133,130</b>	<b>\$ 8,999,530</b>	<b>\$ 608,270</b>	<b>\$ 1,316,940</b>	<b>\$ 32,057,870</b>

## Historical Overview of Revenues and Expenditures - General Fund

	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated FY 2009	Budget FY 2010
<b>Revenues</b>					
Property Taxes	\$ 9,729,367	\$ 9,940,043	\$ 10,138,385	\$ 10,555,492	\$ 11,098,760
Other Taxes	2,223,657	2,202,972	2,319,342	1,923,179	-
Business Licenses and Franchise Fees	8,313,950	7,668,657	8,722,028	7,769,929	7,847,630
Permits	1,890,293	592,441	1,256,773	864,278	795,500
Intergovernmental	928,121	1,353,573	1,105,671	995,104	895,590
Investment Income	488,747	651,586	402,416	112,790	112,790
Miscellaneous Fees	2,657,310	3,433,879	2,586,500	2,725,894	2,559,690
<b>Total</b>	<b>\$ 26,231,445</b>	<b>\$ 25,843,151</b>	<b>\$ 26,531,115</b>	<b>\$ 24,946,666</b>	<b>\$ 23,309,960</b>
<b>Expenditures</b>					
General Government	\$ 833,788	\$ 740,492	\$ 1,551,674	\$ 1,126,116	\$ 1,156,500
Administration	4,204,218	4,272,104	3,921,014	4,710,622	4,823,460
Community Services	5,333,019	5,771,519	6,250,241	6,333,832	6,210,420
Public Safety	14,760,157	15,428,220	16,921,361	16,929,264	16,580,310
Townwide	1,664,406	1,745,510	2,018,190	2,298,408	2,678,910
Capital Outlay	106,209	211,006	209,932	320,816	268,900
Debt Service	70,650	70,650	70,650	-	339,370
<b>Total</b>	<b>\$ 26,972,447</b>	<b>\$ 28,239,501</b>	<b>\$ 30,943,062</b>	<b>\$ 31,719,058</b>	<b>\$ 32,057,870</b>
<b>Sub-Total Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ (741,002)</b>	<b>\$ (2,396,350)</b>	<b>\$ (4,411,947)</b>	<b>\$ (6,772,392)</b>	<b>\$ (8,747,910)</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	\$ 4,117,431	\$ 4,127,305	\$ 4,196,822	\$ 5,538,830	\$ 7,870,270
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 4,117,431</b>	<b>\$ 4,127,305</b>	<b>\$ 4,196,822</b>	<b>\$ 5,538,830</b>	<b>\$ 7,870,270</b>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ 3,376,429</b>	<b>\$ 1,730,955</b>	<b>\$ (215,125)</b>	<b>\$ (1,233,562)</b>	<b>\$ (877,640)</b>

## General Fund Two-Year Comparison

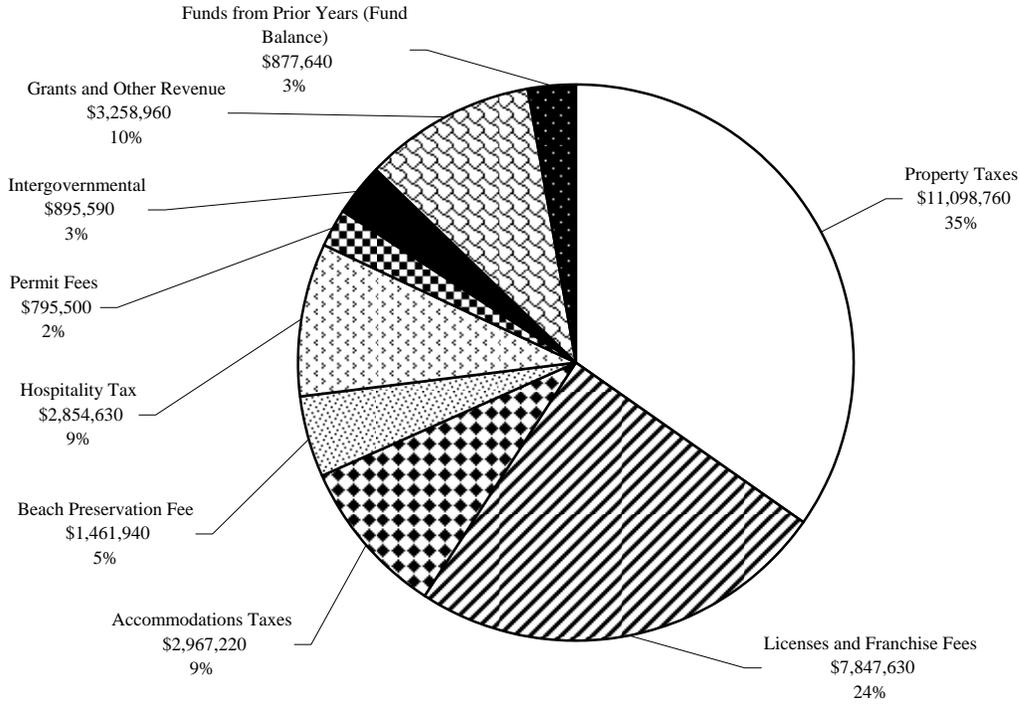
	FY 2009 Revised Budget	FY 2009 Est. Actual	FY 2010 Budget	Budget Diff. % FY 2009	Estimate Diff. % FY 2009
<b>Revenues:</b>					
Property Taxes	\$ 10,622,550	\$ 10,555,492	\$ 11,098,760	4.48%	5.15%
Local ATAX Public Safety	2,269,580	1,923,179	-	-100.00%	-100.00%
Business Licenses & Franchise Fees	8,263,200	7,769,929	7,847,630	-5.03%	1.00%
Permit Fees	1,321,000	864,278	795,500	-39.78%	-7.96%
Intergovernmental Revenue	1,167,880	995,104	895,590	-23.31%	-10.00%
Miscellaneous Revenue	2,095,000	2,503,707	2,337,910	11.59%	-6.62%
Grants	273,900	222,187	221,780	-19.03%	-0.18%
Investments	500,000	112,790	112,790	-77.44%	0.00%
Transfers In	5,850,760	5,538,830	7,870,270	34.52%	42.09%
<b>Total Revenues</b>	<b>\$ 32,363,870</b>	<b>\$ 30,485,496</b>	<b>\$ 31,180,230</b>	<b>-3.66%</b>	<b>2.28%</b>
<b>Expenditures</b>					
General Government					
Town Council	\$ 403,970	\$ 409,219	\$ 424,350	5.04%	3.70%
Town Manager	734,420	716,897	732,150	-0.31%	2.13%
	<b>1,138,390</b>	<b>1,126,116</b>	<b>1,156,500</b>	<b>1.59%</b>	<b>2.70%</b>
Administration					
Administration/Legal	3,910,316	3,253,623	3,238,370	-17.18%	-0.47%
Finance	1,640,369	1,456,999	1,585,090	-3.37%	8.79%
	<b>5,550,685</b>	<b>4,710,622</b>	<b>4,823,460</b>	<b>-13.10%</b>	<b>2.40%</b>
Community Services					
Community Development	3,319,850	2,932,568	2,769,140	-16.59%	-5.57%
Public Projects and Facilities	3,785,423	3,401,264	3,441,280	-9.09%	1.18%
	<b>7,105,273</b>	<b>6,333,832</b>	<b>6,210,420</b>	<b>-12.59%</b>	<b>-1.95%</b>
Public Safety					
Fire	14,488,620	13,898,562	13,501,170	-6.82%	-2.86%
Sheriff/Other Public Safety	3,177,219	3,030,702	3,079,140	-3.09%	1.60%
	<b>17,665,839</b>	<b>16,929,264</b>	<b>16,580,310</b>	<b>-6.14%</b>	<b>-2.06%</b>
Townwide	2,153,810	2,298,408	2,678,910	24.38%	16.56%
Debt	-	-	339,370	100.00%	100.00%
Capital Outlay	457,452	320,816	268,900	-41.22%	-16.18%
<b>Total Expenditures</b>	<b>\$ 34,071,449</b>	<b>\$ 31,719,058</b>	<b>\$ 32,057,870</b>	<b>-5.91%</b>	<b>1.07%</b>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ (1,707,579)</b>	<b>\$ (1,233,562)</b>	<b>\$ (877,640)</b>		
<b>Beginning Fund Balance</b>		<b>\$ 16,274,131</b>	<b>\$ 15,040,569</b>		
<b>Ending Fund Balance</b>		<b>\$ 15,040,569</b>	<b>\$ 14,162,929</b>		

## General Fund Detail Revenue Two-Year Comparison

	FY 2009 Revised Budget	FY 2009 Est. Actual	FY 2010 Budget	Budget Diff. % FY 2009	Estimate Diff. % FY 2009
<b>Property Taxes</b>	\$ 10,622,550	\$ 10,555,492	\$ 11,098,760	4.48%	5.15%
<b>Licenses &amp; Franchise Fees</b>					
Business Licenses	7,650,000	7,238,398	7,310,780	-4.43%	1.00%
Cable TV Utility	590,000	510,246	515,350	-12.65%	1.00%
Beach Franchise Fee	23,200	21,285	21,500	-7.33%	1.01%
<b>Total - Licenses &amp; Franchise Fees</b>	8,263,200	7,769,929	7,847,630	-5.03%	1.00%
<b>Permit Fees</b>					
Construction Permits	450,000	184,413	150,000	-66.67%	-18.66%
Development Permits	11,000	15,459	15,500	40.91%	0.27%
Other Permits	860,000	664,406	630,000	-26.74%	-5.18%
<b>Total - Permit Fees</b>	1,321,000	864,278	795,500	-39.78%	-7.96%
<b>Intergovernmental Revenue</b>					
State Shared Revenue	1,167,880	995,104	895,590	-23.31%	-10.00%
<b>Total - Intergovernmental Revenue</b>	1,167,880	995,104	895,590	-23.31%	-10.00%
<b>Miscellaneous Revenue</b>					
Public Safety Revenue	1,285,000	1,504,863	1,517,910	18.13%	0.87%
Beach Services	225,000	148,610	135,000	-40.00%	-9.16%
Municipal Court Fines	485,000	409,618	410,000	-15.46%	0.09%
Victim's Assistance	45,000	71,004	70,000	55.56%	-1.41%
Miscellaneous Revenue	55,000	369,612	205,000	272.73%	-44.54%
<b>Total - Miscellaneous Revenue</b>	2,095,000	2,503,707	2,337,910	11.59%	-6.62%
<b>Grants</b>					
Miscellaneous Reimbursements	273,900	222,187	221,780	-19.03%	-0.18%
<b>Total - Grants</b>	273,900	222,187	221,780	-19.03%	-0.18%
<b>Local ATAX Public Safety</b>	2,269,580	1,923,179	-	-100.00%	-100.00%
<b>Investments</b>	500,000	112,790	112,790	-77.44%	0.00%
<b>Transfers In</b>					
Accommodations Tax - State	1,361,930	1,050,000	1,020,890	-25.04%	-2.77%
Accommodations Tax - Local	-	-	1,946,330	100.00%	100.00%
Beach Preservation Fee	1,427,340	1,427,340	1,461,940	2.42%	2.42%
Electricity Franchise Fee	70,440	70,440	79,330	12.62%	12.62%
Hospitality Tax	2,460,960	2,460,960	2,854,630	16.00%	16.00%
Stormwater Fee	303,830	303,830	313,360	3.14%	3.14%
TIF	226,260	226,260	193,790	-14.35%	-14.35%
<b>Funds from Prior Years</b>	1,454,157	1,233,562	877,640	-39.65%	-28.85%
<b>TOTAL</b>	<b>\$ 33,818,027</b>	<b>\$ 31,719,058</b>	<b>\$ 32,057,870</b>	<b>-5.20%</b>	<b>1.07%</b>

## General Fund Revenues

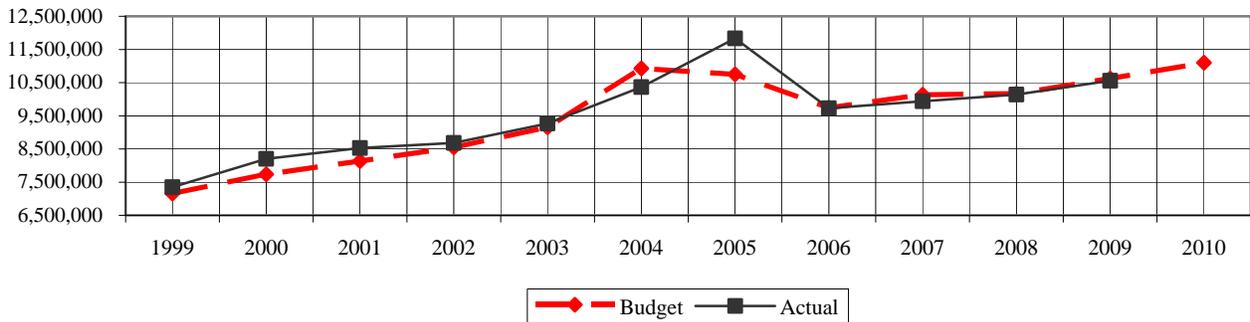
General Fund Revenues (excluding use of funds from prior years) in Fiscal Year 2010 are projected to be \$1,183,640 or 3.6% less than the FY 2009 budget.



## Property Taxes

Property Tax revenue will increase by 4.5% or \$476,210. This is due to a 3.9% increase in the millage rate and a 1.5% anticipated increase in assessed property values.

Revenue - Property Taxes



## General Fund Revenues (continued)

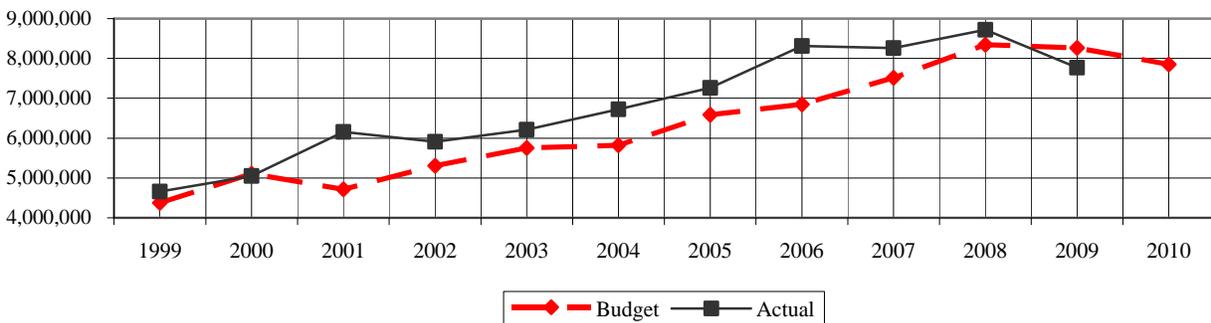
### Licenses and Franchise Fees

Licenses and franchise fees represent the second largest single revenue source for the General Fund.

The most significant source is the business license fee levied upon each \$1,000 of gross receipts, sales, or premiums of business conducted within the corporate limits of the Town. The Fiscal Year 2010 budget of \$7,310,780 in business license receipts is 4.4% less than the Fiscal Year 2009 budget of \$7,650,000 and 1.0% greater than the FY 2009 estimated actual revenue of \$7,238,398. Due to a slow down in the economy the FY 2010 budget reflects a conservative estimate of revenues to be received from this source.

Franchise fee revenue is anticipated to be \$536,850 in Fiscal Year 2010, a 12.4% decrease over the Fiscal Year 2009 budget and 1.0% higher than the FY 2009 estimated actual revenue. The FY 2010 budget reflects a conservative estimate of revenues to be received from this source.

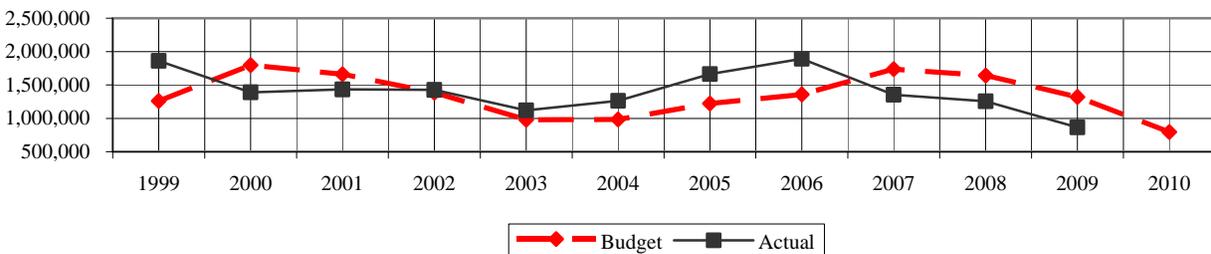
**Revenue - Business License and Franchise Fees**



### Permit Fees

Construction and development permit fee revenues are budgeted at \$795,500 representing a 39.8% decrease over the Fiscal Year 2009 budget. The FY 2010 budget reflects a conservative estimate in revenues based on a slow down in the economy. Revenue from new construction permits is anticipated to be approximately \$300,000 less than budgeted in FY 2009 consequently the FY 2010 budget reflects this decline.

**Revenue - Permit Fees**



## General Fund Revenues (continued)

### **Transfer In - Accommodation Tax (Local)**

The 1% local accommodations tax is intended to be used for public safety, and will generate \$1.9 million in revenue. This figure is 14.2% less than the prior fiscal year budget and 1.2% higher than this year's projected actual revenue.

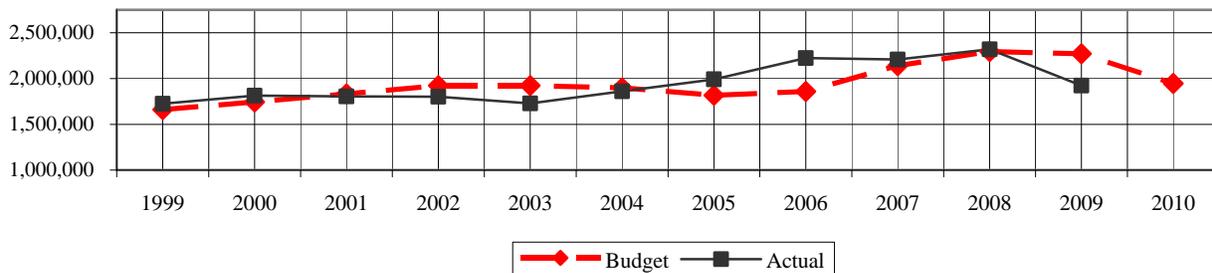
The local accommodations tax is the third largest single revenue source for the General Fund. This tax is imposed on the gross proceeds derived from the rental of any rooms (excluding meeting rooms), campground spaces, recreational vehicle spaces, lodging or sleeping accommodations furnished to transients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

- Tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums;
  - Tourism-related cultural, recreational, or historic facilities;
  - Beach access and renourishment;
  - 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 identified above, including police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.
- 
- ***Festival fund*** - The Town sets aside five (5) percent of this local accommodations tax for the promotion of festivals created after January 21, 1998, 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 whose membership consists of representatives from the lodging, restaurant, golf, tennis and related hospitality industry. 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's Accommodations Tax Advisory Committee prior to April 1 of each calendar year. The accommodations tax advisory committee will review and make recommendations to the Town Council by May 15 of each calendar year. Funds are distributed to the designated organization on a quarterly basis no later than thirty (30) days after the end of the quarter.
- 
- ***Reserve fund*** - The Town sets aside, in a separate account, five (5) percent of the one (1) percent local accommodations tax, as a reserve fund for disaster management communications-oriented programs. These funds are used to provide for post disaster advertising, a communications link to emergency agencies, and media programs to provide public notice. Funds are distributed upon authorization by the Town Manager.

## General Fund Revenues (continued)

### Transfer In - Accommodation Tax (Local) (continued)

Revenue - Local Accommodations Tax



### Transfer In - Accommodation Tax (State)

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

It is anticipated that this line item will provide \$1.0 million in funds to the General Fund. This represents a 25.0% decrease over the Fiscal Year 2009 budget. The reduction in funding was per the direction of Town Council. This line item includes the 5% of State Accommodations Tax designated by law to the General Fund.

### Transfer In - Hospitality Tax

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

These funds are used to support the Public Safety function of Town Government. It is anticipated that this line item will provide approximately \$2.8 million in funds to the General Fund. This represents a 13.8% increase over the Fiscal Year 2009 budget. The increase is due to debt service payments associated with the purchase of eight new fire trucks. A portion of the additional hospitality tax revenue will be used to offset property tax revenue that will be used to pay these debt service costs. The balance of the additional funds will be used to fund a new investigator position in the Sheriff's Office.

## General Fund Revenues (continued)

### **Transfer In - Beach Preservation Fee**

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

It is anticipated that this line item will provide \$1.5 million in funds to the General Fund. This represents a 2.4% increase over the Fiscal Year 2009 budget. The additional funding is for the Sea Turtle Project that has been moved from the Capital Projects Fund to the General Fund.

### **EMS**

Funds received through Fire and Rescue for medical services rendered will be approximately \$1.3 million. This represents a 19.8% increase over the Fiscal Year 2009 budget.

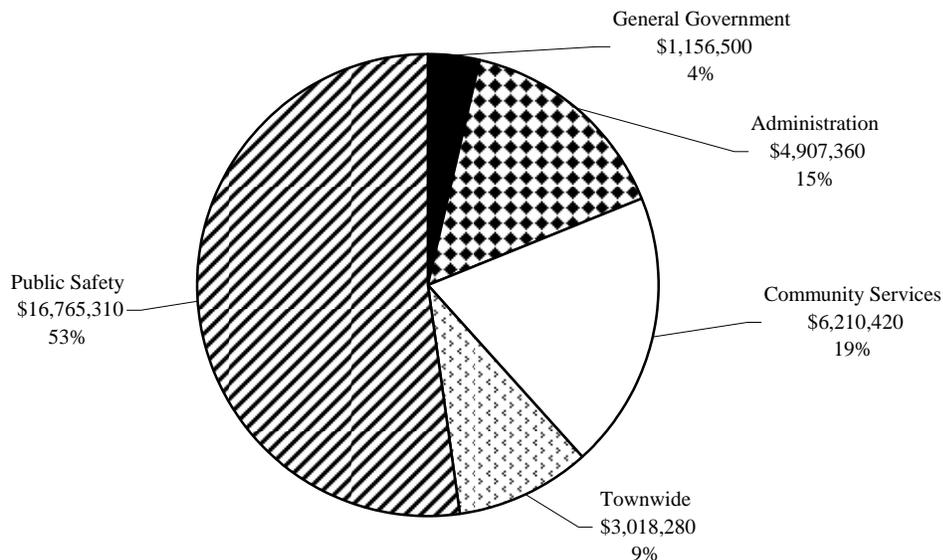
### **Funds from Prior Years (Fund Balance)**

At the end of FY 2008 the Town had \$14.3 million in undesignated funds held in reserve. In FY 2010 the Town will use approximately \$877,640 of these funds to balance the budget.

## General Fund Expenditures

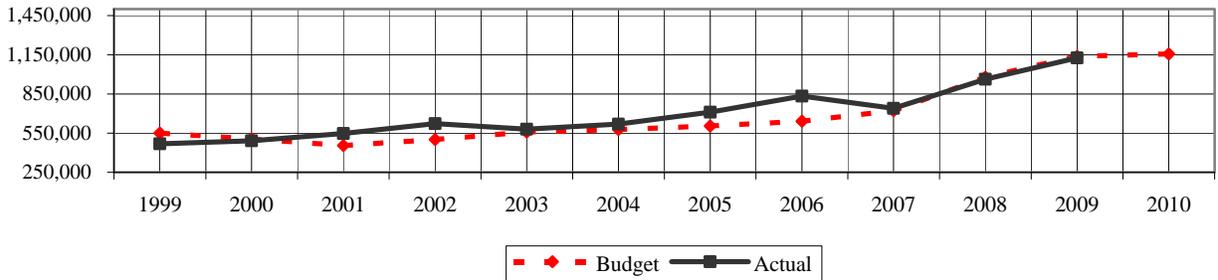
The Fiscal Year 2010 budgeted expenditures are programmed at \$32,057,870.

### **General Fund Expenditures by Program**

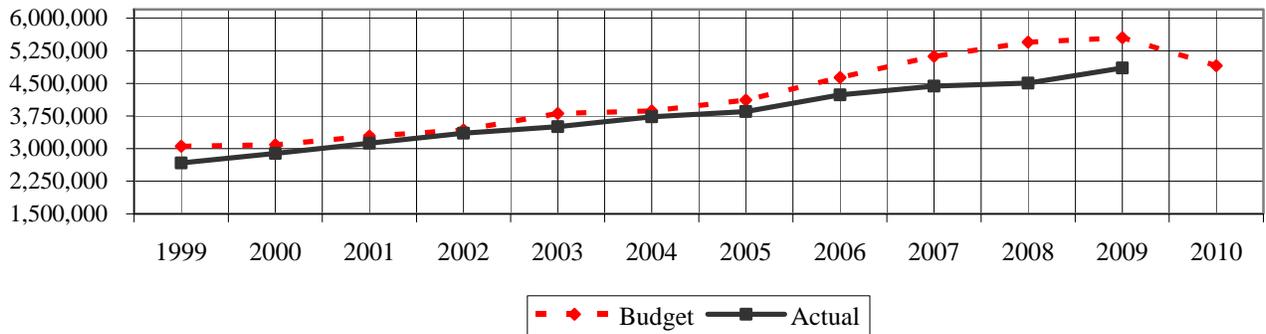


## Trend Analysis - Expenditures by Program

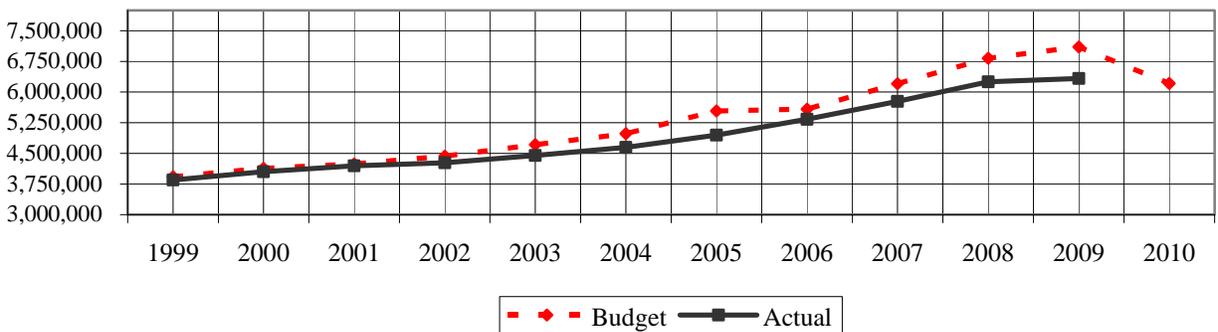
### Expenditures - General Government (Town Council, Town Manager)



### Expenditures - Administration (Administration/Legal, Finance)

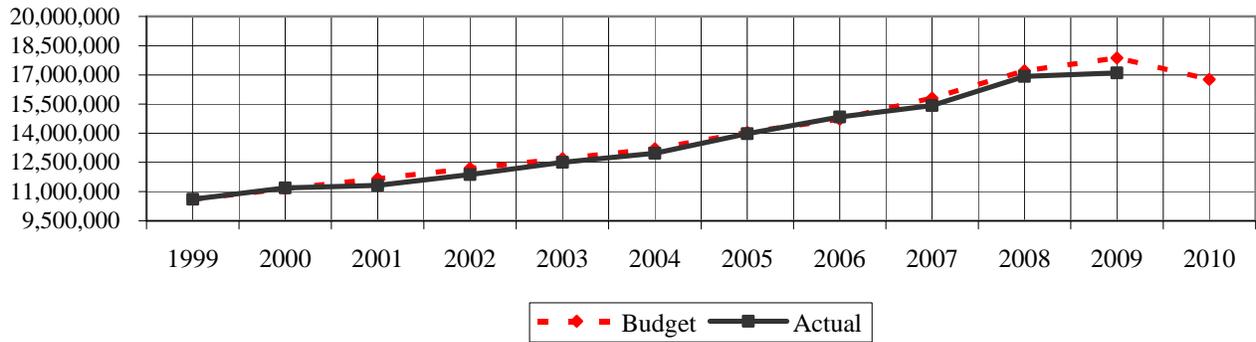


### Expenditures - Community Services (Community Development, Public Projects and Facilities)



Trend Analysis - Expenditures by Program (continued)

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



Program: General Government  
Department: Town Council

**Mission**

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

**Core Services**

***Open Town Government***

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

***Financial Stability and Economic Development***

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

***Community and Environmental Vitality***

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

***World-Class Leisure and Recreational Opportunities for Residents and Guests***

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

***Promoting Unity while Supporting Diversity in the Community***

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

Program: General Government  
Department: Town Council

### 2009 Achievements

- Acquisition of 8 new Fire Rescue Pumper Trucks
- Completion of Mathews Drive South widening and Roundabout
- Dedication of Compass Rose Park
- Continuation of surveillance camera installation project
- Adopt the 2008 Comprehensive Plan Amendment
- Disaster Permitting Ordinance
- Continuation of overhead power line burial project
- Adopt the 2008 Beach Management Plan

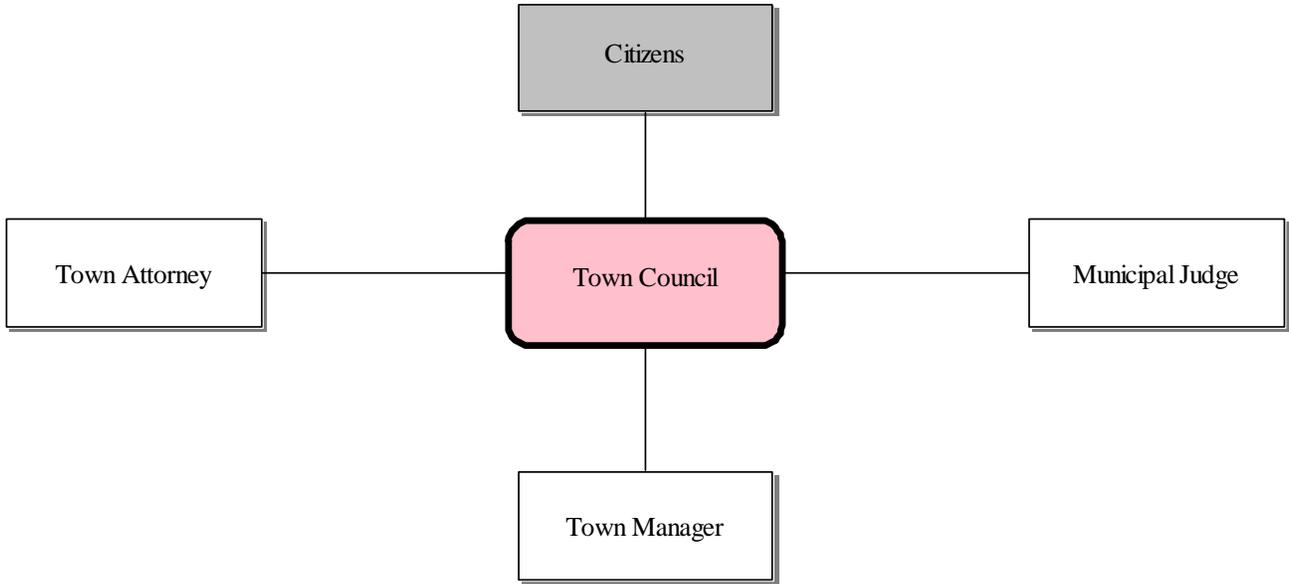
### 2010 Top Priorities

- Review LMO: Environmental Issues
- LMO: Flexibility in Redevelopment
- Update the Comprehensive Plan
- Recycling Initiatives
- Dune Protection

### 2010 High Priorities

- Coligny Beach Park Redevelopment
- Town Space Needs
- “Green” Initiatives”
- Stormwater Utility Management Agreements with major PUD’s
- Mathews Drive Corridor Project (North)
- Dirt Roads Acquisition Policy

Program: General Government  
 Department: Town Council



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

Expenditures by Program/Category

Town Council	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Budget	FY 2009 Estimate	FY 2010 Budget	Budget \$ Change
<b>Summary By Category</b>							
Personnel	\$ 75,917	\$ 71,269	\$ 74,346	\$ 85,120	\$ 76,536	\$ 84,980	\$ (140)
Operating	372,616	283,542	355,061	318,850	332,683	339,370	20,520
Capital Outlay	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 448,533</b>	<b>\$ 354,811</b>	<b>\$ 429,407</b>	<b>\$ 403,970</b>	<b>\$ 409,219</b>	<b>\$ 424,350</b>	<b>\$ 20,380</b>
<b>Positions</b>	7.0	7.0	7.0	7.0	7.0	7.0	-

Program: General Government  
Department: Town Manager

### Mission

To provide professional leadership for the implementation of all policies and objectives set by Town Council and coordinate all municipal operations to provide effective and efficient delivery of services to Hilton Head Island's residents and visitors.

### Core Services

Hilton Head Island has a Council-Manager form of government. In this form of government, Council hires a "Manager." The Manager has executive powers, while Council has legislative (policy setting) powers.

The Town Manager is the chief executive officer and head of the administrative branch of the municipal government. He is responsible to the council for the proper administration of all affairs of the municipality.

The Town Manager provides overall management of Town departments in a way that empowers employees to exceed citizen/ customer expectations.

The Town Manager provides support and recommendations to Mayor and Town Council; provides effective communication between Town Council, staff, residents, and other customers; and meets with Department Heads to ensure implementation of Town Council's goals and objectives.

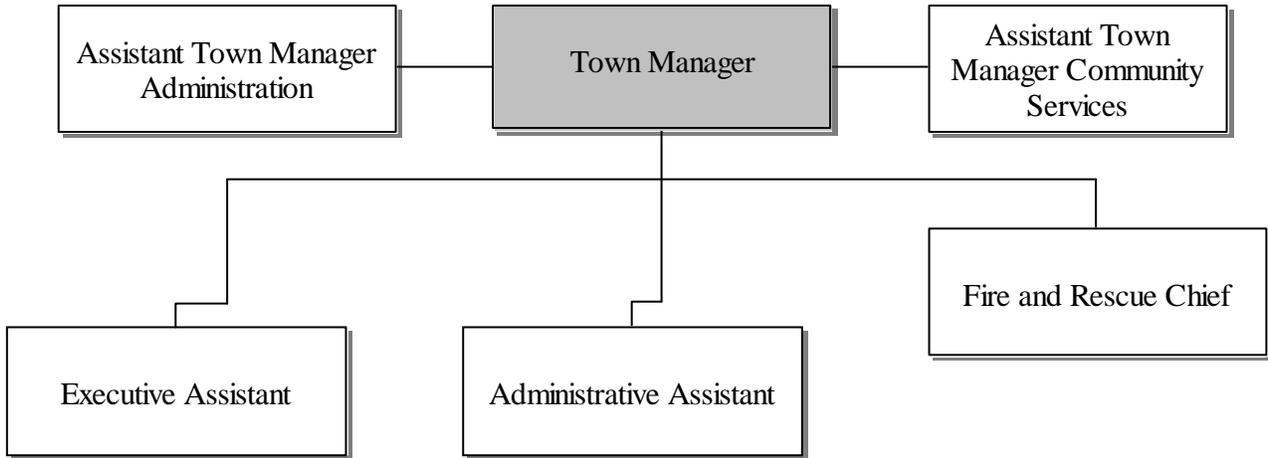
### 2009 Accomplishments

- Customer Service Standards
- See accomplishments of other departments and divisions

### 2010 Goals

- Assist Town Council, Departments and Divisions to achieve their goals
- Budget: Services and Service Level Priority
- Coligny Beach Park Phase I
- Review Development/Redevelopment Process
- "Green" Initiatives in Town Operations
- PUD Infrastructure Agreements for Storm Water Utility Management
- CIP Criteria and Process
- Storm Water Utility Fees
- All-Hazards Disaster Plan
- Shelter Cove Mall Theater Project

Program: General Government  
 Department: Town Manager



Note: The two assistants are budgeted in the Town Manager's Department; however, they are direct reports to the Administration Department's Legal Administrative Manager. The Fire and Rescue Chief's salary is budgeted in the Fire and Rescue Department.

Expenditures by Program/Category

Town Manager	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Budget	FY 2009 Estimate	FY 2010 Budget	Budget \$ Change
<b>Summary By Category</b>							
Personnel	\$ 297,857	\$ 356,103	\$ 501,697	\$ 704,220	\$ 690,897	\$ 700,640	\$ (3,580)
Operating	87,398	29,578	32,772	30,200	26,000	31,510	1,310
Capital Outlay	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 385,255</b>	<b>\$ 385,681</b>	<b>\$ 534,469</b>	<b>\$ 734,420</b>	<b>\$ 716,897</b>	<b>\$ 732,150</b>	<b>\$ (2,270)</b>
<b>Positions</b>	3.0	4.0	4.0	5.0	5.0	5.0	-

Program: Administration  
Division: Administration/Legal

**Mission**

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

**Core Services**

**Administration**

Assist Town Manager with Town-wide oversight. Manage Community Information Program to include Mayor/Town Manager correspondence; media relations; promotion of Town news; newsletter publication; magazine articles; speech writing; liaison with Beaufort County Sheriff's Office and Latin Community. Provide assistance with the Town's State Legislative Agenda. Provide assistance with the Town's Special Event Process. Manage Finance Department, Human Resources Division, and Administrative Services and Legal Division.

**Legal Services**

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

**2009 Accomplishments**

- Oversaw the State's Legislative Agenda and strategies and provided assistance to support the Town's positions on 2008-2009 State Legislation.
- Assisted with the development and implementation of the Town Council Policy Agenda 2008 and Management Agenda 2008.
- Permitted over 41 Special Events on the Island.
- Appropriated funding for community events in 2008-2009 Budget for the Arts Center of Coastal Carolina and Island Recreation Association to promote community spirit and pride.
- Coordinated the Town's 25<sup>th</sup> Anniversary Celebration and video to promote the Town's accomplishments as an incorporated municipality for the past 25 years.
- Completed a departmental Continuity of Operations Plan to provide for a detailed plan for the department to resume serving its customers as soon as possible after a disaster.

Program: Administration  
 Division: Administration/Legal

**2009 Accomplishments (continued)**

- Assisted with the dissemination of Town information in newspaper articles, magazines, and television to keep the community informed on Town issues and projects.
- Assisted with the procurement audit to improve procurement efficiency, methods, and internal accountability.
- Continued education of residents/guests regarding light ordinance and the effect of lights on sea turtles in an effort for an enhanced and successful turtle nesting season.
- Worked with deputy sheriffs to teach trial advocacy for jury trials so deputies are more experienced in jury trials.
- Coordinated the renewal of the Beaufort County Sheriff’s Office/Beaufort County Agreement for Police Services and Shore Beach Services, Inc.’s Franchise Agreement.

**2010 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 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Average review of contracts within 3 days	75	75	75
Workers compensation compliance	98.0%	98.0%	98.0%

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

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Average response to FOIA Requests within 10 days	35	30	30

**Goal 2:** To oversee the State Legislative Agenda and strategies and provide assistance to support the Town’s positions on 2008-2009 State Legislation.

**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 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Review and Distribute MASC Legislative Alerts	30	30	30
Draft Committee Agendas and attend meetings	9	9	9
Letters of support or opposition	20	20	20

Program: Administration  
 Division: Administration/Legal

**2010 Goals, Objectives, and Performance Measures (continued)**

**Goal 3:** To provide administrative support for the Town’s Special Event application process.

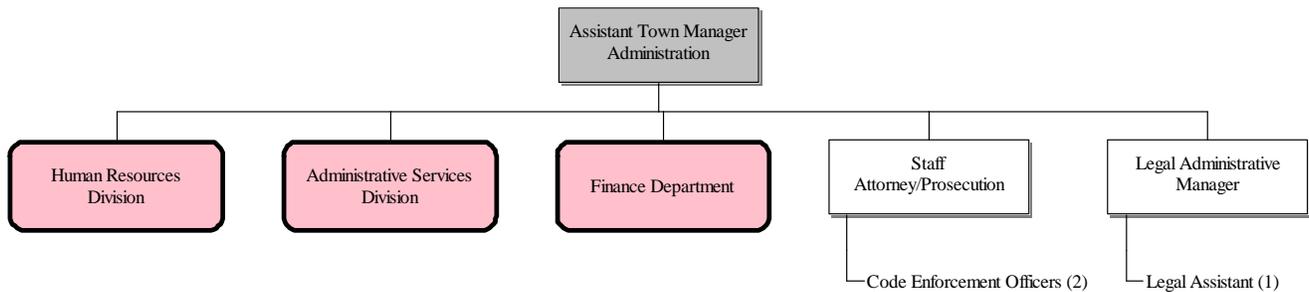
**Objective:** To review applications, advise applicants of ordinance requirements and required documentation distribute application to key staff and BCSO liaison, coordinate meetings, draft correspondence/permits, obtain necessary signatures, and notify parties of approved events.

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Number of special event applications processed	42	44	45
Number of non-special events reviewed and processed	25	20	20

**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 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Attorney prosecutions	69	60	60
Attorney assist Deputy with prosecution	28	40	25
Attorney assist Code Enforcement with prosecution	24	20	10



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

## Expenditures by Program/Category

<b>Administration</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2009 Estimate</b>	<b>FY 2010 Budget</b>	<b>Budget \$ Change</b>
<b>Summary By Category</b>							
Personnel	\$ 467,333	\$ 502,510	\$ 572,518	\$ 407,800	403,684	\$ 413,910	\$ 6,110
Other	24,292	25,836	25,550	37,980	31,400	56,740	18,760
Capital Outlay	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 491,625</b>	<b>\$ 528,346</b>	<b>\$ 598,068</b>	<b>\$ 445,780</b>	<b>\$ 435,084</b>	<b>\$ 470,650</b>	<b>\$ 24,870</b>
<b>Positions</b>	6.0	6.0	6.0	5.0	5.0	5.0	-

Program: Administration  
 Division: Administrative Services

**Mission/Core Services**

***Administrative Support (Town Clerk)***

Manage Town Library, Voter Registration and Absentee Ballot Office, and coordinate elections with Beaufort County. Administer Records Management Program and provide Town receptionist services.

***Municipal Court***

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

***Information Technology***

Manage Town’s Wide-Area-Network (WAN) to include all required hardware and software that support basic connectivity/services. Oversee all aspects of contracting and purchasing. Manage risk management, fixed assets and logistics for emergency management. Design and maintain the Town’s Website/Intranet to include all associated electronic online government services. Provide technical support for all enterprise level software to include the design and maintenance of the Town’s Geographic Information System. Provide computer training and support for audio visual systems to include those that support Council Chambers and the Municipal Court.

**2010 Goals, Objectives, and Performance Measures**

**Goal:**

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

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

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Daily full system backups performed	272	272	272
Number of system failures	0	0	0
System failure recovered within 24 hours	0	0	0

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

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Respond to critical calls in 1 hour	95%	95%	95%
Help Desk (DP) requests completed:			
Within 30 days	3	3	3
Within 60 Days	0	0	0

Program: Administration  
Division: Administrative Services

**2010 Goals, Objectives, and Performance Measures (goals)**

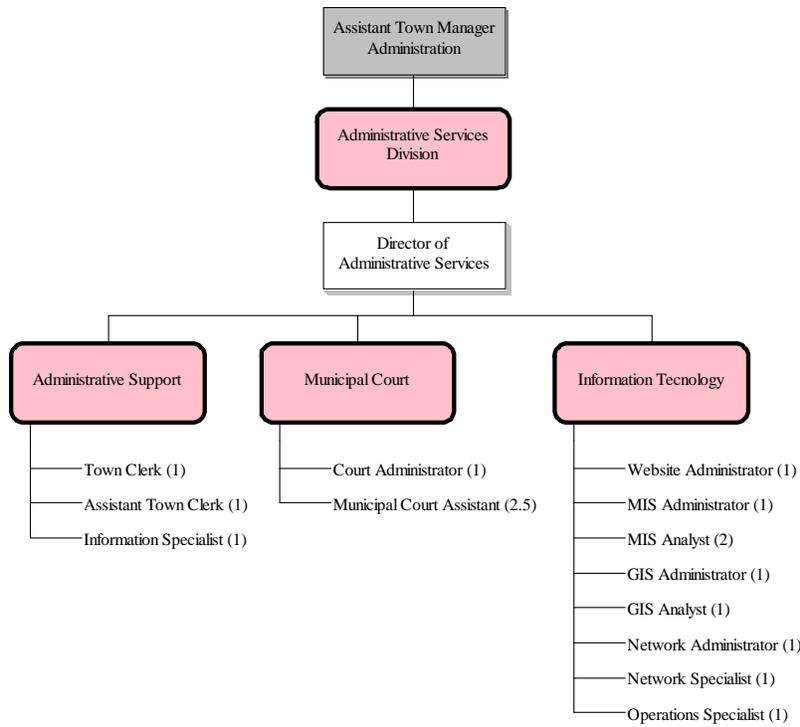
**Goal:**

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 completed 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 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Number of cases docketed	9,838	10,030	10,230
Number of cases disposed	8,616	8,780	8,960
Number of search warrants issued	30	30	60
Number of arrest warrants issued	600	612	730
Number of bench warrants issued	1,480	1,510	1,540

Program: Administration  
 Division: Administrative Services



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

Expenditures by Program/Category

Admin. Services	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Budget	FY 2009 Estimate	FY 2010 Budget	Budget \$ Change
<b>Program Summary</b>							
Administrative Support	\$ 224,904	\$ 167,370	\$ 182,793	\$ 244,427	\$ 213,295	\$ 208,200	\$ (36,227)
Municipal Court	335,264	339,040	392,536	437,190	413,246	415,160	(22,030)
Information Technology	1,420,299	1,584,301	1,534,236	2,067,324	1,695,331	1,626,880	(440,444)
<b>Total</b>	<b>\$ 1,980,467</b>	<b>\$ 2,090,711</b>	<b>\$ 2,109,565</b>	<b>\$ 2,748,941</b>	<b>\$ 2,321,872</b>	<b>\$ 2,250,240</b>	<b>\$ (498,701)</b>
<b>Summary By Category</b>							
Personnel	\$ 1,160,055	\$ 1,239,448	\$ 1,314,579	\$ 1,406,600	\$ 1,398,548	\$ 1,403,130	\$ (3,470)
Other	786,769	687,072	694,055	1,088,919	777,908	763,210	(325,709)
Capital Outlay	33,643	164,191	100,931	253,422	145,416	83,900	(169,522)
<b>Total</b>	<b>\$ 1,980,467</b>	<b>\$ 2,090,711</b>	<b>\$ 2,109,565</b>	<b>\$ 2,748,941</b>	<b>\$ 2,321,872</b>	<b>\$ 2,250,240</b>	<b>\$ (498,701)</b>
<b>Positions</b>	17.5	17.5	17.5	17.5	17.5	17.5	-

Program: Administration  
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 and selection processes designed to attract qualified employees.

***Total Rewards Management***

Develop, implement and administer classification, compensation and benefit programs that support the organization's strategic objectives and values.

***Talent Management***

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

***Employee Relations***

Develop, implement and administer human resource policies, processes, and technology and work life initiatives to enhance organization effectiveness.

**2009 Accomplishments**

- Supported delivery of customer service initiatives to reinforce Town Council's adopted standards
- Developed and implemented enhanced employee wellness program designed to support improved employee health, reduced absenteeism and increased productivity
- Completed and communicated comprehensive review of Policy and Supervisor Manuals
- Supported key organization redesign, succession planning and recruitment initiatives, resulting in improved quality, reduced cost and increased productivity
- Developed and implemented compensation and benefit program enhancements, addressed/resolved key issues, expanded benefit education, and facilitated employee self-service initiatives
- Facilitated increased focus on GASB 45, educated Town Council and staff regarding impact; proposed and implemented short-term strategy

Program: Administration  
 Division: Human Resources

2010 Goals, Objectives, and Performance Measures

**Goal 1:** To attract and retain high quality staff capable of achieving Town goals.

**Objective:** Effectively manage recruitment process.

	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
# of external hires	25	25	21
% of external offers accepted	86.2%	92.6%	95.5%
Time to fill positions (requisition approval to offer acceptance)	35 days	37 days	35 days
Cost per hire (exc. Staff/HR time)	\$1,405	\$1,425	\$1,500

**Objective:** Retain employees capable of achieving Town goals.

	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
% of employees who met or exceeded job performance expectations	90%	88%	87%
Overall turnover rate	11.7%	7.4%	7.8%
Voluntary turnover rate	10.9%	6.6%	7.4%
Involuntary turnover rate	.8%	.8%	.4%
# terminating during first year	6	5	6

**Goal 2:** To offer a competitive total rewards program.

**Objective:** Maintain competitive compensation and benefit programs.

	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
Merit budget (within 1% of nat'l avg)	4.5%	5.5%	3.0%
# of resignations due to salary	0	0	1
Benefits as % of salary	32.74%	33.61%	32.85%

Program: Administration  
 Division: Human Resources

**2010 Goals, Objectives, and Performance Measures (continued)**

**Goal 3:** To support development and maintenance of organizational productivity and employee effectiveness.

**Objective:** Facilitate effective succession planning and organization design process.

	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
# of promotions and transfers	31	7	8
Internal hire rate	53.4%	22.6%	27.6%
# of positions created/re-evaluated	13	10	10
# of organization redesigns supported	2	3	3

**Objective:** Provide effective interdepartmental talent development initiatives.

	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
# of interdepartmental training hours	2,349.5	2,892	2,000
# of tuition reimbursement participants	10	14	15
# of certification/degree bonuses given	8	16	15

**Objective:** Monitor employee wellness; encourage participation in wellness initiatives.

	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
Non-FMLA sick leave (% of work hrs)	2.3	2.2	2.1
# of reported employee injuries	31	28	30
# of lost work days due to injury	80	21	55
% using medical preventive care benefit	26	28	30
% using dental preventive care benefit	29	35	40
% participating in Health Fair	29	35	35

Program: Administration  
 Division: Human Resources

2010 Goals, Objectives, and Performance Measures (continued)

**Goal 4:** To effectively facilitate planning, projects, processes or activities that support supervisors and employees in achieving Town goals.

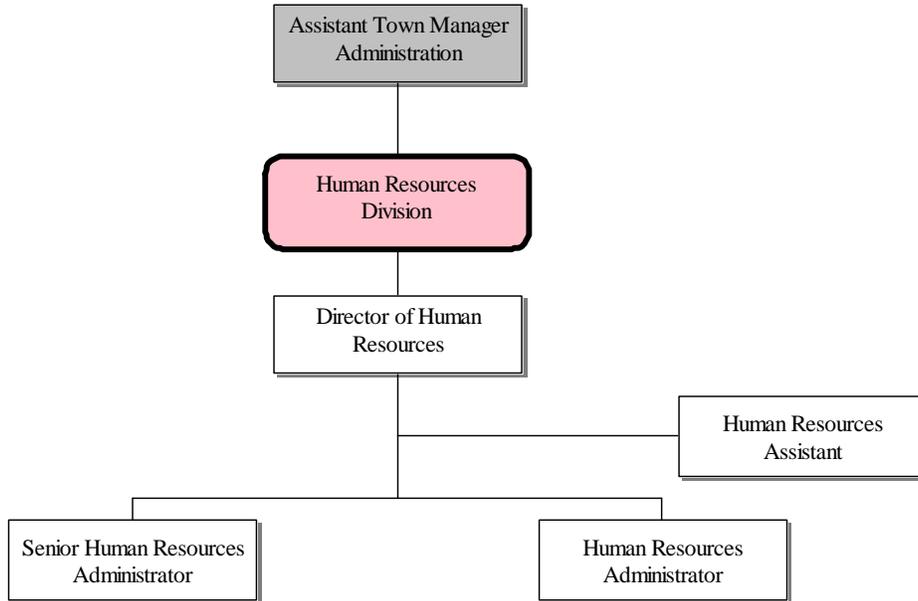
**Objective:** Maintain positive employee relations.

	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
# of grievances filed	0	1	1
# of EEO charges filed	1	1	0
# of employment lawsuits filed	0	0	0

**Objective:** Deliver cost-effective, high quality support.

	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
Ratio of HR FTE's to total FTE's	1:63:75	1:64:00	1:62.75

Program: Administration  
 Division: Human Resources



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

Expenditures by Program/Category

Human Resources	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Budget	FY 2009 Estimate	FY 2010 Budget	Budget \$ Change
<b>Summary By Category</b>							
Personnel	\$ 417,717	\$ 444,174	\$ 461,721	\$ 479,960	459,855	\$ 455,530	\$ (24,430)
Other	143,847	176,265	126,077	235,635	182,228	145,850	(89,785)
Capital Outlay	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 561,564</b>	<b>\$ 620,439</b>	<b>\$ 587,798</b>	<b>\$ 715,595</b>	<b>\$ 642,083</b>	<b>\$ 601,380</b>	<b>\$ (114,215)</b>
<b>Positions</b>	4.0	4.0	4.0	4.0	4.0	4.0	-

Program: Administration  
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. 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. Provide oversight in the preparation of the comprehensive annual financial report and budget to ensure compliance with governmental standards, practices and recommendations. 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, EMS billing and collections, financial audits, State reporting and grants. Responsible for maintaining the following funds: General, Tax Increment Financing District (TIF), Debt Service, Capital Projects Fund (CIP), Accommodations Tax, Beach Preservation Fee, Real Estate Transfer Fee (Land Bank), and Electric Franchise Fee. Provide effective accounting support to Town staff and committees. Provide bookkeeping services for the Hilton Head Island Recreation Association and the Coastal Discovery Museum.

#### *Revenue and Collections*

Collection of Town-wide funds including business license fees, hospitality taxes, accommodations taxes, beach preservation fees, franchise fees, and beach passes. Assist Accounting Services with the setoff debt collection program. Maintain the Town's business license database, and ensure compliance with the business license ordinance through on-site inspections and audits. Perform audits of County tax records to ensure the accuracy of the Town's assessed property valuations. Perform audits of the Town's building permits to ensure that contractors are appropriately licensed with the Town.

Program: Administration  
 Department: Finance

**2009 Accomplishments**

- The Town was awarded the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association for the nineteenth year and the Distinguished Budget Presentation Award for the fourth year.
- Completed the reorganization of the Finance Department.
- Completed a draft of the Finance section of the Disaster Recovery Plan.
- Completed the Finance section of the COOP (Continuity of Operation Plan)

**2010 Goals, Objectives, and Performance Measures**

**Goal:** Maintain strong credit rating of the Town.

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

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Standard & Poor’s Bond Rating	AA	AA+	AA+
Moody’s Investors Bond Rating	Aa <sup>2</sup>	Aa <sup>1</sup>	Aa <sup>1</sup>
Fitch Bond Rating	AA	AA	AA
Debt percent of Legal Debt			
Margin without a Referendum	26.0%	26.0%	26.0%
Adequate funds available to fund			
CIP Projects	100%	100%	100%

Program: Administration  
 Department: Finance

**2010 Goals, Objectives, and Performance Measures (continued)**

**Goal:** Ensure compliance with finance-related legal requirements and provide reporting in conformance with generally accepted accounting principles (GAAP).

**Objective:** To provide timely development of accurate, effective and informative financial reports and operating and capital budgets.

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
GFOA Certificate of Achievement for Excellence in Financial Reporting (CAFR) received	Yes	Yes	Yes
GFOA Distinguished Budget Presentation Award received	Yes	Yes	Yes

**Objective:** To finalize the recording of monthly accounting transactions within ten (10) business days after the end of the month to ensure on-line access of current financial reports by the divisions.

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Monthly financial reports available within established time frames	10 of 12 months	10 of 12 months	10 of 12 months

**Goal:** Provide effective management of funds received by the Town.

**Objective:** To process cash receipts in a timely and accurate manner.

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Business license renewals processed	4,951	5,050	5,200
Hospitality tax receipts processed	1,746	1,550	1,600
Bed tax (ATAX/Beach Preservation Fees) receipts processed	2,221	2,125	2,175
Beach passes issued	648	1,820	1,200
Miscellaneous receipts processed	1,081	2,100	2,200

Program: Administration  
 Department: Finance

**2010 Goals, Objectives, and Performance Measures (continued)**

**Goal:** Provide a high level of customer service.

**Objective:** Upon submission of all required documentation a new business licenses will be issued in a timely and accurate manner.

	<u>FY 2008 Actual</u>	<u>FY 2009 Projected</u>	<u>FY 2010 Budget</u>
New OOC/OOS business licenses issued within one (1) business day	98%	99%	99%
New home-based business licenses issued within five (5) days	98%	99%	99%
Store front business licenses issued within 15 days	90%	90%	95%

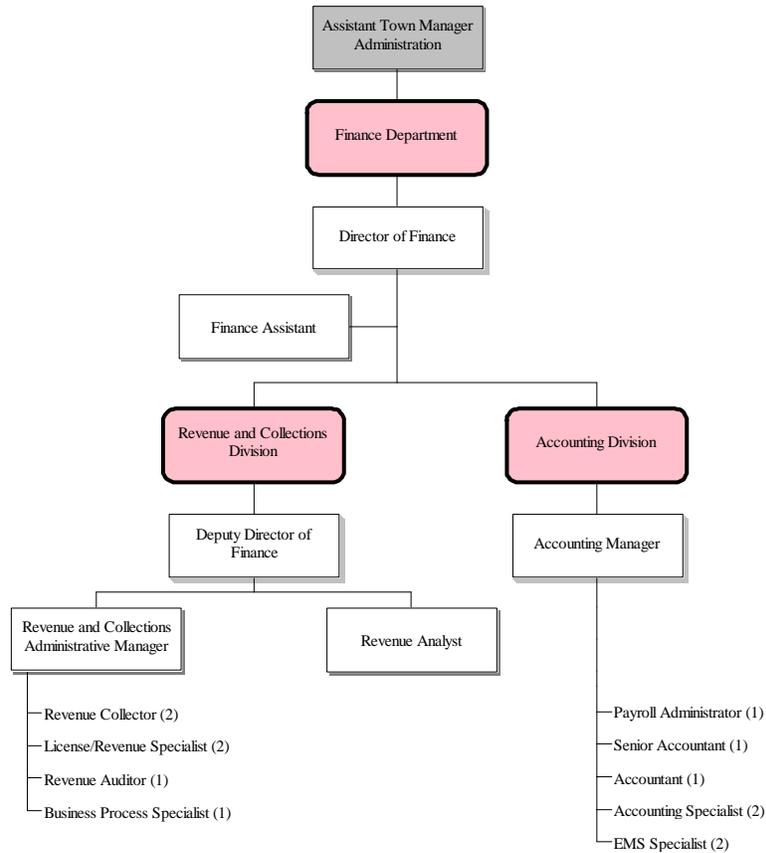
**Goal:** Ensure business license compliance and enforcement of Town Code.

**Objective:** Conduct business license gross receipt reporting audits and site visits.

	<u>FY 2008 Actual</u>	<u>FY 2009 Projected</u>	<u>FY 2010 Budget</u>
Business license audits conducted	82	0	150
Business license field inspections conducted*	400	300	1,000

\*This measure was changed from number of field visits to number of contacts with businesses in the community.

Program: Administration  
 Department: Finance



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

## Expenditures by Program/Category

<b>Administration</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2009 Estimate</b>	<b>FY 2010 Budget</b>	<b>Budget \$ Change</b>
<b>Program Summary</b>							
Administration	\$ 191,086	\$ 115,909	\$ 188,035	\$ 265,410	\$ 214,418	\$ 344,650	\$ 79,240
Accounting	552,290	563,763	629,475	665,999	653,168	551,130	(114,869)
Revenue and Collections	460,836	517,128	478,151	708,960	589,413	689,310	(19,650)
<b>Total</b>	<b>\$ 1,204,212</b>	<b>\$ 1,196,800</b>	<b>\$ 1,295,661</b>	<b>\$ 1,640,369</b>	<b>\$ 1,456,999</b>	<b>\$ 1,585,090</b>	<b>\$ (55,279)</b>
<b>Summary By Category</b>							
Personnel	\$ 1,079,443	\$ 1,065,293	\$ 1,176,854	\$ 1,427,970	1,299,919	\$ 1,439,940	\$ 11,970
Other	124,769	131,507	118,807	212,399	157,080	145,150	(67,249)
Capital Outlay	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 1,204,212</b>	<b>\$ 1,196,800</b>	<b>\$ 1,295,661</b>	<b>\$ 1,640,369</b>	<b>\$ 1,456,999</b>	<b>\$ 1,585,090</b>	<b>\$ (55,279)</b>
<b>Positions</b>	16.0	17.0	17.0	19.0	19.0	19.0	-

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***

- Oversee the revision and implementation of the Comprehensive Plan and Land Management Ordinance to improve their effectiveness and ensure development and redevelopment activities are in compliance with both documents.
- Oversee natural resource protection of the Island including tree and wetland regulations and water quality preservation.
- Selectively participate in regional issues with Beaufort County, the Town of Bluffton and other agencies regarding growth management, development regulations, transportation planning, recreation planning, natural resource protection, and other issues with regional impacts.
- Participate in Town Council's Targets and Actions involving special projects dealing with land management, development and managing growth.
- Provide flood hazard determination to homeowners, insurance, legal and banking representatives.
- Maintain public records of flood elevation information.
- Manage 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.

***Development, Review and Rezoning***

- Manage and coordinate 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.
- Provide for periodic review and update of the Land Management Ordinance.
- Continue environmental monitoring for water quality and created wetlands, and Land Management Ordinance effectiveness for tree protection.

Program: Community Services  
Department: Community Development

**Core Services (continued)**

***Comprehensive Planning***

- Guide the revision and implementation of the Comprehensive Plan focusing on redevelopment strategies, Capital Improvement Program projects, Land Management Ordinance amendments and grants and other revenue sources.

***Inspections/Compliance***

- Deliver prompt, efficient and courteous service in the management and coordination of the building permitting process. Receive and review applications, documentation and plans for compliance with current building code regulations as they apply to both single family and commercial structures. Collect permit fees and impact fees for both the Town and the County. Issue building permits and certificates of occupancy.
- Conduct seminars for the public pertaining to building code regulations.

***Community Development Services***

- Maintain accurate records and statistics of construction on Hilton Head Island. Respond to Freedom of Information requests in addition to requests for statistical reports.
- Communicate with the construction/development community through a quarterly publication which addresses code issues, inspection issues and procedures for permitting and inspection, and planning/development issues.

**2009 Accomplishments**

- Adopted LMO General Amendments to address flexibility in redevelopment
- Adopted LMO Environmental Amendments to address flexibility in natural resources section
- Adopted Temporary Housing / Temporary Business Policy
- Adopted Beach Management Plan; pending state approval
- Adopted new Building Code
- Prepared LMO amendment for continuation of shoreline protection measures; pending adoption in 2009
- Completed Community Assessment Survey for Comprehensive Plan; initiating neighborhood meetings for 2009 Plan adoption
- Completed Mathews Drive Pathway and boardwalks Project
- Concepts prepared for Mathews Drive Connectivity Project

Program: Community Services  
Department: Community Development

**2009 Accomplishments (continued)**

- Coordinated with Discovery Museum for Honey Horn building stabilization
- Completed Town Hall lobby/office renovations for better customer service to facilitate one-stop shopping
- Completed and coordinated Sustainable Development Summit
- Oversaw development and design of sewer project in Squire Pope area; PSD to complete project
- Designed and oversaw construction of Coligny Park (Oceanside) redevelopment
- COOP completed

**2010 Goals and Objectives**

**Goal:** Continuously review and implement the elements of the Comprehensive Plan on an annual basis and Land Management Ordinance on an as needed basis to improve their effectiveness.

**Objective:** Complete revision of the Comprehensive Plan during 2009 and determine strategy for updating the LMO.

**Goal:** Selectively participate in regional issues with Beaufort County, the Town of Bluffton and other agencies regarding growth management, development regulations, transportation planning, recreation planning, land acquisition, natural resource protection with regional impacts.

**Objective:** Assist Beaufort County with the adoption and implementation of the Regional Plan by participating in work groups.

**Goal:** Manage and coordinate efforts to implement the Redevelopment Strategies, coordinate identified Capital Improvement Program projects, and seek various funding sources to implement these strategies and to guide disaster recovery.

**Objective:** Begin construction of oceanside Coligny Park, and continue planning and design of Dunnagan's Alley area and determine schedule for construction.

**Goal:** Determine direction on Economic Development Strategy.

**Objective:** Work with Chamber of Commerce to determine strategy and timeline.

Program: Community Services  
Department: Community Development

2010 Goals and Objectives (continued)

**Goal:** Protect beachfront from further development encroachment.

**Objective:** Work with OCRM when they revise location of their base and setback lines, and determine locations needing further local control. Adopt extension of Critical Storm Protection and Dune Accretion Zone ordinance.

**Goal:** To evaluate the recommendations of the Matrix Management Report for the development and permitting process and implement those recommendations that will provide efficiency and service to our customers.

**Objective:** To enhance the level of service while streamlining the process of permitting and inspection.

**Goal:** Re-write the LMO for more flexibility and concentration on redevelopment.

**Objective:** Determine methods for more flexibility via alternative means involving zoning issues and site design.

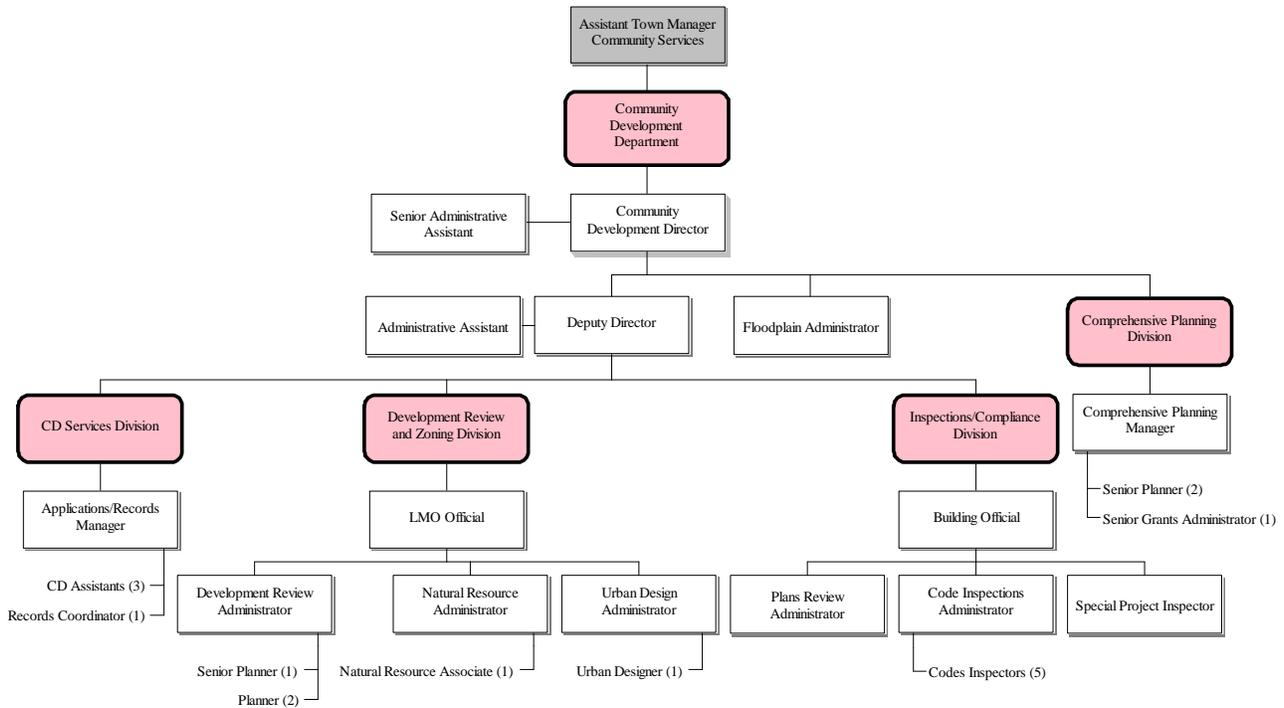
**Goal:** Revise the IL Zoning District.

**Objective:** Determine land use and density for a transition area between IL Zone and Residential Zoning Districts, and draft LMO rezoning amendment.

**Goal:** Initiate a Recycling Program and include Green Initiatives in Town Operations.

**Objective:** Coordinate with waste hauler companies to determine best methods for town-wide recycling program, and determine methods in Town Hall operations for use of Green Initiatives.

Program: Community Services  
 Department: Community Development



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

Expenditures by Program/Category

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2009	FY 2010	Budget
Community Development	Actual	Actual	Actual	Budget	Estimate	Budget	\$ Change
<b>Program Summary</b>							
Administration	\$ 369,536	\$ 374,624	\$ 397,850	\$ 560,989	\$ 545,323	\$ 554,050	\$ (6,939)
Comprehensive Planning	374,517	379,011	434,925	456,420	379,177	371,300	(85,120)
Development, Review & Zoning	516,343	554,181	635,470	902,600	837,986	827,910	(74,690)
Inspections/Compliance	1,220,376	1,236,651	1,308,838	990,469	775,986	679,850	(310,619)
CD Services	-	-	-	409,372	394,096	336,030	(73,342)
Natural Resources	172,501	184,132	209,938	-	-	-	-
<b>Total</b>	<b>\$ 2,653,273</b>	<b>\$ 2,728,599</b>	<b>\$ 2,987,021</b>	<b>\$ 3,319,850</b>	<b>\$ 2,932,568</b>	<b>\$ 2,769,140</b>	<b>\$ (550,710)</b>
<b>Summary By Category</b>							
Personnel	\$ 2,443,142	\$ 2,572,308	\$ 2,836,559	\$ 2,991,640	\$ 2,801,033	\$ 2,672,110	\$ (319,530)
Operating	210,131	156,291	150,462	328,210	131,535	97,030	(231,180)
Capital Outlay	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 2,653,273</b>	<b>\$ 2,728,599</b>	<b>\$ 2,987,021</b>	<b>\$ 3,319,850</b>	<b>\$ 2,932,568</b>	<b>\$ 2,769,140</b>	<b>\$ (550,710)</b>
<b>Positions</b>	36.0	36.0	36.0	36.0	36.0	32.0	(4.0)

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 re-nourishment, and drainage.

***Engineering Services***

Provide general oversight and project management for design and construction of secondary road and drainage improvements, Review and approve all plans for development to ensure compliance with the Stormwater Management Standards of the Land Management Ordinance. Conduct field inspections of completed projects and issue certificates of compliance for same. Maintain Town roads, street signs and mile markers.

***Facilities Services***

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

**2009 Accomplishments**

**ENGINEERING SERVICES**

- Completion of the Mathews Drive Rehabilitation Project
- Completion of the US 278 / Squire Pope Road Intersection Improvement Project
- Completion of the Squire Pope Road / Gumtree Road Roundabout Project
- Completion of the Horseshoe Road – Wild Horse Road Median Improvement Project
- Completion of the Compass Rose Park Project
- Completion of the Palmetto Bay Road and Target Road Pathways
- Initiated design of New Orleans Road, Avocet Road and Lagoon Road Pathways
- Designed and installed Wm. Hilton Parkway median curbing
- Completed North Island Shoreline Change Study

Program: Community Services  
Department: Public Projects and Facilities

**2009 Accomplishments (continued)**

**FACILITIES SERVICES**

- Median plantings off Island from the bridges to Buckingham
- Buffer planting at the Rocks/Remy's tract
- Repair/Improvement work to Fire Stations 1, 6, and 2
- Refurbishment of existing and adding new Town Owned Property signs
- Chaplin Tennis Courts phase two Awnings
- Temporary Fire Station at 18 Hospital Blvd
- Fire/Rescue Headquarters renovations
- Design/replaced entire decking at Town Hall Library
- Identified 5 additional/installed power pedestals for Christmas lighting on WHP
- Painted existing beach park structures to include railing repairs
- Created MOU between Facilities and the Fire Department for maintenance services

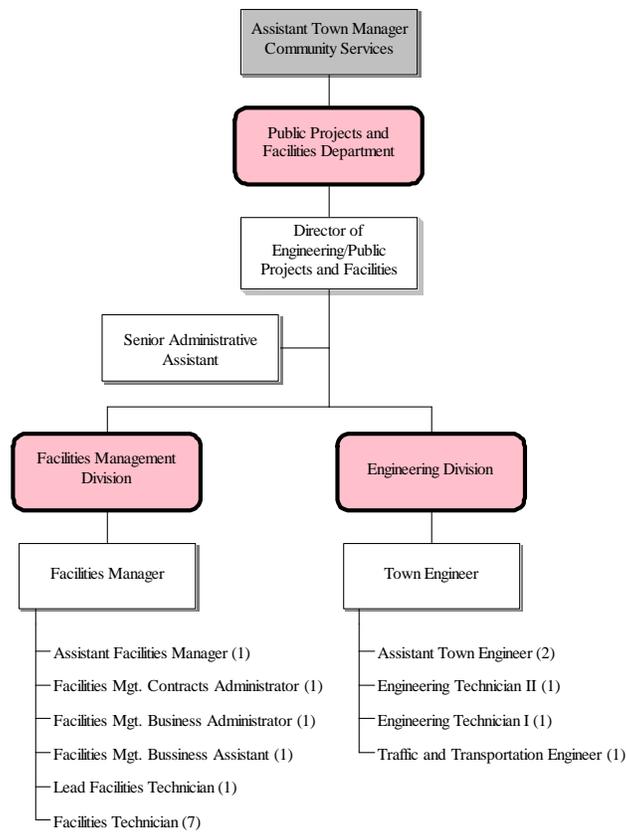
**2010 Objectives**

- Ensure plan development, engineering design and construction management of the Capital Improvements Program (CIP) projects. Provide technical assistance to all CIP project managers.
- 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.
- Execute a comprehensive in house inspection and maintenance program for Town owned properties and facilities utilizing the VFA and iMaint automated maintenance programs.
- Examine process improvements to Capital Improvements Plan/Capital Improvements Budget Procedures (rankings, planning studies, cost estimates, objectives – prior to design phase), Recapitalization of Town facilities.
- Continued Evaluation and Acceptance of PUD's Storm Water Utility Infrastructure, Town likely to be named NPDES MS4 in 2010, County is seeking cost-sharing for master plan implementation, etc.
- Support and manage the escalating demands and costs of maintenance of all Town facilities. Maintenance of Federal, State, County and Town Roads.
- Ensure effective and environmentally sensitive design of stormwater management using "best management practices." Refine and implement the long-term maintenance program for the Town's stormwater management infrastructure including cost allocation and fee structure.

Program: Community Services  
 Department: Public Projects and Facilities

**2010 Objectives (continued)**

- Provide staff support for the implementation of Initiative Area Master Plans including the Coligny Beach Redevelopment, the Dunnagan’s Alley Revitalization, implementation of the Sewer Plan, Disaster Recovery Strategies and implementation of the Shoreline Management Plan and policies.
- Implementation of Town’s Recycling Program



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

Program: Community Services  
 Department: Public Projects and Facilities

Expenditures by Program/Category

<b>Public Projects &amp; Facilities</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Budget</b>	<b>FY 2009 Estimate</b>	<b>FY 2010 Budget</b>	<b>Budget \$ Change</b>
<b>Expenditures:</b>							
<b>Program Summary</b>							
Administration	\$ 219,629	\$ 233,245	\$ 313,303	\$ 237,760	\$ 225,669	\$ 231,710	\$ (6,050)
Engineering	631,346	717,222	609,123	819,103	707,493	715,310	(103,793)
Facilities Management	1,828,771	2,092,453	2,340,794	2,728,560	2,468,102	2,494,260	(234,300)
<b>Total</b>	<b>\$ 2,679,746</b>	<b>\$ 3,042,920</b>	<b>\$ 3,263,220</b>	<b>\$ 3,785,423</b>	<b>\$ 3,401,264</b>	<b>\$ 3,441,280</b>	<b>\$ (344,143)</b>
<b>Summary By Category</b>							
Personnel	\$ 1,393,908	\$ 1,408,918	\$ 1,660,556	\$ 1,731,310	\$ 1,656,344	\$ 1,719,530	\$ (11,780)
Operating	1,285,838	1,634,002	1,602,664	2,054,113	1,744,920	1,721,750	(332,363)
Capital Outlay	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 2,679,746</b>	<b>\$ 3,042,920</b>	<b>\$ 3,263,220</b>	<b>\$ 3,785,423</b>	<b>\$ 3,401,264</b>	<b>\$ 3,441,280</b>	<b>\$ (344,143)</b>
<b>Positions</b>	19.0	20.0	21.0	21.0	21.0	21.0	-

Program: Public Safety  
Department: Fire and Rescue

**Mission**

To provide fire, rescue, emergency medical and emergency services to our community and our visitors through a cost effective and efficient delivery system designed to enhance a safe environment for the public.

**Core Services**

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

**2009 Accomplishments**

- Continued a high level of publication activities by teaching 300 CPR/Fire Aid students, installing 150 car seats, distributing 1,300 file of life documents, conducting 2,500 fire safety inspections, etc.
- Transitioned into a new Communications Manager overseeing the E-911 Dispatch Center.
- Fully staffed the Emergency Management Division by hiring both a Coordinator and Planner.
- Received 8 new Crimson pumpers and 2 new Frazer ambulances and placed all 10 units into service.
- Complete re-staffing of all line positions following promotional transitions begun in November 2007 by hiring 9 Firefighters, promoting 5 Fire Apparatus Operators, and 6 Senior Firefighters.
- Collected 21,600 pounds of recyclable materials from Fire & Rescue facilities as well as conducted 2 household hazardous waste roundups.
- Redeveloped line promotional policies to include promotional processes for Fire Apparatus Operator, Senior Firefighter, Lieutenant, and Captain.

Program: Public Safety  
 Department: Fire and Rescue

**2010 Goals, Objectives, and Performance Measures**

**BUREAU OF FIRE PREVENTION**

**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.

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

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Public Education Presentations <sup>1</sup>	554	625	600
CPR/AED/First Aid Students <sup>2 and 3</sup>	516	434	300
File of Life Recipients	1,040	1,300	1,300
Fire safety inspections and re-inspections	2,649	2,500	2,500
Self inspections	738	800	800
Planning project review inspections	100	100	100
Fire cause/origin investigations	21	25	25
Car seat inspections	158	160	150

1 Public Education presentations includes company public education taught, company public events, Risk Watch, station tours and Public Education Officer public education taught

2 2009 projected - this number is lower due to the cancellation of April, May & June CPR Classes.

3 2010 budget – this number is lower due to the scaling back the program to reduce overtime expenditures.

**COMMUNICATIONS**

**Goal:** Provide our community with an emergency answering point for reporting emergency and non-emergency events requiring police, fire, disaster, or EMS assistance.

**Objective:** To receive and process requests for services received by telephone.

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Total telephone requests received:			
7-digit call for service line	4,000	7,119	7,500
911 calls for service line	22,000	32,535	34,000
Dispatch Administration	49,112	42,166	44,000
Dispatch other business	<u>100</u>	<u>118</u>	<u>100</u>
<b>TOTAL</b>	<b>75,212</b>	<b>81,938</b>	<b>85,600</b>

Program: Public Safety  
 Department: Fire and Rescue

2010 Goals, Objectives, and Performance Measures (continued)

**EMERGENCY MANAGEMENT**

**Goal:** Prepare Town employees and community members to better protect themselves and others against the full range of potential threats facing the community through all-hazards planning, education and exercises.

**Objective:** Complete updating/development of necessary all-hazard plans.

**Objective:** Provide required training to Town employees/officials with emergency management responsibilities, and conduct annual exercises to ensure staff readiness.

**Objective:** Work in conjunction with personnel from Community Development to provide consistent and expanded information/disaster preparedness training to HHI community.

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Annual exercise	2	2	2
Exercise/Course Hurricane Program attendees	15	15	15
Disaster Preparedness Presentations	20	30	40
Presentations/Disaster Training attendees	500	750	1,000

The number of Annual Exercises and Exercise/Hurricane Program attendees is significantly lower than in past years; this is reflective of the Town mandate to reduce costs and scale back wherever possible. The numbers in Disaster Preparedness Presentations and Presentations/Disaster Training attendees are reflective of the commitment to revitalize a program which has been neglected since 2007 due to personnel changes; this is also an area which can be supported and expanded in a highly cost-effective manner.

Program: Public Safety  
 Department: Fire and Rescue

2010 Goals, Objectives, and Performance Measures (continued)

**LOGISTICS AND MAINTENANCE**

**Goal:** To provide a comprehensive maintenance support program to meet the needs of the Town of Hilton Head Island through a cost-effective program.

**Objectives:**

- Advanced i-Maint training to improve the tracking, repairs and inventory of all Town of Hilton Head Island vehicles and equipment.
- Receive delivery of new town vehicles, inspect and install equipment within a 3-6 day of delivery and place in service in a timely manner.
- Complete annual fire pump and hose testing.
- Outfit all F.A.O's with Voice commands modules for S.C.B.A (Self Contained Breathing Apparatus)
- Remove existing and replace Fire & Rescue vehicles with newly designed lettering, stripping and emergency lighting.
- Reorganize maintenance shop and storage areas due to displacement by new offices.
- Collect and weigh recyclable material at all Fire & Rescue facilities

**OPERATIONS**

**Goal:** Protect the lives and property of the community through timely emergency response.

**Objective:** To respond and effectively mitigate 100% of the daily calls for emergency medical, fire and special operation incidents while maintaining an average response time of 5 minutes 90% of the time for the first arriving fire truck or ambulance.

	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Projected</u>	<u>Budget</u>
Emergency medical service responses	4,107	4,250	4,300
EMS patient transports	3,506	3,600	3,700
Fire suppression and other responses	1,976	2,100	2,200
Actual number of fires	159	170	170
Incident response time			
(Percent < or = 5min)	85%	90%	90%
Minimum average daily staffing level	29	38	38

Program: Public Safety  
 Department: Fire and Rescue

**2010 Goals, Objectives, and Performance Measures (continued)**

**SUPPORT SERVICES**

**Goal:** Maintain accurate and up-to-date Fire and EMS incident records; provide accurate street name and address data for the 911 dispatching system; maintain all communications systems required for effective emergency responses; maintain state of the art CAD and computer technology to ensure timely and accurate emergency response; provide a means for reducing environmental damage due to the uncontrolled release of hazardous materials; provide security access systems for fire station facilities; replace worn and damage fire fighter protective clothing; provide maintenance for Town vehicles; provided supplies and equipment needed to support daily and emergency operations.

**Objective:** Complete implementation of an electronic EMS data collection system; enhance reporting capabilities using existing records management systems; update the 2004 Fire and EMS Master Plan and the accreditation Standards of Cover documents; create new addresses as needed and correct existing as required; participate in the County administered radio re-banding program for replacing the current radio fleet; maintain critical public safety computer systems on 24/7- 365 days a year basis and provide upgrades to systems as required; conduct one Household Hazardous Waste Round-Up; collection of recyclable materials at all F& R facilities; install the card access system at fire stations # 2 and 6; provide fire fighters with protective garments that meet industry standards; continue to provide scheduled maintenance to Town owned vehicles and continue to maintain and distribute needed equipment and supplies.

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
EMS forms completed	4,185	4,268	4,354
New addresses created	200	400	400
Existing addresses corrected	126	132	136
Pounds of hazardous materials collected	117,000	65,000	67,000
Pounds of hazardous materials collected	21,600	23,000	25,000
FF Protective Clothing Sets	35	35	35
Security Card Access	2	3	1

Program: Public Safety  
Department: Fire and Rescue

2010 Goals, Objectives, and Performance Measures (continued)

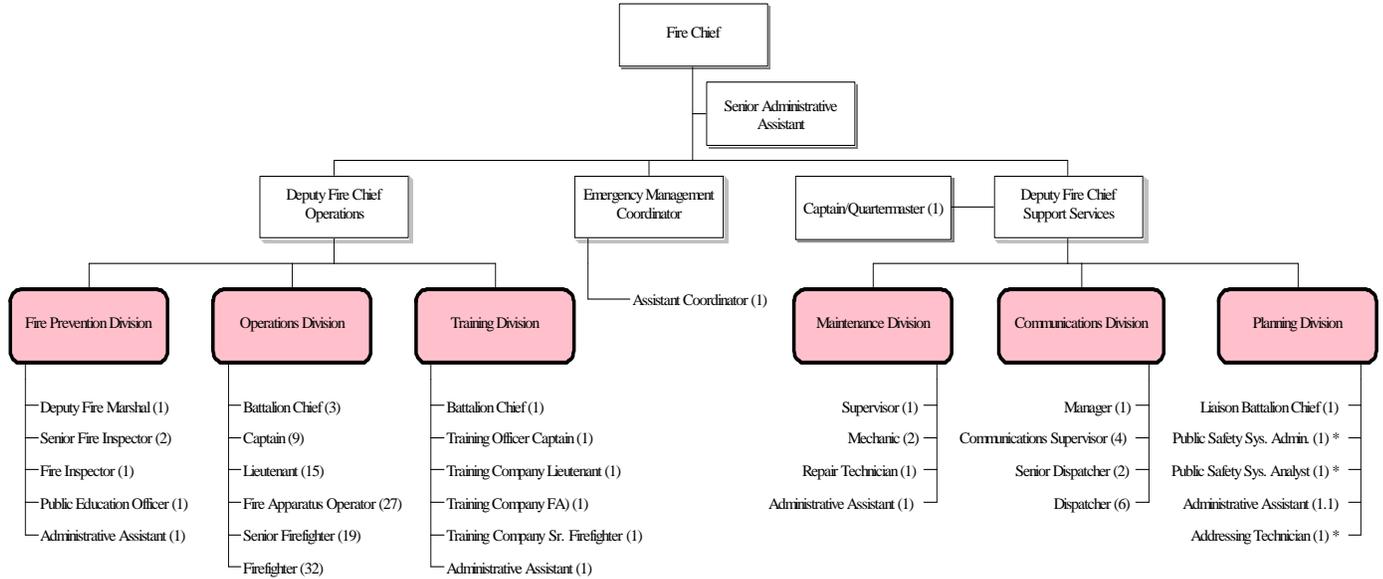
**TRAINING**

**Goal:** Strengthen management and line personnel ability to improve department operations and service quality, and meet future challenges and issues.

**Objective:** Provide development programs for managers and supervisors at least once per year; and a minimum of 20 hours of in-service training per month for all employees while on duty.

	FY 2008 <u>Actual</u>	FY 2009 <u>Projected</u>	FY 2010 <u>Budget</u>
Total hours of Management and Leadership Programs	1,569	1,700	1,700
Total hours of in-service and technical training	37,458	32,000	35,000

Program: Public Safety  
 Department: Fire and Rescue



\* These positions are partially funded through Beaufort County.

**Expenditures by Program/Category**

Fire and Rescue	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Budget	FY 2009 Estimate	FY 2010 Budget	Budget \$ Change
<b>Program Summary</b>							
Administration	\$ 1,149,807	\$ 995,780	\$ 882,995	\$ 891,430	\$ 727,320	\$ 579,330	(312,100)
Support Services	2,045,078	2,574,925	2,951,732	3,187,430	2,944,090	2,893,810	(293,620)
Operations	9,241,983	9,256,214	10,274,473	10,613,790	10,402,552	10,213,030	(400,760)
<b>Total</b>	<b>\$ 12,436,868</b>	<b>\$ 12,826,919</b>	<b>\$ 14,109,200</b>	<b>\$ 14,692,650</b>	<b>\$ 14,073,962</b>	<b>\$ 13,686,170</b>	<b>(1,006,480)</b>
<b>Summary By Category</b>							
Personnel	\$ 10,546,054	\$ 10,677,319	\$ 11,848,711	\$ 12,366,390	\$ 12,248,427	\$ 12,199,660	(166,730)
Operating	1,747,598	2,032,135	2,080,839	2,122,230	1,650,135	1,301,510	(820,720)
Capital Outlay/Debt	143,216	117,465	179,650	204,030	175,400	185,000	(19,030)
<b>Total</b>	<b>\$ 12,436,868</b>	<b>\$ 12,826,919</b>	<b>\$ 14,109,200</b>	<b>\$ 14,692,650</b>	<b>\$ 14,073,962</b>	<b>\$ 13,686,170</b>	<b>(1,006,480)</b>
<b>Positions</b>	144.8	147.3	147.6	147.6	147.6	147.1	(0.5)

Program: Public Safety  
Department: Police

### Mission

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

### Core Services

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

### *Ancillary Services*

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

### *Basic Law Enforcement Services*

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

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

Program: Public Safety  
 Department: Police

**Basic Law Enforcement Services (continued)**

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

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

**Expenditures by Program/Category**

Police	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Budget	FY 2009 Estimate	FY 2010 Budget	Budget \$ Change
<b>Summary By Category</b>							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating	2,466,499	2,718,766	2,991,808	3,177,219	3,030,702	3,079,140	(98,079)
Capital Outlay	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 2,466,499</b>	<b>\$ 2,718,766</b>	<b>\$ 2,991,808</b>	<b>\$ 3,177,219</b>	<b>\$ 3,030,702</b>	<b>\$ 3,079,140</b>	<b>\$ (98,079)</b>
<b>Expenditure Detail</b>							
Police Service Contract	\$ 2,129,638	\$ 2,389,038	\$ 2,658,357	\$ 2,781,879	\$ 2,694,042	\$ 2,692,030	\$ (89,849)
Shore Enterprises	121,150	170,561	178,030	179,040	161,540	165,060	(13,980)
Victims' Services	47,352	51,220	49,721	57,540	49,603	63,290	5,750
Stipend	168,359	107,947	105,700	158,760	125,517	158,760	-
<b>Total</b>	<b>\$ 2,466,499</b>	<b>\$ 2,718,766</b>	<b>\$ 2,991,808</b>	<b>\$ 3,177,219</b>	<b>\$ 3,030,702</b>	<b>\$ 3,079,140</b>	<b>\$ (98,079)</b>
<b>Positions*</b>	-	-	-	-	-	-	-

\*Positions are part of contractual agreement with the Beaufort County Sheriff's Department.

# Townwide

## Expenditures by Program/Category

Non-Departmental (Townwide)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Budget	FY 2009 Estimate	FY 2010 Budget	Budget \$ Change
<b>Personnel</b>							
Post Employment	\$ 4,528	\$ 6,860	\$ 12,134	\$ 15,000	\$ 10,000	\$ 19,800	\$ 4,800
Retiree Medical	288	297	387	300	562	720	420
COBRA	204	141	141	300	68	180	(120)
Vacancy Factor	-	-	-	(500,000)	-	-	500,000
Compensation study adjustment	-	-	-	170,000	-	-	(170,000)
Palmetto Pass	-	-	-	13,080	10,860	14,000	920
	<b>\$5,020</b>	<b>\$7,298</b>	<b>\$12,662</b>	<b>(\$301,320)</b>	<b>\$21,490</b>	<b>\$34,700</b>	<b>\$336,020</b>
<b>Operating</b>							
Travel	-	-	297	-	175	280	280
Professional Dues	-	-	-	-	-	17,500	17,500
Photocopying	9,078	8,186	10,674	13,000	9,300	12,000	(1,000)
Courier	14,331	17,258	20,570	17,890	17,353	20,000	2,110
Insurance	230,435	264,500	273,317	317,260	276,654	294,850	(22,410)
Telephone	153,394	156,253	164,709	170,000	171,031	281,550	111,550
Cell Phones	29,432	35,840	37,327	38,000	30,045	58,730	20,730
Electricity	90,495	98,361	102,403	102,000	103,512	124,000	22,000
Utilities	27,545	35,979	39,343	43,000	39,669	180,900	137,900
Postage	31,235	33,103	34,450	37,200	36,871	37,420	220
Equipment Maintenance	3,541	5,259	3,912	5,000	2,869	5,000	-
Lease Payments	43,690	33,819	1,026	51,880	51,880	50,200	(1,680)
Furniture/Fixtures < \$5,000	9,706	2,412	41,916	5,000	5,000	5,000	-
Security Cameras	-	-	106,604	-	-	-	-
Operating Supplies	388	4,438	65,532	38,000	13,425	32,000	(6,000)
Fuel	-	-	-	157,200	156,516	164,340	7,140
General Contingency	48,983	18,544	15,948	50,000	17,414	43,500	(6,500)
<b>Total Operating</b>	<b>\$ 692,253</b>	<b>\$ 713,952</b>	<b>\$ 918,028</b>	<b>\$ 1,045,430</b>	<b>\$ 931,714</b>	<b>\$ 1,327,270</b>	<b>\$ 281,840</b>
<b>Capital Outlay</b>							
Furniture/Fixtures ≥ \$5,000	\$ -	\$ 1,363	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Capital Outlay</b>	<b>\$ -</b>	<b>\$ 1,363</b>	<b>\$ -</b>				
<b>Grants</b>							
Recreation Center	\$ 570,240	\$ 597,740	\$ 612,273	\$ 642,940	\$ 624,940	\$ 616,940	\$ (26,000)
Recreation Center - Capital	56,898	74,726	66,762	120,400	62,177	-	(120,400)
Coastal Discovery Museum	-	-	75,000	85,000	80,750	75,000	(10,000)
Coastal Discovery Museum - ST	-	-	-	-	-	32,500	32,500
Disaster Advertising Reserve	-	-	22,075	221,060	200,000	230,000	8,940
Hospitality Promotion	69,694	91,757	68,729	114,800	131,430	104,000	(10,800)
Beaufort HAZMAT/E911	4,820	11,283	526	-	15,000	-	-
DEHC Grant	-	6,960	7,568	-	-	-	-
Palmetto Breeze Grant	125,000	175,000	175,000	175,000	175,000	175,000	-
USAR - RRT Grant	66,481	14,635	-	-	3,807	-	-
Drug Court	43,560	43,560	48,500	50,500	50,500	48,500	(2,000)
Solicitor's Office	-	-	-	-	-	35,000	35,000
FEMA Grant	-	64	-	-	-	-	-
LEPC/BC	30,441	7,171	11,069	-	1,599	-	-
<b>Total Grants</b>	<b>\$ 967,134</b>	<b>\$ 1,022,896</b>	<b>\$ 1,087,502</b>	<b>\$ 1,409,700</b>	<b>\$ 1,345,203</b>	<b>\$ 1,316,940</b>	<b>\$ (92,760)</b>
<b>Debt Service</b>							
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 267,420	267,420
Principal	-	-	-	-	-	71,950	71,950
	<b>\$ -</b>	<b>\$ 339,370</b>	<b>\$ 339,370</b>				
<b>Total</b>	<b>\$ 1,664,407</b>	<b>\$ 1,745,509</b>	<b>\$ 2,018,192</b>	<b>\$ 2,153,810</b>	<b>\$ 2,298,407</b>	<b>\$ 3,018,280</b>	<b>\$ 864,470</b>

# General Fund Three-Year Financial Model

One of the most significant tools employed by the Town for strategic planning is the long-range financial plan (forecast). The financial model provides a picture of revenue surpluses or shortfalls the Town would experience if no action were taken, including tax increases or changes in service. In previous years the Town prepared a five-year financial model. Due to the downturn in the economy, it is very difficult to project revenue trends five years out so the model has been modified to three years.

The forecasts are based on a combination of general assumptions and specific program changes of which the Town has knowledge. These general assumptions include economic considerations, commercial and residential development, service loads, and incremental growth in the compensation system. The three-year forecast provides the baseline for next year's budget.

The next few years continue to pose funding challenges for the Town. By using the three-year forecast the Town hopes to more proactively plan for upcoming changes in service level demands as well as identifying potential revenue shortfalls and identifying solutions.

## Revenue Assumptions

- Property taxes – increased by 1.5% per year (**no factor for reassessment**)
- ATAX State – transfer-in increased by 2.5% per year
- ATAX local public safety – transfer-in increased by      FY 2011; 2.0%      FY 2012; 2.5%  
FY 2013; 3.0%
- Beach Preservation Fees – transfer-in increased by      FY 2011; 2.0%      FY 2012; 2.5%  
FY 2013; 3.0%
- Hospitality Taxes – transfer-in increased by      FY 2011; 2.0%      FY 2012; 2.5%  
FY 2013; 3.0%
- Electric Franchise Fees – transfer increased by 4.5% per year (cost of payroll adjustment)
- Stormwater fees – transfer increased by 4.5% per year (cost of payroll adjustment)
- TIF – transfer increased by 4.5% per year (cost of payroll adjustment)
- Business License Fees – increased by 2.5% per year
- Franchise Fees – increased by 2.5% per year
- Permit Fees – increased by 1.0% per year
- Intergovernmental – increased by 1.0% per year
- Grants/Donations – budgeted at \$200,000 per year
- Miscellaneous – increased by 1.5% per year
- Investments – increased by 1.5% per year

## Expenditure Assumptions

### *Personnel Expenditures*

- No new staffing additions are planned; Currently established positions will retain the same salary grade in future years
- Increase in salaries – 4.5% increase per year
- VantageCare – 10% increase year over year
- Medical, life and disability insurance – 5.0% increase per year
- Workers' Compensation – 5.0% increase per year

### *Operating Expenditures/Capital Outlay*

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

### **Revenue & Expenditure Analysis - General Fund; Historical Summary and Three-Year Plan (In Thousands of Dollars)**

	Fiscal Year Ending June 30									
	2004	2005	Actual 2006	2007	2008	2009 Est. Actual	2010 Budget	Projected		
								2011	2012	2013
<b>REVENUES</b>										
Property Taxes	\$ 10,366	\$ 11,834	\$ 9,729	\$ 9,940	\$ 10,138	\$ 10,555	\$ 11,098	\$ 11,265	\$ 11,434	\$ 11,606
Local ATAX	1,861	1,991	2,224	2,208	2,319	1,924	-	-	-	-
Business Licenses	6,218	6,690	7,723	7,669	8,133	7,238	7,311	7,494	7,681	7,873
Franchise Fees	504	572	591	592	589	531	537	550	564	578
Permit Fees	1,257	1,663	1,890	1,354	1,257	864	795	803	812	820
Intergovern. Revenue	880	917	928	1,000	1,106	995	896	904	914	923
Grants	186	155	347	140	152	222	222	200	200	200
Miscellaneous Revenue	1,909	1,855	2,311	2,289	2,435	2,506	2,338	2,373	2,408	2,445
Transfers In	1,884	3,161	4,117	4,127	4,196	5,538	7,870	8,033	8,225	8,451
Investments	92	136	489	652	402	113	113	114	116	118
<b>TOTAL REVENUES</b>	<b>\$ 25,157</b>	<b>\$ 28,973</b>	<b>\$ 30,349</b>	<b>\$ 29,971</b>	<b>\$ 30,727</b>	<b>\$ 30,486</b>	<b>\$ 31,180</b>	<b>\$ 31,736</b>	<b>\$ 32,354</b>	<b>\$ 33,014</b>
<b>EXPENDITURES</b>										
General Government	\$ 619	\$ 711	\$ 834	\$ 741	\$ 964	\$ 1,126	\$ 1,156	\$ 1,186	\$ 1,232	\$ 1,267
Administration	3,731	3,850	4,238	4,436	4,610	4,856	4,907	5,111	5,261	5,521
Community Services	4,649	4,949	5,333	5,771	6,250	6,334	6,210	6,374	6,576	6,792
Public Safety	12,974	13,975	14,833	15,475	17,031	17,105	16,766	17,448	18,193	19,004
Townwide	2,776	1,676	1,663	1,746	2,017	2,298	2,680	2,693	2,728	2,762
Debt Service	98	98	71	71	71	-	339	339	339	339
<b>TOTAL EXPENDITURES</b>	<b>\$ 24,847</b>	<b>\$ 25,259</b>	<b>\$ 26,972</b>	<b>\$ 28,240</b>	<b>\$ 30,943</b>	<b>\$ 31,719</b>	<b>\$ 32,058</b>	<b>\$ 33,151</b>	<b>\$ 34,329</b>	<b>\$ 35,685</b>
<b>Excess of Revenues</b>										
<b>Over/(Under) Expenditures</b>	<b>\$ 310</b>	<b>\$ 3,714</b>	<b>\$ 3,377</b>	<b>\$ 1,731</b>	<b>\$ (216)</b>	<b>\$ (1,233)</b>	<b>(878)</b>	<b>\$ (1,415)</b>	<b>\$ (1,975)</b>	<b>\$ (2,671)</b>
Fund Balance July 1	\$ 7,294	\$ 7,604	\$ 11,319	\$ 14,696	\$ 16,427	\$ 16,274	\$ 15,041	\$ 14,163	\$ 12,748	\$ 10,773
Prior Period Adjustment	-	-	-	-	63	-	-	-	-	-
<b>Fund Balance June 30</b>	<b>\$ 7,604</b>	<b>\$ 11,319</b>	<b>\$ 14,696</b>	<b>\$ 16,427</b>	<b>\$ 16,274</b>	<b>\$ 15,041</b>	<b>\$ 14,163</b>	<b>\$ 12,748</b>	<b>\$ 10,773</b>	<b>\$ 8,102</b>



## Capital Projects Fund

# Capital Projects Fund (CIP)

Capital improvements are broken into two segments; one segment is integrated into the General Fund operating budget and the other segment is the Capital Projects Fund, Capital Improvements Program (CIP) budget. Located in the General Fund and to be funded with current operating funds are capital equipment purchases costing \$5,000 or more and software purchases which cost more than \$50,000. All other items meeting the same criteria, but not being funded by General Fund operating funds (including vehicles), are included in the Capital Projects Fund.

In accordance with State law, the proposed CIP for FY 2010 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 May.

Included in this section is the Town's capital expenditure plan with funding sources for the upcoming year. In addition, a ten-year capital plan is included that identifies anticipated capital expenditures with funding sources to be determined. The CIP is based on a variety of sources. Sources are Town Council's Policy and Management Agendas 2009 which included input from the public and the Town's Boards, Commissions and Committees. Other source documents include: The 2004 Comprehensive Plan update which incorporates the Initiative Area Plans; the Transportation Plan which includes pathways as well as roads; the Town-Wide Drainage Plan; the Fire & 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 a recently initiated Space Needs Study of all Town facilities and properties to include Town Hall, all parks, Fire and Rescue stations and town-wide infrastructure.

## Revenues

Previously, Town Council directed that we "minimize reliance on property tax while expanding alternative revenue sources." The CIP continues to be an excellent example of that approach. It consistently reduces reliance on ad valorem property taxes and shares the costs of infrastructure requirements with the beneficiaries. The CIP may incorporate as many as 22 different funding sources; a brief description of some of those sources is provided below.

1. ***Impact Fees*** are assessed against new developments to finance capital improvements necessary to support the growth in population.
  - a. ***Traffic Impact Fees*** that 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*** that were enacted Countywide to provide funding for emerging park needs.

## Revenues (continued)

2. **Fund Balance** which is un-obligated and obligated monies that are rolled over from previously approved, but incomplete, projects.
3. **New Fiscal Year Taxes** are ad valorem property taxes collected during the next fiscal year. The amount dedicated to the CIP is .85 mils and will generate approximately \$707,050 during this fiscal year.
4. **Sunday Liquor Sales Permit Fee** that are derived from the sale of permits to sell alcohol on Sunday. These fees are rebates from the State and are expected to generate approximately \$270,000.
5. **Stormwater Utility (SWU) Fee** that are derived from the Stormwater Utility. The Utility collects approximately \$1.6 million from the Town. The Town also provides 5% to the Utility for administrative overhead. The fees (minus the administrative over-head), are used for drainage infrastructure maintenance and debt service of a \$17 million SWU Revenue Bond.
6. **County Contributions** such as bond issues for CIP projects. There are \$110,000 County contributions budgeted for the upcoming fiscal year.
7. **Developer Contributions**  
There are no developer contributions budgeted for the upcoming fiscal year.
8. **Donations** \$150,000 in contributions is programmed in the budget for the planning phase for rowing and sailing center.
9. **General Obligation (GO) Bonds** are issued and secured by the full faith and credit (taxing powers) of the Town. The Town actively pursues the highest achievable rating. The Town's current bond rating is as follows: Moody's Aa<sup>1</sup>, Standard & Poor's AA+, and Fitch AA.
10. **Revenue Bonds** are supported by fees or special assessments and differ from General Obligation Bonds in that they do not pledge the full faith and credit of the Town. Likewise, they do not count against the Town's debt limit cap of 8% of assessed value. Sufficient rates must be maintained to support the bond debt service requirements. Council authorized issuance of a \$17 million bond for island-wide drainage projects (stormwater utility fees), \$10 million bond for public safety projects (hospitality taxes), a \$19 million bond for the beach renourishment project (beach preservation fees), and a \$22 million bond for Tax Increment Financing (T.I.F.) projects.
11. **Grants** (no grant funding is anticipated for FY 2010)
12. **Accommodation Tax (ATAX)** grants that are derived from a State mandated two-percent tax on short-term rentals, hotels and motel accommodations. After the State applies a "Robin Hood" provision, they return approximately \$3.1 million per year to the Town. No ATAX funding was approved for FY 2010.

## Revenues (continued)

13. **Beach Preservation Fee** are derived from an additional two percent (2%) Local Accommodations Tax levied by Town Council. This source will generate approximately \$4.3 million in revenue for the Town next fiscal year. These funds are dedicated to beach re-nourishment and related monitoring, dune refurbishment, maintenance and operations, and new beach parks and beach access facilities. Some of which is used to pay debt service on a \$19 million bond for the beach re-nourishment project.
14. **Hospitality Tax** which is a two percent (2%) tax on the sale of prepared meals and beverages, sold in establishments with or without licenses for on-premise consumption of alcoholic beverages, beer or wine. This source will generate approximately \$4.6 million in revenue next fiscal year. Some of which is used to pay debt service on a \$10 million bond for public safety projects.
15. **Tax Increment Financing (TIF)** in which funds derive from increased assessed value above the baseline assessment when the TIF District was established. These funds may be used for public projects within the District. TIF will generate approximately \$6.0 million in revenue next fiscal year.
16. **Palmetto Electric Franchise Fee** in which funds derive from the Town's negotiated franchise fee with Palmetto Electric Coop. These funds are committed to power line burials and hook ups which are estimated to cost approximately \$30 million over 15 years. The fee generates approximately \$2.3 million annually. **Projects associated with this funding source are expended from a different fund and therefore are not reflected as part of the Town's CIP program.**
17. **Real Estate Transfer Fee** which is .25 of 1% on each real estate transaction in the Town. This source will generate approximately \$1.9 million in revenue next fiscal year. These funds are dedicated to the Land Acquisition Program and its debt service.
18. **C-Funds** are derived from State taxes on gasoline which may be obtained via the County Transportation Committee (CTC) for special projects. (none programmed for next fiscal year)
19. **SCDOT State Matching Funds** are derived from the Department of Transportation's "State Matching Program" which entails the resurfacing of state roads via a local one-for-one match. (none programmed for next fiscal year)
20. **Lease Fund** is derived from lease payments on Town-owned property. As the Town has acquired properties, some have existing leases that the Town chooses to honor until their expiration. Approximately \$69,000 derived from those leases has been assigned to pay for maintenance and clean up of Town property.
21. **In Lieu of Open Space** is derived from developers in accordance with the LMO open space requirements. (none programmed for next fiscal year)
22. **Capital Sales Tax** will be used to fund Town road improvements. The SCDOT road resurfacing project will be managed by the State. The County will reimburse SCDOT directly and the funds will not run through the Town's Capital Projects Fund. (none programmed for next fiscal year)

**Revenues (continued)**

Implementation of the Fiscal Year 2010 CIP will require about \$10.4 million during the fiscal year. The chart below reflects a comparison of the major budgeted revenue sources for FY 2009 and FY 2010:

Revenue Source	FY 2009	FY 2010	\$	%
	Revised Budget			
Property Taxes	\$ 703,100	\$ 707,050	\$ 3,950	0.56%
Capital Sales Tax	1,316,269	-	(1,316,269)	-100.00%
Contributions	294,800	150,000	(144,800)	-49.12%
Sunday Permit Fees	345,000	270,000	(75,000)	-21.74%
Grants	1,144,783	-	(1,144,783)	-100.00%
Beaufort County	330,055	110,000	(220,055)	-66.67%
Hospitality Tax	7,105,082	-	(7,105,082)	-100.00%
Stormwater Fees	997,800	-	(997,800)	-100.00%
Hospitality Tax Bonds	6,771,383	-	(6,771,383)	-100.00%
Stormwater Utility Bonds	792,065	-	(792,065)	-100.00%
TIF Bonds	8,649,743	-	(8,649,743)	-100.00%
Funds from Prior Years (Fund Balance)	657,900	-	(657,900)	-100.00%
Transfers In:				
TIF	3,568,849	2,352,000	(1,216,849)	-34.10%
Hospitality Tax	-	4,140,000	4,140,000	N/A
Beach Preservation Fee	5,030,114	850,000	(4,180,114)	-83.10%
Stormwater Fees	-	1,573,000	1,573,000	N/A

**Expenditures**

In the **Pathways** category, there are 15 projects programmed during the next ten years. Of those 15 projects, 4 are funded for approximately \$763,000 million in FY 2010. Funded projects may involve land acquisition, legal work, design, concept and survey, and/or construction.

In the **Drainage Improvements** category, there are 4 projects programmed during the next ten years; 2 projects are funded for approximately \$1.5 million in FY 2010; and all involve construction or repairs.

In the category of **Roadway Improvements**, there are 24 projects programmed during the next ten years; 10 of them are funded for approximately \$2.3 million in FY 2010.

In the category of **Park Development**, 9 projects are programmed during the next ten years, 5 projects are funded for approximately \$675,000 in FY 2010.

In the **Existing Facilities/Infrastructure** category, there are 7 projects programmed during the next ten years, 5 projects are funded for approximately \$3.2 million in FY 2010.

In the **New Facilities/Infrastructure** category, there are 11 projects programmed during the next ten years, 6 projects are funded for approximately \$1.0 million in FY 2010.

**Expenditures (continued)**

In the **Beach Maintenance** category, there are 5 projects programmed during the next ten years. Of this, 4 projects including the ongoing beach management and monitoring program are funded for approximately \$850,000 million in FY 2010.

In the category of **Land Acquisition**, using Council’s guidance, staff will continue to research and recommend pertinent acquisitions at no extra cost to the taxpayers.

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

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

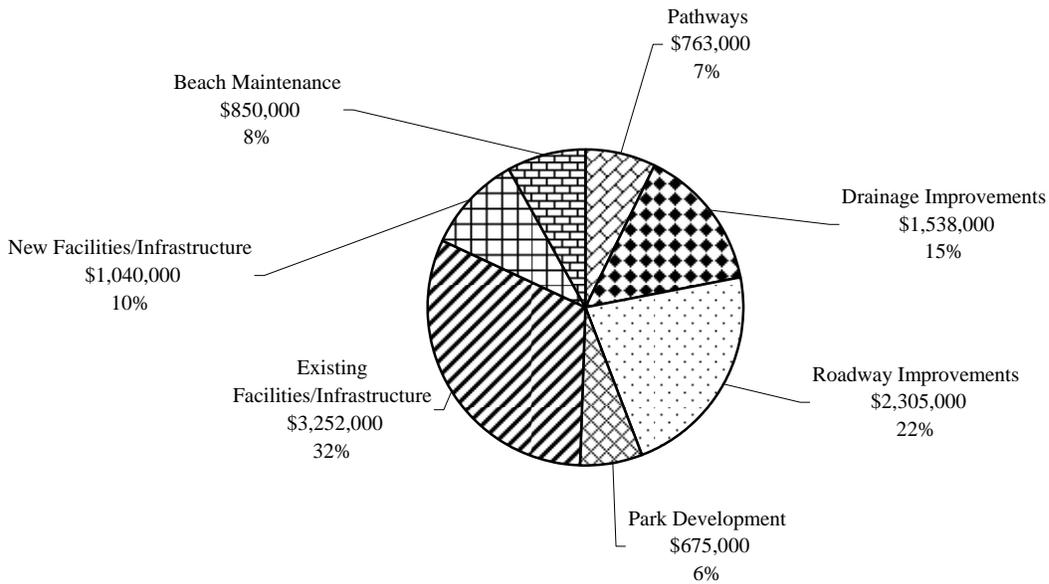
In FY 2010 the major impact items of the Town’s capital assets on the operating budget (General Fund) are as follows:

The FY 2010 General Fund operating budget associated with the upkeep of the Town’s facilities and parks reflects a decrease of \$221,460 in facilities maintenance and contract cost. The reduction is associated with an overall reduction in Town operating costs. The reduction in funding will not have an adverse impact on the overall upkeep of Town property but it may delay some maintenance and improvements.

## Fiscal Year 2010 Capital Improvements Program (CIP)

The Capital Projects Fund (CIP) budget for Fiscal Year 2010 totals **\$10.4 million** and consists of the following program funding levels:

### Capital Projects Fund (CIP) Expenditures by Program



## Capital Projects Fund (CIP) Two-Year Comparison

	FY 2009 Revised Budget	FY 2009 Est. Actual	FY 2010 Budget	Budget Diff. % FY 2009	Estimate Diff. % FY 2009
<b>Revenues</b>					
Property Taxes	\$ 703,100	\$ 703,100	\$ 707,050	0.56%	0.56%
Grants/Contributions	1,439,583	32,436	150,000	-89.58%	362.45%
Capital Sales Tax	1,316,269	647,938	-	-100.00%	0.00%
State Taxes - Sunday Permit Fee	345,000	42,500	270,000	-21.74%	535.29%
Hospitality Tax	7,105,082	4,568,755	-	-100.00%	-100.00%
Impact Fees	250,000	76,900	181,000	-27.60%	135.37%
County - Impact Fees - Parks/Misc.	330,055	10,032	110,000	0.00%	996.49%
Stormwater Fees	997,800	1,144,905	-	-100.00%	-100.00%
Miscellaneous	-	14,004	-	0.00%	-100.00%
Lease	69,000	69,000	69,000	0.00%	0.00%
Bond Proceeds *	16,213,191	-	-	-100.00%	0.00%
Transfers In:					
Accommodations Tax	30,000	4,186	-	-100.00%	-100.00%
Hospitality Tax	-	-	4,140,000	100.00%	100.00%
Stormwater Fees	-	-	1,573,000	100.00%	100.00%
Real Estate Transfer	-	3,073,835	-	0.00%	-100.00%
Beach Preservation	5,030,114	649,731	850,000	-83.10%	30.82%
TIF	3,568,849	-	2,352,000	-34.10%	100.00%
	8,628,963	3,727,752	8,915,000	3.31%	139.15%
Investment Income	-	220,000	-	0.00%	-100.00%
<b>Total Revenues</b>	<b>\$ 37,398,043</b>	<b>\$ 11,257,322</b>	<b>\$ 10,402,050</b>	<b>-72.19%</b>	<b>-7.60%</b>
<b>Expenditures</b>					
Pathways	\$ 2,888,502	\$ 1,104,502	\$ 763,000	-73.58%	-30.92%
Drainage Improvements	2,529,865	831,816	1,538,000	-39.21%	84.90%
Road Improvements	11,153,914	5,483,221	2,305,000	-79.33%	-57.96%
Park Development	2,115,047	1,686,109	675,000	-68.09%	-59.97%
Existing Facilities/Infrastructure	9,509,239	5,476,256	3,252,000	-65.80%	-40.62%
New Facilities/Infrastructure	6,746,260	5,063,096	1,040,000	-84.58%	-79.46%
Beach Maintenance	2,809,114	1,124,777	850,000	-69.74%	-24.43%
Land Acquisition	491,000	7,176,123	-	-100.00%	-100.00%
<b>Total Expenditures</b>	<b>\$ 38,242,941</b>	<b>\$ 27,945,900</b>	<b>\$ 10,423,000</b>	<b>-72.75%</b>	<b>-62.70%</b>
<b>Excess/(Deficiency) of Revenues Over Expenditures *</b>	<b>\$ (844,898)</b>	<b>\$ (16,688,578)</b>	<b>\$ (20,950)</b>		
Transfers Out		4,733,480	-		
<b>Beginning Fund Balance</b>		<b>\$ 30,133,566</b>	<b>\$ 8,711,508</b>		
<b>Ending Fund Balance</b>		<b>\$ 8,711,508</b>	<b>\$ 8,690,558</b>		

\* The estimated actual deficiency for FY 2009 includes \$11,612,339 in bond funds used during the fiscal year and part of the beginning fund balance.

## Capital Projects Fund (CIP) Expenditures by Funding Source - 2010

<b>THOUSANDS OF DOLLARS</b>												
Category	Roll Forward Balance	FY 2010 Budget	Impact Fees	FY 2010 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
<b>Summary</b>												
<b>CARRY-OVER PROJECTS</b>												
Pathways	1,057	703	181	170			352					
Drainage Improvements	1,345	1,538				1,538						
Roadway Improvements	1,300	2,190					1,050	1,140				
Park Development	415	380							270			110
Existing Facilities	3,725	3,252		533		35		2,615				69
New Facilities	162	850					800	50				
Beach Maintenance	1,684	850			850							
Land Acquisition		-										
<b>SUBTOTAL</b>	<b>9,688</b>	<b>9,763</b>	<b>181</b>	<b>703</b>	<b>850</b>	<b>1,573</b>	<b>2,202</b>	<b>3,805</b>	<b>270</b>	<b>-</b>	<b>-</b>	<b>179</b>
<b>NEW PROJECTS</b>												
Pathways		60					60					
Drainage Improvements		-										
Roadway Improvements	410	115		25			40	50				
Park Development		295					50	95				150
Existing Facilities		-										
New Facilities	194	190						190				
Beach Maintenance		-										
<b>SUBTOTAL</b>	<b>604</b>	<b>660</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>
<b>TOTAL</b>	<b>10,292</b>	<b>10,423</b>	<b>181</b>	<b>728</b>	<b>850</b>	<b>1,573</b>	<b>2,352</b>	<b>4,140</b>	<b>270</b>	<b>-</b>	<b>-</b>	<b>329</b>

Capital Projects Fund (CIP) Expenditures by Funding Source - 2010

<b>THOUSANDS OF DOLLARS</b>												
Category	Roll	FY 2010 Budget	Impact Fees	FY			TIF	Hospitality Tax	Sunday	County Bond	Grants / Other	
	Forward Balance			2010 Taxes	Beach Fee	SWU Fee			Liquor Fees			SCDOT
<b>Pathways</b>												
<b>CARRY-OVER PROJECTS</b>												
pathway rehabilitation		170		170								
Palmetto Bay Road	50											
Mathews Drive (US 278 to Beach City Rd.)	384											
Target Rd.	14											
New Orleans Rd.	524											
Lagoon Road	54	165	71				94					
Avocet Road	31	368	110				258					
<b>SUBTOTAL</b>	<b>1,057</b>	<b>703</b>	<b>181</b>	<b>170</b>	<b>-</b>	<b>-</b>	<b>352</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NEW PROJECTS</b>												
Dunnagan's Alley		60					60					
<b>SUBTOTAL</b>		<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1,057</b>	<b>763</b>	<b>181</b>	<b>170</b>	<b>-</b>	<b>-</b>	<b>412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>THOUSANDS OF DOLLARS</b>												
Category	Roll	FY 2010 Budget	Impact Fees	FY			TIF	Hospitality Tax	Sunday	County Bond	Grants / Other	
	Forward Balance			2010 Taxes	Beach Fee	SWU Fee			Liquor Fees			SCDOT
<b>Drainage Improvements</b>												
<b>CARRY-OVER PROJECTS</b>												
Squire Pope Road	627	-										
Miller Pond	431	569				569						
drainage system rehabilitation		771				771						
study updates/new projects/supporting professional fees	287	198				198						
<b>SUBTOTAL</b>	<b>1,345</b>	<b>1,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NEW PROJECTS</b>												
<b>SUBTOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1,345</b>	<b>1,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Capital Projects Fund (CIP) Expenditures by Funding Source - 2010

<b>THOUSANDS OF DOLLARS</b>													
Category	Roll	FY 2010 Budget	Impact Fees	FY				TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
	Forward Balance			2010 Taxes	Beach Fee	SWU Fee							
<b>Roadway Improvements</b>													
<b>CARRY-OVER PROJECTS</b>													
Horseshoe Road connector	15												
intersection/crosswalk lighting	62												
traffic signal mast arms	131												
roadway safety improvements	186												
Stoney secondary road south	38												
Widen Mathews Drive (US 278 to Beach City Road)	296	1,000					1,000						
Widen Mathews Drive (South)	410												
median curbing US 278	33	175						175					
intersection improvements	439	300						300					
F & R emergency access points	100	90						90					
mainland transportation improvements		500						500					
Arrow Rd./Dunnagan's Alley roundabout		50						50					
directional/neighborhood signage		75						75					
<b>SUBTOTAL</b>	<b>1,710</b>	<b>2,190</b>	-	-	-	-	<b>1,050</b>	<b>1,140</b>	-	-	-	-	-
<b>NEW PROJECTS</b>													
Mathews Drive/Marshland Rd. roundabout		40						40					
private(dirt) rd. acquisition		25		25									
Honey Horn entrance improvements (including pathway connection)		50						50					
<b>SUBTOTAL</b>	-	<b>115</b>	-	<b>25</b>	-	-	<b>40</b>	<b>50</b>	-	-	-	-	-
<b>TOTAL</b>	<b>1,710</b>	<b>2,305</b>	-	<b>25</b>	-	-	<b>1,090</b>	<b>1,190</b>	-	-	-	-	-

Capital Projects Fund (CIP) Expenditures by Funding Source - 2010

<b>THOUSANDS OF DOLLARS</b>												
Category	Roll Forward Balance	FY 2010 Budget	Impact Fees	FY 2010			TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
				Taxes	Beach Fee	SWU Fee						
<b>Park Development</b>												
<b>CARRY-OVER PROJECTS</b>												
Compass Rose Park	81											
public art	79											
Coligny Beach Park	34											
park upgrades	221	380						270				110
<b>SUBTOTAL</b>	<b>415</b>	<b>380</b>	-	-	-	-	-	270	-	-	-	110
<b>NEW PROJECTS</b>												
Rock's/Remy's Tract		50					50					
Recreation Center enhancements		95						95				
Rowing and Sailing Center		150										150
<b>SUBTOTAL</b>		<b>295</b>	-	-	-	-	50	95	-	-	-	150
<b>TOTAL</b>	<b>415</b>	<b>675</b>	-	-	-	-	50	95	270	-	-	260

## Capital Projects Fund (CIP) Expenditures by Funding Source - 2010

<b>THOUSANDS OF DOLLARS</b>												
Category	Roll	FY 2010 Budget	Impact Fees	FY			TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
	Forward Balance			2010 Taxes	Beach Fee	SWU Fee						
<b>Existing Facilities &amp; Infrastructure</b>												
<b>CARRY-OVER PROJECTS</b>												
Fire Station 2 replacement	9											
Fire Station 5 replacement	2,314											
fire hydrant upgrades	16											
security cameras	216											
Honey Horn - stabilization	58											
Town Hall renovations	440											
rehabilitation and renovation of fixed capital assets	110	351		351								
clean up, maintenance of properties & demolition of structures		191		122								69
apparatus and vehicle replacement	107	2,160		60		35		2,065				
Fire Station 1 replacement	439	275						275				
Fire Station 6 replacement	16	275						275				
<b>SUBTOTAL</b>	<b>3,725</b>	<b>3,252</b>	-	533	-	35	-	2,615	-	-	-	<b>69</b>
<b>NEW PROJECTS</b>												
		-										
<b>SUBTOTAL</b>		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>3,725</b>	<b>3,252</b>	-	533	-	35	-	2,615	-	-	-	<b>69</b>

## Capital Projects Fund (CIP) Expenditures by Funding Source - 2010

Category	Roll Forward Balance	FY 2010 Budget	THOUSANDS OF DOLLARS									
			Impact Fees	FY 2010 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
<b>New Facilities &amp; Infrastructure</b>												
<b>CARRY-OVER PROJECTS</b>												
Dispatch Center equipment upgrade	7											
Fire and Rescue - Training Center	< \$1,000											
Facilities Management Building	20											
Coligny/Pope Avenue area improvements	100											
Dunnagan's Alley area improvements	31											
sewer projects		800					800					
dispatch center equipment upgrade	4	50							50			
<b>SUBTOTAL</b>	<b>162</b>	<b>850</b>	-	-	-	-	<b>800</b>		<b>50</b>	-	-	-
<b>NEW PROJECTS</b>												
Fire/medical systems and equipment replacement		120							120			
Public safety systems equipment upgrade	175	10							10			
Mobile computing AVL upgrade	19	10							10			
T1 line upgrade		50							50			
<b>SUBTOTAL</b>	<b>194</b>	<b>190</b>	-	-	-	-	-		<b>190</b>	-	-	-
<b>TOTAL</b>	<b>356</b>	<b>1,040</b>	-	-	-	-	<b>800</b>		<b>240</b>	-	-	-

Capital Projects Fund (CIP) Expenditures by Funding Source - 2010

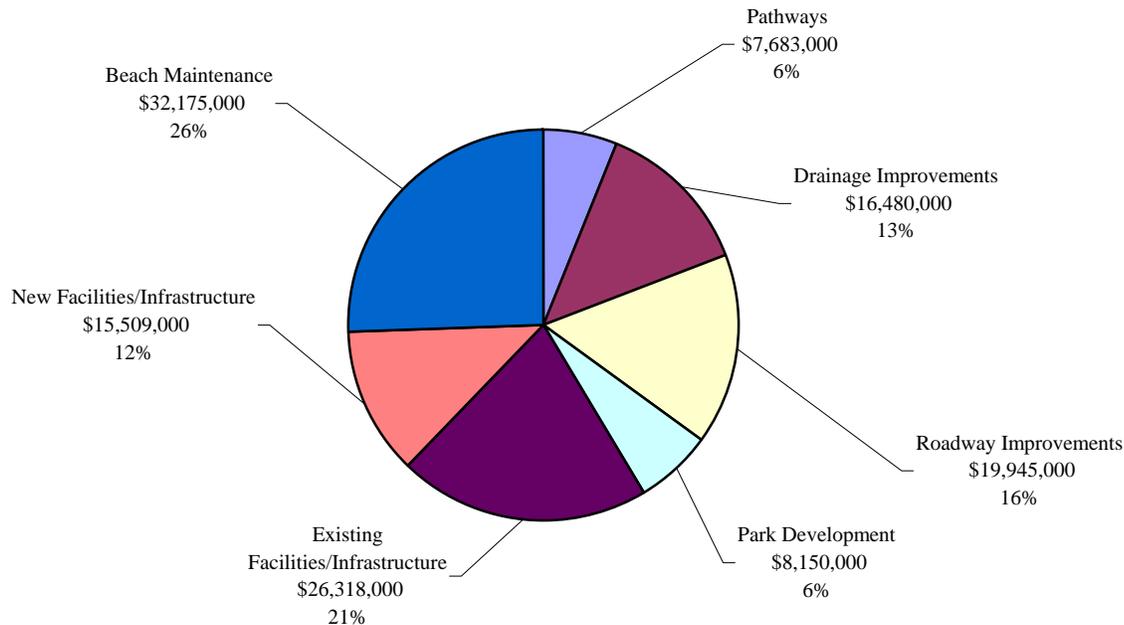
<b>THOUSANDS OF DOLLARS</b>												
Category	Roll Forward Balance	FY 2010 Budget	Impact Fees	FY 2010 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
<b>Beach Maintenance</b>												
<b>CARRY-OVER PROJECTS</b>												
beach renourishment	172											
shoreline management	260											
groins refurbishment	964											
beach management and monitoring	214	250			250							
beach parks/access rehabilitation	42	75			75							
dunes refurbishment and maintenance	32	25			25							
Port Royal fill project		500			500							
<b>SUBTOTAL</b>	<b>1,684</b>	<b>850</b>	-	-	<b>850</b>	-	-	-	-	-	-	-
<b>NEW PROJECTS</b>												
		-										
<b>SUBTOTAL</b>		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,684</b>	<b>850</b>	-	-	<b>850</b>	-	-	-	-	-	-	-

<b>THOUSANDS OF DOLLARS</b>												
Category	Roll Forward Balance	FY 2010 Budget	Impact Fees	FY 2010 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
<b>Land Acquisition</b>												
<b>CARRY-OVER PROJECTS</b>												
Land Acquisition		-										
<b>TOTAL</b>	-	-	-	-	-	-	-	-	-	-	-	-

## Ten-Year Capital Improvements Program (CIP)

The anticipated capital expenditures over the next ten years are anticipated to be **\$126.3 million**. The estimated expenditures by program are as follows:

### Ten-Year Capital Improvements Program Expenditures by Program



#### THOUSANDS OF DOLLARS

Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015-2019
<b>Total Capital Improvement Program</b>	(new funding only)					
Pathways	763	575	230	585	320	5,210
Drainage Improvements	1,538	1,954	1,632	1,829	1,207	8,320
Roadway Improvements	2,305	4,825	5,370	5,515	1,555	375
Park Development	675	350	2,000	3,425	200	1,500
Existing Facilities & Infrastructure	3,252	4,272	3,677	3,482	798	10,837
New Facilities & Infrastructure	1,040	460	3,253	2,113	555	8,088
Beach Maintenance	850	11,850	350	350	350	18,425
Land Acquisition	-	-	-	-	-	-
<b>Total</b>	<b>126,260</b>	10,423	24,286	16,512	17,299	4,985

## CIP Expenditures by Category 2010-2019

### THOUSANDS OF DOLLARS

Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015-2019
<b>Pathways</b>						
pathway rehabilitation	170	175	180	185	190	1,050
Lagoon Road	165					
Avocet Road	368					
Dunnagan's Alley	60	400				
US 278 (Wexford Circle to Fresh Market Shoppes)			20	350		
Archer Road			30	50		
Singleton Beach Road					25	200
Gardner Drive					50	200
Pembroke Drive					55	350
Leg O' Mutton						230
Jonesville Road						420
US 278 (south side phased)						1,775
US 278 (Gum Tree to Squire Pope Road)						300
US 278 (Squire Pope Road to Jenkins Island)						385
US 278 (Jenkins Island to Bridge)						300
<b>Total</b>	<b>763</b>	<b>575</b>	<b>230</b>	<b>585</b>	<b>320</b>	<b>5,210</b>

### THOUSANDS OF DOLLARS

Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015-2019
<b>Drainage Improvements</b>						
drainage system rehabilitation	771	1,064	992	1,039	917	6,870
study updates/new projects/supporting professional fees	198	720	640	290	290	1,450
Miller Pond	569					
Arrow Road		170		500		
<b>Total</b>	<b>1,538</b>	<b>1,954</b>	<b>1,632</b>	<b>1,829</b>	<b>1,207</b>	<b>8,320</b>

# CIP Expenditures by Category 2010-2019

**THOUSANDS OF DOLLARS**

Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015-2019
<b>Roadway Improvements</b>						
Widen Mathews Drive (US 278 to Beach City Road)	1,000					
median curbing	175	175				
intersection improvements	300	190				
F&R emergency access points	90	110	150	140	185	375
mainland transportation improvements	500	500	600			
Mathews Dr./Marshland Rd. roundabout	40		1,150			
private(dirt) rd. acquisition	25					
Arrow Road/Dunnagan's Alley roundabout	50	880				
directional/neighborhood signage	75	100	100	50	50	
Honey Horn entrance improvements	50					
Mathews Dr./Chaplin area connectivity		80	530			
Stoney Secondary Road (south)		40	600			
Summit Drive realignment and refurbishment		330				
pedestrian crosswalks and refuges		290	150			
traffic signal mast arms		200	375	400		
roadway safety improvements		100	100	100		
Nassau Street extension		600				
Leamington/Fresh Market Shoppes		230	1,125			
roadway median improvements		1,000		1,250		
South Forest Beach Road improvements			270	1,650		
Lagoon Road improvements			145	825		
Lemoyne Road reconstruction and extension			75	800		
Fifth Street extension				300	1,320	
<b>Total</b>	<b>2,305</b>	<b>4,825</b>	<b>5,370</b>	<b>5,515</b>	<b>1,555</b>	<b>375</b>

## CIP Expenditures by Category 2010-2019

### **THOUSANDS OF DOLLARS**

Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015-2019
<b><u>Park Development</u></b>						
Park Upgrades	380	200	200	200	200	1,000
Rem'y Tract Park	50		800			
Recreation Center enhancements	95					
Rowing and Sailing Center	150			1,500		
Yacht Cove Community Park		50	1,000			
Chaplin Linear Park		100		900		
Collier Beach Park				400		
Chaplin Linear Park Boardwalk				400		
Ford Shell Ring Park				25		500
<b>Total</b>	<b>675</b>	<b>350</b>	<b>2,000</b>	<b>3,425</b>	<b>200</b>	<b>1,500</b>

### **THOUSANDS OF DOLLARS**

Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015-2019
<b><u>Existing Facilities &amp; Infrastructure</u></b>						
rehabilitaion and renovation of fixed capital assets	351	351	351	351	351	1,755
clean up, maintenance of properties & demolition of structures	191	191	191	191	191	955
apparatus and vehicle replacement	2,160	555	385	440	256	8,127
Fire Station 1 replacement	275	2,750				
Fire Station 6 replacement	275		2,750			
Fire Station 2 replacement		275		2,500		
Town Hall renovations		150				
<b>Total</b>	<b>3,252</b>	<b>4,272</b>	<b>3,677</b>	<b>3,482</b>	<b>798</b>	<b>10,837</b>

CIP Expenditures by Category 2010-2019

**THOUSANDS OF DOLLARS**

Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015-2019
<b><u>New Facilities &amp; Infrastructure</u></b>						
sewer projects	800		578	213		333
dispatch center equipment upgrade	50	50	50	50	50	250
Fire/medical systems and equipment replacement	120	80		25	405	1,390
Public safety systems equipment upgrade	10	30	50		100	360
Mobile computing AVL upgrade	10	30	75			
T1 line upgrade	50					
Dunnagan's Alley/Arrow Rd. area initiative		100	1,500	1,500		
Coligny/Pope Avenue area initiative		100	1,000			
Fire and Rescue computer system		70		75		255
Public Safety WAN/PN				250		
Law Enforcement Center						5,500
<b>Total</b>	<b>1,040</b>	<b>460</b>	<b>3,253</b>	<b>2,113</b>	<b>555</b>	<b>8,088</b>

**THOUSANDS OF DOLLARS**

Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015-2019
<b><u>Beach Maintenance</u></b>						
beach management and monitoring	250	250	250	250	250	925
beach parks/access rehabilitation	75	75	75	75	75	375
dunes refurbishment and maintenance	25	25	25	25	25	125
Port Royal fill project	500	11,500				
beach renourishment						17,000
<b>Total</b>	<b>850</b>	<b>11,850</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>18,425</b>

**THOUSANDS OF DOLLARS**

Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015-2019
<b><u>Land Acquisition</u></b>						
Land Acquisition						
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Debt Service Fund

# Debt Service Fund

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

## Debt Service Fund Two-Year Comparison

	FY 2009 Revised Budget	FY 2009 Est. Actual	<b>FY 2010 Budget</b>	Budget Diff. % FY 2009	Estimate Diff% FY 2009
<b><u>Revenues:</u></b>					
Property Taxes	\$ 4,690,100	\$ 4,690,100	\$ 4,716,420	0.56%	0.56%
Transfers In:					
Hospitality Tax	758,320	758,320	756,510	-0.24%	-0.24%
Real Estate Transfer	2,178,650	2,178,650	2,723,120	24.99%	24.99%
Beach Preservation	2,842,810	2,842,810	2,812,810	-1.06%	-1.06%
TIF	3,964,160	3,964,160	3,987,540	0.59%	0.59%
Stormwater	1,250,370	1,250,370	1,247,940	-0.19%	-0.19%
Total	10,994,310	10,994,310	11,527,920	4.85%	4.85%
Investments	210,000	46,200	46,200	-78.00%	0.00%
<b>Total Revenues</b>	<b>\$ 15,894,410</b>	<b>\$ 15,730,610</b>	<b>\$ 16,290,540</b>	<b>2.49%</b>	<b>3.56%</b>
<b><u>Expenditures:</u></b>					
Principal	11,220,000	11,220,000	12,185,000	8.60%	8.60%
Interest	5,525,600	5,679,190	5,190,450	-6.07%	-8.61%
Other Charges	20,490	20,490	20,490	0.00%	0.00%
<b>Total Expenditures</b>	<b>\$ 16,766,090</b>	<b>\$ 16,919,680</b>	<b>\$ 17,395,940</b>	<b>3.76%</b>	<b>2.81%</b>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<b>\$ (871,680)</b>	<b>\$ (1,189,070)</b>	<b>\$ (1,105,400)</b>		
<b>Beginning Fund Balance</b>		<b>\$ 10,884,048</b>	<b>\$ 9,694,978</b>		
<b>Ending Fund Balance</b>		<b>\$ 9,694,978</b>	<b>\$ 8,589,578</b>		

## Debt Service Fund Expenditures

The Fiscal Year 2010 budgeted debt service expenditures are as follows:

### Debt Service Payments

	Interest	Principal	Total
<b><u>Certificates of Participation</u></b>			
2004A - Certificates of Participation	\$ 181,855	\$ 980,000	\$ 1,161,855
2005 - Certificates of Participation	24,018	115,000	139,018
<b>Total Certificates of Participation</b>	<b>\$ 205,873</b>	<b>\$ 1,095,000</b>	<b>\$ 1,300,873</b>
<b><u>General Obligation Bonds</u></b>			
Series 1996A - General Obligation Bonds	\$ 4,812	\$ 175,000	\$ 179,812
Series 1996B - General Obligation Refunding Bonds	28,737	1,045,000	1,073,737
Series 1999A - General Obligation Referendum Bonds (portion remaining)	13,716	385,000	398,716
Series 1999B - General Obligation Bonds	281,843	205,000	486,843
Series 2004A - General Obligation Bonds	635,175	435,000	1,070,175
Series 2004B - General Obligation Refunding Bonds	107,800	815,000	922,800
Series 2005A - General Obligation Refunding Bonds	1,017,215	1,025,000	2,042,215
Series 2008A - General Obligation Refunding Bonds	499,987	605,000	1,104,987
<b>Total General Obligation Bonds</b>	<b>\$ 2,589,285</b>	<b>\$ 4,690,000</b>	<b>\$ 7,279,285</b>
<b><u>Revenue Bonds</u></b>			
2002 Stormwater Bonds	\$ 679,938	\$ 565,000	\$ 1,244,938
2004 Hospitality Tax Bonds	428,007	325,000	753,007
2006 Beach Preservation Fee Bonds	569,810	2,240,000	2,809,810
2004 TIF Bonds	225,176	775,000	1,000,176
2008 TIF Bonds	492,362	2,495,000	2,987,362
<b>Total Revenue Bonds</b>	<b>\$ 2,395,293</b>	<b>\$ 6,400,000</b>	<b>\$ 8,795,293</b>
<b>Grand Total</b>	<b>\$ 5,190,451</b>	<b>\$ 12,185,000</b>	<b>\$ 17,375,451</b>

## Calculation of the Legal Debt Limit

<b>Assessed Value as of December 2008 (estimated 2009 assessed value)</b>		<b>\$ 831,819,000 *</b>
<b>Debt Limit - Eight Percent (8%) of Assessed Value, without voter's approval</b>		<b>66,545,520</b>
<b>Council Imposed 80% Cap</b>		<b>53,236,416</b>
<b>Amount of Debt Applicable to Debt Limit:</b>		
General Obligation Bonds 1996A	\$ 175,000	
General Obligation Refunding Bonds 1996B	1,045,000	
General Obligation Bonds 1999B	5,105,000	
General Obligation Bonds 2004B (Refunding of Series 1998B)	3,970,000	
<b>Total Amount Applicable to Debt Limit</b>		<b>10,295,000</b>
<b>Legal Debt Margin without a Referendum</b>		<b>\$ 42,941,416</b>

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

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

\* Note: The assessed value is subject to change due to final numbers being provided by the County during August/September 2009.

## Outstanding Debt Issues

	Issue Amt.	Outstanding
<b><u>Certificates of Participation</u></b>		
2004A - Certificates of Participation	\$ 9,060,000	\$ 5,220,000
2005 - Certificates of Participation	1,055,000	605,000
<b>Total Certificates of Participation</b>	<b>\$ 10,115,000</b>	<b>\$ 5,825,000</b>
<b><u>General Obligation Bonds</u></b>		
Series 1996A - General Obligation Bonds	\$ 1,425,000	\$ 175,000
Series 1996B - General Obligation Refunding Bonds	11,180,000	1,045,000
Series 1999A - General Obligation Bonds (portion remaining)	2,050,000	385,000
Series 1999B - General Obligation Bonds	6,000,000	5,105,000
Series 2004A - General Obligation Bonds	15,000,000	13,040,000
Series 2004B - General Obligation Bonds (Refunded portion of Series 1998B)	5,365,000	3,970,000
Series 2005A - General Obligation Bonds (Refunded portion of Series 1999A & 2001A)	24,265,000	23,955,000
Series 2008A - General Obligation Bonds (Refunded portion of Series 1998A)	12,215,000	12,030,000
<b>Total General Obligation Bonds</b>	<b>\$ 77,500,000</b>	<b>\$ 59,705,000</b>
<b><u>Revenue Bonds</u></b>		
2002 Stormwater Bonds	\$ 17,000,000	\$ 14,890,000
2004 Hospitality Tax Bonds	10,775,000	9,290,000
2006 Beach Preservation Fees Bonds	19,000,000	14,760,000
2004 TIF Bonds	8,000,000	5,230,000
2008 TIF Bonds	22,000,000	16,550,000
<b>Total Revenue Bonds</b>	<b>\$ 76,775,000</b>	<b>\$ 60,720,000</b>
<b>Grand Total</b>	<b>\$ 164,390,000</b>	<b>\$ 126,250,000</b>

### 1. **2004A Certificates of Participation; \$9,060,000 (Tax-Exempt), Dated March 1, 2004**

On March 1, 2004, the Hilton Head Island Public Facilities Corporation, a non-profit entity and component unit of the Town, entered into Certificates of Participation with Wells Fargo Bank, N.A. for \$9,060,000 secured by Town properties.

The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated tax exempt amount of certificates; (b) maximum annual debt service on certificate for any fiscal year; or (c) 125% of average annual debt on the certificates. At June 30, 2008, \$1,096,795 was the fair value of the amount held in the reserve fund for the tax-exempt certificates. The Capital Projects Fund is repaying these certificates of participation.

### 2. **2005 Certificates of Participation; \$1,055,000 (Tax-Exempt), Dated March 3, 2005**

On March 3, 2005, the Hilton Head Island Public Facilities Corporation refunded taxable Certificates of Participation issued with Wells Fargo Bank, N.A. in 2004 with tax-exempt certificates.

During that time, the Town issued \$1,055,000 in tax-exempt Certificates of Participation bearing an interest rate of 3.97% to refund \$1,450,000 of taxable Certificates of Participation with a variable interest rate. The Town contributed approximately \$450,000 from the Town's Debt Service thereby reducing the principal by \$400,000 on this issue and the balance being used to fund the cost of

## Outstanding Debt Issues (continued)

issuance. The net proceeds of \$1,002,362 (after payment of \$52,638 in issuance costs) were used to purchase United States government securities. The certificates were refunded to reduce total debt service payments over the next nine (9) years by \$519,451 and resulted in an economic loss (difference between the present values of the old and new debt service payments) of approximately \$17,760.

3. **Series 1996A General Obligation Bonds; \$1,425,000, Dated June 1, 1996**

On July 9, 1996, the Town issued \$1,425,000 general obligation bonds to fund capital projects for a water tower, fire hydrants, renovation of fire stations, and other corporate purposes.

4. **Series 1996B General Obligation Refunding Bonds: \$11,180,000, Dated June 1, 1996**

On July 9, 1996, the Town issued \$11,180,000 general obligation bonds to defease the remaining amount of the \$1,250,000 general obligation bonds dated November 1, 1987, and the remaining amount of the \$11,600,000 general obligation bonds dated August 1, 1989.

5. **Series 1999A General Obligation Referendum Bonds; \$2,050,000, Dated November 16, 1999**

On November 16, 1999, the Town issued \$12,000,000 general obligation bonds to finance capital projects. On March 1, 2005, a portion of this issue was refunded leaving a balance of \$2,050,000. Refer to Series 2005A, Item 12, for the refunded portion. (Refunded in FY 2008)

6. **Series 1999B General Obligation Bonds; \$6,000,000, Dated November 16, 1999**

On November 16, 1999, the Town issued \$6,000,000 general obligation bonds to finance capital projects.

7. **Series 2001A General Obligation Referendum Bonds; \$3,990,000, Dated March 1, 2001**

On March 1, 2001, the Town issued \$20,000,000 general obligation bonds for purchasing developed and undeveloped land on Hilton Head Island, South Carolina, for the public use or uses of management of growth and development, public facilities, passive and active parkland and preservation of historic sites, and to pay the cost of issuance of bonds. On March 1, 2005, a portion of this issue was refunded leaving a balance of \$3,990,000. Refer to Series 2005A, Item 12.

8. **Series 2004A General Obligation Referendum Bonds; \$15,000,000, Dated May 1, 2004**

On May 12, 2004, the Town issued \$15,000,000 general obligation bonds for general land acquisition.

## Outstanding Debt Issues (continued)

### **9. Series 2004B General Obligation Bonds; \$5,365,000, Dated October 1, 2004**

On October 26, 2004, the Town issued \$5,365,000 in general obligation bonds. The bonds were issued for the purpose of refunding the 2007 through 2011, inclusive, maturities of the \$6,000,000 General Obligation Bonds, Series 1998B, and to call the 1998B Bonds for redemption on December 1, 2006; and to pay for the cost of issuance.

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

On March 15, 2005, the Town issued \$24,265,000 in general obligation bonds. The bonds are being used for the purpose of refunding the 2010 through 2024, inclusive, maturities of the \$12,000,000 General Obligation Bonds, Series 1999A, and to call the 1999A Refunded Bonds for redemption on December 1, 2009; refunding the 2010 through 2021, inclusive, maturities of the \$20,000,000 General Obligation Bonds, Series 2001A, and to call the 2001A Refunded Bonds for redemption on March 1, 2009; and to pay for the cost of issuance.

### **11. Series 2008A General Obligation Bonds; \$12,215,000, Dated March 20, 2008**

On March 20, 2008, the Town issues \$12,215,000 obligation bonds to refund the remaining Series 1998A General Obligation Bonds dated April 1, 1998 and to pay for the cost of issuance.

### **12. Stormwater Revenue Bonds; \$17,000,000, Dated December 1, 2002**

On December 1, 2002, the Town issued \$17,000,000 revenue bonds to fund stormwater management projects.

### **13. Hospitality Tax Revenue Bonds; \$10,775,000, Dated June 1, 2004**

On June 1, 2004, the Hilton Head Island Public Facilities Corporation, a non-profit entity and component unit of the Town, entered into a Certificate of Participation with Wells Fargo Bank, N.A. for \$10,775,000 secured by revenues collected from Hospitality Tax. The monies will be used for public safety capital improvement projects.

The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated amount of certificates; (b) maximum annual debt service on certificate for any fiscal year or (c) 125% of average annual debt on the certificates. At June 30, 2008, \$924,654 was the fair value of the amount held in the reserve fund.

## Outstanding Debt Issues (continued)

### **14. Beach Preservation Fees Bonds; \$19,000,000, Dated August 1, 2006**

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

The Town is required to maintain a reserve for the beach preservation bonds. The original required deposit was 10% of the stated amount of the certificates or \$1,900,000. The Town has allowed the investment income to remain in the reserve. At June 30, 2008, \$2,046,834 was the fair value amount held in the reserve fund.

### **15. Tax Increment Financing Bonds; \$8,000,000, Dated June 25, 2004**

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

### **16. Tax Increment Financing Bonds; \$22,000,000, Dated April 17, 2008**

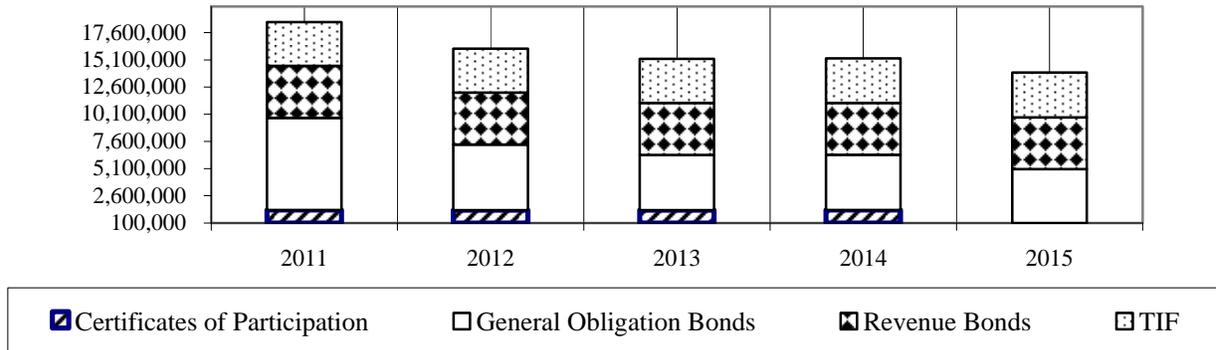
On April 17, 2008 the Town issued \$22,000,000 tax increment bonds to fund capital redevelopment projects related to the Tax Increment Financing District.

The Town is required to maintain an additional security fund of \$1,000,000 to pay debt service in the event TIF Fund revenues are not sufficient. The Town is required to maintain the additional security fund until TIF tax revenues collected in each of two successive fiscal years are not less than 110% of the combined maximum annual debt service on the 2004 and 2008 TIF Bonds. At June 30, 2008 \$1,000,000 was the fair value of the amount held in the additional security fund

## Planned Debt Service for the Next Five Years

	2011	2012	2013	2014	2015
<b>Certificates of Participation</b>					
2004A - Certificates of Participation	\$ 1,162,455	\$ 1,157,155	\$ 1,156,105	\$ 1,167,855	\$ -
2005 - Certificates of Participation	139,453	134,689	129,925	135,161	-
<b>Total Certificates of Participation</b>	<b>\$ 1,301,908</b>	<b>\$ 1,291,844</b>	<b>\$ 1,286,030</b>	<b>\$ 1,303,016</b>	<b>\$ -</b>
<b>General Obligation Bonds</b>					
Series 1999B - General Obligation Bonds	486,235	489,773	487,433	489,188	489,878
Series 2004A - General Obligation Bonds	1,061,250	1,051,500	1,040,925	1,035,725	1,029,475
Series 2004B - General Obligation Bonds	2,292,125	939,337	-	-	-
Series 2005A - General Obligation Bonds	2,437,315	2,432,415	2,432,196	2,431,634	2,431,590
Series 2008A - General Obligation Bonds	1,107,650	1,104,413	1,104,600	1,104,662	1,097,137
<b>Total General Obligation Bonds</b>	<b>\$ 8,458,312</b>	<b>\$ 6,017,438</b>	<b>\$ 5,065,154</b>	<b>\$ 5,061,209</b>	<b>\$ 5,048,080</b>
<b>Revenue Bonds</b>					
2002 Stormwater Bonds	\$ 1,245,665	\$ 1,244,608	\$ 1,241,924	\$ 1,242,205	\$ 1,240,705
2004 Hospitality Tax Bonds	756,632	754,732	755,733	756,133	755,553
2006 Beach Preservation Fee Bonds	2,790,072	2,785,554	2,786,216	2,781,330	2,767,500
2004 TIF Bonds	998,325	999,730	999,275	996,960	997,669
2008 TIF Bonds	3,013,136	3,040,935	3,065,610	3,097,161	3,125,291
<b>Total Revenue Bonds</b>	<b>\$ 8,803,830</b>	<b>\$ 8,825,559</b>	<b>\$ 8,848,758</b>	<b>\$ 8,873,789</b>	<b>\$ 8,886,718</b>
<b>Grand Total</b>	<b>\$ 18,564,050</b>	<b>\$ 16,134,841</b>	<b>\$ 15,199,942</b>	<b>\$ 15,238,014</b>	<b>\$ 13,934,798</b>

### Debt Service by Funding Type





## Appendix

# 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.

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

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

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

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

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

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

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

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

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

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

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

**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.

**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.

**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.

**Expenditure** – The disbursement of appropriated funds to pay for goods and/or services.

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

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

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

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

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

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

**Fund Balance** – Equals the equity in each fund.

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

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

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

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

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

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

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

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

**Non-Departmental** – 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** – Disbursements for goods and services purchased that are consumable in nature or equipment purchases that have a useful life of less than one year.

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

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

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

**Personnel Expenditures** – 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.

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

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

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

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

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

**Tax Increment Financing (TIF)** – Is 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.

**Taxable Value** – The assessed value of real property.

**Ten-Year Capital Plan** (also known as a Capital Improvement Program (CIP))- Is 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.

**Unemployment Compensation** – Amount used to make unemployment compensation payments to former employees.

**Workers' Compensation** – Premiums and deductible amounts paid for Workers' Compensation coverage.

# FY 2010 Financial Structure - all funds

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

	General	Tax Increment Financing District	Local ATAX	State Accom. Tax	Real Estate Transfer Fee	Beach Preservation Fee	Hospitality Tax	Stormwater Fee	Debt Service	Capital Projects	Electric Franchise Fee	Total Governmental Funds
<b>Revenues:</b>												
Real and Personal Property Taxes	\$ 11,098,760	\$ 5,973,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,716,420	\$ 707,050	\$ -	\$ 22,496,226
Capital Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-
Accommodations Tax	-	-	1,934,720	3,776,120	-	-	-	-	-	-	-	5,710,840
Hospitality Tax	-	-	-	-	-	-	4,596,170	-	-	-	-	4,596,170
Business Licenses/Franchise Fees	7,847,630	-	-	-	-	-	-	-	-	-	-	7,847,630
Permits	795,500	-	-	-	-	-	-	-	-	-	-	795,500
Other Fees:												
Impact	-	-	-	-	-	-	-	-	-	181,000	-	181,000
Real Estate Transfer	-	-	-	-	1,932,430	-	-	-	-	-	-	1,932,430
Beach Preservation	-	-	-	-	-	4,269,710	-	-	-	-	-	4,269,710
Electric Franchise	-	-	-	-	-	-	-	-	-	-	2,331,400	2,331,400
Stormwater	-	-	-	-	-	-	-	1,488,380	-	-	-	1,488,380
State Shared Funds	895,590	-	-	-	-	-	-	-	-	270,000	-	1,165,590
Donations	1,000	-	-	-	-	-	-	-	-	150,000	-	151,000
Grants	221,780	-	-	-	-	-	-	-	-	-	-	221,780
Miscellaneous Revenue	2,336,910	-	-	-	-	-	-	-	-	179,000	-	2,515,910
Investment Income	112,790	35,845	11,610	23,710	11,600	201,320	27,580	8,930	46,200	-	-	479,586
Total revenues	23,309,960	6,009,841	1,946,330	3,799,830	1,944,030	4,471,030	4,623,750	1,497,310	4,762,620	1,487,050	2,331,400	56,183,151
<b>Expenditures:</b>												
<b>General Government</b>												
Town Council	424,350	-	-	-	-	-	-	-	-	-	-	424,350
Town Manager	732,150	-	-	-	-	-	-	-	-	-	-	732,150
Total	1,156,500	-	-	-	-	-	-	-	-	-	-	1,156,500
<b>Administration</b>												
Administration/Legal	3,238,370	-	-	-	-	-	-	-	-	-	-	3,238,370
Finance	1,585,090	-	-	-	40,000	-	-	-	-	-	-	1,625,090
Total	4,823,460	-	-	-	40,000	-	-	-	-	-	-	4,863,460
<b>Community Services</b>												
Community Development	2,769,140	-	-	-	-	-	-	-	-	-	-	2,769,140
Public Projects and Facilities	3,441,280	-	-	-	-	-	-	-	-	-	-	3,441,280
Total	6,210,420	-	-	-	-	-	-	-	-	-	-	6,210,420
<b>Public Safety</b>												
Fire and Rescue	13,501,170	-	-	-	-	-	-	-	-	-	-	13,501,170
Sheriff/Other Public Safety	3,079,140	-	-	-	-	-	-	-	-	-	-	3,079,140
Total	16,580,310	-	-	-	-	-	-	-	-	-	-	16,580,310
<b>Townwide</b>												
Capital Outlay/Projects	268,900	-	-	-	-	-	-	-	-	10,423,000	2,000,000	12,691,900
Accommodations Tax Grants	-	-	-	565,907	-	-	-	-	-	-	-	565,907
Visitor and Convention Bureau	-	-	-	1,132,836	-	-	-	-	-	-	-	1,132,836
Debt Service	339,370	-	-	-	-	-	-	-	17,395,940	-	-	17,735,310
Total expenditures	32,057,870	-	-	1,698,743	40,000	-	-	-	17,395,940	10,423,000	2,000,000	63,615,553
Excess (deficiency) of revenues over (under) expenditures	(8,747,910)	6,009,841	1,946,330	2,101,087	1,904,030	4,471,030	4,623,750	1,497,310	(12,633,320)	(8,935,950)	331,400	(7,432,402)
<b>Other financing sources (uses):</b>												
<b>Transfers In:</b>												
Accommodations Tax - State	1,020,890	-	-	-	-	-	-	-	-	-	-	1,020,890
Accommodations Tax - Local	1,946,330	-	-	-	-	-	-	-	-	-	-	1,946,330
Hospitality Tax	2,854,630	-	-	-	-	-	-	-	756,510	4,140,000	-	7,751,140
Real Estate Transfer	-	-	-	-	-	-	-	-	2,723,120	-	-	2,723,120
Beach Preservation	1,461,940	-	-	-	-	-	-	-	2,812,810	850,000	-	5,124,750
Electric Franchise	79,330	-	-	-	-	-	-	-	-	-	-	79,330
TIF	193,790	-	-	-	-	-	-	-	3,987,540	2,352,000	-	6,533,330
Stormwater	313,360	-	-	-	-	-	-	-	1,247,940	1,573,000	-	3,134,300
<b>Transfers Out:</b>												
Accommodations Tax	-	-	(1,946,330)	(1,020,890)	-	-	-	-	-	-	-	(2,967,220)
Hospitality Tax	-	-	-	-	-	-	(7,751,140)	-	-	-	-	(7,751,140)
Real Estate Transfer	-	-	-	-	(2,723,120)	-	-	-	-	-	-	(2,723,120)
Beach Preservation	-	-	-	-	-	(5,124,750)	-	-	-	-	-	(5,124,750)
Electric Franchise	-	-	-	-	-	-	-	-	-	-	(79,330)	(79,330)
TIF	-	(6,533,330)	-	-	-	-	-	-	-	-	-	(6,533,330)
Stormwater Fees	-	-	-	-	-	-	-	(3,134,300)	-	-	-	(3,134,300)
Stormwater Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Hospitality Tax Bonds	-	-	-	-	-	-	-	-	-	-	-	-
TIF Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	7,870,270	(6,533,330)	(1,946,330)	(1,020,890)	(2,723,120)	(5,124,750)	(7,751,140)	(3,134,300)	11,527,920	8,915,000	(79,330)	-
Net change in fund balances	(877,640)	(523,489)	-	1,080,197	(819,090)	(653,720)	(3,127,390)	(1,636,990)	(1,105,400)	(20,950)	252,070	(7,432,402)
Fund balance - beginning	15,040,569	72,471	-	1,520,044	2,889,672	12,178,285	-	-	9,694,978	10,589,927	(126,224)	51,859,724
Fund balance - ending	\$ 14,162,929	\$ (451,018)	\$ -	\$ 2,600,241	\$ 2,070,582	\$ 11,524,565	\$ (3,127,390)	\$ (1,636,990)	\$ 8,589,578	\$ 10,568,977	\$ 125,846	\$ 44,427,322

The Town will create stand-alone funds for Hospitality Taxes and Stormwater Fees in fiscal year 2010 which are presently reported in the Capital Projects Fund. Beginning balances will be restated for these changes when fiscal year 2009 is closed.