

COUNTY COUNCIL OF BEAUFORT COUNTY

ADMINISTRATION BUILDING

100 RIBAUT ROAD

POST OFFICE DRAWER 1228

BEAUFORT, SOUTH CAROLINA 29901-1228

TELEPHONE: (843) 255-1000

FAX: (843) 255-9401

www.bcgov.net

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COUNTY ADMINISTRATOR

BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

JOSHUA A. GRUBER
COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA

FINANCE COMMITTEE

Monday, March 3, 2014

4:00 p.m.

Executive Conference Room
Administration Building, Government Center

Staff Support

Alicia Holland, Chief Financial Officer

1. CALL TO ORDER – 4:00 P.M.
2. DISCUSSION / HILTON HEAD ISLAND TAX INCREMENT FINANCING (TIF) EXTENSION
([backup](#))
3. TREASURER'S QUARTERLY UPDATE ([backup](#))
4. UPDATE / SECOND QUARTER BUDGET FIGURES
5. DISCUSSION / AN ORDINANCE TO ESTABLISH A GENERAL FUND RESERVE POLICY FOR
BEAUFORT COUNTY, SOUTH CAROLINA
 - A. General Fund Reserve Policy Ordinance ([backup](#))
 - B. General Fund Reserve Policy Ordinance / Chairman's Revisions ([backup](#))
6. DISCUSSION / ESTABLISHING DEBT RESERVE POLICY FOR BEAUFORT COUNTY'S DEBT
SERVICE FUND AS A ORDINANCE ([backup](#))
 - A. Debt Reserve Policy ([backup](#))
7. CONSIDERATION OF REAPPOINTMENTS AND APPOINTMENTS
 - A. Accommodations Tax Board
8. ADJOURNMENT

2014 Strategic Plan: Committee Assignments

Budget Document/Process and Financial Reporting: Revision
Mitchelville Historic Site Development: Funding
Reserve Policy



TOWN OF HILTON HEAD ISLAND

One Town Center Court, Hilton Head Island, S.C. 29928

(843) 341-4600 Fax (843) 842-7728

www.hiltonheadislandsc.gov

March 3, 2014

Drew A. Laughlin
Mayor

William D. Harkins
Mayor ProTem

Council Members

Wm. Lee Edwards
Marc A. Grant
Kim W. Likins
John J. McCann
George W. Williams, Jr.

Stephen G. Riley
Town Manager

Finance Committee

Beaufort County

100 Ribaut Road

Beaufort, South Carolina 29902

Members of the Committee:

Thank you for the opportunity to present the Town's Tax Increment Financing (TIF) extension plan. We would like to continue this vital partnership between the County and the Town of Hilton Head Island. Since the TIF began in 1999, this partnership has increased sewer access to many residential and commercial properties on the Island.

The Town proposes the following for the 10 year extension.

- Retain the County's contribution at the existing level.
- Over the ten-year period, we estimate your contribution to be approximately \$26,100,000.

Partnering through the TIF since 1999, we have been able to revitalize the Island's north end of the TIF resulting in an amazing 260% increase in the assessed tax base! The Town's south end TIF experienced an impressive but more modest increase of 97%. Our extension plans include the entire TIF district but the larger focus will be increasing the tax base in the TIF's south Island area.

The keystone project will include bringing USCB back to the Island. Research shows that the presence of a university, such as USCB:

- Increases educational levels of residents who are more likely to earn higher wages and live longer, more productive lives thereby enriching the community,
- creates local jobs and increases local spending,
- provides amenities especially through the Osher Lifelong Learning Institute, and
- increases P-16 partnership opportunities associated with an "on-Island" facility.

Additionally, the Town TIF extension plan will have direct educational impacts associated with a children's museum and environmental outdoor laboratory.

As leaders, we should align our important policy agendas to ensure high-quality, opportunity-rich schools in healthy, sustainable communities. To quote the University of California Center for Cities and Schools, *"The success of our cities and regions depends on high-quality schools, just as high-quality schools depend on the vibrancy, health, and*

sustainability of our communities.” Together, we look forward to achieving these successes which align so well with the mission and goals of a TIF.

If you have questions or desire additional information, please contact me or Susan Simmons (843) 341-4645. Thank you again.

Respectfully,



Stephen G. Riley

Town of Hilton Head Island, ICMA-CM and Town Manager

Cc: Gary Kubic, County Administrator
Bryan Hill, Deputy County Administrator
Alicia Holland, Chief Financial Officer



March 3, 2014

HILTON HEAD ISLAND TIF EXTENSION

PRESENTATION TO THE BEAUFORT COUNTY FINANCE COMMITTEE

TIF EXTENSION

- × Maintain same partners
 - + Renew TIF agreements with each partner
 - + Cap total and/or annual amounts contributed
- × Extend the TIF for **10** years
- × Extend the TIF amount by \$**50** million to a total of \$**115** million
- × Specify the new projects in the TIF extension
- × Allow time to complete the current TIF projects

STATUS OF PARTNERSHIP DISCUSSIONS

✖ Beaufort County

- + Staff of Town and County met in 2013; favorable response from staff
- + Informal discussions continued in 2014 with updated plan

✖ Beaufort County School District

- + Board of Education stated its intent to participate on February 18, 2014
- + Plan will cap BCSD at \$13 million or 75% of debt service millage; release operating millage. Current projection of 75% debt service = \$11m - \$11.5m

✖ Hilton Head Public Service District

- + Stated intent to fully participate during 2013 preliminary discussions
- + Restated its intent to participate with current plan on February 25, 2014

ESTIMATED REVENUES FOR TIF EXTENSION

Beaufort County	\$ 26,100,000
Hilton Head Island PSD	1,100,000
Town of Hilton Head Island	9,800,000
Beaufort County School District	<u>13,000,000</u>
Total TIF Extension Tax Revenues	<u>\$ 50,000,000</u>

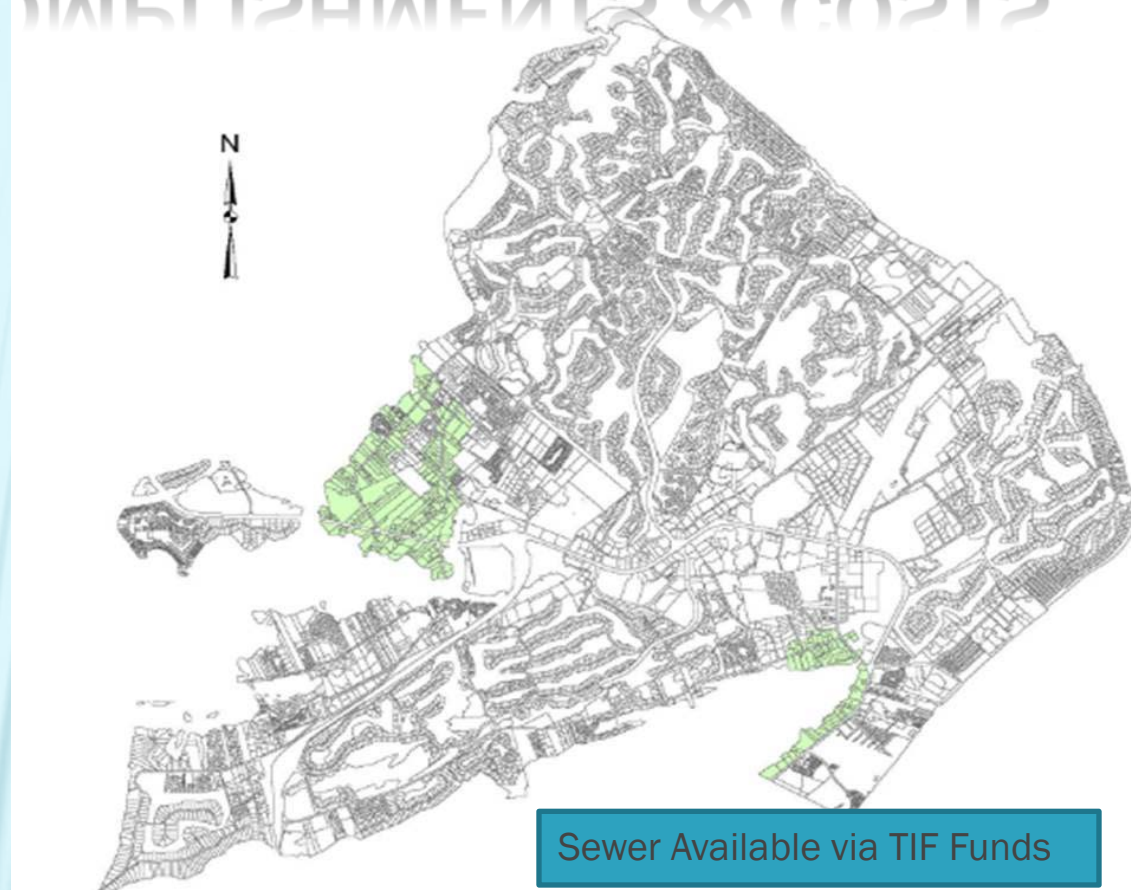
Notes:

1. The Town is committed beyond the TIF tax revenues to the TIF District.
2. While not a TIF taxing partner, USCB will be a significant monetary contributor to the TIF extension.
3. There may be other partners with fundraising efforts, ex., the children's museum.
4. There will be initial private developments, ex. Heritage Plaza.
5. The Town anticipates these efforts to spur more private (re)development.

EXISTING TIF ACCOMPLISHMENTS & COSTS

- ×** **Sewer in Squire Pope, Stoney, Chaplin & Marshland Communities** **\$ 2.4m**
 - + 6 Projects, Enabled Access to 600+ acres
 - + Direct service to 212 properties
- ×** **Parks** **\$ 3.7m**
 - + Compass Rose
 - + Community Art
 - + Coligny Beach
- ×** **Pathways** **4.7 Miles** **\$ 6.1m**
 - + Pope Avenue
 - + Mathews/Islander Drives
 - + New Orleans Road
- ×** **Roads** **2.3 Miles** **\$18.4m**
 - + Mathews Drive and connectors
 - + Roundabouts at Mathews/Beach City, Dunnagan's Alley, and Gumtree/Squire Pope
 - + Office Park Road
 - + Horseshoe Road Connector
- ×** **Other Public Facilities** **\$14.4m**
 - + Fire Station 1
 - + Land acquisition for existing and future development
- ×** **Financing (\$5.23m) and Project Mgmt./Planning (\$1.68m)** **\$ 6.9m**

× Note: Amounts at 6/30/2013



EXISTING TIF - ESTIMATED REVENUES & EXPENDITURES

REVENUES

	Grand Total
TIF Taxes by Partner	63,566,822
Estimated Net Revenues and Transfer	64,568,251
Beaufort County Contribution	21,014,237 32.55%

EXPENDITURES

	Total TIF Spent/ Projected	Town Contributions from Non-TIF Sources	ALL FUNDING SOURCES - Total Spent/ Projected
Totals	64,568,251	23,473,866	88,473,866

Note 1

Note 1: The Town has not yet updated the "Other Funds Spent in the TIF District". It is still reported as of June 2011

Town contributions including non-TIF funds will be in excess of \$31 million.

PLANS FOR TIF EXTENSION

- ✖ Coligny/Pope Initiative Area (USCB, Community Park and Museum, and Road Improvements to spur Commercial Development)
- ✖ Chaplin Linear Park (Connects Shelter Cove Towne Center and Community Park to the Beach)

Both Start during Existing TIF

But Need Additional Funding and Time

- ✖ Allow Time to Complete Remaining Smaller Projects and Reach \$65 million Existing TIF Cap

COLIGNY/POPE INITIATIVE COMPONENTS

- × USCB Hospitality Center Facility with Osher Lifelong Learning Institute

- × Major Community Park
 - + Serve as a festival gathering area
 - × Features to include Band Shell, Picnic Shelters, Lagoon, Water Features, and Interactive Playground
 - + Improved Beach Parking with Plazas, Kiosks, and Swings
 - + New Children's Museum

- × Pope-Lagoon Connector Road improves infrastructure and encourages private development which will increase assessed values

Budget: \$48,610,000

USCB AS AN ECONOMIC PARTNER

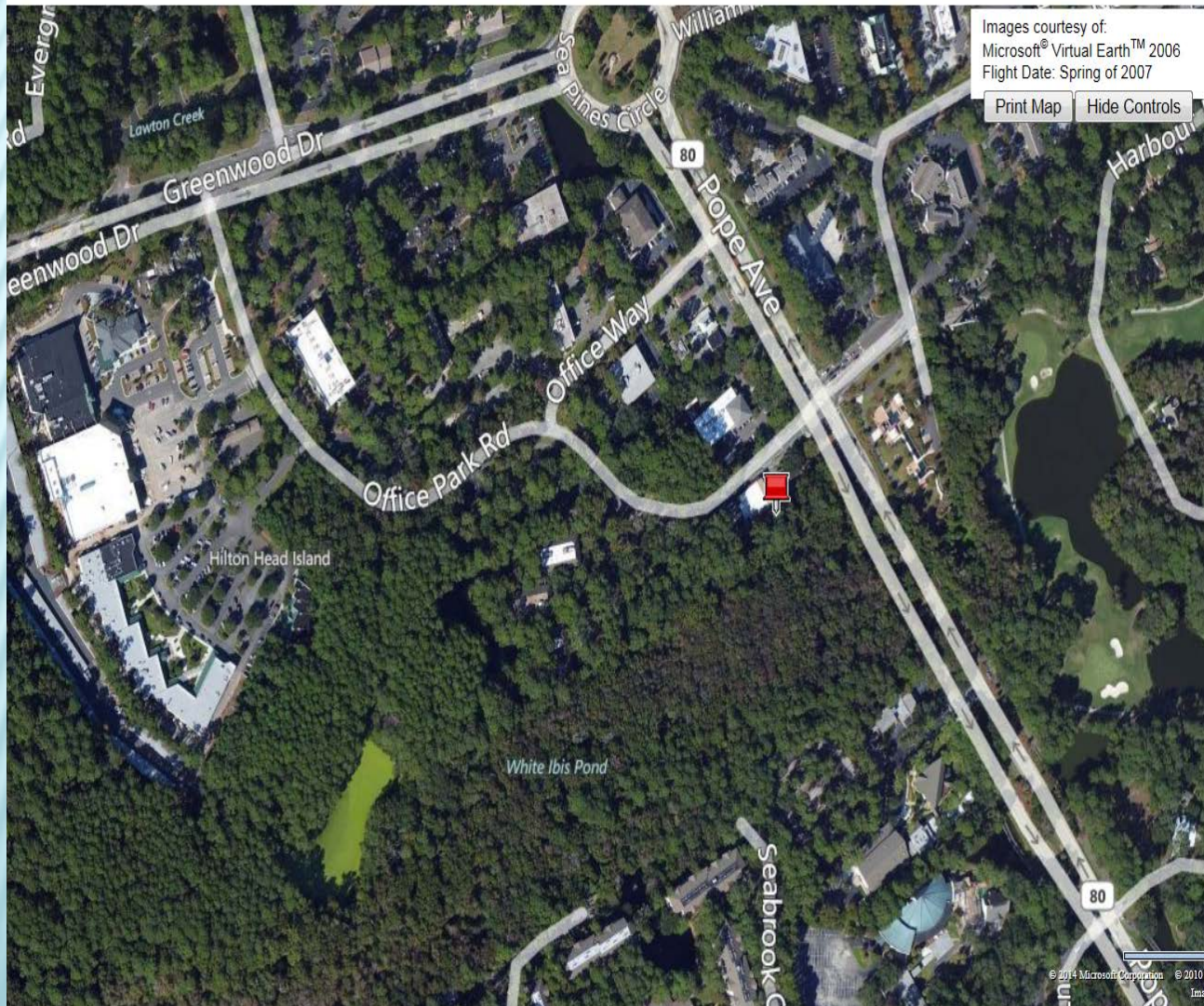


- ✘ Not a taxing TIF partner, but will be a new monetary partner
- ✘ Will contribute several million through appropriations or fundraising
- ✘ Will serve as a economic stimulus to the shoulder and off seasons and complement peak season activities
- ✘ Will provide a community asset
- ✘ Will improve education at all levels: P-16 and lifelong learning on the Island



Statistics show that the presence of a university campus in a municipality makes it a more desirable place to work and live. 9

USCB COMPONENT



- ✗ USCB facility is likely to be located at Pope Ave. and Office Park Rd
- ✗ Planned relocation increases geographical footprint of initiative area
- ✗ This will spur private development over a larger area – the true purpose of a TIF plan!

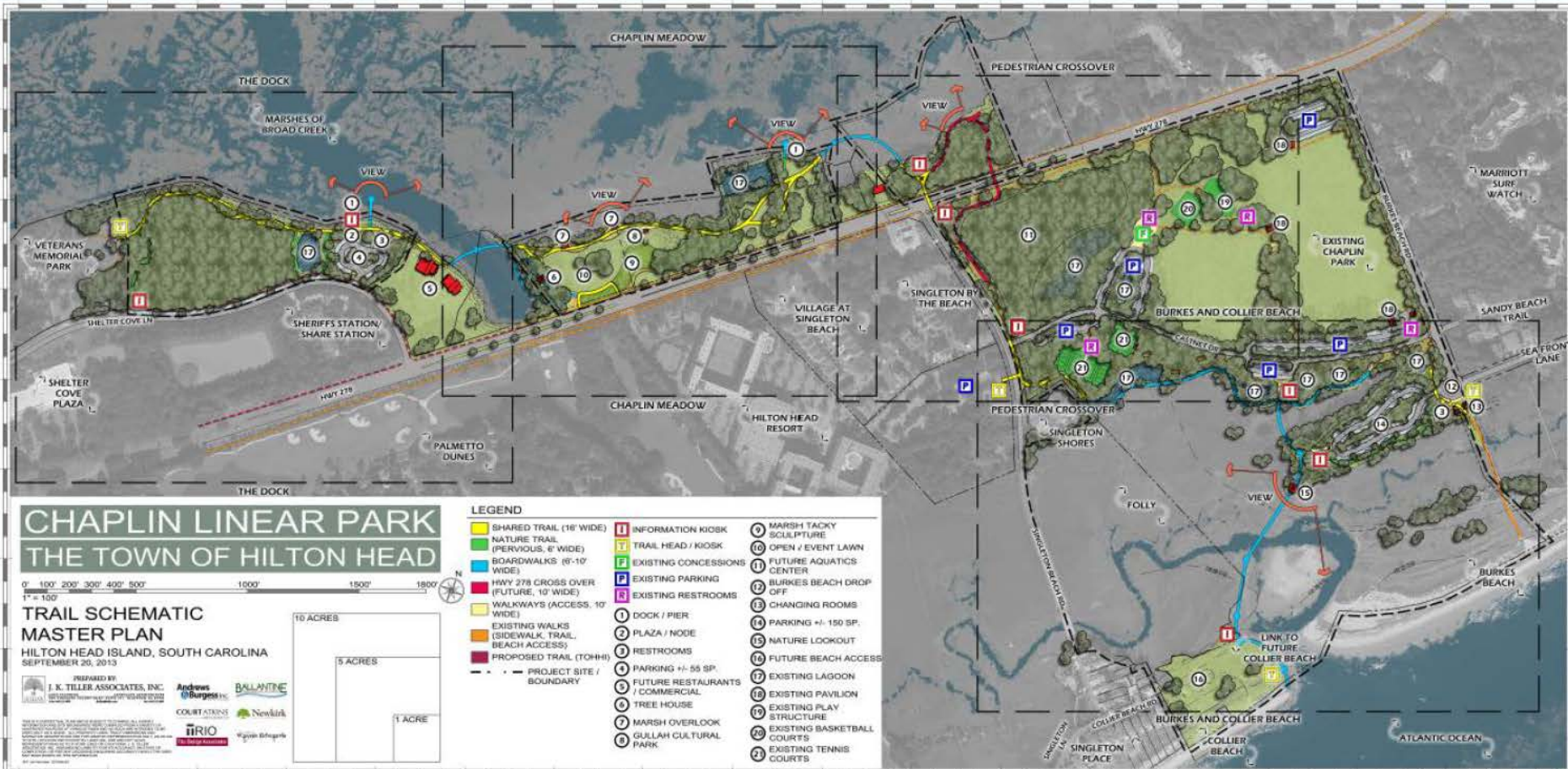
COLIGNY COMMUNITY PARK COMPONENT



- ✕ Encourage Private Development at Heritage Plaza and Surrounding Commercial Ventures



CHAPLIN LINEAR PARK WITH BOARDWALK



*Project Will Connect Town of Hilton Head non-TIF properties
New waterfront Community Park at Shelter Cove Towne Center and
Existing Veterans Memorial
To Existing Town properties
Chaplin Park and Collier Beach Park*

CHAPLIN LINEAR PARK WITH BOARDWALK

- ✖ Unique Opportunity for Island residents and guests
- ✖ Variety of ecosystems and waterways within coastal environment –
 - + The Ocean
 - + The Folly
 - + Broad Creek
- ✖ Integrated system
 - + Boardwalks
 - + Observation piers & platforms
 - + Pedestrian bridges
 - + Waterfront promenades
 - + Multi-purpose trails
- ✖ Public Education through access to marsh environment leads to better understanding and appreciation of the coastal system

Budget: \$9.0 million



BENEFITS OF CONTINUED TIF PARTNERSHIP

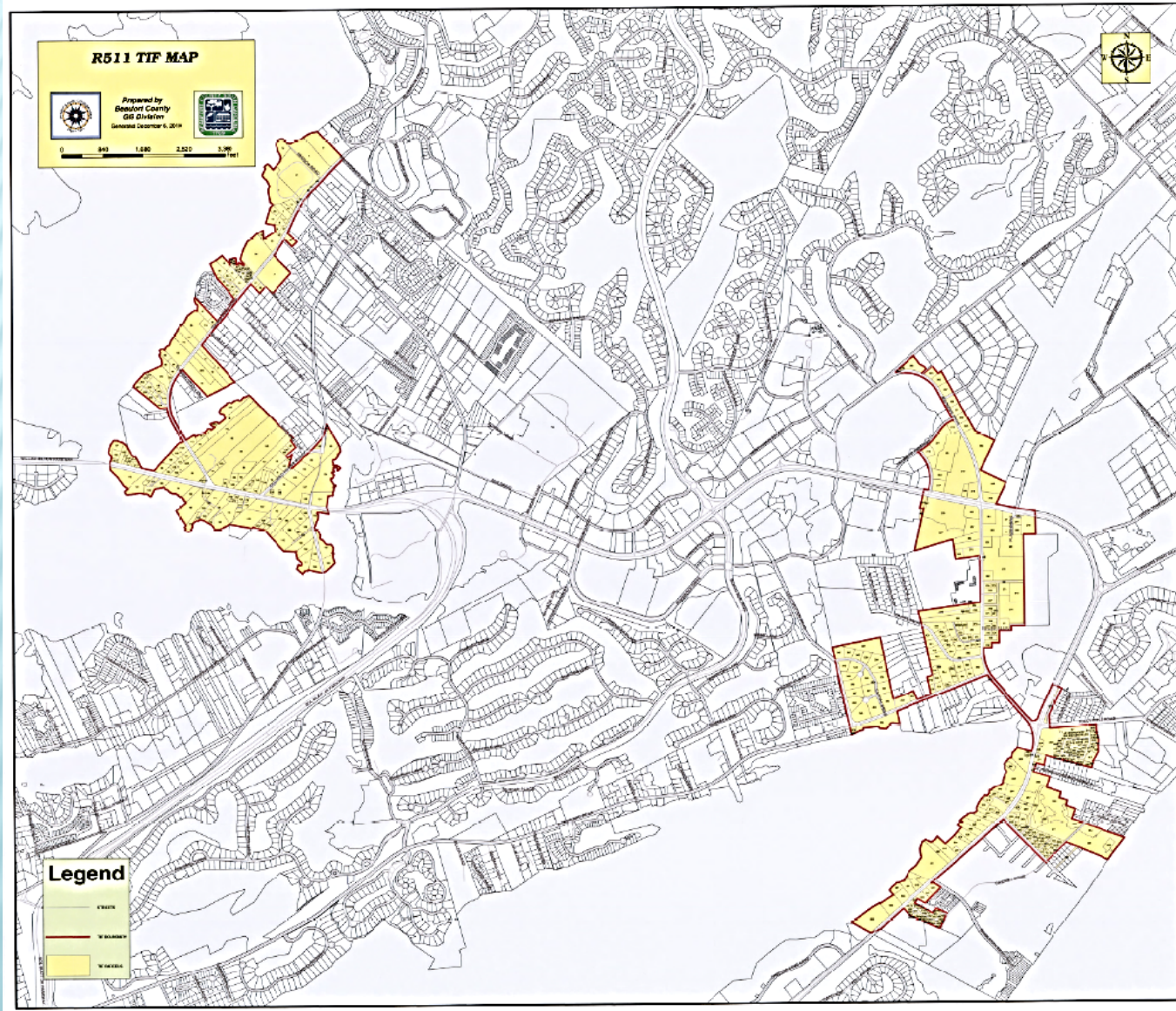
× Encourage Private Investments

- + To expand the tax base and assessed values which increase the tax base for all
- + In community capital assets and jobs
- + Focus efforts to regain values lost in the recession as reflected in the Countywide reassessment

× Government partners make sound investments

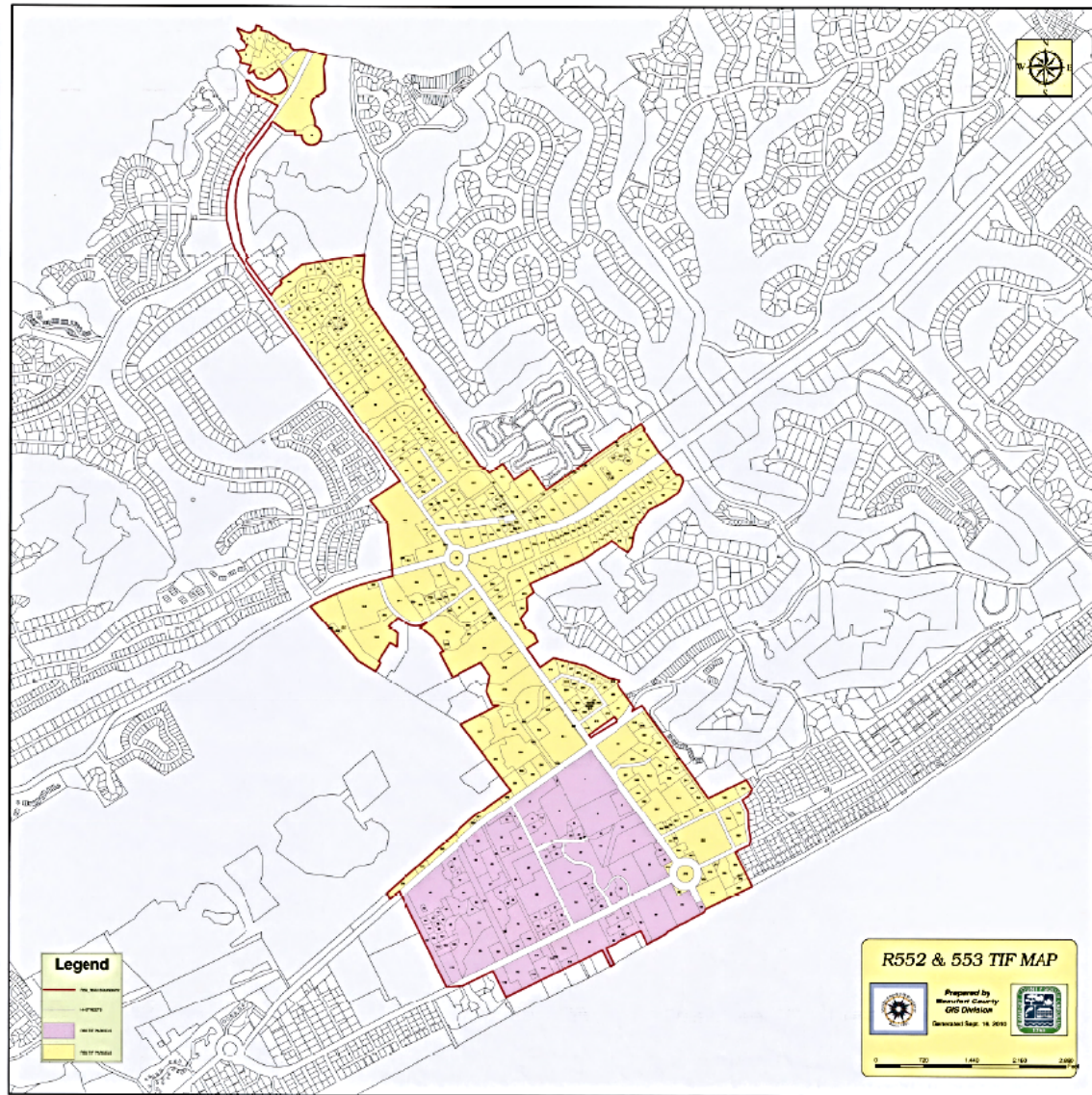
- + In development and redevelopment of community
- + In governmental capital assets, including infrastructure
- + To leverage private investments
- + To maintain and grow their respective tax bases
- + To revitalize Town's most important commercial, tourist, cultural, educational, and recreational gathering places

TAX DISTRICT 511 – NORTH END



This tax district was hugely successful in the existing TIF. Growth during the TIF period is 260%!

TAX DISTRICTS 552 & 553 – SOUTH END



The South End of the TIF outperformed the non-TIF, but was significantly less than District 511.

The focus of the extended TIF will include the USCB facility, a community park, and road infrastructure to spur commercial development which will increase assessed values.

INCREASE IN ASSESSED VALUES POST 2012 REASSESSMENT (CURRENT)

	Tax Increment Financing Districts				Non-TIF Town Districts	Beaufort County, in Total
	Tax Increment Financing District 511	Tax Increment Financing District 552	Tax Increment Financing District 553	Totals		
Current Assessed Value	18,942,970	28,141,890	29,621,900	76,706,760	763,619,256	1,660,659,900
Base Value at 1999	<u>5,263,747</u>	<u>13,689,451</u>	<u>15,605,358</u>	<u>34,558,556</u>	<u>382,825,891</u>	<u>753,813,529</u>
Increment	<u>13,679,223</u>	<u>14,452,439</u>	<u>14,016,542</u>	<u>42,148,204</u>	<u>380,793,365</u>	<u>906,846,371</u>
Percentage Increase	259.88%	105.57%	89.82%	121.96%	99.47%	120.30%

A Source: Beaufort County Fiscal Year 2000 CAFR
The TIF Base was frozen in 1999 and the TIF taxes are generated by the incremental increase in property values.

District 511 (North end – Stoney, Mathews/Gardner, and Chaplin/Broad Creek) remained nearly the same as just prior to the recession, again showing the value of the TIF to the Town and its TIF partners.

Districts 552 and 553 had fairly significant decreases from recession; therefore, they will be the main focus of TIF extension.

TIF still significantly outperformed the Town's non-TIF areas and performed slightly higher than the County during a period of extremely high growth in Bluffton and the surrounding area.

NEXT STEPS TO EXTEND TIF

- ✖ Town staff prepare/finalize formal extension plan
- ✖ Council adopts resolution to distribute TIF Extension Plan
- ✖ Town executes required notifications of Public Meeting re: Town's plan to extend the TIF (public and private partners notified)
- ✖ Council approves first reading of ordinance to extend TIF
- ✖ TIF Partners adopt resolutions consenting to the TIF extension
- ✖ Council holds Public Meeting/Second reading of ordinance to extend TIF
- ✖ Town publish Notice of Adoption of TIF Extension

Process is multi-departmental effort; assisted by Frannie Heizer, McNair Law Firm, Town's Bond Counsel

- ✖ Goals:
 - + Partners Verbal Agreement by April 15, 2014
 - + Ordinances enacted by August 31, 2014

THE TOWN THANKS YOU

- ✖ For participating to date in Hilton Head's TIF
- ✖ For considering an extension of the TIF District

Contacts:

Steve Riley, Town Manager	341-4701
Susan Simmons, Director of Finance	341-4645

Summary Budget Analysis
(Excludes Execution Transfer to General Fund)

Budget vs. Actual				
	<i>Budget</i>		<i>Actual</i>	<i>% Change</i>
2011	\$ 2,315,968	\$	2,215,899.18	-4.32%
2012	\$ 2,101,591	\$	2,034,113.30	-3.21%
2013	\$ 2,157,695	\$	1,907,722.56	-11.59%
2014	\$ 1,821,798	\$	1,183,855.31	

Budget Comparison		
	<i>Budget</i>	<i>% Change</i>
2011	\$ 2,315,968	-9.26%
2012	\$ 2,101,591	2.67%
2013	\$ 2,157,695	-15.57%
2014	\$ 1,821,798	

Change since taking Office -21.34%

Actual Expenditures Comparison		
	<i>Actual</i>	<i>% Change</i>
2011	\$ 2,215,899.18	-8.20%
2012	\$ 2,034,113.30	-6.21%
2013	\$ 1,907,722.56	
2014	\$ 1,183,855.31	

Change since taking Office -13.9%

Execution Fund Transfer to General Fund				
	<i>Budget</i>		<i>Actual</i>	
2011	\$ 251,950	\$	251,949	
2012	-		-	
2013	\$ 250,000	\$	303,000	
2014	-		-	

Tax Year Summary as of January 31, 2014

Summary of Dollars Billed

	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>Total Billed</i>	<i>Total Billed</i>	<i>Total Billed</i>
<i>County</i>			
<i>County Ops</i>	\$ 74,816,946.86	\$ 73,901,342.43	\$ 75,135,346.56
<i>County Debt</i>	8,503,217.38	8,160,227.67	8,858,435.66
<i>R&C</i>	5,135,428.91	7,112,536.10	7,015,677.53
<i>Total</i>	\$ 88,455,593.15	\$ 89,174,106.20	\$ 91,009,459.75
 <i>Total Municipalities</i>	 \$ 30,211,014.82	 \$ 30,128,724.44	 \$ 29,511,844.23
<i>Total Stormwater</i>	\$ 8,660,912.03	\$ 9,304,178.59	\$ 9,365,688.56
<i>Total BCSD</i>	\$ 168,800,577.36	\$ 168,182,181.32	\$ 161,225,182.29
<i>Total Charges</i>	\$ 323,540,504.34	\$ 324,352,721.34	\$ 317,739,064.14

Summary of Total Dollars Collected

	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>Collected</i>	<i>Collected</i>	<i>Collected</i>
<i>Rental Property</i>	\$ 1,680,447.85	\$ 2,072,797.55	\$ 1,937,735.21
<i>Signs</i>	8,100.51	7,823.35	7,428.02
<i>Watercraft</i>	685,536.02	689,916.56	783,119.38
<i>Documented Vessel</i>	226,251.58	189,442.47	182,923.65
<i>Commercial Fishing Boat</i>	406.05	1,320.01	712.31
<i>Utilities</i>	8,895,313.54	9,411,705.27	10,233,099.83
<i>FF&E</i>	831,725.75	807,469.75	827,961.71
<i>Merchants</i>	2,475,368.92	2,540,820.69	2,847,392.70
<i>Corporation</i>	353,677.78	903,435.95	956,978.10
<i>Aircraft</i>	37,806.57	31,869.53	32,803.26
<i>Advanced Mobile Home</i>	16,600.00	17,919.04	9,138.50
<i>Mobile Home</i>	590,567.21	634,664.46	633,413.77
<i>Real Property</i>	270,658,668.99	275,798,769.33	273,878,001.69
<i>Total</i>	\$ 286,460,470.77	\$ 293,107,953.96	\$ 292,330,708.13

Collection Rate	88.54%	90.37%	92.00%
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Tax Year Summary as of January 31, 2014

Summary of Total Values Billed vs. Collected

	<i>Appraised Billed</i>		<i>Appraised Collected</i>	
2011	\$	44,819,764,998	\$	40,349,252,509
2012	\$	46,138,523,796	\$	41,964,405,014
2013	\$	35,310,919,453	\$	32,793,877,183

	<i>Assessed Billed</i>		<i>Assessed Collected</i>	
2011	\$	1,979,332,250	\$	1,768,530,940
2012	\$	1,970,431,620	\$	1,790,088,960
2013	\$	1,743,878,570	\$	1,608,776,210

	<i>Taxable Billed</i>		<i>Taxable Collected</i>	
2011	\$	1,863,288,970	\$	1,673,293,404
2012	\$	1,847,526,568	\$	1,683,974,214
2013	\$	1,620,916,630	\$	1,503,003,930

Summary of Real Property Values Billed vs. Collected

	<i>Appraised Billed</i>		<i>Appraised Collected</i>	
2011	\$	43,431,386,348	\$	39,536,820,521
2012	\$	44,858,889,707	\$	41,090,419,572
2013	\$	34,239,687,263	\$	31,953,261,083

	<i>Assessed Billed</i>		<i>Assessed Collected</i>	
2011	\$	1,846,352,480	\$	1,690,454,410
2012	\$	1,848,229,100	\$	1,705,430,790
2013	\$	1,639,214,720	\$	1,527,349,470

	<i>Taxable Billed</i>		<i>Taxable Collected</i>	
2011	\$	1,727,614,160	\$	1,595,140,584
2012	\$	1,724,338,368	\$	1,599,300,864
2013	\$	1,516,205,160	\$	1,421,727,390

TREASURER'S REPORT



TREASURER'S REPORT

- Office update
- General and Restricted cash on hand
- Collections update
- Budget update
 - Budget Proviso 110

TREASURER'S REPORT

- Office update
 - Restructuring of general ledger module
 - eReceipt program
 - Installment program expansion
 - Motor vehicle decals
 - Streamline internal delinquent process
 - Set-off debt program

TREASURER'S REPORT

- General and Restricted cash on hand
 - General - \$ 163,074,760
 - Restricted - \$ 91,205,853
- Collections update
 - Recap:
 - Tax bills were mailed Wednesday, November 13th
 - 170,373 bills
 - Total taxes billed - \$322,857,771

TREASURER'S REPORT

Tax Year Summary of Dollars Billed As of January 31, 2014

	2011	2012	2013
Total County	\$ 88,455,593	\$ 89,174,106	\$ 91,009,460
Total Municipalities	\$ 30,211,015	\$ 30,128,724	\$ 29,511,844
Total BCSD	\$168,800,577	\$168,182,181	\$161,225,182
Total Charges	\$323,540,504	\$324,352,721	\$317,739,064

TREASURER'S REPORT

Tax Year Summary of Billed vs. Collected As of January 31, 2014

	Billed		Collected		Collection Rate
2011	\$	323,540,504	\$	286,460,471	88.54%
2012	\$	324,352,721	\$	293,107,954	90.37%
2013	\$	317,739,064	\$	292,330,708	92.00%

TREASURER'S REPORT

- Summary budget analysis
 - Budget amounts presented include:
 - General fund and Execution fund
 - Credit card fees
 - Overall decrease in budget since 2011
 - Overall decrease in actual expenditures since 2011

TREASURER'S REPORT

- **Effects of Budget Proviso 110**

- “A political subdivision shall be prohibited from charging a taxpayer a processing fee for the payment of taxes by credit card. If a political subdivision accepted credit card payments in the previous fiscal year, they must continue to accept credit cards in the current fiscal year. If a political subdivision violates this prohibition, it shall have its Aid to Subdivisions allocation reduced by an amount equal to the total of all processing fees charged to the taxpayers for that fiscal year.”

TREASURER'S REPORT

Credit Card Expense Comparison by Fiscal Years

Years	Total Expense	
2010	\$	1,197,493
2011	\$	469,640
2012	\$	338,467
2013	\$	293,745
2014	\$	259,388

TREASURER'S REPORT

Questions

ORDINANCE NO. _____

**AN ORDINANCE TO ESTABLISH A GENERAL FUND RESERVE POLICY FOR
BEAUFORT COUNTY, SOUTH CAROLINA**

WHEREAS, Beaufort County Council operates as a Council-Administrator form of government; and,

WHEREAS, the County Council has the power to establish by ordinance a General Fund Reserve Policy and has identified the need for such a policy as a top fiscal priority at its last two annual retreats; and,

WHEREAS, the County Council desires, as part of its long range financial planning, to achieve a goal of maintaining a fund balance of at least thirty percent (30%) of the total General Fund expenditures for the previous fiscal year as an undedicated General Fund, fund balance reserve; and,

WHEREAS, a formal reserve policy is recommended by various finance and accounting professional organizations and independent bond rating agencies; and,

WHEREAS, it is recognized by the Government Accounting Standards Board and the Government Finance Officers Association that it is prudent for local government entities to establish a formal reserve policy for General Operating Funds.

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNTY COUNCIL OF
BEAUFORT COUNTY, SOUTH CAROLINA, THAT SECTIONS 2-403 THROUGH 2-
405 OF THE BEAUFORT COUNTY CODE OF ORDINANCES ARE HEREBY
CREATED AND PROVIDE AS FOLLOWS:**

SECTION 2-403. Establishment of General Fund Reserve Policy

Beaufort County Council hereby establishes a General Fund Reserve Policy which shall require the maintenance of a fund balance of at least thirty percent (30%) of the total General Fund expenditures for the previous fiscal year as an undedicated General Fund, fund balance reserve.

SECTION 2-404. Use of General Fund Reserve Balances, Minimum Maintained Fund Balance

The General Fund, fund balance reserve may only be used in certain limited situations such as to stabilize revenues, mitigate a projected deficit in the current operating period, retire or defease outstanding bonds or notes of the County, fund one-time or unanticipated expenditures, and pay judgments or otherwise settle legal disputes and claims.

Any legislative action that results in reducing General Fund reserves below the thirty percent (30%) threshold shall contain a provision specifically authorizing the use of such reserves.

The County Administrator shall use his or her best efforts to inform the Council, when possible, and with as much advance time as may be practical under the circumstances, whenever the County has obligations that would reasonably be expected to result in the General Fund reserves to decline below the thirty percent (30%) threshold.

At any other time that the Council determines that the use of General Fund reserves within the thirty percent (30%) threshold is needed for one or more of the reasons provided for in this section, the Council shall by resolution, authorize the use of such reserves.

At no time shall County Council take action which shall have the effect of reducing the General Fund, fund balance reserve to an amount below an average of two (2) months worth of total General Fund expenditures for the previous fiscal year without first declaring that an emergency exists within the County thereby necessitating the use of such funds.

SECTION 2-405. Effective Date and Date of Compliance.

It is necessary that this Ordinance become effective immediately upon its adoption to ensure the long term financial health and stability of Beaufort County, South Carolina.

It is acknowledged that the current amount of General Fund reserves would not be sufficient to meet the thirty percent (30%) threshold established by this Ordinance. Additionally, it is anticipated that it will take several years of prudent and responsible financial management to increase the General Fund reserves in order to satisfy the goals of this policy. Therefore, Beaufort County Council shall contribute no less than half of one percent (.5%) of the total General Fund expenditures annually to reach compliance with this stated General Fund, fund balance reserve policy.

DONE this _____ day of _____, 2014.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

Joshua A. Gruber, Staff Attorney

First Reading:

Second Reading:

Public Hearing:

Third and Final Reading:

ORDINANCE NO. _____

**AN ORDINANCE TO ESTABLISH A GENERAL FUND RESERVE POLICY FOR
BEAUFORT COUNTY, SOUTH CAROLINA**

WHEREAS, Beaufort County Council operates as a Council-Administrator form of government; and,

WHEREAS, the County Council has the power to establish by ordinance a General Fund Reserve Policy and has identified the need for such a policy as a top fiscal priority at its last two annual retreats; and,

WHEREAS, the County Council desires, as part of its long range financial planning, to achieve a goal of maintaining a fund balance of ~~at least thirty percent (30%)~~ twenty-five percent (25%) of the total General Fund expenditures for the previous fiscal year as an undedicated General Fund, fund balance reserve; and,

WHEREAS, a formal reserve policy is recommended by various finance and accounting professional organizations and independent bond rating agencies; and,

WHEREAS, it is recognized by the Government Accounting Standards Board and the Government Finance Officers Association that it is prudent for local government entities to establish a formal reserve policy for General Operating Funds.

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNTY COUNCIL OF
BEAUFORT COUNTY, SOUTH CAROLINA, THAT SECTIONS 2-403 THROUGH 2-
405 OF THE BEAUFORT COUNTY CODE OF ORDINANCES ARE HEREBY
CREATED AND PROVIDE AS FOLLOWS:**

SECTION 2-403. Establishment of General Fund Reserve Policy

Beaufort County Council hereby establishes a General Fund Reserve Policy which shall require the maintenance of a fund balance of ~~at least thirty percent (30%)~~ twenty-five percent (25%) of the total General Fund expenditures for the previous fiscal year as an undedicated General Fund, fund balance reserve.

SECTION 2-404. Use of General Fund Reserve Balances, Minimum Maintained Fund Balance

The General Fund, fund balance reserve may only be used in certain limited situations such as to stabilize revenues, mitigate a projected deficit in the current operating period, retire or defease outstanding bonds or notes of the County, fund one-time or unanticipated expenditures, and pay judgments or otherwise settle legal disputes and claims.

Any legislative action that results in reducing General Fund reserves below the ~~thirty percent (30%)~~ twenty-five percent (25%) threshold shall contain a provision specifically authorizing the use of such reserves.

The County Administrator shall ~~use his or her best efforts to~~ inform the Council, ~~when possible, and~~ with as much advance time as may be practical under the circumstances, whenever the County has obligations that would reasonably be expected to result in the General Fund reserves to decline below the ~~thirty percent (30%)~~ twenty-five percent (25%) threshold.

At any other time that the Council determines that the use of General Fund reserves within the ~~thirty percent (30%)~~ twenty-five percent (25%) threshold is needed for one or more of the reasons provided for in this section, the Council shall, by resolution, authorize the use of such reserves.

At no time shall County Council take action which shall have the effect of reducing the General Fund, fund balance reserve to an amount below an average of two (2) months worth of total General Fund expenditures for the previous fiscal year without first declaring that an emergency exists within the County thereby necessitating the use of such funds.

(THE FOLLOWING TWO PARAGRAPHS ARE NEW)

In addition, Beaufort County Council shall, during the August through October hurricane season, maintain a reserve of unrestricted and available cash equal to a minimum of 25% of the General Fund Appropriation. Funding sources may include, but are not limited to, credit instruments, bond anticipation notes and tax anticipation notes.

Further, all components of the reserve balance will be reported to County Council quarterly and the ordinance shall be reviewed annually for the first five years it is in effect.

SECTION 2-405. Effective Date and Date of Compliance.

It is necessary that this Ordinance become effective immediately upon its adoption to ensure the long term financial health and stability of Beaufort County, South Carolina.

It is acknowledged that the current amount of General Fund reserves would not be sufficient to meet the ~~thirty percent (30%)~~ twenty-five percent (25%) threshold established by this Ordinance. Additionally, it is anticipated that it will take several years of prudent and responsible financial management to increase the General Fund reserves in order to satisfy the goals of this policy. Therefore, Beaufort County Council ~~shall~~ will strive to contribute ~~no less than~~ at least half of one percent (.5%) of the total General Fund expenditures annually to reach compliance with this stated General Fund, fund balance reserve policy.

DONE this _____ day of _____, 2014.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

Joshua A. Gruber, Staff Attorney

First Reading:
Second Reading:
Public Hearing:

ORDINANCE NO. 2004/

**ORDINANCE TO ADOPT A DEBT RESERVE POLICY
FOR BEAUFORT COUNTY'S DEBT SERVICE FUND**

WHEREAS, Beaufort County is obligated to make payments on the interest and principal amounts of debt that have been acquired by the County to ensure the adequate provision of various governmental services; and

WHEREAS, since the inception of the Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental type Definitions, which the County adopted in its fiscal year 2011 comprehensive annual financial report (CAFR); and

WHEREAS, the adoption of a Debt Reserve Policy for the County's Debt Service Fund has the potential to increase the County's bond rating, thus allowing the County to save additional funds when it must issue revenue bonds.

NOW, THEREFORE, BE IT RESOLVED at a meeting duly assembled of Beaufort County Council, that there is hereby adopted a Reserve Policy for the County's Debt Service Fund. The Policy shall state that the county will strive to maintain enough fund balance, net of any potential incoming revenue, within its Debt Service Fund and County Purchase Property Fund to cover the County's interest – only payments occurring on August 1 and September 1 of every fiscal year. The additional revenues required to grow the fund balance may be achieved by maintaining all borrowing premium revenues within the funds when debt millage levels are maintained to cover each year's debt service payments.

Adopted this ____ day of _____, 2014

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

Joshua A. Gruber, Staff Attorney

First Reading:

Second Reading:

Public Hearing:

Third and Final Reading:

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Adopted this ____ day of _____, 2014

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

Joshua A. Gruber, Staff Attorney

First Reading:

Second Reading:

Public Hearing:

Third and Final Reading: