

**TOWN OF HILTON HEAD ISLAND, SC
BUDGET IN BRIEF
FY 2016-2017**

**Town of Hilton Head Island, SC
Budget In Brief
FY 2016-2017**



For any questions relative to this document, please contact the Finance Department at 341-4646.

Susan Simmons, Director of Finance
One Town Center Court
Hilton Head Island, SC 29928

The entire budget document can be found on the Town's website www.hiltonheadislandsc.gov



Elected Officials

Mayor

The Honorable David Bennett

Town Council

William D. Harkins, Mayor Pro Tempore

David Ames

Marc Grant

Thomas Lennox

Kimberly W. Likins

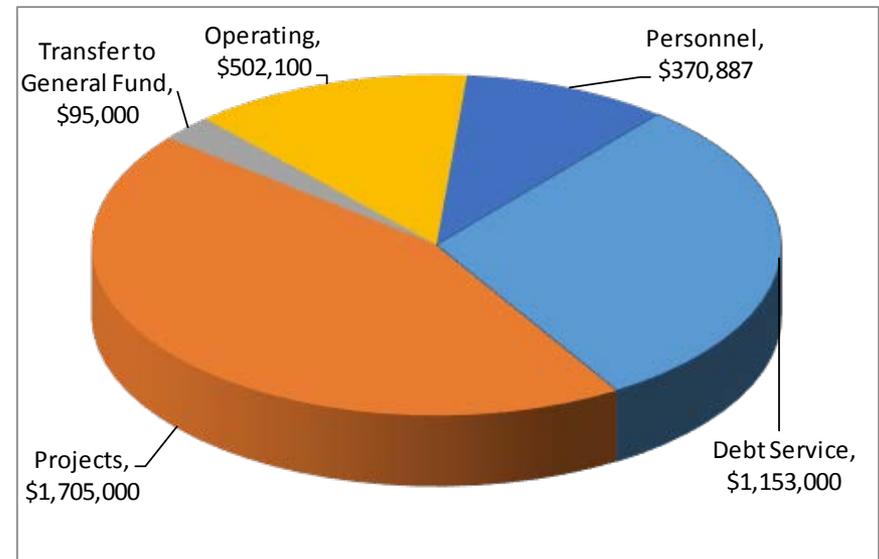
John McCann

Administration

Stephen G. Riley Town Manager
Gregory DeLoach Assistant Town Manager Administration
Bradley Tadlock Fire Chief
Susan Simmons Director of Finance
Charles F. Cousins Director of Community Development
Scott Liggett Director of Public Projects and Facilities

Enterprise Fund Stormwater Fund

This fund is used to account for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems and programs within the Town limits of Hilton Head Island in concert with Beaufort County and other water resource management programs. The total expense budget for FY 2017 is \$3,825,987 including a transfer to the General Fund. This compares with \$3,652,255 from FY 2016. The annual base fee per SFU will remain at \$108.70 for FY 2017. This will provide adequate resources to allow the fund to remain self-sufficient.



Millage Rate Information

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

The Value of Town Taxes

If your home is assessed at \$350,000, you will pay:

Primary resident at 4%	\$310.52
Secondary resident at 6%	\$465.78

For the annual cost of \$311 for a primary resident or \$466 for a secondary resident as compared to \$852 for annual cell phone use or more than \$2,000 annually for all internet, cable television, cell phones and video games, the Town provides residents with, among other things:

- Public Safety and Beach Patrol Services
- Fire and Emergency Medical Services
- Community Development Services
- Pathways and Roadways – including landscaping
- Community Parks, Beach Parks and Tennis Courts

This is an overall great value that the Town provides at a reasonable cost.

Budget In Brief Introduction

The Town of Hilton Head Island provides this document as an overview of the Town’s Consolidated Budget (Governmental Funds) which totals \$102,626,393 for FY 2017. In addition, the Town’s Stormwater Fund (Enterprise Fund) expenses are programmed at \$3,825,987 for Fiscal Year 2017.

The Town’s annual budget allocates the Town’s financial resources to achieve goals established by both long-term and short-term priorities set by Town Council. The goals are shown on the next page. This document provides a brief description of revenue the Town expects to receive and the planned areas for where the money will go. State law requires that the Town adopt a budget prior to the beginning of the fiscal year which is July 1st.

Town of Hilton Head Island

Our Mission

To provide excellent customer service to all who come in contact with the Town

To wisely manage and utilize the financial and physical resources of Town government

To promote policies and programs which will assure the long term health and vitality of the community

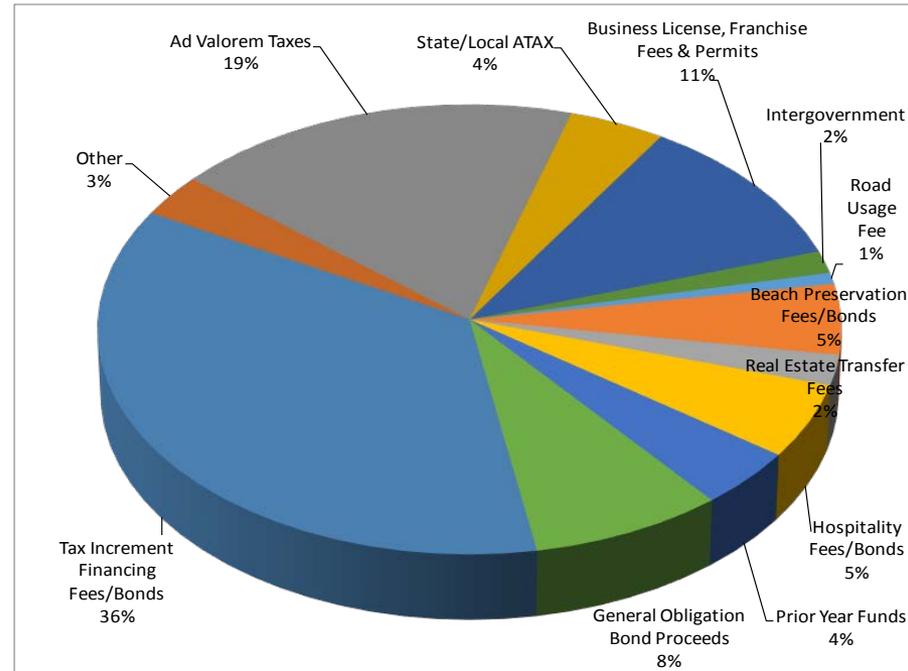
To encourage and instill job satisfaction for Town staff

To develop and enhance the professional growth of all staff members

Governmental Funds

Where the Money Comes From (Continued)

Tax Increment Financing (TIF) funds derive from increased value above the baseline assessment when the TIF District was established as well as proceeds from TIF Bonds. TIF taxes and bonds provide \$6.5 million and \$30.2 million respectively and represent 7% and 29.5% of the consolidated budget.



Governmental Funds

Where the Money Comes From

The Town's revenue sources are provided from taxes on real, personal, and vehicle property; business licenses; permits; fees; charges for services; and other miscellaneous revenue. To support the \$102,626,393 governmental fund spending, major categories of revenue are described below:

Ad Valorem Taxes are ad valorem property taxes collected this fiscal year on real estate, personal, and vehicles. This revenue is 19% of the consolidated budget at \$19.0 million.

Licenses, Franchise Fees & Permits are business licenses, building and development permits, and cable and beach franchise fees which raise \$11.3 million for the General Fund and provide 11% of the consolidated budget.

Accommodations Taxes/Beach Preservation Fees are funds derived from taxes on short-term rental, hotel and motel accommodations. The State mandates 2% tax, and the Town has a 2% Beach Fee and 1% Local Accommodations tax as well as from Beach Preservation Bonds. These fees provide \$9.7 million representing 9% of the consolidated budget.

HTAX Bonds/Fees: HTAX (Hospitality Tax) are proceeds from HTAX Bond and fees collected from a 2% tax imposed on the gross sales price of prepared meals and beverages. These fees provide \$5.4 million and represent 5% of the total budget.

Governmental Funds

The Budget Plan

The Town of Hilton Head Island serves a full-time residential population recently exceeding 40,000 as well as 2.65 million visitors annually. Our service delivery systems are designed to accommodate a daily population nearly three times the size of the permanent population.

This adopted budget assumes a prudent and realistic revenue posture which allocates the Town's financial resources to achieve the Town Council's Adopted Policy, Management, and CIP Agendas for 2017. The total millage rate for the General Fund, Debt Service Fund, and Capital Projects Fund will remain at 22.18. The Town's expected collected value per mil for fiscal year 2017 is \$853,448 compared to the prior year's \$851,848.

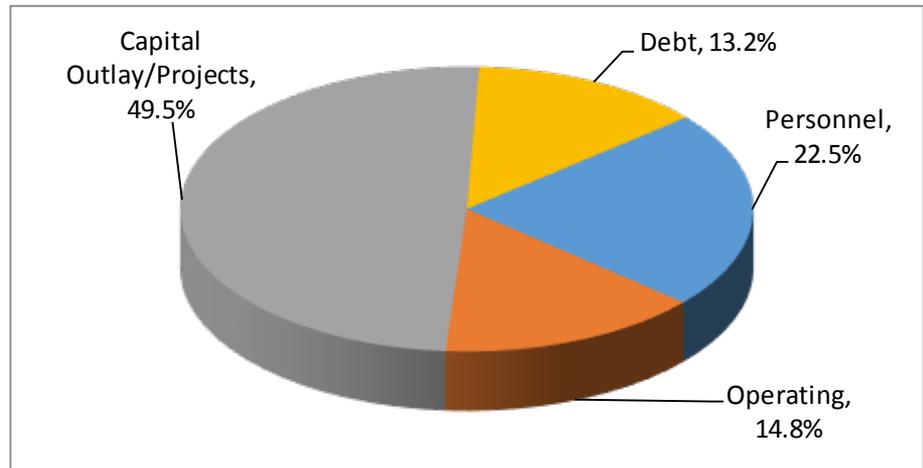
The Capital Projects Fund (Capital Improvements Program [CIP]) is programmed at \$49,440,250 for fiscal year 2017. The largest components of new funds include USCB \$18.9 million, Coligny/Pope Avenue Initiative \$11.35 million, roadway improvements \$8.2 million, Rec. Center Expansion an additional \$5.0 million and other projects. Also, the Town will roll significant funds from the old to new fiscal year to supplement the aforementioned projects and to perform beach renourishment.

Governmental Funds Resources and Uses

FUND TYPE	PRIMARY RESOURCES	FUND USES
<p>Debt Service Fund accounts for long-term debt obligations for capital assets, improvements, and land acquisition</p>	<ul style="list-style-type: none"> • Property Taxes • Refunding Bond Proceeds <p>Transfers from:</p> <ul style="list-style-type: none"> • Hospitality Taxes • Real Estate Transfer Fees • Beach Preservation Fees • Tax Increment Financing 	<ul style="list-style-type: none"> • Debt principal and interest payments • Refund Debt for cost of capital savings
<p>Capital Projects Fund is used to account for major capital projects</p>	<ul style="list-style-type: none"> • Property Taxes • Fund Balance • Grants • Sunday Liquor Permit Fees • Bond Proceeds <p>Transfer from:</p> <ul style="list-style-type: none"> • Beach Preservation Fees • Tax Increment Financing • Hospitality Taxes • Road Usage Fee 	<ul style="list-style-type: none"> • New construction • Purchase of land and buildings • New streets and improvements • New pathways and improvements • Beach renourishment and monitoring • Open space land acquisition

Governmental Funds Expenditures by Type

	Adopted FY 2016	Adopted FY 2017
Personnel	\$ 22,415,295	\$ 23,070,589
Operating	15,436,979	15,224,832
Capital Outlay/Projects	35,615,816	50,758,472
Debt	11,215,701	13,572,500
	\$ 84,683,791	\$ 102,626,393



Governmental Funds Expenditures

	FY 2016 Adopted Budget	FY 2017 Adopted Budget
General Fund:		
Town Council	\$ 458,143	\$ 1,174,768
Town Manager	650,746	659,078
Management Services	5,428,691	5,785,125
Community Development	2,800,342	2,967,648
Public Projects & Facilities	5,350,543	5,522,731
Fire Rescue	14,042,261	15,517,963
Police/Other Public Safety	3,475,016	3,717,896
Townwide	5,646,532	4,268,434
Capital Projects Fund	35,615,816	49,440,250
Debt Service Fund	11,215,701	13,572,500
	<u>\$ 84,683,791</u>	<u>\$ 102,626,393</u>

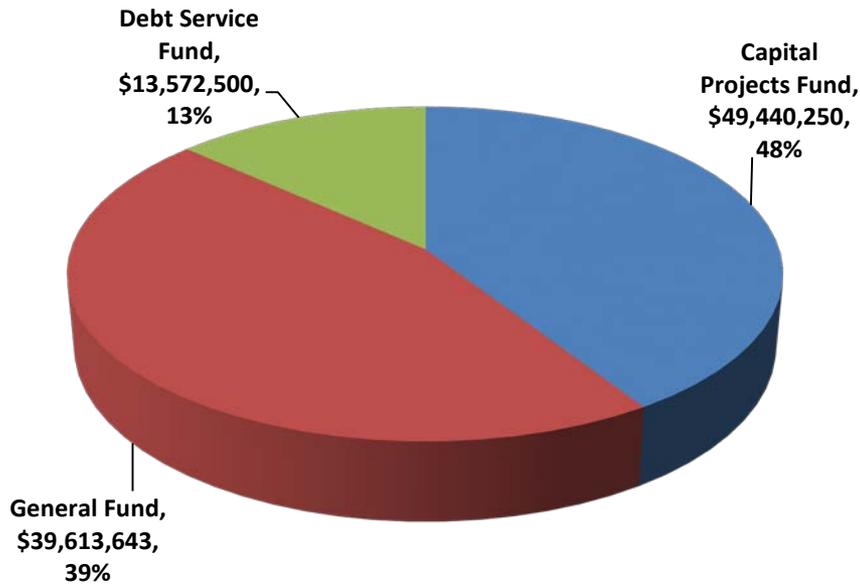
Governmental Funds Resources and Uses

Most financial transactions of the Town (except the Stormwater Fund which is an Enterprise Fund) are budgeted and accounted for within three governmental funds. Each fund has a different source of revenue and/or certain restrictions on the use of the revenues. Often, the sources of these budgeted funds are transfers from other unbudgeted Special Revenue Funds of the Town. The funds, major revenue sources, and primary fund uses are summarized below.

FUND	PRIMARY RESOURCES	FUND USES
<p>General Fund provides for basic Town services and operations not required to be accounted for in other funds.</p>	<ul style="list-style-type: none"> • Property Taxes • Business License Fees • Permit Fees • Emergency Medical Services <p>Transfers from:</p> <ul style="list-style-type: none"> • Accommodation Taxes • Hospitality Taxes • Beach Preservation Fees • Road Usage Fee 	<ul style="list-style-type: none"> • General Operations • Public Safety • Community Services • Beach and Area • Parks Support • Facilities Management • Road Maintenance • Equipment Purchases

Governmental Funds Expenditures by Fund

The chart below shows each fund's share of the Town's Governmental Funds \$102,626,393 Budget:



Governmental Funds How the Money is Spent

Expenditures by Function: The Town budgets expenditures by function and department/projects.

Function	Departments/Projects
General Government	Town Council and Town Manager
Administration	Administration/Legal, Administrative Services, Finance, Human Resources
Community Services	Community Development and Public Projects and Facilities
Public Safety	Fire and Rescue, Police, and Other Public Safety
Townwide, General Fund Capital Outlay	
Capital Projects	Roadway Improvements, Pathways, Park Development, Existing Facilities and Infrastructure, Land Acquisition, Beach Maintenance, and New Facilities and Infrastructure
Debt Service	