



Town of Hilton Head Island

Town Council Budget Workshop Meeting

Thursday, May 14, 2026, 5:00 PM

1 Town Center Court, Hilton Head Island, SC
Benjamin M. Racusin Council Chambers

The meeting can be viewed on the [Town's YouTube Channel](#), the [Beaufort County Channel](#), and Spectrum Channel 1304.

1. **Call to Order**
2. **Adoption of the Agenda**
3. **Workshop Discussion**
 - a. Review and Discussion of Proposed Fiscal Year 2027 Consolidated Budget
 - i. General Fund
 - ii. Debt Service Fund
 - iii. Gullah Geechee Historic Neighborhoods Community Development Corporation Fund
 - iv. Housing Fund
 - v. Special Revenue Fund
4. **Public Comment - Non Agenda Items**
5. **Adjournment**

FOIA Compliance: Public notification of this workshop has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act and the requirements of the Town of Hilton Head Island.

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the Town of Hilton Head Island will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. Auditory accommodations are available. Any person requiring further accommodation should contact the Town of Hilton Head Island ADA Coordinator as soon as possible but no later than 48 hours before the scheduled event.

Municipal Association of South Carolina (MASC) Civility Pledge:
"I pledge to build a stronger and more prosperous community by advocating for civil

engagement, respecting others and their viewpoints, and finding solutions for the betterment of my city or town.”



TOWN OF HILTON HEAD ISLAND

TOWN COUNCIL

TO: Town Council
FROM: Marc Orlando, Town Manager, ICMA-CM
CC: Dave Byrd, Finance Director
DATE: May 14, 2026
SUBJECT: Fiscal Year 2027 Budget Workshop – Review and Discussion of Proposed Fiscal Year 2027 Consolidated Budget for the General, Debt Service, Gullah Geechee Historic Neighborhoods Community Development Corporation, Housing, and Special Revenues Funds

SUMMARY:

As part of the review and approval process for the FY 2027 Consolidated Budget, two Town Council Workshops have been scheduled to provide focused discussions on the seven funds that comprise the Consolidated Budget. On May 14, 2026, the Town Council Workshop will review and consider Fiscal Year 2027 Proposed Budgets for the following five funds:

1. General Fund – (\$67,652,550);
2. Debt Service Fund – (\$11,513,988);
3. Gullah Geechee Historic Neighborhoods Community Development Corporation Fund – (\$1,694,756);
4. Housing Fund – (\$3,211,498); and
5. Special Revenues Fund – (\$86,422,841).

A second Town Council Budget Workshop will focus on the Fiscal Year 2027 Proposed Capital Improvements Program Fund, Stormwater Utility Fund, and the Consolidated Budget, and will be held on Tuesday, May 19, 2026.

Attached is a presentation describing the General, Debt Service, Gullah Geechee Historic Neighborhoods Community Development Corporation, Housing, and Special Revenues Funds. Town staff will review this presentation at the workshop.

ATTACHMENTS:

1. FY 2027 Proposed Consolidated Budget Workshop Presentation – General, Debt Service, Gullah Geechee Historic Neighborhoods Community Development Corporation, Housing, and Special Revenues Funds



Town of Hilton Head Island

FY 2027 PROPOSED CONSOLIDATED BUDGET

Town Council Budget Workshop // May 14, 2026



FY 2027 PROPOSED CONSOLIDATED BUDGET OUTLINE



01

**COMMUNITY FACTORS
+ ECONOMIC DRIVERS**

02

**STRATEGIC
ACTION PLAN +
GOALS**

FY27 Proposed
Consolidated
Budget Goals

03

OVERVIEW

FY27 Proposed
Consolidated Budget
Overview

04

REVIEW

FY27 Proposed
Consolidated Budget
Review & Approval Process



COMMUNITY FACTORS + ECONOMIC DRIVERS



COMMUNITY FACTORS



54

Square Miles

5 Miles wide x 12 miles long



38,158

Population Estimate



40,642

Jobs

Accounting for 33% of all employment in Beaufort County

59

Median Age

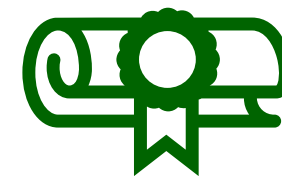
\$95K

Median Household Income



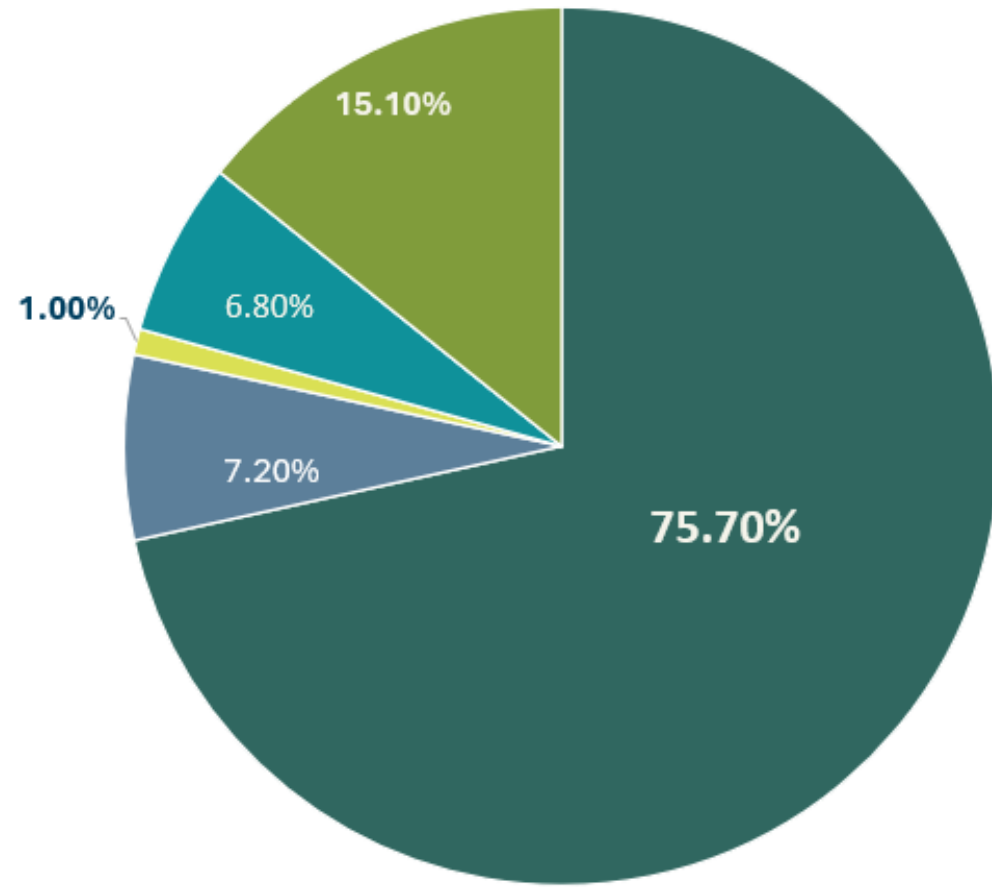
93%

High School Graduate



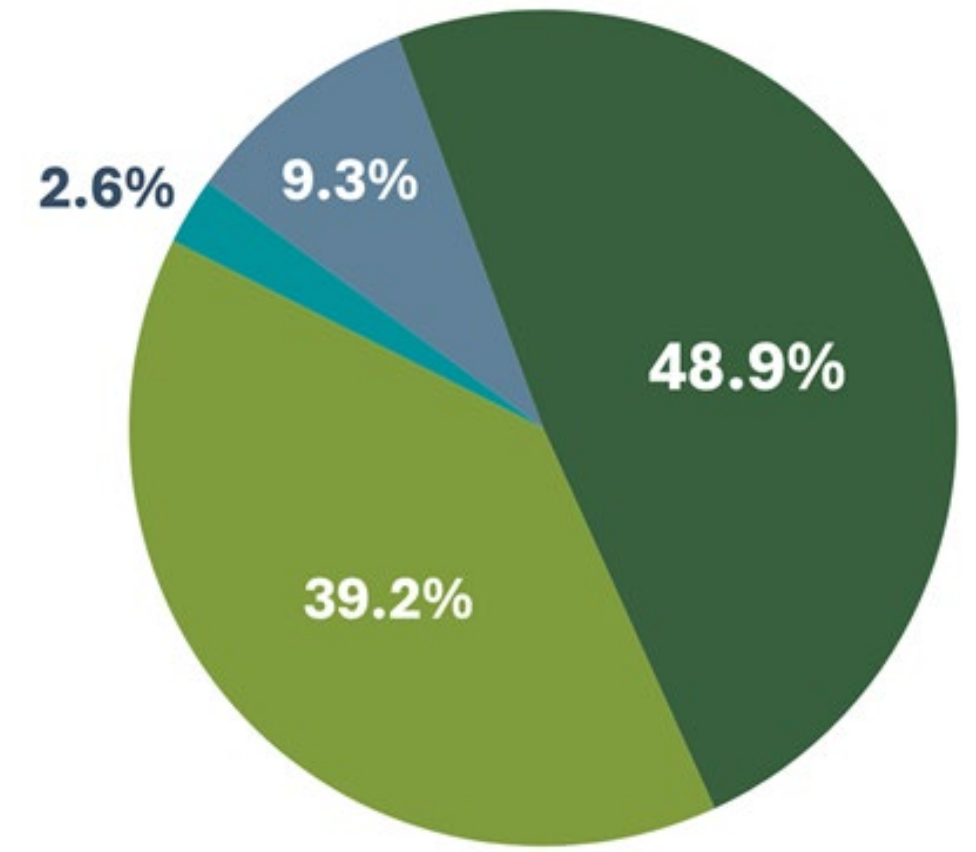
55.3%

Bachelor's degree or higher



Race & Ethnicity

- White
- Black
- Asian
- Two or more races
- Hispanic or Latino



Population by Age

- 5 years and under
- Ages between 6 to 17
- Ages between 18 to 64
- 65 years and above

Source: July 2024 estimated census.gov



ECONOMIC DRIVERS – DIVERSE ECONOMY

Tourism

- 2.67M annual visitors
- \$2.9B in visitor spending
- \$3.95B in overall economic impact
- 31K+ jobs supported
- \$60.4M in tourism-related revenue
- HH Airport Expansion \$36M investment / Annual volume of 250K passengers

Healthcare & Wellness

- Novant Hilton Head Medical Center – 93 Acute Beds
- New Novant \$25M / 25,000 sf investment for urgent care, primary care, & medical specialties
- Population trends create increasing demand for primary & specialty care, rehabilitation, home health, and senior services

Real Estate, Property Management & Construction

- Second home and retiree markets generate demand for real estate, home services, retail, financial planning, and lifestyle amenities
- Property values and tax base help support public services & capital investments
- Construction and maintenance economy supports contractors, architects, trades, engineers, landscape firms, & property management firms
- 3,115 jobs supported

Workforce Housing and Economic Infrastructure

- Novant investment in 90 - 108 units near medical facilities
- Northpoint Public Private Partnership 157 units - \$40M investment
- Bryant Road Public Private Partnership - \$1M in FY 2027 Housing Fund budget



Our Island at a Glance

Source: Estimated July 2024 US Census and the Town of Hilton Head Island

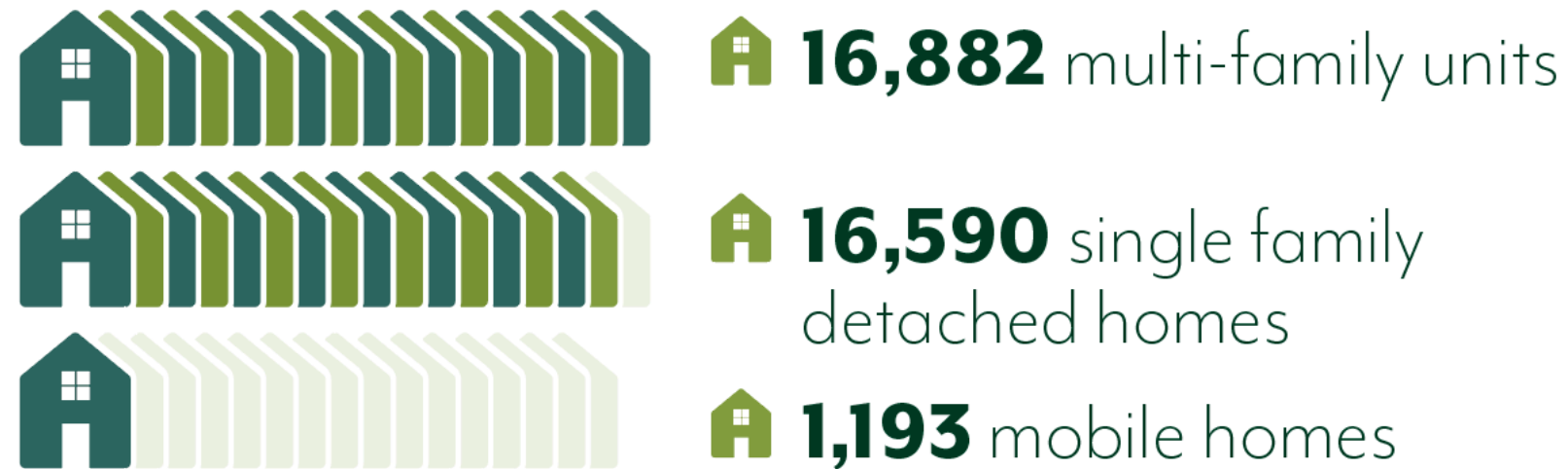
HOUSING

142 New Single-Family Building Permits

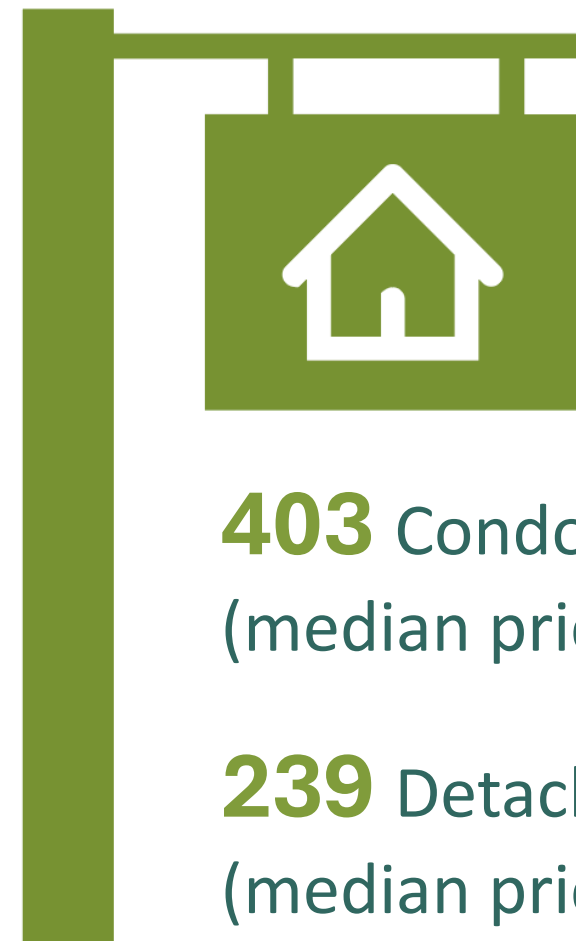
10 New Commercial Building Permits (New Structures)

34,665 TOTAL HOUSING UNITS

SHORT-TERM RENTALS 1 in 5 residential properties is a short-term rental unit



\$687,400 Median Owner-Occupied Home Value



HOUSING UNITS FOR SALE

Local Market update – March 2026
Hilton Head Island Area Realtors Association

403 Condos/villas for sale
(median price \$515,000)

239 Detached homes for sale
(median price \$1,200,000)

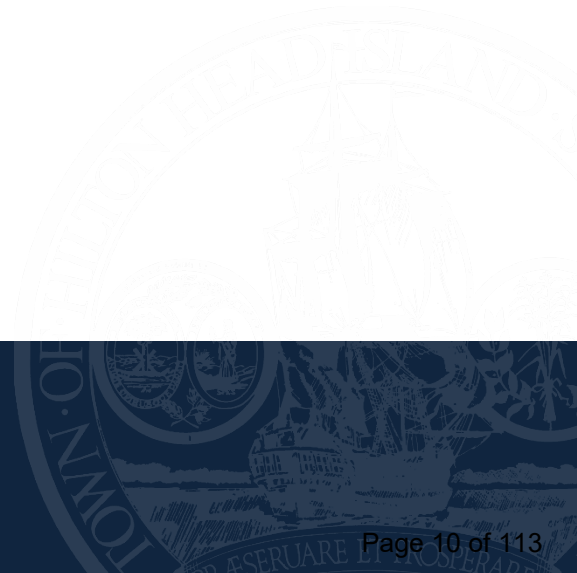


ECONOMIC FACTORS – TOP EMPLOYERS

Source: Beaufort County Treasurer and the Beaufort County and Town Annual Comprehensive Financial Report for fiscal year ended June 30, 2025

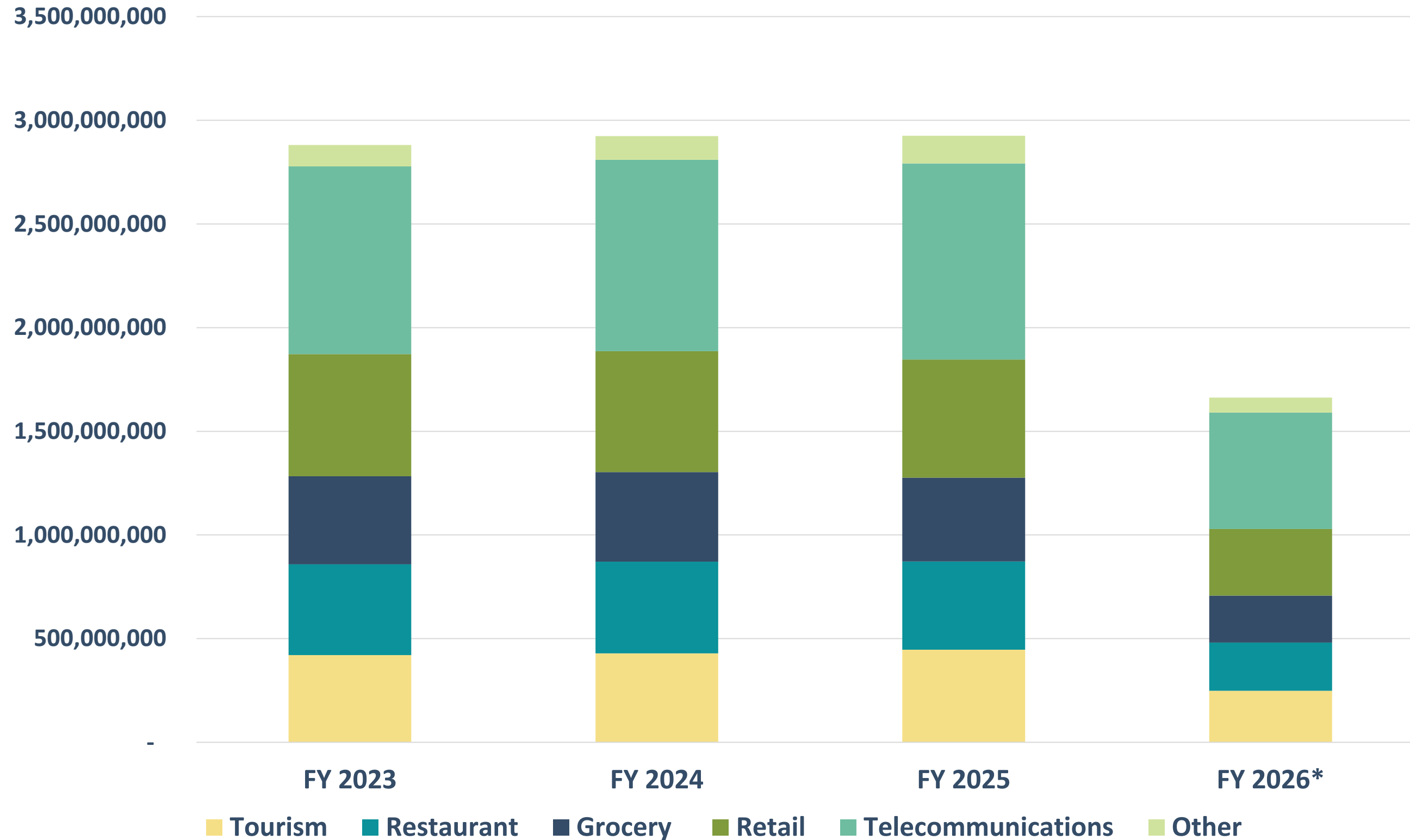
Top Town Employers	# of Employees
SERG Group Restaurants	841
Coastal Restaurants and Bars	715
Sea Pines Resort	687
Novant Hilton Head Medical Ctr and Clinics	533
Marriott Vacation Club Intl	514
Beaufort County School District	444
Greenwood Communities & Resorts (Palmetto Dunes)	415
Cypress of Hilton Head	339
Publix Super Markets	328
Town of Hilton Head	306

» The employment base in the Town is diversified, ranging from government, healthcare and education to resort operators and retail





ECONOMIC FACTORS – GROSS SALES BY FISCAL YEAR



>> ***FY 2026 Year-to-date through January 2026**
Compound Annual Growth Rate from FY 2023 – FY 2025 is less than 1%





ECONOMIC FACTORS - BOND RATING

- ✓ The Town benefits from ongoing economic strength and growth that underpins its healthy tax base trends and strong, reliable financial performance.
- ✓ Excellent credit position – Triple A Bond Rating from Moody’s, Fitch, and Standard and Poor’s. These ratings reinforce confidence in our efforts to maintain a fiscally sound operation.
- ✓ Notable credit financial factors include:
 - Growing tax base
 - Growing and diverse non-property tax revenues
 - Prudent fiscal management
 - Strong fund balance
 - High liquidity ratio
- ✓ The Town's financial resilience is supported by robust reserve levels that have remained above 50 percent of annual spending since at least fiscal year 2018 and total reserves reached approximately 90 percent of general fund spending in fiscal year 2025.
- ✓ The Town was recognized for ongoing investments in stormwater infrastructure and beach renourishment as part of its long-term capital improvement plan.
- ✓ The Town has improved its resilience through creation and maintenance of disaster relief reserves, proactive stormwater capital planning, and maintenance of emergency bonding capacity.



ECONOMIC FACTORS In 2025...



189

New Businesses
Opened in 2025



160 in 2024



64

Businesses
Closed in 2025



77 in 2024



14,604

Total Business Licenses Issued



14,479 in 2024



\$14.8M

Total Business
License Revenue



\$14.7m in 2024



\$25.8M

Property Tax Collected



\$24.6m in 2024

7,368

STR Permits



7,204 in 2024

7,236

Business Licenses



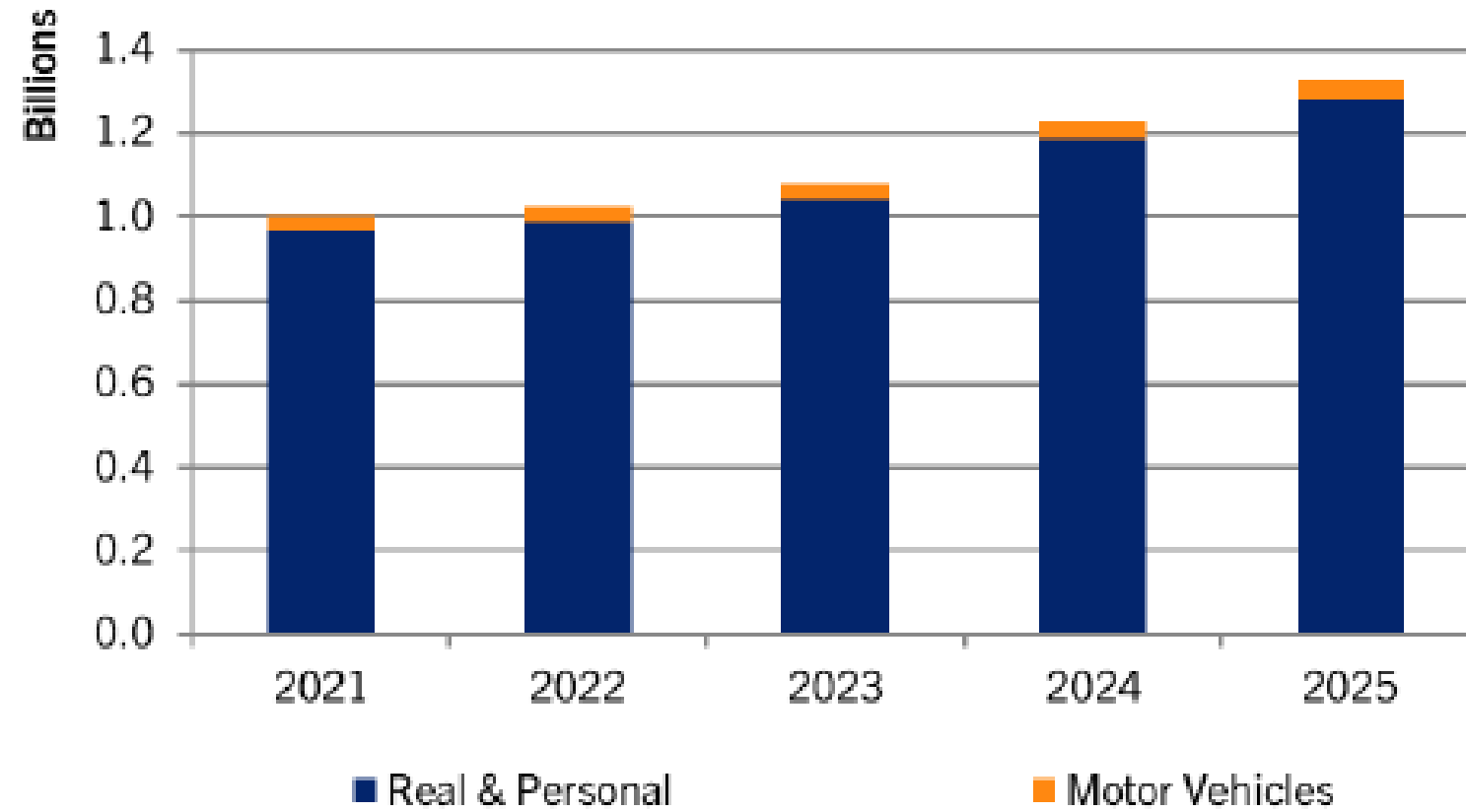
7,111 in 2024



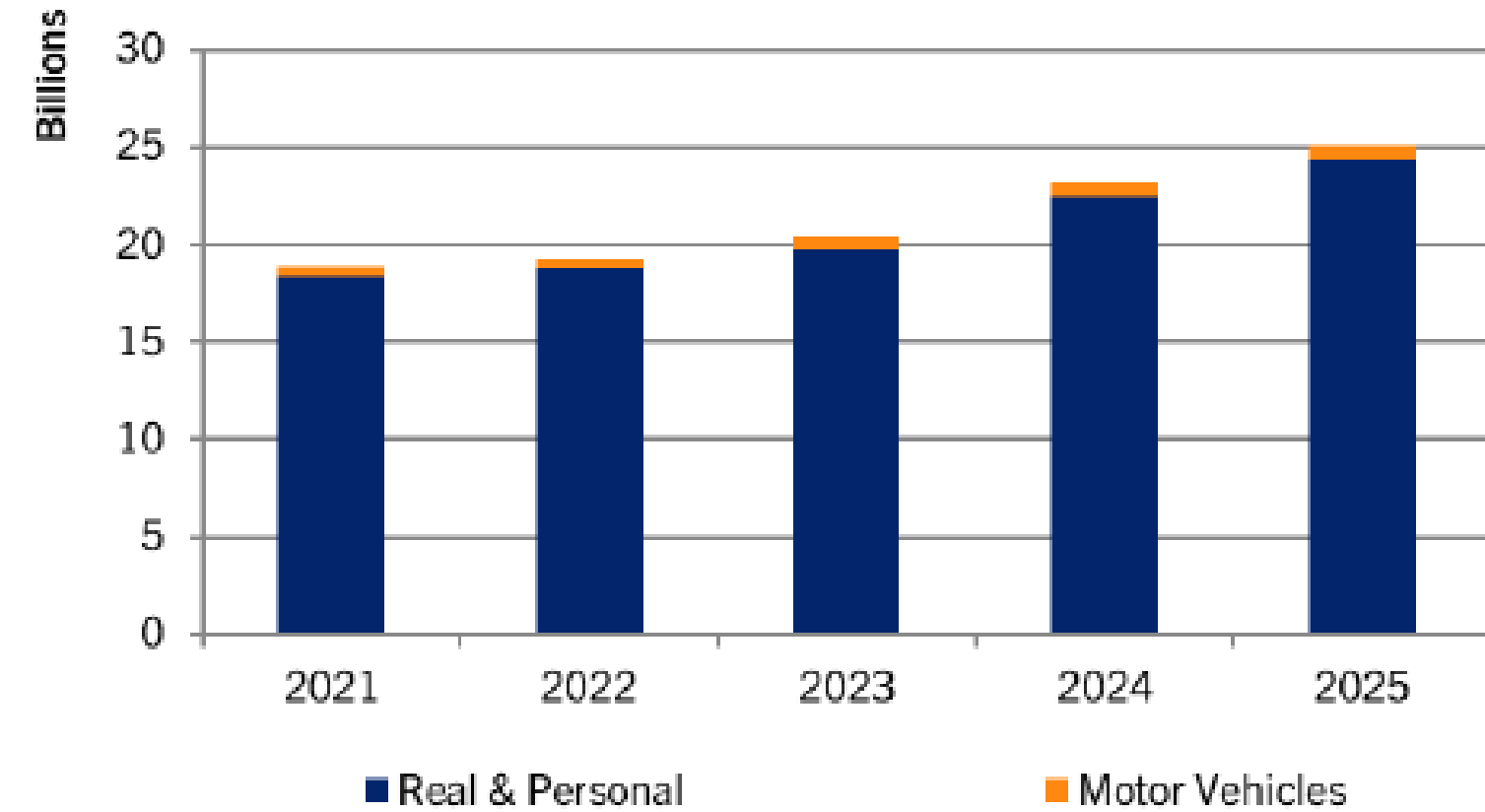
ECONOMIC FACTORS – ASSESSED / MARKET VALUE

Source: Town’s Annual Comprehensive Financial Report for fiscal year ended June 30, 2025

Assessed Value



Market Value



Fiscal Year	Real & Personal		Motor Vehicles		Total	
	Assessed Value	Growth Rate	Assessed Value	Growth Rate	Assessed Value	Growth Rate
2021	964,993,530	-	36,759,110	-	1,001,752,640	-
2022	985,104,810	2.08%	39,360,000	7.08%	1,024,464,810	2.27%
2023	1,040,073,090	5.58%	40,914,980	3.95%	1,080,988,070	5.52%
2024	1,186,389,670	14.07%	44,297,680	8.27%	1,230,687,350	13.85%
2025	1,282,996,970	8.14%	44,268,640	-0.07%	1,327,265,610	7.85%

Fiscal Year	Real & Personal		Motor Vehicles		Total	
	Market Value	Growth Rate	Market Value	Growth Rate	Market Value	Growth Rate
2021	18,335,352,245	-	568,071,554	-	18,903,423,799	-
2022	18,717,476,468	2.08%	608,265,444	7.08%	19,325,741,912	2.23%
2023	19,761,900,855	5.58%	632,295,947	3.95%	20,394,196,802	5.53%
2024	22,541,987,923	14.07%	684,571,849	8.27%	23,226,559,772	13.89%
2025	24,377,574,194	8.14%	684,123,068	-0.07%	25,061,697,262	7.90%

» The Town has seen significant growth in its Assessed and Market Value over the past five years as both have increased approximately 32.5%

ASSET MANAGEMENT

- **1,966.3 Total Acres** of Town owned property
 - Past 5 years of added acreage / density - **80.655 acres**
 - **\$51,473,349** of Town Funds and **\$13,317,000** of Beaufort County Greenspace funds for land acquisition
 - Land acquisitions have prevented an estimated: 450 residential units, 193 hotel rooms, 52,610 square feet of commercial space
- **27 Town Parks** - includes beach parks, community parks, neighborhood parks, sports/specialized parks. This number includes Taylor and Patterson Family Parks (not completed yet)
- **14 Miles / 73,920 Linear Feet** of roads maintained by the Town
- **24 Total Town Buildings** - not including restroom facilities and pavilions





THE TOWN AS AN ORGANIZATION



CITIZENS OF HILTON HEAD ISLAND

TOWN OF HILTON HEAD ISLAND
SENIOR STAFF
Effective April 9, 2026

TOWN COUNCIL



Town Manager



Deputy Town Manager



Town Clerk



Communications & Marketing Director



Finance Director



Fire Chief



Assistant Town Manager Operations



Human Resources Director



GGHNCD Executive Director



Public Safety Director



Assistant Town Manager – Community Engagement



Built Environment Director



Strategic Initiatives Director



Planning Director



Asset + Risk Management Director



Chief Information Officer



Facilities Director



Technology & Innovation Director



Public Projects Director



Engineering Director



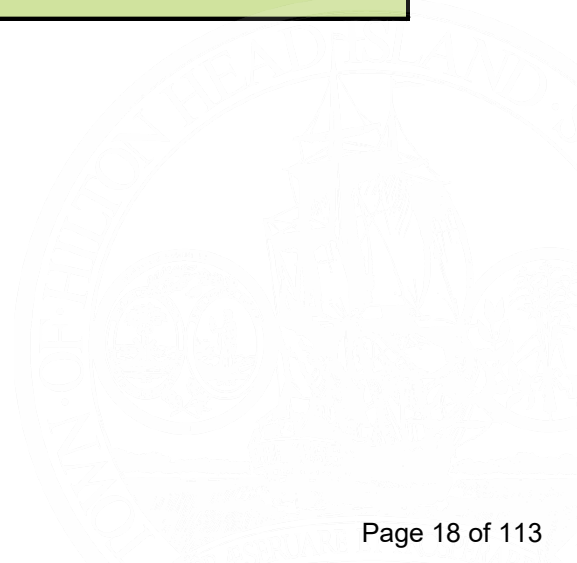
Cultural Affairs Director



Department Headcount Summary (FY27)

290 Full Time / 16 Part Time

	FY24 BUDGET		FY25 BUDGET		FY26 BUDGET		FY26 AMENDED		FY27 PROPOSED	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
GENERAL STAFF	132	16	129	16	132	15	137	15	137	15
FIRE RESCUE	152	2	152	1	152	1	153	1	153	1
TOTAL HEADCOUNT	284	18	281	17	284	16	290	16	290	16





STRATEGIC ACTION PLAN



FY 2027 CONSOLIDATED BUDGET STRATEGIC PLAN PRIORITIES

The Town of Hilton Head Island Strategic Action Plan for Fiscal Years 2026 – 2028 was adopted on July 15, 2025. The Strategic Action Plan Goals are:

-  **Protect Island Character through Managing Growth**
-  **Enhance Major Corridor and Streets**
-  **Reinforce Island Resilience**
-  **Invest in Stormwater Management Infrastructure**
-  **Enhance Public Safety Readiness and Facilities**
-  **Support Economic Development and Business Recruitment and Retention**
-  **Advance Workforce Housing Opportunities**
-  **Preserve, Protect and Celebrate Gullah Geechee Culture and Heritage**
-  **Protect and Enhance Environmental Sustainability**
-  **Enhance Community Well-being Through Implementation of the Parks and Recreation Master Plan and Program Enhancements**





FY 2027 CONSOLIDATED BUDGET GOALS

- Enhance community amenities, including recreation, leisure, and public facilities.
- Maintain high-quality municipal services delivered efficiently and effectively.
- Foster a workplace culture of innovation, customer service, and employee engagement.
- Invest in transformative capital projects and long-term infrastructure resilience.
- Protect and elevate the Island’s identity, including its environmental and cultural assets.
- Leverage fiscal planning as a tool for progress, innovation, and continuous improvement.



The State of South Carolina requires the Town Council to adopt an annual balanced budget ordinance prior to July 1. The annual budget is adopted in conjunction with Town Council, Department Heads, Planning Commission, and citizens through this budget process.



FY 2027 PROPOSED CONSOLIDATED BUDGET



FY 2027 CONSOLIDATED BUDGET REVIEW & APPROVAL PROCESS

MAY 12

**Budget Ordinance
to Town Council for
Public Hearing &
First Reading**

MAY 14

**Town Council Budget
Workshop:**
General Fund
Debt Service Fund
GGHNCDC Fund
Housing Fund
Special Revenues Fund

MAY 19

**Town Council
Budget Workshop:**
CIP Fund
Stormwater Fund
Consolidated Budget

JUNE 9

**Budget Ordinance
to Town Council for
Public Hearing &
Second and Final
Reading**



FY 2027 PROPOSED CONSOLIDATED BUDGET

ALL FUNDS



- ✓ **General Fund**
- ✓ **Capital Improvements Program Fund**
- ✓ **Debt Service Fund**
- ✓ **Stormwater Utility Fund**
- ✓ **Gullah Geechee Historic Neighborhoods
Community Development Corporation
Fund**
- ✓ **Housing Fund**
- ✓ **Special Revenues Fund**

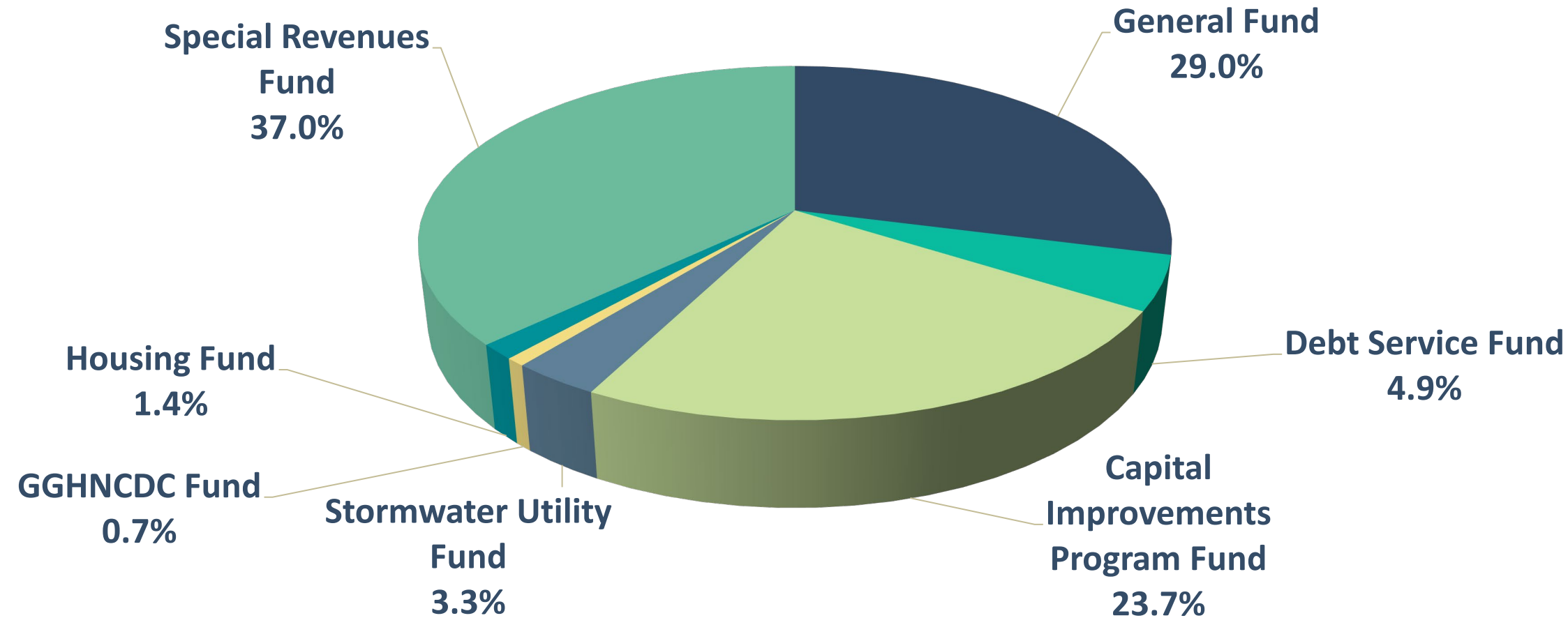


FY 2027 PROPOSED CONSOLIDATED BUDGET

- ✓ The Consolidated Budget accounts for the roll-up of the six funds, along with all Special Revenue Funds.
- ✓ The Consolidated Budget provides a total revenue and expenditure view for the Town. It is recommended that the Town provides a consolidated balanced budget to give a total view for the Town's use of funds.



FY 2027 PROPOSED CONSOLIDATED BUDGET – ALL FUNDS



	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Expenditures								
General Fund	\$ 57,822,970	\$ 57,775,830	\$ 59,754,870	\$ 60,362,809	\$ 65,387,249	\$ 67,652,550	\$ 7,289,741	12.1%
Debt Service Fund	15,820,581	15,046,492	18,864,083	31,084,281	30,960,656	11,513,988	(19,570,293)	-63.0%
Capital Improvements Program Fund	27,398,738	31,066,109	77,687,380	124,616,414	110,369,157	55,205,752	(69,410,662)	-55.7%
Stormwater Utility Fund	5,150,208	6,062,194	11,140,277	11,893,723	6,552,349	7,583,334	(4,310,389)	-36.2%
GGHNDC Fund	129,142	277,025	3,286,603	3,286,603	1,718,563	1,694,756	(1,591,847)	-48.4%
Housing Fund	201,523	280,287	3,978,137	3,978,137	1,199,442	3,211,498	(766,639)	-19.3%
Special Revenues Fund	59,513,257	63,570,215	-	-	85,391,811	86,422,841	86,422,841	0.0%
Consolidated Budget	\$ 166,036,419	\$ 174,078,152	\$ 174,711,350	\$ 235,221,967	\$ 301,579,227	\$ 233,284,719	\$ (1,937,248)	-0.8%



FY 2027 PROPOSED CONSOLIDATED BUDGET REVENUES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Operating Revenues								
Property Taxes	\$ 24,582,416	\$ 25,809,924	\$ 23,971,050	\$ 23,971,050	\$ 25,600,000	\$ 26,112,000	\$ 2,140,950	8.9%
Business Licenses	14,749,382	17,585,602	13,565,155	13,565,155	14,847,121	14,995,592	1,430,437	10.5%
Franchise Fees	835,865	1,061,803	861,065	861,065	842,555	842,555	(18,510)	-2.1%
Stormwater Utility Fees	5,275,035	5,384,264	5,275,035	5,275,035	5,500,962	5,610,981	335,946	6.4%
Local Accommodations Tax	6,944,525	8,841,406	6,812,769	6,812,769	7,275,251	7,384,380	571,611	8.4%
EMS Revenue	2,252,547	2,627,171	2,036,000	2,036,000	2,713,836	2,461,122	425,122	20.9%
Permit Fees	2,437,719	2,670,404	1,922,580	1,922,580	3,063,000	1,922,580	-	0.0%
Intergovernmental	930,105	981,781	978,035	978,035	1,021,747	1,042,182	64,147	6.6%
State Accommodations Tax	12,790,329	13,167,662	-	-	12,644,919	12,417,310	12,417,310	100.0%
Beach Preservation Fees	13,889,049	17,268,782	-	-	14,550,475	14,768,732	14,768,732	100.0%
Hospitality Tax	10,574,379	10,559,662	-	-	10,760,553	10,878,919	10,878,919	100.0%
TIF Taxes	7,844,686	3,258,859	-	-	16,682	-	-	100.0%
Road Usage Fee	1,724	950	-	-	228	-	-	100.0%
Real Estate Transfer Fee	4,883,205	5,228,355	-	-	6,324,914	5,029,064	5,029,064	100.0%
Electric Franchise Fee	2,893,617	3,258,395	-	-	3,380,869	3,507,652	3,507,652	100.0%
Short Term Rental Fee	2,012,495	1,882,500	-	-	3,031,050	3,031,050	3,031,050	100.0%
Grants	5,522,874	3,155,760	7,365,538	7,365,538	8,442,684	1,250,000	(6,115,538)	-83.0%
Investment Income	10,699,467	10,885,143	2,100,115	2,100,115	8,912,490	7,966,015	5,865,900	279.3%
Beach Parking	193,034	520,770	650,000	650,000	650,000	650,000	-	0.0%
Sunday Liquor Permit Fees	279,950	316,500	1,000,000	1,153,887	332,325	348,941	(804,946)	-69.8%
Impact Fees	236,672	148,347	1,100,000	1,100,000	199,234	187,248	(912,752)	-83.0%
Capital	62,120	62,120	-	-	62,120	62,120	62,120	100.0%
Sale of Land/Equipment	-	97,703	-	-	4,341,500	-	-	100.0%
Other	787,745	389,987	356,848	436,848	506,113	560,000	123,152	28.2%
Total Operating Revenues	\$ 130,678,939	\$ 135,163,851	\$ 67,994,190	\$ 68,228,077	\$ 135,020,628	\$ 121,028,443	\$ 52,800,366	77.4%

» Total Consolidated Budget Revenues are continued on the next slide



FY 2027 PROPOSED CONSOLIDATED BUDGET REVENUES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Operating Revenues								
Other Financing Sources								
Use of Fund Balance:								
General Fund	\$ -	\$ -	\$ 275,000	\$ 327,528	\$ -	\$ -	\$ (327,528)	-100.0%
Stormwater Fund	-	-	5,592,662	6,346,108	744,774	1,674,773	(4,671,335)	-73.6%
Capital Projects Fund (Operating)	-	-	3,279,803	3,354,803	-	-	(3,354,803)	-100.0%
Prior Year Bond Proceeds (CIP Fund)	-	-	66,197	66,197	-	2,400,000	2,333,803	3525.5%
Debt Service Fund	-	-	-	11,930,888	11,291,759	209,755	(11,721,133)	-98.2%
GGHNCDC Fund	-	-	3,161,603	3,161,603	1,489,774	1,123,230	(2,038,373)	-64.5%
Special Revenue Grants	-	-	-	-	-	363,151	363,151	100.0%
Housing Fund	-	-	3,781,088	3,781,088	2,393	2,591,883	(1,189,205)	-31.5%
Beach Preservation Fee	-	-	-	-	16,701,035	-	-	0.0%
Hospitality Tax	-	-	-	-	5,870,513	17,000,798	17,000,798	100.0%
Fire Truck Lease	-	-	-	-	-	84,828	84,828	100.0%
TIF Tax	-	-	-	-	2,566,404	1,506,637	1,506,637	100.0%
Road Usage Fee	-	-	-	-	1,435,778	832,328	832,328	100.0%
State Accommodations Tax	-	-	-	-	1,129,535	4,167,659	4,167,659	100.0%
Electric Franchise Fee	-	-	-	-	-	2,617,498	2,617,498	100.0%
Short Term Rental Fee	-	-	-	-	-	574,921	574,921	100.0%
Total Use of Fund Balance	-	-	16,156,353	28,968,215	41,231,965	35,147,460	6,179,245	21.3%

➤➤ Total Consolidated Budget Revenues are continued on the next slide



FY 2027 PROPOSED CONSOLIDATED BUDGET REVENUES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Transfers In								
From General Fund for Housing	2,000,000	-	197,049	197,049	197,049	-	(197,049)	-100.0%
From General Fund for GGHNDCDC	1,000,000	-	-	-	-	359,026	359,026	100.0%
From General Fund for Special Revenue	-	-	-	-	-	207,872	207,872	100.0%
From Beach Preservation Fee	8,848,605	6,945,849	52,530,548	34,296,815	33,159,836	12,357,922	(21,938,893)	-64.0%
From Hospitality Tax	9,246,221	17,273,617	17,875,830	21,940,492	17,526,286	28,730,176	6,789,684	30.9%
From Fire Truck Lease Proceeds	-	-	-	2,464,838	-	4,600,000	2,135,162	86.6%
From TIF Tax	4,494,978	9,171,775	2,242,934	3,505,434	2,909,274	1,506,637	(1,998,797)	-57.0%
From Road Usage Fee	(137,533)	481,323	1,354,500	2,268,334	1,436,006	832,328	(1,436,006)	-63.3%
From State ATAX	6,629,315	5,770,126	6,332,066	6,445,183	6,307,066	9,153,614	2,708,431	42.0%
From Real Estate Transfer Fee	8,332,751	3,336,556	250,000	1,368,800	1,368,800	250,000	(1,118,800)	-81.7%
From Electric Franchise Fee	10,137,278	9,038,451	1,056,000	1,587,993	1,310,815	6,408,603	4,820,610	303.6%
From Short Term Rental Permit Fee	1,750,000	1,825,000	2,005,000	2,480,411	2,480,411	3,606,050	1,125,639	45.4%
From Capital Projects Fund	350,000	-	-	-	-	-	-	100.0%
From Federal Grants	-	-	-	-	1,000,000	-	-	100.0%
From Natural Disaster Fund	-	-	-	-	-	-	-	100.0%
From Stormwater Utility Fee	985,000	1,370,552	6,700,880	7,454,326	3,609,591	4,580,586	(2,873,740)	-38.6%
Total Transfers In	53,636,615	55,213,249	90,544,807	84,009,675	71,305,134	72,592,815	(11,416,860)	-13.6%
Other Financing Sources								
From Sale of Equipment/Vehicles	37,688	-	16,000	16,000	21,500	16,000	-	0.0%
Proceeds from GO Bonds	-	-	-	35,000,000	35,000,000	-	(35,000,000)	-100.0%
Proceeds from Beach Bonds	-	-	-	19,000,000	19,000,000	-	(19,000,000)	-100.0%
Proceeds from Fire Truck Lease	-	7,584,000	-	-	-	4,500,000	4,500,000	100.0%
Total Other Financing Sources	\$ 37,688	\$ 7,584,000	\$ 16,000	\$ 54,016,000	\$ 54,021,500	\$ 4,516,000	\$ (49,500,000)	-91.6%
Total Revenues and Other Financing Sources	\$ 184,353,242	\$ 197,961,100	\$ 174,711,350	\$ 235,221,967	\$ 301,579,227	\$ 233,284,719	\$ (1,937,248)	-0.8%

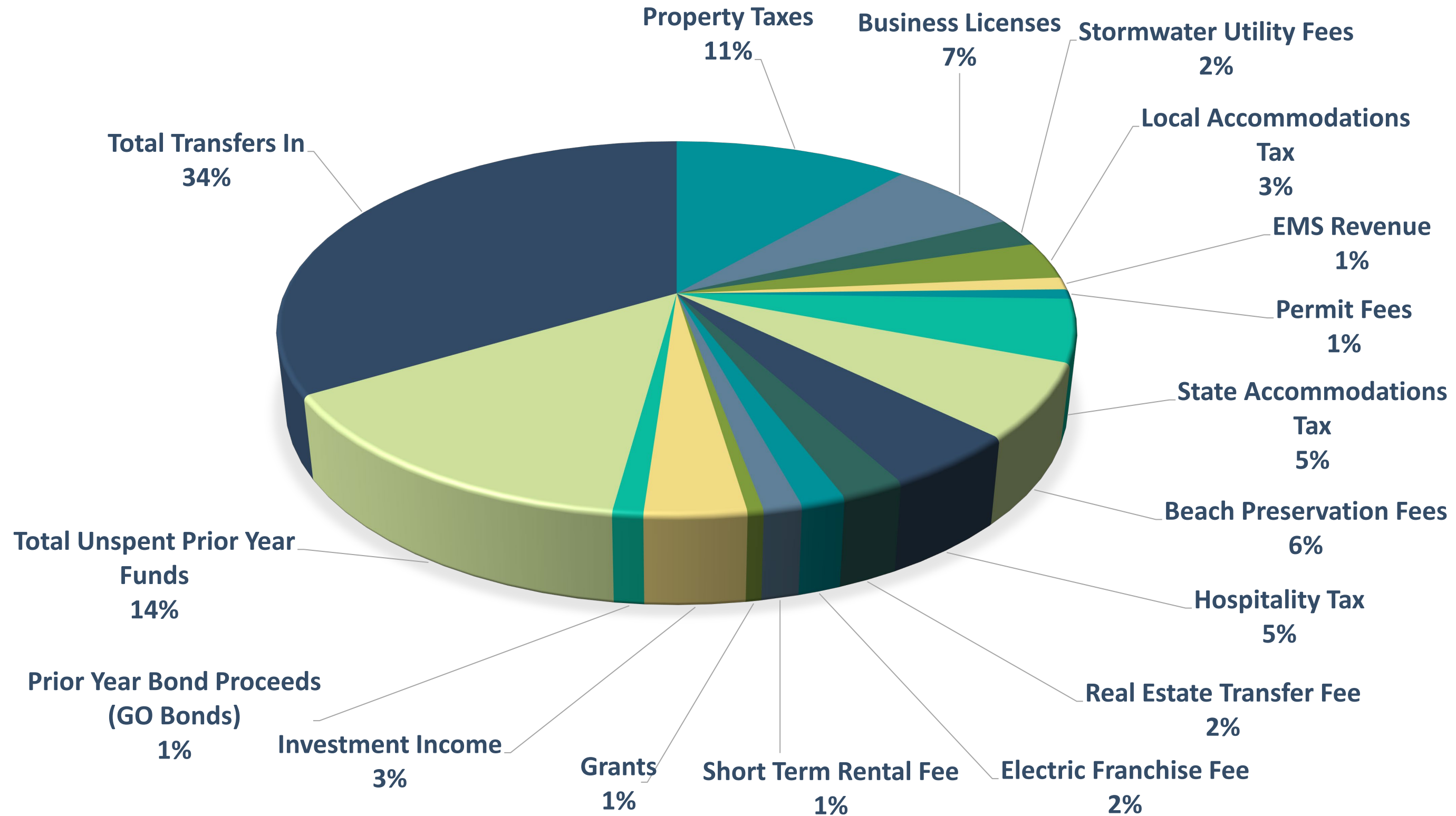


FY 2027 PROPOSED CONSOLIDATED BUDGET TRANSFERS

	Transfers In Fund						FY 2027 Total
	General	Debt Service	CIP	GGHNCDC	Housing	Special Revenues	
Transfers From Fund							
Hospitality Taxes	\$ 6,500,000	\$ 1,442,825	\$ 20,787,351	\$ -	\$ -	\$ -	\$ 28,730,176
Beach Preservation Fees	2,466,895	3,041,908	6,849,119	-	-	-	12,357,922
Tax Increment Financing (TIF)	-	-	1,506,637	-	-	-	1,506,637
State Accommodation Taxes	3,123,078	-	5,410,921	-	619,616	-	9,153,614
Fire Truck Lease Proceeds	-	-	4,600,000	-	-	-	4,600,000
Real Estate Transfer Fees	-	-	250,000	-	-	-	250,000
Stormwater Fees	375,000	-	4,205,586	-	-	-	4,580,586
Road Usage Fees	-	-	832,328	-	-	-	832,328
Electric Franchise Fees	540,603	-	5,868,000	-	-	-	6,408,603
Short Term Rental Fees	3,606,050	-	-	-	-	-	3,606,050
General Fund	-	-	-	359,026	-	-	359,026
Total Six Fund Transfers	16,611,626	4,484,733	50,309,942	359,026	619,616	-	72,384,943
General Fund	-	-	-	-	-	207,872	207,872
Total Consolidated Budget Transfers	\$ 16,611,626	\$ 4,484,733	\$ 50,309,942	\$ 359,026	\$ 619,616	\$ 207,872	\$ 72,592,815



FY 2027 PROPOSED CONSOLIDATED BUDGET REVENUES



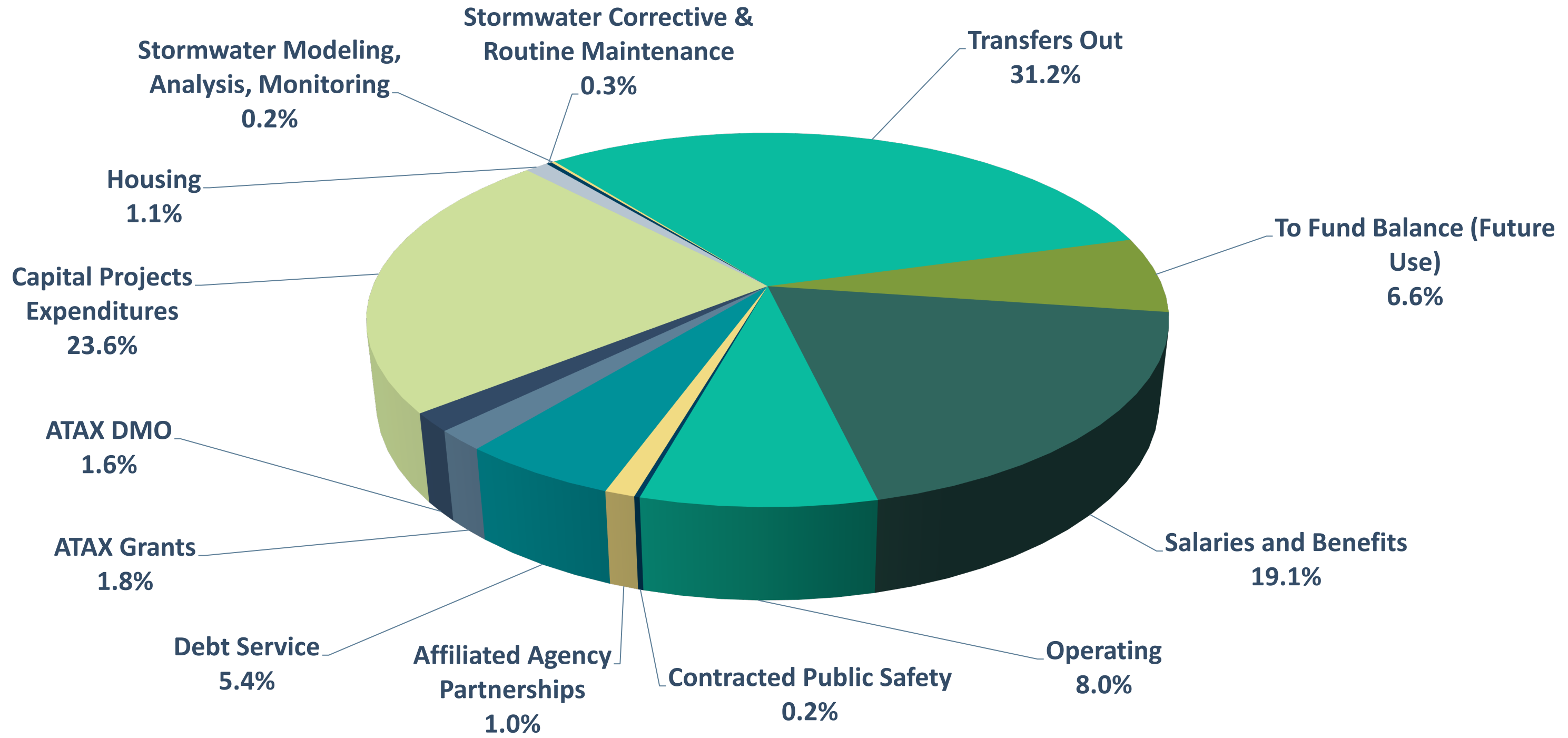


FY 2027 PROPOSED CONSOLIDATED BUDGET EXPENDITURES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Operating Expenses								
Salaries and Benefits	\$ 35,860,967	\$ 37,484,867	\$ 41,550,730	\$ 41,739,845	\$ 41,004,008	\$ 44,423,064	\$ 2,683,219	6.4%
Operating	14,974,788	15,552,427	18,935,556	19,204,520	17,627,291	18,650,895	(553,625)	-2.9%
Contracted Public Safety	2,595,199	2,756,658	420,500	517,832	517,832	446,032	(71,800)	-13.9%
Affiliated Agency Partnerships	2,056,525	3,208,939	1,988,516	2,041,044	2,041,044	2,414,446	373,402	18.3%
Debt Service	17,200,152	16,256,845	20,006,934	32,227,132	32,001,712	12,538,164	(19,688,968)	-61.1%
Beach Consulting Expense	35,500	38,350	-	-	43,250	43,250	43,250	100.0%
Deed Processing Expense	48,832	52,297	-	-	63,250	50,291	50,291	100.0%
ATAX Grants	4,789,146	3,521,165	-	-	4,076,992	4,089,462	4,089,462	100.0%
ATAX DMO	3,829,599	3,942,799	-	-	3,785,976	3,717,693	3,717,693	100.0%
Buried Underground Cable	16,649	-	-	-	-	-	-	100.0%
ARPA Grant Expenses	618,772	1,159,149	-	-	14,344	-	-	100.0%
Grant Expenses	814,998	400,849	-	-	416,747	571,023	571,023	100.0%
Disaster Expenses	60,529	481,903	-	-	-	-	-	100.0%
Capital Projects Expenditures	26,828,181	30,998,370	78,937,380	98,965,584	83,778,527	54,967,547	(43,998,037)	-44.5%
Housing	201,523	280,287	3,783,805	3,783,805	1,105,406	2,500,000	(1,283,805)	-33.9%
Stormwater Corrective & Routine Maintenance	1,900,922	2,277,175	1,290,000	1,290,000	688,413	610,500	(679,500)	-52.7%
Stormwater Modeling, Analysis, Monitoring	198,718	383,323	900,000	900,000	287,553	397,837	(502,163)	-55.8%
Cost of Issuance/Bond Proceeds Future CIP	-	132,500	-	277,838	277,838	-	(277,838)	-100.0%
Other Capital Outlay	368,805	-	-	-	-	-	-	100.0%
Total Operating Expenses	\$ 112,399,805	\$ 118,927,903	\$ 167,813,421	\$ 200,947,600	\$ 187,730,183	\$ 145,420,206	\$ (55,527,394)	-27.6%
Transfers-out								
Transfer to General Fund	\$ 14,279,087	\$ 14,357,026	\$ 12,968,548	\$ 13,443,959	\$ 13,443,959	\$ 16,611,626	\$ 3,167,667	23.6%
Transfer to CIP Fund	26,594,910	31,474,733	64,875,842	57,575,989	43,871,448	50,309,942	(7,266,047)	-12.6%
Transfer to Debt Service Fund	10,412,618	8,318,491	12,503,368	12,792,678	12,792,678	4,484,733	(8,307,945)	-64.9%
Transfer to Housing Fund	2,350,000	1,000,000	1,197,049	1,197,049	1,197,049	619,616	(577,433)	-48.2%
Transfer to GGHNCDC Fund	-	-	-	-	-	359,026	359,026	100.0%
Transfer to Special Revenue Fund	-	-	-	-	-	207,872	207,872	100.0%
Total Transfers-out	\$ 53,636,615	\$ 55,150,250	\$ 91,544,807	\$ 85,009,675	\$ 71,305,134	\$ 72,592,815	\$ (12,416,860)	-14.6%
Fund Balance Surplus (Bond Proceeds)	\$ -	\$ -	\$ -	\$ 26,622,992	\$ 26,622,992	\$ -	\$ (26,622,992)	-100.0%
Fund Balance Surplus (Future Use)	-	-	-	-	15,920,918	15,271,698	15,271,698	100.0%
Total Fund Balance Surplus	\$ -	\$ -	\$ -	\$ 26,622,992	\$ 42,543,910	\$ 15,271,698	\$ (11,351,294)	-42.6%
Total Expenditures	\$ 166,036,420	\$ 174,078,153	\$ 259,358,228	\$ 312,580,267	\$ 301,579,227	\$ 233,284,719	\$ (79,295,548)	-25.4%



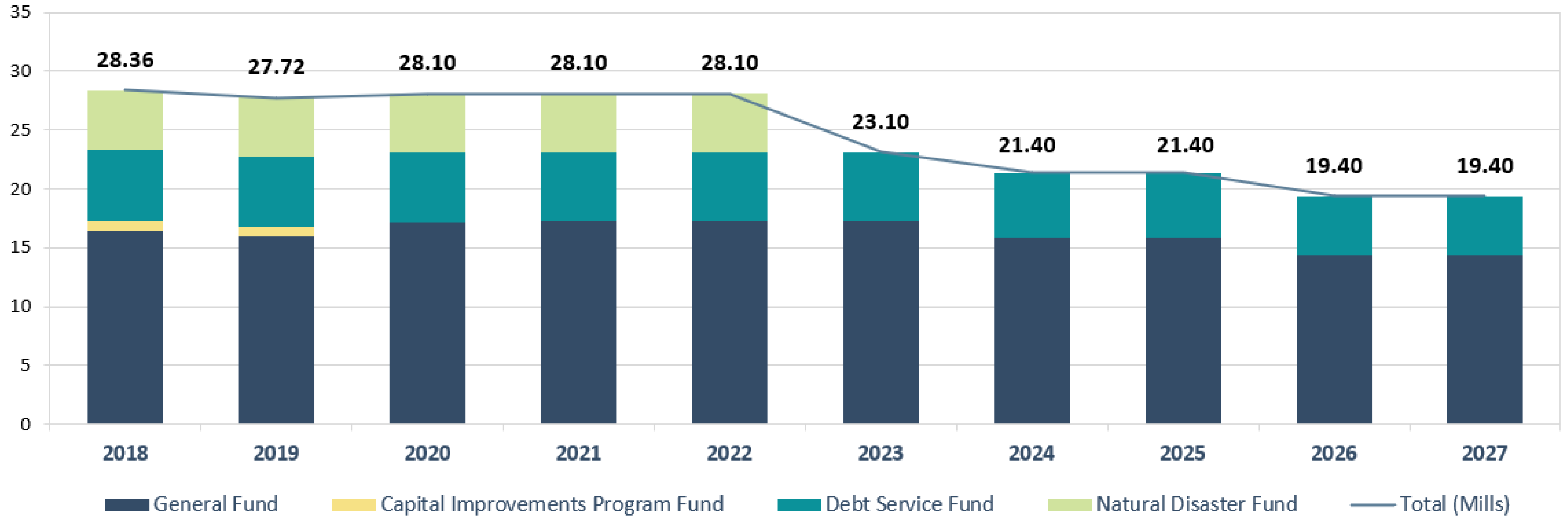
FY 2027 PROPOSED CONSOLIDATED BUDGET EXPENDITURES





MILLAGE RATES

Mill rate is a tax rate—the amount of tax payable per dollar of the assessed value of a property.

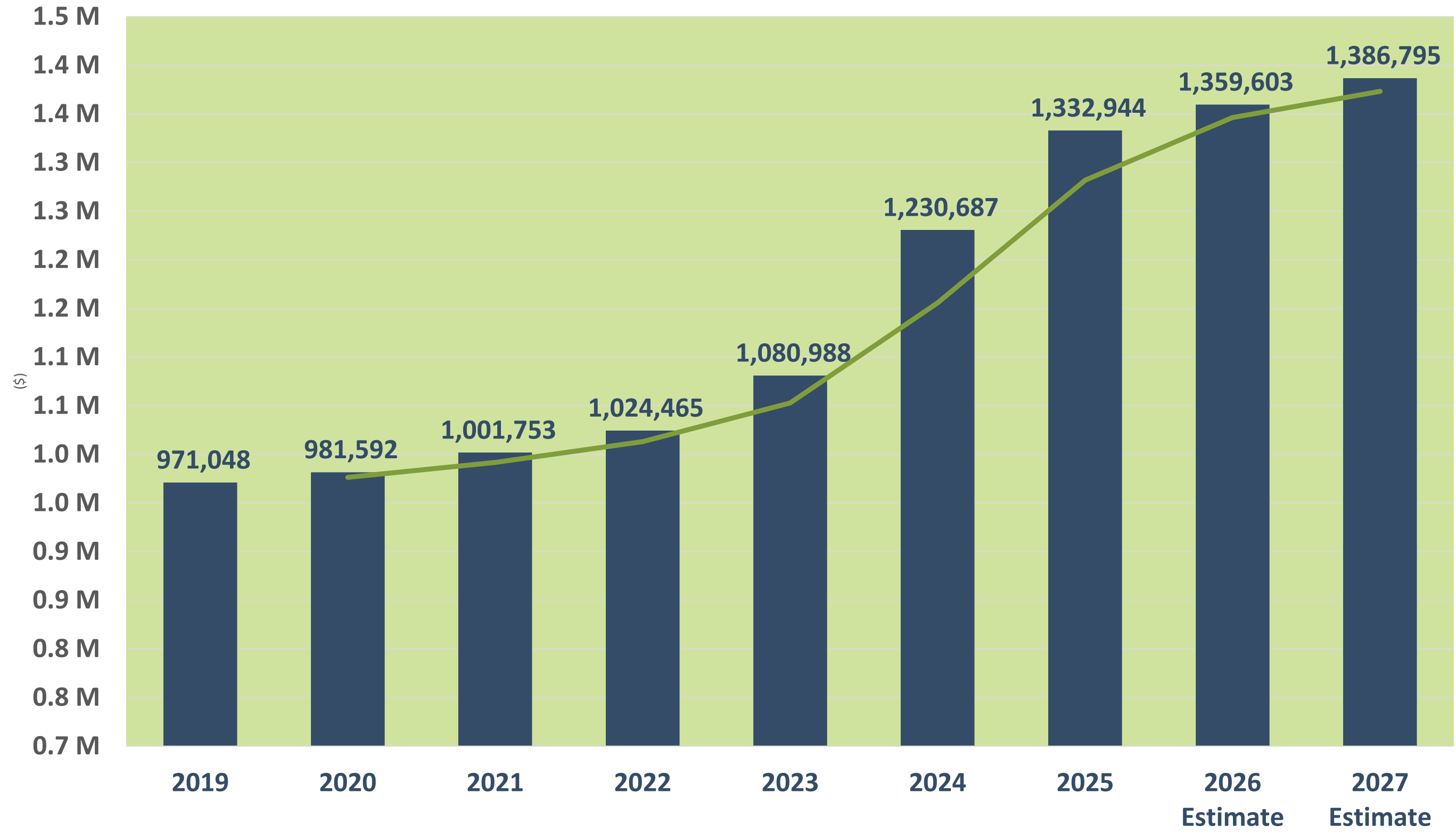


Note(1): Fiscal Year 2017 was Hurricane Matthew. Five (5) Mills were added for Disaster Recovery in Fiscal Years 2018-2022.

»» Millage was reduced by 2 Mills in FY 2026



MILLAGE VALUES





FY 2027 PROPOSED BUDGET – PROPERTY TAXES

Sample Property Tax Bill - Millage 19.4

Tax Year: 2026	Property Value (1)	4% Taxable Value (1)	6% Taxable Value (1)
Fiscal Year - Tax Bill: 2027	\$ 500,000	\$ 20,000	\$ 30,000

Property Value (2)	4% Taxable Value (2)	6% Taxable Value (2)
\$ 1,000,000	\$ 40,000	\$ 60,000

Description	Millage	4% Tax Calculation (1)	4% Tax Calculation (2)	6% Tax Calculation (1)	6% Tax Calculation (2)
COUNTY OPERATIONS	42.30	846.00	1,692.00	1,269.00	2,538.00
COUNTY DEBT	3.20	64.00	128.00	96.00	192.00
RURAL & CRITICAL LANDS	3.00	60.00	120.00	90.00	180.00
SCHOOL - OPERATIONS*	121.80	-	-	3,654.00	7,308.00
SCHOOL - DEBT	36.30	726.00	1,452.00	1,089.00	2,178.00
TOWN OF HILTON HEAD - OPERATIONS**	14.30	286.00	572.00	429.00	858.00
TOWN OF HILTON HEAD - DEBT**	5.10	102.00	204.00	153.00	306.00
HH POLICE FEE***		156.00	156.00	252.00	252.00
Stormwater COUNTY FEE****		7.88	7.88	7.88	7.88
Stormwater MUNICIPAL/DISTRICT FEE****		150.00	150.00	150.00	150.00
TOTALS		\$ 2,397.88	\$ 4,481.88	\$ 7,189.88	\$ 13,969.88

Assumption: This is a sample tax rate for a property in Tax District: 550 South Beach PSD. There are other districts.

Note 4%: Assessment applies to owner-occupied primary residences.

Note 6%: Assessment applies to non-owner-occupied properties including rental properties, second homes, commercial properties and properties that do not qualify for the 4% exemption.

*Note: School operations applicable to non-resident and commercial taxpayers.

**Note: The Town total millage rate at 19.4 of this FY26 sample rate is \$776.00 for 4% / \$1,164.00 for 6%.

***Note: Hilton Head Police Fees are determined by property use and/or square footage. Residential: Single-Family Housing Unit \$156 / Multi-Family Housing Unit \$113. Nonresidential: Retail 1,000 sq. ft. \$252 / Office/Service 1,000 sq. ft. \$97 / Industrial 1,000 sq. ft. \$43 / Institutional 1,000 sq. ft. \$96 / Lodging Room \$72.

****Note: Stormwater Utility Fees are determined by Countywide Infrastructure Cost Share: Town of Hilton Head Island \$7.88 and Stormwater service fee categories: Administrative Fee \$24 / Impervious Area Unit \$105 / Gross Area Unit \$21 equals \$150.00.



FY 2027 BUDGET OVERVIEW

SIX MAJOR FUNDS



General Fund

Capital Improvements Project Fund



Debt Service Fund

Stormwater Utility Fund

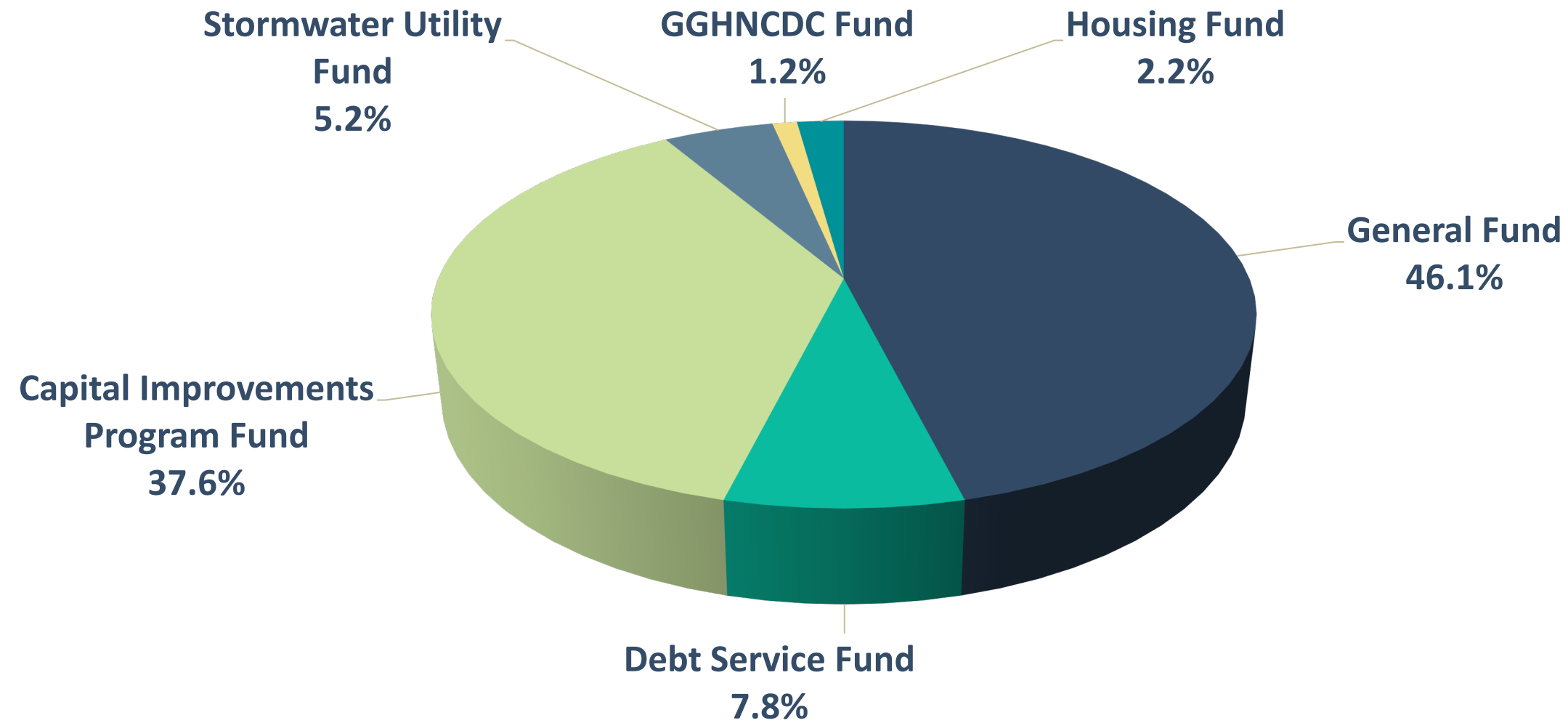


**Gullah Geechee Historic Neighborhoods
Community Development Corporation Fund**

Housing Fund



FY 2027 PROPOSED SIX MAJOR FUNDS BUDGET REVENUES



Revenues	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
General Fund	\$ 63,856,831	\$ 70,609,525	\$ 59,754,870	\$ 60,362,809	\$ 65,387,249	\$ 67,652,550	\$ 7,289,741	12.1%
Debt Service Fund	17,377,789	15,573,441	18,864,083	31,084,281	30,960,656	11,513,988	(19,570,293)	-63.0%
Capital Improvements Program Fund	31,671,440	32,966,666	77,687,380	124,616,414	110,369,157	55,205,752	(69,410,662)	-55.7%
Stormwater Utility Fund	5,726,307	5,944,113	11,140,277	11,893,723	6,552,349	7,583,334	(4,310,389)	-36.2%
GGHNCDC Fund	275,478	279,404	3,286,603	3,286,603	1,718,563	1,694,756	(1,591,847)	-48.4%
Housing Fund	2,350,000	1,000,000	3,978,137	3,978,137	1,199,442	3,211,498	(766,639)	-19.3%
Consolidated Budget - Six Funds	\$ 121,257,844	\$ 126,373,150	\$ 174,711,350	\$ 235,221,967	\$ 216,187,416	\$ 146,861,878	\$ (88,360,089)	-37.6%



FY 2027 PROPOSED SIX MAJOR FUNDS BUDGET REVENUES

OPERATING REVENUES

Revenues	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Property Taxes	\$ 24,582,416	\$ 25,809,924	\$ 23,971,050	\$ 23,971,050	\$ 25,600,000	\$ 26,112,000	\$ 2,140,950	8.9%
Business Licenses	14,749,382	17,585,602	13,565,155	13,565,155	14,847,121	14,995,593	1,430,438	10.5%
Franchise Fees	835,865	1,061,803	861,065	861,065	842,555	842,555	(18,510)	-2.1%
Stormwater Utility Fees	5,275,035	5,384,264	5,275,035	5,275,035	5,500,962	5,610,981	335,946	6.4%
Local Accommodations Tax	6,944,525	8,841,406	6,812,769	6,812,769	7,275,251	7,384,380	571,611	8.4%
EMS Revenue	2,252,547	2,627,171	2,036,000	2,036,000	2,713,836	2,461,122	425,122	20.9%
Permit Fees	2,437,719	2,670,404	1,922,580	1,922,580	3,063,000	1,922,580	-	0.0%
Intergovernmental	930,105	981,781	978,035	978,035	1,021,747	1,042,182	64,147	6.6%
Grants	4,040,704	430,640	7,365,538	7,365,538	6,965,538	1,250,000	(6,115,538)	-83.0%
Investment Income	3,975,679	4,294,477	2,100,115	2,100,115	3,410,779	3,031,593	931,478	44.4%
Beach Parking	193,034	520,770	650,000	650,000	650,000	650,000	-	0.0%
Sunday Liquor Permit Fees	279,950	316,500	1,000,000	1,153,887	332,325	348,941	(804,946)	-69.8%
Impact Fees	236,672	148,347	1,100,000	1,100,000	199,234	187,248	(912,752)	-83.0%
Capital	62,120	62,120	-	-	62,120	62,120	62,120	100.0%
Sale of Land/Equipment	-	97,703	-	-	-	-	-	100.0%
Other*	787,789	389,987	356,848	436,848	506,113	560,000	123,152	28.2%
Total Operating Revenues	\$ 67,583,541	\$ 71,222,900	\$ 67,994,190	\$ 68,228,077	\$ 72,990,581	\$ 66,461,296	\$ (1,766,781)	-2.6%

*Other Revenue includes Rebates, Credit Adjustments, FOIA Fees, NSF Fees, Vending Commissions, Special Event Fees, Subscription-Based Information Technology Agreement (SBITA), Fundraising & Lease Back (GGHNCDL), Etc.

»» FY 2027 Proposed Six Funds Budget Revenues are continued on the next slide



FY 2027 PROPOSED SIX MAJOR FUNDS BUDGET REVENUES

OTHER REVENUES AND TOTALS

Revenues	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Use of Fund Balance:								
General Fund	\$ -	\$ -	\$ 275,000	\$ 327,528	\$ -	\$ -	\$ (327,528)	-100.0%
Stormwater Fund	-	-	5,592,662	6,346,108	744,774	1,674,773	(4,671,335)	-73.6%
Capital Projects Fund	-	-	3,279,803	3,354,803	-	-	(3,354,803)	-100.0%
Capital Projects Fund (Bond Proceeds)	-	-	66,197	66,197	-	2,400,000	2,333,803	3525.5%
Debt Service Fund	-	-	-	11,930,888	11,291,759	209,755	(11,721,133)	-98.2%
GGHNCDC Fund	-	-	3,161,603	3,161,603	1,489,774	1,123,230	(2,038,373)	-64.5%
Housing Fund	-	-	3,781,088	3,781,088	2,393	2,591,882	(1,189,206)	-31.5%
Total Use of Fund Balance	-	-	16,156,353	28,968,215	13,528,700	7,999,640	(20,968,575)	-72.4%
Total Transfer In from Other Funds	53,636,615	55,150,249	90,544,807	84,009,675	71,305,134	72,384,942	(11,624,733)	
Other Financing Sources								
From Sale of Equipment/Vehicles	37,688	-	16,000	16,000	21,500	16,000	-	0.0%
From Sale of Land	-	-	-	-	4,341,500	-	-	100.0%
Proceeds from GO Bonds	-	-	-	35,000,000	35,000,000	-	(35,000,000)	-100.0%
Proceeds from Beach Bonds	-	-	-	19,000,000	19,000,000	-	(19,000,000)	-100.0%
Total Other Financing Sources	\$ 37,688	\$ -	\$ 16,000	\$ 54,016,000	\$ 58,363,000	\$ 16,000	\$ (54,000,000)	-100.0%
Total Transfers and Other Financing Sources	\$ 53,674,303	\$ 55,150,249	\$ 106,717,160	\$ 166,993,890	\$ 143,196,834	\$ 80,400,583	\$ (86,593,307)	-51.9%
Total Operating Revenues, Fund Balance Use, Transfers & Other Financing Sources	\$ 121,257,844	\$ 126,373,150	\$ 174,711,350	\$ 235,221,967	\$ 216,187,415	\$ 146,861,878	\$ (88,360,089)	-37.6%

» A breakdown of the Transfers-In is provided on the following slide



FY 2027 PROPOSED SIX MAJOR FUNDS BUDGET REVENUES

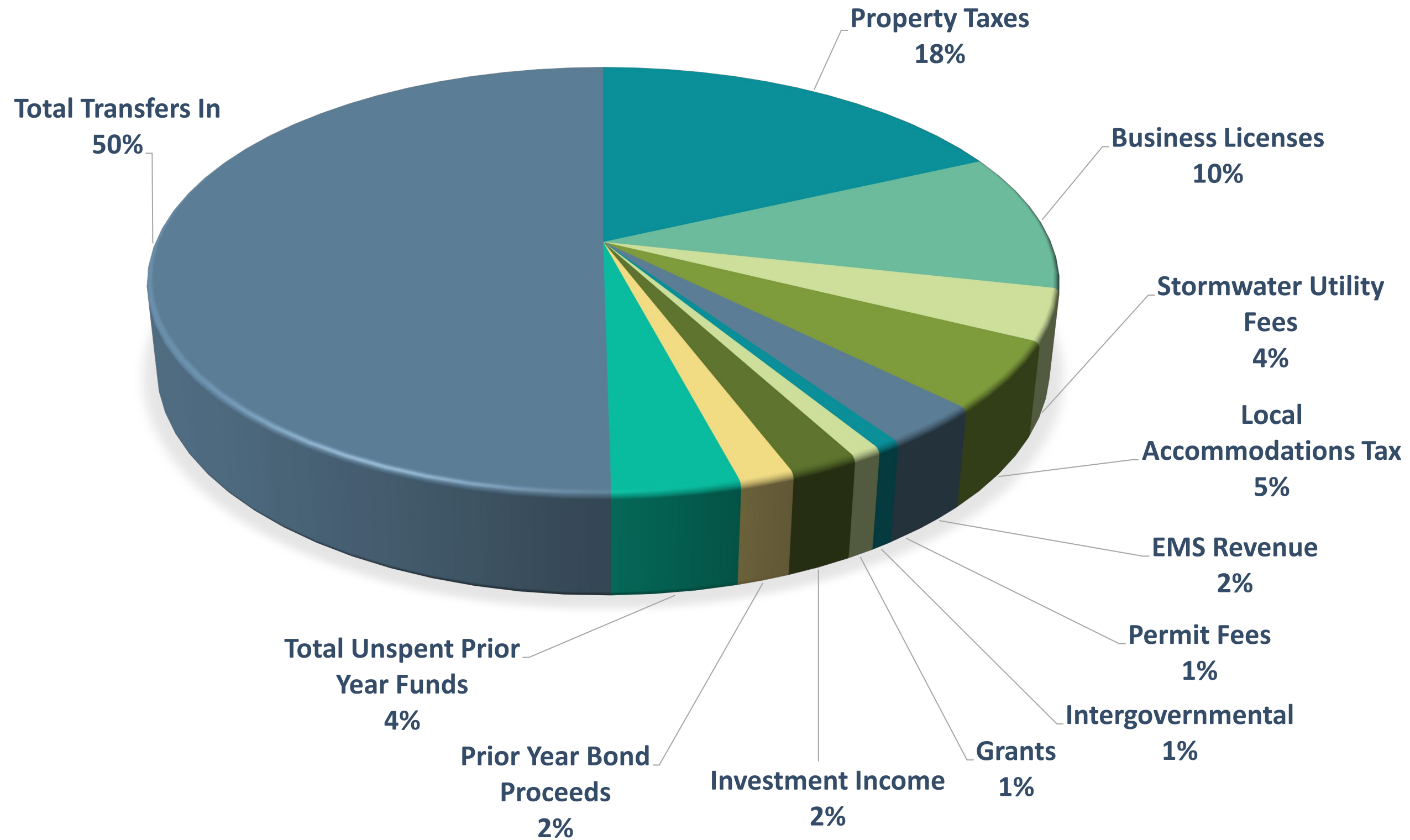
TRANSFERS-IN PER FUND

	Transfers-In Fund						FY 2027 Total
	General	Debt Service	CIP	GGHNCDC	Housing	Special Revenues	
Transfers-from Fund							
Hospitality Taxes	\$ 6,500,000	\$ 1,442,825	\$ 20,787,351	\$ -	\$ -	\$ -	\$ 28,730,176
Beach Preservation Fees	2,466,895	3,041,908	6,849,119	-	-	-	12,357,922
Tax Increment Financing (TIF)	-	-	1,506,637	-	-	-	1,506,637
State Accommodation Taxes	3,123,078	-	5,410,921	-	619,616	-	9,153,614
Fire Truck Lease Proceeds	-	-	4,600,000	-	-	-	4,600,000
Real Estate Transfer Fees	-	-	250,000	-	-	-	250,000
Stormwater Fees	375,000	-	4,205,586	-	-	-	4,580,586
Road Usage Fees	-	-	832,328	-	-	-	832,328
Electric Franchise Fees	540,603	-	5,868,000	-	-	-	6,408,603
Short Term Rental Fees	3,606,050	-	-	-	-	-	3,606,050
General Fund	-	-	-	359,026	-	-	359,026
Total Six Fund Transfers	16,611,626	4,484,733	50,309,942	359,026	619,616	-	72,384,943

» Transfers-In are interfund transfers to move revenues from the fund that, by statute or budget, requires to collect them - to the fund that, by statute or budget, requires to expend them



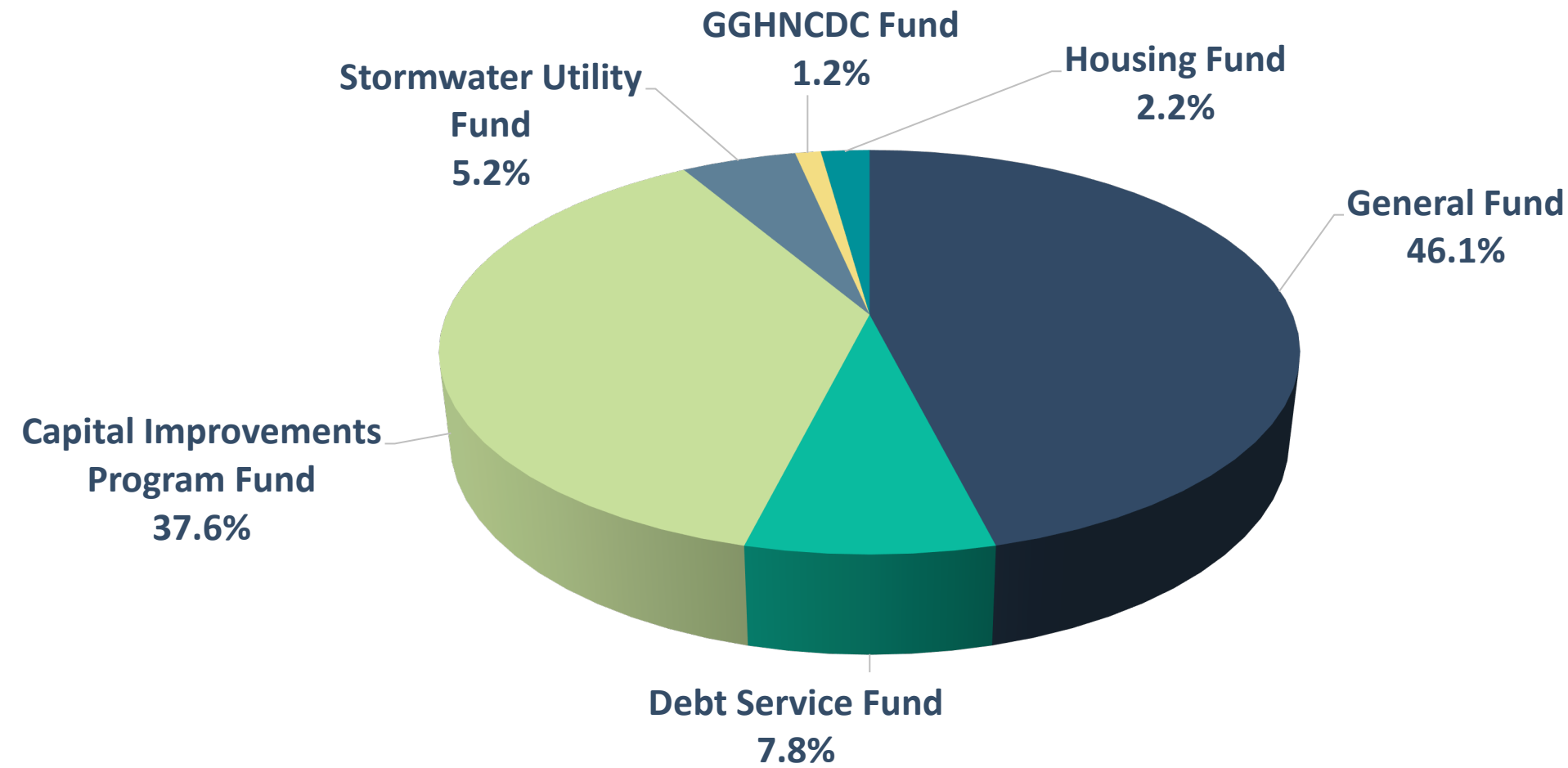
FY 2027 PROPOSED SIX MAJOR FUNDS BUDGET REVENUES



»» The Town's diversity in revenue sources is a significant financial strength



FY 2027 PROPOSED SIX MAJOR FUNDS BUDGET EXPENDITURES



Expenditures	FY 2024	FY 2025	FY 2026	FY 2026	FY 2026	FY 2027	FY27 to FY26	FY27 to FY26
	Actual	Actual	Original Budget	Amended Budget	Projection	Proposed Budget	Amended Budget \$ Change	Amended Budget % Change
General Fund	\$ 57,822,970	\$ 57,775,830	\$ 59,754,870	\$ 60,362,809	\$ 65,387,249	\$ 67,652,550	\$ 7,289,741	12.1%
Debt Service Fund	15,820,581	15,046,492	18,864,083	31,084,281	30,960,656	11,513,988	(19,570,293)	-63.0%
Capital Improvements Program Fund	27,398,738	31,066,109	77,687,380	124,616,414	110,369,157	55,205,752	(69,410,662)	-55.7%
Stormwater Utility Fund	5,150,208	6,062,194	11,140,277	11,893,723	6,552,349	7,583,334	(4,310,389)	-36.2%
GGHNCDC Fund	129,142	277,025	3,286,603	3,286,603	1,718,563	1,694,756	(1,591,847)	-48.4%
Housing Fund	201,523	280,287	3,978,137	3,978,137	1,199,442	3,211,498	(766,639)	-19.3%
Consolidated Budget - Six Funds	\$ 106,523,162	\$ 110,507,937	\$ 174,711,350	\$ 235,221,967	\$ 216,187,416	\$ 146,861,878	\$ (88,360,089)	-37.6%



FY 2027 PROPOSED SIX MAJOR FUNDS BUDGET EXPENDITURES

OPERATING AND CIP EXPENDITURES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Salaries and Benefits	\$ 35,860,967	\$ 37,484,867	\$ 41,550,730	\$ 41,739,845	\$ 41,004,008	\$ 44,423,064	\$ 2,683,219	6.4%
Operating	14,977,170	15,553,922	18,935,556	19,204,520	17,628,785	18,650,895	(553,625)	-2.9%
Contracted Public Safety	2,595,199	2,756,658	420,500	517,832	517,832	446,032	(71,800)	-13.9%
Affiliated Agency Partnerships	2,056,525	3,208,939	1,988,516	2,041,044	2,041,044	2,414,446	373,402	18.3%
Debt Service	17,200,152	16,256,845	20,006,934	32,227,132	32,001,712	12,538,164	(19,688,968)	-61.1%
Beach Programs	2,404,079	1,849,806	48,820,000	49,019,119	47,559,978	7,449,119	(41,570,000)	-84.8%
Pathway Programs	1,527,321	697,207	1,650,000	1,650,000	1,088,563	1,418,937	(231,063)	-14.0%
Roadway Programs	2,770,550	4,455,403	5,079,500	8,656,486	4,070,410	9,701,553	1,045,067	12.1%
Park Programs	2,323,598	4,281,336	10,636,000	12,439,243	8,599,572	17,451,552	5,012,309	40.3%
Facility and Equipment Programs	3,623,957	5,010,035	4,721,000	5,870,272	4,953,325	8,510,800	2,640,528	45.0%
Stormwater Programs	1,088,427	856,627	6,350,880	7,104,326	3,259,591	4,205,586	(2,898,740)	-40.8%
Fleet	1,071,075	4,797,990	180,000	2,644,838	2,644,838	4,980,000	2,335,162	88.3%
Land Acquisition & Administration	12,019,174	9,049,966	1,500,000	11,581,300	11,602,250	1,250,000	(10,331,300)	-89.2%
Housing	201,523	280,286	3,783,805	3,783,805	1,105,406	2,500,000	(1,283,805)	-33.9%
Stormwater Corrective & Routine Maintenance	1,900,922	2,277,175	1,290,000	1,290,000	688,413	610,500	(679,500)	-52.7%
Stormwater Modeling, Analysis, Monitoring	198,718	383,323	900,000	900,000	287,553	397,837	(502,163)	-55.8%
Bond Issuance/Bond Proceeds Future CIP	-	-	-	26,900,830	26,900,830	-	(26,900,830)	-100.0%
Other Capital Outlay	368,805	-	-	-	-	-	-	100.0%
Transfers-Out	4,335,000	1,307,552	6,897,929	7,651,375	3,806,640	5,147,484	(2,503,891)	-32.7%
Fund Balance Surplus (future use)	-	-	-	-	6,426,665	4,765,907	4,765,907	100.0%
Total Expenditures	\$ 106,523,162	\$ 110,507,937	\$ 174,711,350	\$ 235,221,967	\$ 216,187,415	\$ 146,861,878	\$ (88,360,089)	-37.6%

➤➤ Note: Additions to Fund Balance are planned for the General and CIP Funds in FY 2027



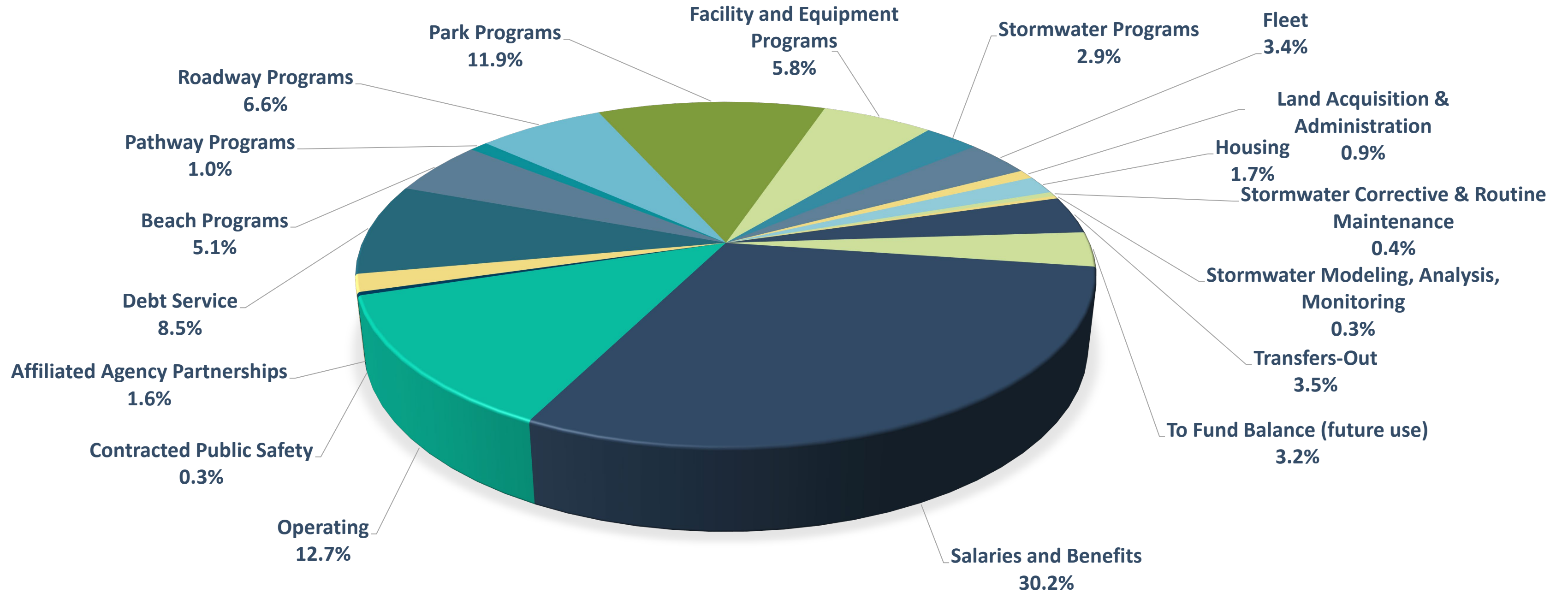
FY 2027 PROPOSED SIX MAJOR FUNDS BUDGET EXPENDITURES

TRANSFERS-OUT PER FUND

	Transfers-In Fund					FY 2027 Total
	General	CIP	GGHNCDC	Housing	Special Revenue Grants	
Transfers-Out						
General Fund	\$ -	\$ -	\$ 359,026	\$ -	\$ 207,872	\$ 566,898
Stormwater Fund	375,000	4,205,586	-	-	-	4,580,586
Total Transfers-Out	\$ 375,000	\$ 4,205,586	\$ 359,026	\$ -	\$ 207,872	\$ 5,147,484



FY 2027 PROPOSED SIX MAJOR FUNDS BUDGET EXPENDITURES

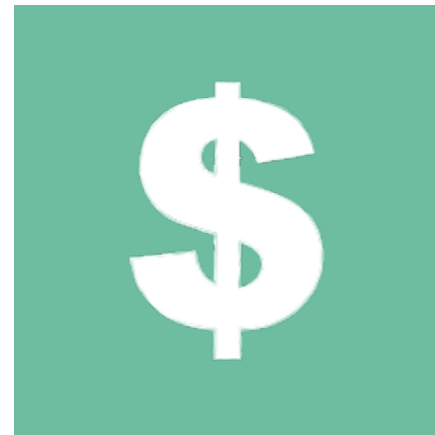


» CIP is 37.4% of the Total Six Funds Consolidated Budget



FY 2027 BUDGET OVERVIEW

SIX MAJOR FUNDS



General Fund

Capital Improvements Program Fund



Debt Service Fund

Stormwater Utility Fund



**Gullah Geechee Historic Neighborhoods
Community Development Corporation Fund**

Housing Fund



GENERAL FUND

- ✓ This fund is used to account for all financial resources except those required to be accounted for in another fund.
- ✓ Its primary operating expenditures are general government, administrative services, sheriff/other public safety, fire, community services, and public projects and facilities.
- ✓ Principal sources of revenue are property taxes, business licenses, local ATAX and permit fees.





FY 2027 PROPOSED GENERAL FUND BUDGET REVENUES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Property Taxes	\$ 18,274,380	\$ 19,190,794	\$ 17,935,450	\$ 17,935,450	\$ 19,000,000	\$ 19,364,000	\$ 1,428,550	8.0%
Local Accommodations Tax	6,944,525	8,841,406	6,812,769	6,812,769	7,275,251	7,384,380	571,611	8.4%
Business Licenses	14,749,382	17,585,602	13,565,155	13,565,155	14,847,121	14,995,592	1,430,437	10.5%
Franchise Fees	835,865	1,061,803	861,065	861,065	842,555	842,555	(18,510)	-2.1%
Permit Fees	2,315,139	2,461,684	1,800,000	1,800,000	2,940,420	1,800,000	-	0.0%
State Shared Funds	930,105	981,781	978,035	978,035	1,021,747	1,042,182	64,147	6.6%
Grants	157,414	-	-	-	-	-	-	0.0%
Beach Services/Parking	193,034	520,770	650,000	650,000	650,000	650,000	-	0.0%
Other	665,371	388,217	356,848	436,848	452,867	416,000	(20,848)	-4.8%
Public Safety - EMS	2,252,547	2,627,171	2,036,000	2,036,000	2,713,836	2,461,122	425,122	20.9%
Public Safety - Other	1,440	1,770	-	-	-	-	-	0.0%
Investment Income	2,222,495	2,502,871	1,500,000	1,500,000	2,177,993	2,069,093	569,093	37.9%
Use of Fund Balance	-	-	275,000	327,528	-	-	(327,528)	-100.0%
Transfers-In:								
Beach Preservation Fee	1,983,508	1,983,508	248,548	248,548	248,548	2,466,895	2,218,347	892.5%
Hospitality Tax	5,154,955	6,257,894	6,500,000	6,500,000	6,500,000	6,500,000	-	0.0%
Tax Increment Financing (TIF)	110,000	110,000	-	-	-	-	-	0.0%
State ATAX	4,615,021	3,515,021	3,500,000	3,500,000	3,500,000	3,123,078	(376,922)	-10.8%
Electric Franchise Fee	540,603	540,603	545,000	545,000	545,000	540,603	(4,397)	-0.8%
Short Term Rental Permit Fee	1,750,000	1,825,000	1,825,000	2,300,411	2,300,411	3,606,050	1,305,639	56.8%
Stormwater Fee	125,000	125,000	350,000	350,000	350,000	375,000	25,000	7.1%
Sale of Vehicle/Equipment	36,048	88,628	16,000	16,000	21,500	16,000	-	0.0%
Total Revenues	\$ 63,856,831	\$ 70,609,525	\$ 59,754,870	\$ 60,362,809	\$ 65,387,249	\$ 67,652,550	\$ 7,289,741	12.1%



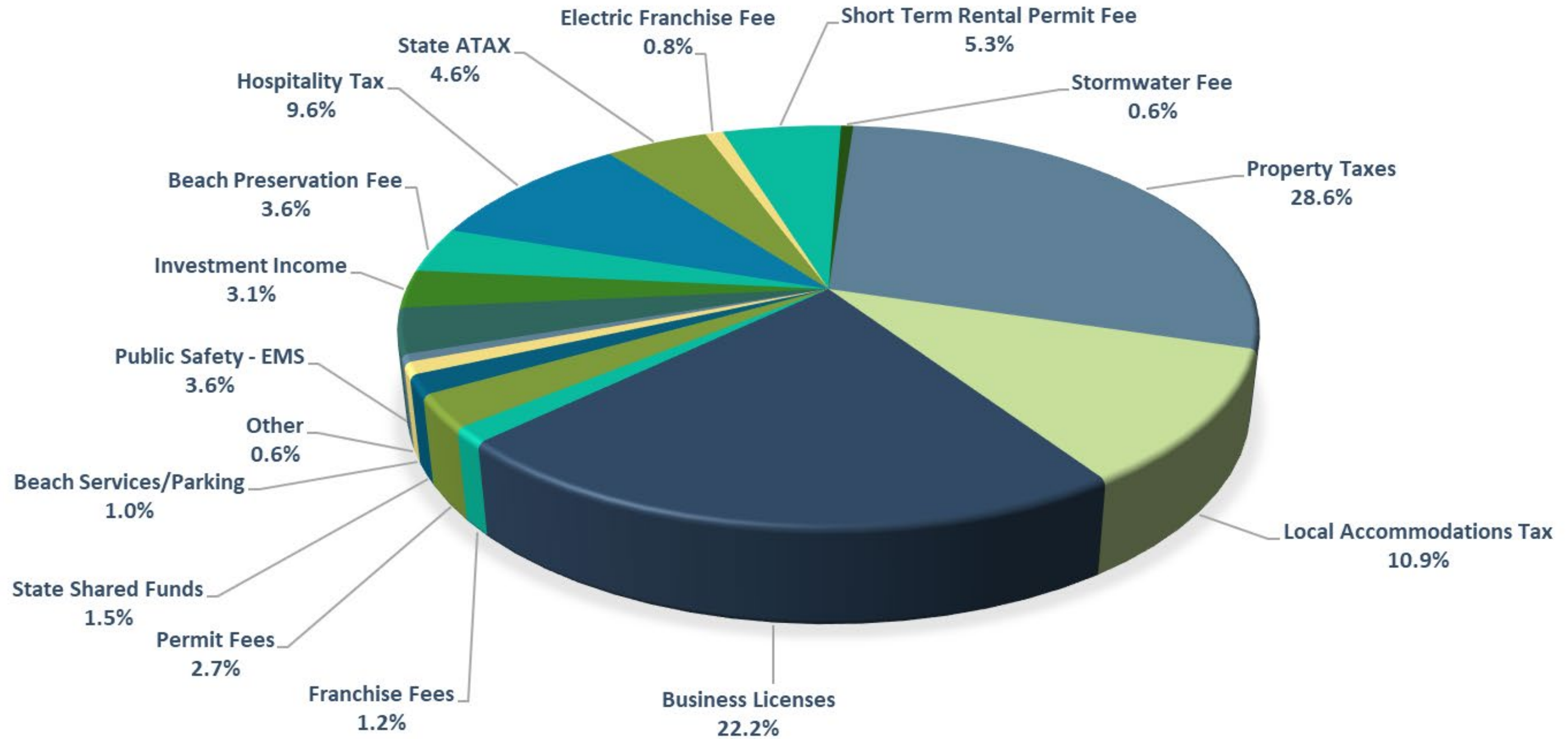
FY 2027 PROPOSED GENERAL FUND BUDGET REVENUES – BEACH PRESERVATION FEE TRANSFER-IN

	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Budget \$ Change	FY27 to FY26 Budget % Change
<u>Beach Preservation Transfer-In</u>					
Shore Beach - Townwide	298,832	298,832	222,473	(76,359)	-26%
Beach Trolley - Townwide	26,280	26,280	30,000	3,720	14%
Facilities Beach Operations & Contracts	1,048,921	1,164,171	1,011,385	(37,536)	-4%
Facilities Beach Operations Staffing	607,035	607,035	632,108	25,073	4%
Public Safety Staffing	316,402	316,402	316,402	-	0%
Public Safety Boat Removal	50,000	50,000	25,000	(25,000)	-50%
Fire Rescue Staffing	183,527	183,527	183,527	-	0%
FY26 Budget Adjustment	(2,282,449)	(2,397,699)	-	2,282,449	-100%
The Outside Foundation Affiliated Agency	-	-	46,000	46,000	0%
Total Beach Preservation Transfer-In	248,548	248,548	2,466,895	2,218,347	893%

»» General Fund expenses supported by the Beach Preservation Fee Transfer-In



FY 2027 PROPOSED GENERAL FUND BUDGET REVENUES





FY 2027 GENERAL FUND BUDGET REVENUE HIGHLIGHTS-\$67,652,550

- ✓ **General Fund Property Taxes – \$19.4m - 8% increase of \$1.4m**
 - Millage remains the same as FY26 at 14.3 mills
 - Assumed 2% growth in property valuation

- ✓ **Local Accommodations Tax – \$7.4m - 8% increase of \$571k**
 - Assumed 1.5% growth from FY26 projections
 - Supports Cultural Affairs / Code Enforcement / Revenue Collection / Facilities Maintenance of public spaces and roads / Fire Rescue emergency services

- ✓ **Business License – \$15m – 10% increase of \$1.4m**
 - Assumed 1% growth from FY26 projections
 - Supports Business License operating costs, website enhancements & support, online portal payment program, cultural affairs, facilities maintenance of public spaces and roads

- ✓ **Beach Services/Parking – \$650k – No change from FY26**
 - Non-Resident Beach Parking Fees March 1st through September 7th (Chaplin parking fees begin May 19th)
 - Monday – Friday: \$3/Hour / Saturday – Sunday: \$5/Hour

- ✓ **EMS – \$2.4m – 21% increase of \$425k**
 - Assumed the average per year from FY23 - FY26 (FY27 is a 9.3% reduction from the FY26 projection)
 - Proposed increase in Ambulance fee schedule – Per Town Code, rates to be set at 150% or above the most recent Medicare fee schedule:
 - Basic Life Support-Emergency fee change from \$626 to \$660 / Advanced Life Support – Level 1 Emergency fee change from \$745 to \$785 / Advanced Life Support – Level 2 fee change from \$1,076 to \$1,135 (plus \$17.25 per mile)



FY 2027 GENERAL FUND BUDGET TRANSFERS-IN HIGHLIGHTS

- ✓ **Beach Preservation Fee – \$2.5m - 893% increase of \$2.2m**
 - Aligned with beach-related operating expenses including resources allocated to beach operations, beach protection, emergency response, code enforcement, beach and beach park repairs and maintenance

- ✓ **Hospitality Tax – \$6.5m – No change from FY26**
 - Funding for the Fire Truck tax-exempt lease agreement payments, enhanced Fire Rescue operations, maintenance of Town facilities, and RBC Heritage Sponsorship

- ✓ **State Accommodations Tax (ATAX) – \$3.1m – 11% decrease of \$377k**
 - All-inclusive of the State’s required formula (\$25k and 5% of remaining revenue), and the Town’s ATAX Policy formula (20% of remaining revenue)

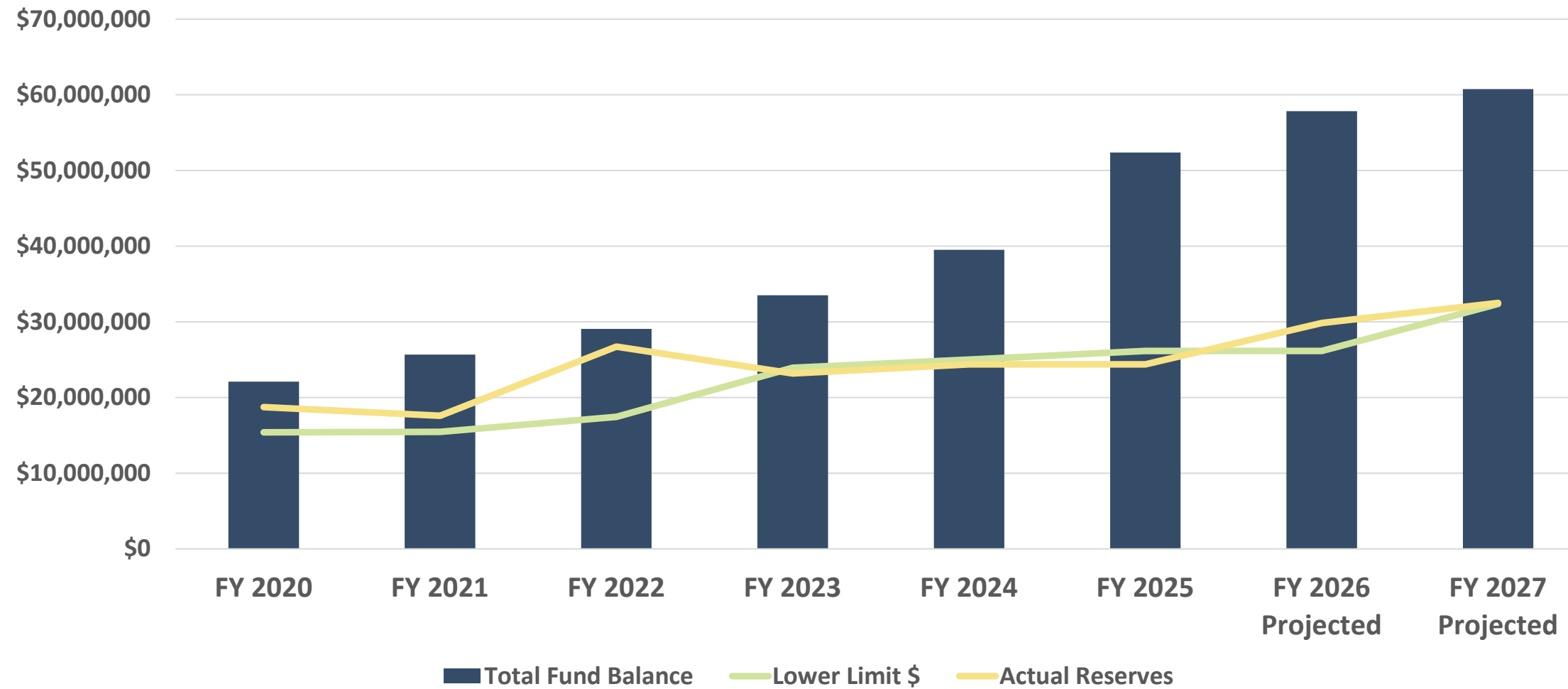
 - Supports community celebrations and events, social media and marketing, Fire Rescue, Code Enforcement and Beach Services, Facilities Maintenance of public space, roadways, pathways and parks

- ✓ **Short Term Rental Permit (STR) Fee – \$3.6m - 57% Increase of \$1.3m**
 - Aligned with the amended STR ordinance funding staffing, operational resources for effective administration of the program





GENERAL FUND RESERVE POLICY LIMITS



	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 Proposed
Lower Limit	35%	35%	35%	40%	40%	40%	40%	50%
Upper Limit	40%	40%	40%	55%	55%	55%	55%	55%
Actual % Reserves to Total Fund Balance	85%	69%	92%	69%	62%	47%	52%	53%
Budgeted General Fund Expenditures	\$42,663,156	\$44,012,324	\$44,204,613	\$49,861,416	\$59,832,016	\$62,546,927	\$60,362,808	\$64,744,462
Lower Limit \$	15,404,313	15,471,615	17,451,496	23,932,806	25,018,771	24,145,123	24,145,123	32,372,231
Actual Reserves	18,752,057	17,593,863	26,741,992	23,192,000	24,370,000	24,370,000	29,835,915	32,494,807
Total Fund Balance	\$22,111,484	\$25,676,018	\$29,062,865	\$33,502,808	\$39,536,669	\$52,370,364	\$57,836,281	\$60,744,368
Change in Reserves Balance		\$ (1,158,194)	\$ 9,148,129	\$ (3,549,992)	\$ 1,178,000	\$ -	\$ 5,465,915	\$ 2,908,088

» An increase to the Lower Limit from 40% to 50% is recommended for FY 2027



FY 2027 PROPOSED GENERAL FUND BUDGET EXPENDITURES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Expenditures by Category:								
Personnel	\$ 34,994,207	\$ 36,513,039	\$ 40,227,531	\$ 40,489,895	\$ 39,873,223	\$ 43,272,018	\$ 2,782,123	6.9%
Operating	14,808,233	15,697,393	16,823,942	17,116,988	17,292,186	18,045,068	928,080	5.4%
Contracted Public Safety	2,595,199	2,356,458	517,832	517,832	517,832	446,032	(71,800)	-13.9%
Affiliated Agencies	2,056,525	3,208,939	1,988,516	2,041,044	2,041,044	2,414,446	373,402	18.3%
Capital Outlay (Parking Equipment)	368,805	-	-	-	-	-	-	0.0%
Subtotal Expenditures	54,822,969	57,775,830	59,557,821	60,165,759	59,724,285	64,177,563	4,011,804	6.7%
Transfers-Out:								
Transfer to GGHNCD Fund	-	-	-	-	-	359,026	359,026	0.0%
Transfer to Housing Fund	2,000,000	-	197,049	197,049	197,049	-	(197,049)	-100.0%
Transfer to Capital Fund (Land Acquisition)	1,000,000	-	-	-	-	-	-	0.0%
Transfer to Special Revenue Fund	-	-	-	-	-	207,872	207,872	0.0%
Total Transfers-Out	3,000,000	-	197,049	197,049	197,049	566,898	369,849	187.7%
Fund Balance Surplus (Future Use)	-	-	-	-	5,465,915	2,908,088	2,908,088	0.0%
Total Expenditures	\$ 57,822,969	\$ 57,775,830	\$ 59,754,870	\$ 60,362,808	\$ 65,387,249	\$ 67,652,550	7,289,742	12.1%

» A contribution to the General Fund - Fund Balance is planned for FY 2027



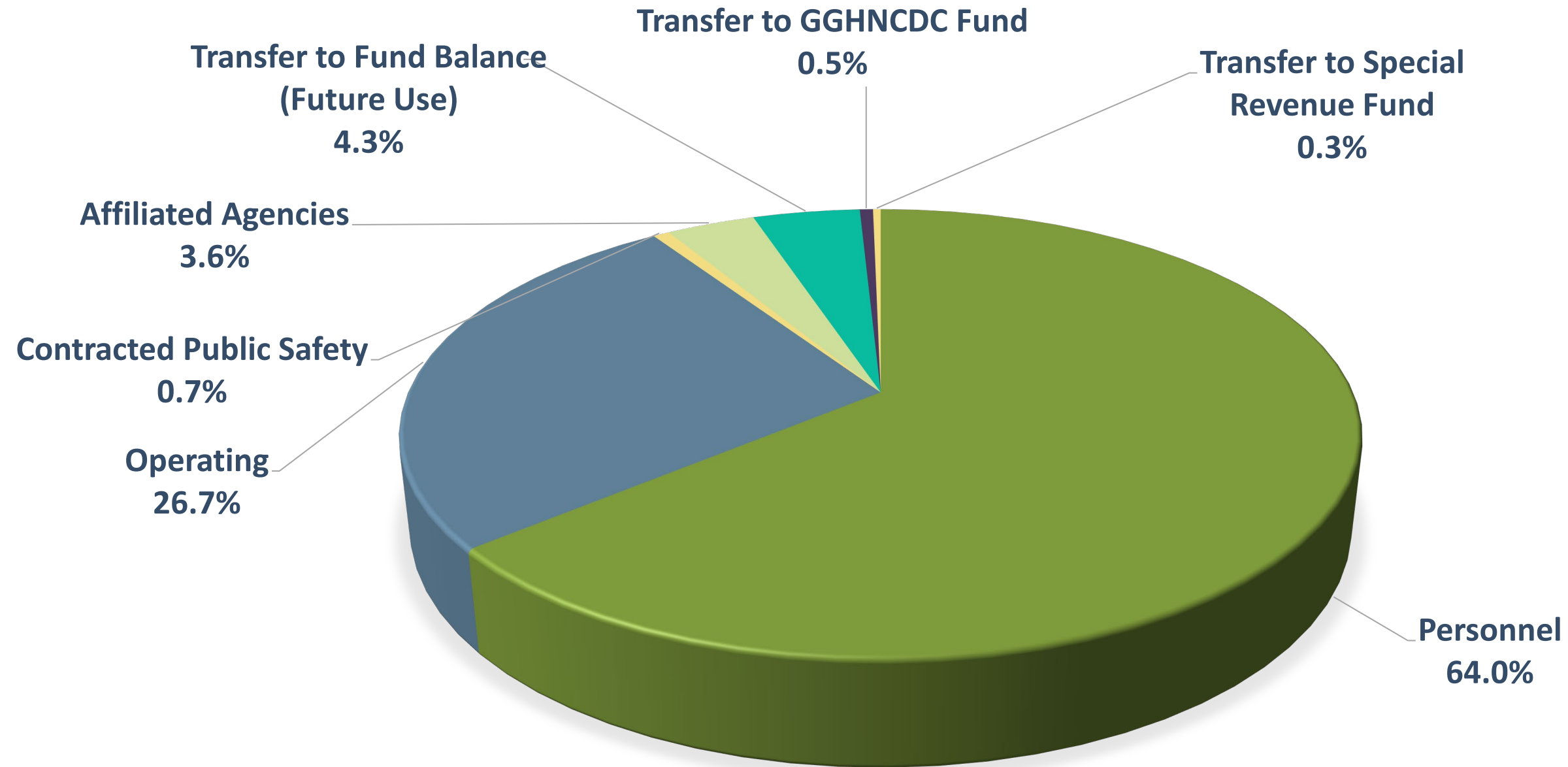
FY 2027 PROPOSED GENERAL FUND EXPENDITURES – AFFILIATED AGENCIES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Requests	FY 2027 F&A Recommendations	FY26 Amended to FY27 Budget \$ Change	FY26 Amended to FY27 Budget % Change
Island Recreation Association	\$ 1,123,766	\$ 1,167,366	\$ 1,252,366	\$ 1,252,366	\$ 1,252,366	\$ 1,544,682	\$ 1,544,682	\$ 292,316	23.3%
Coastal Discovery Museum	102,432	107,700	141,650	141,650	141,650	149,148	149,148	7,498	5.3%
Mitchelville Preservation Project	105,000	105,000	105,000	105,000	105,000	105,000	105,000	-	0.0%
USCB Event Management/Ambassadors	238,985	193,298	-	-	-	-	-	-	0.0%
LRTA (Palmetto Breeze)	277,842	253,595	350,000	402,528	402,528	433,201	433,201	30,673	7.6%
14th Circuit Solicitor-Multidisciplinary	50,000	50,000	-	-	-	-	-	-	0.0%
14th Circuit Solicitor-Career Criminal	118,500	118,500	-	-	-	-	-	-	0.0%
Beaufort County EDC	40,000	40,000	42,000	42,000	42,000	42,000	42,000	-	0.0%
Habitat for Humanity	-	500,000	-	-	-	-	-	-	0.0%
Coastal Community Development Corp.	-	600,000	-	-	-	-	-	-	0.0%
Sea Turtle Patrol HHI	-	73,480	97,500	97,500	97,500	94,415	94,415	(3,085)	-3.2%
The Outside Foundation	-	-	-	-	-	46,000	46,000	46,000	0.0%
Total	\$ 2,056,525	\$ 3,208,939	\$ 1,988,516	\$ 2,041,044	\$ 2,041,044	\$ 2,414,446	\$ 2,414,446	\$ 373,402	18.3%

»» An Affiliated Agency is defined as an integral partner contracted by the Town to deliver services that benefit the public on the Town’s behalf



FY 2027 PROPOSED GENERAL FUND BUDGET EXPENDITURES





FY 2027 GENERAL FUND BUDGET EXPENDITURE HIGHLIGHTS-\$67,652,550

✓ **Salaries & Benefits – \$43.3m - 6.9% increase / \$2.8 million - including:**

- The Town's position counts for FY27 (excluding Town Council members):
 - FTE - 290 (153 Fire Rescue)
 - PTE - 16
- FTE includes a full year of new head count (salary, benefits, overhead) to support the amended STR program:
 - Two Code Enforcement Officers
 - Short-term Rental Property Inspector
 - Public Safety Manager Promotion
 - STR Rapid Response Hotline Operator
 - Conversion of two Finance STR positions from part-time to full-time
- Part-Time support for Human Resources, Community Engagement, Finance, Office of Cultural Affairs, Community Engagement, Communications, and Planning & Operations



FY 2027 GENERAL FUND BUDGET EXPENDITURE HIGHLIGHTS

✓ Salaries & Benefits include the following:

- 4% performance-based pay increase plus Class & Compensation Assessment (approximately 3.6% salary adjustments)
- Town 401k contribution of up to 12%
- SC mandated Police Officer's Retirement System (PORS) contribution
- 14 Paid Holidays including 2 Floating Holidays
- Paid time off buy-back option of 37.5 hours
- Planned Overtime (90% for Fire Rescue)

FY 2027 GENERAL FUND BUDGET EXPENDITURE HIGHLIGHTS

✓ Operating – \$18.0m - 5% increase / \$925k - Includes the following:

- Travel, meetings and conferences, printing, and general operating expenses
- Comprehensive LMO Code amendments
- Town Staff Professional Development including Leadership Development, Customer Service, Project Management, Cultural and Environmental Awareness
- Community events such as Crescendo, the Lantern Parade, the 250th Anniversary of the Revolutionary War, and the 4th Annual HHI Jams Songwriter Festival
- RBC Heritage Sponsorship Agreement and community preparations
- Expanded Holiday lighting throughout the Island
- Local governmental matching funds for Lowcountry Council of Government, and the Lowcountry regional Hilton Head Island Beach Shuttle transportation service
- Lease payments for Fire Trucks and Town office space
- ADA and Public Safety Department Assessments
- Removal of abandoned boats from our waterways





FY 2027 GENERAL FUND BUDGET EXPENDITURE HIGHLIGHTS

✓ **Contracted Public Safety – \$446k - 14% decrease / \$72k - Includes the following:**

- \$550/month Stipend for approximately 15 BCSO Officers living on the Island, and Holiday Bonuses for all BCSO employees working south of the Broad
- Shore Beach Services' contract (new contract at reduced amount compared to FY26 Budget)
- Town Hall Security Administration

✓ **Affiliated Agency Partnerships – \$2.4m - 18% increase / \$373k**

- 7 Applications received and recommended funding by the F&A Committee

✓ **Transfers Out:**

- New in FY27 is a planned transfer to the General Fund Balance for future use (\$2.9 million)
- Transfer to the Gullah Geechee Historic Neighborhoods CDC Fund for Personnel costs (\$359k)
- Transfer to the Special Revenue Fund for prior year grant funds (\$208k)



FY 2027 GENERAL FUND BUDGET DEPARTMENTAL EXPENDITURE HIGHLIGHTS

✓ **Fire Rescue - \$24.8 million - 153 FTE - Including:**

- Fire Rescue Operations, 911 Communications, Emergency Management, Fleet Maintenance, Emergency Medical Services, Safety & Professional Development, and Community Risk Reduction

✓ **Public Safety - \$2.4 million - 12 FTE - Including:**

- Short-Term Rental Program and Town Code compliance, beach operations, parking management, abandoned boat program and serves as the liaison with Beaufort County Sheriff's Office
- Public safety hours of 8am – 9pm 7 days a week
- Town Hall security administration





FY 2027 GENERAL FUND BUDGET DEPARTMENTAL EXPENDITURE HIGHLIGHTS

- ✓ **Finance - \$3.6 million - 25 FTE - Including:**
 - Revenue Services:
 - Short-Term Rental Program administration
 - Collection of Local ATAX, Beach Fee, Hospitality Fee, Business License Fee, and other Town-wide funds
 - Financial reporting, grant applications, treasury operations including the identification of additional alternative funding sources
 - Annual ACFR and annual budget preparations
- ✓ **Human Resources - \$882k - 4 FTE - Including:**
 - Professional development for town staff including customer service, hospitality, cultural awareness, and leadership development training
 - Recruiting, compensation and benefits administration
- ✓ **Technology and Innovation and Information Center - \$4.9 million - 16 FTE - Including:**
 - Software, technology, website and dashboard solutions
 - Security of Town systems





FY 2027 GENERAL FUND BUDGET DEPARTMENTAL EXPENDITURE HIGHLIGHTS

- ✓ **Facilities - \$7.3 million - 18 FTE - Including:**
 - Enhanced landscape, lighting, solid waste and recycling, and park maintenance / management
 - Beach and beach park enhancements including wayfinding, bike racks, trash and recycling, public rules, and identification markers
 - Right-of-way maintenance including safety and beautification enhancement projects
 - General maintenance for Town Hall and Fire Rescue Facilities
 - Street sweeping and Town-wide litter patrol
 - Solid waste, recycling and Integrated Pest Management Policy





FY 2027 GENERAL FUND BUDGET DEPARTMENTAL EXPENDITURE HIGHLIGHTS

✓ **Planning / Community Development - \$5.1 million - 29 FTE - Including:**

- Commercial and residential inspections
- Comprehensive LMO Code amendments
- District Planning and Comprehensive Plan amendments
- Permitting improvements and contractual external building safety plan review
- Workforce housing and economic development

✓ **Engineering & Projects - \$1.8 million - 10 FTE - Including:**

- Traffic and transportation support through traffic counting and adaptive traffic signal monitoring, studies as needed for capacity, speed, signal warrants, traffic calming, safety, etc.
- Capital improvement project planning and management for roadways, parks, beaches, pathways, stormwater, and facilities / equipment





FY 2027 GENERAL FUND BUDGET DEPARTMENTAL EXPENDITURE HIGHLIGHTS

✓ **Marketing and Communications - \$798k - 4 FTE - Including:**

- Digital and print publishing to communicate initiatives or projects that encapsulate the overarching goals of the Town
- Sponsorships for Talk of the Town, Mayor's Monthly Update, and the WHHI News program
- Town Manager and Mayor podcast production

✓ **Office of Cultural Affairs / Community Engagement - \$1.0 million - 4 FTE - Including:**

- The 4th Annual Hilton Head Island Jam Songwriter's Festival
- Crescendo, Lantern Parade, 250th Anniversary of the Revolutionary War, and other community events
- Expanded Town holiday decorations and celebrations
- Destination Marketing Organization and Affiliated Agency liaison



FY 2027 GENERAL FUND BUDGET EXPENDITURE HIGHLIGHTS

- ✓ Provides for public meeting broadcasts by the Beaufort County Channel for the following (approximately 110 meetings/year):
 - Town Council
 - Community Services & Public Safety Committee
 - Finance & Administrative Committee
 - Planning Commission
 - Gullah Geechee Land & Cultural Preservation Task Force
 - Gullah Geechee Historic Neighborhoods CDC
 - Accommodations Tax Advisory Committee
 - Housing Action Committee
 - Other Special Meetings as needed





FY 2027 CONSOLIDATED BUDGET OVERVIEW

SIX MAJOR FUNDS



General Fund

Capital Improvements Project Fund



Debt Service Fund

Stormwater Utility Fund



Gullah Geechee Historic Neighborhoods
Community Development Corporation Fund

Housing Fund



DEBT SERVICE FUND

- ✓ This fund is used for accumulating resources for the payment of interest and principal on general long-term obligation debt of the governmental funds.
- ✓ The primary sources of revenue are property tax, beach preservation fee, and hospitality tax.





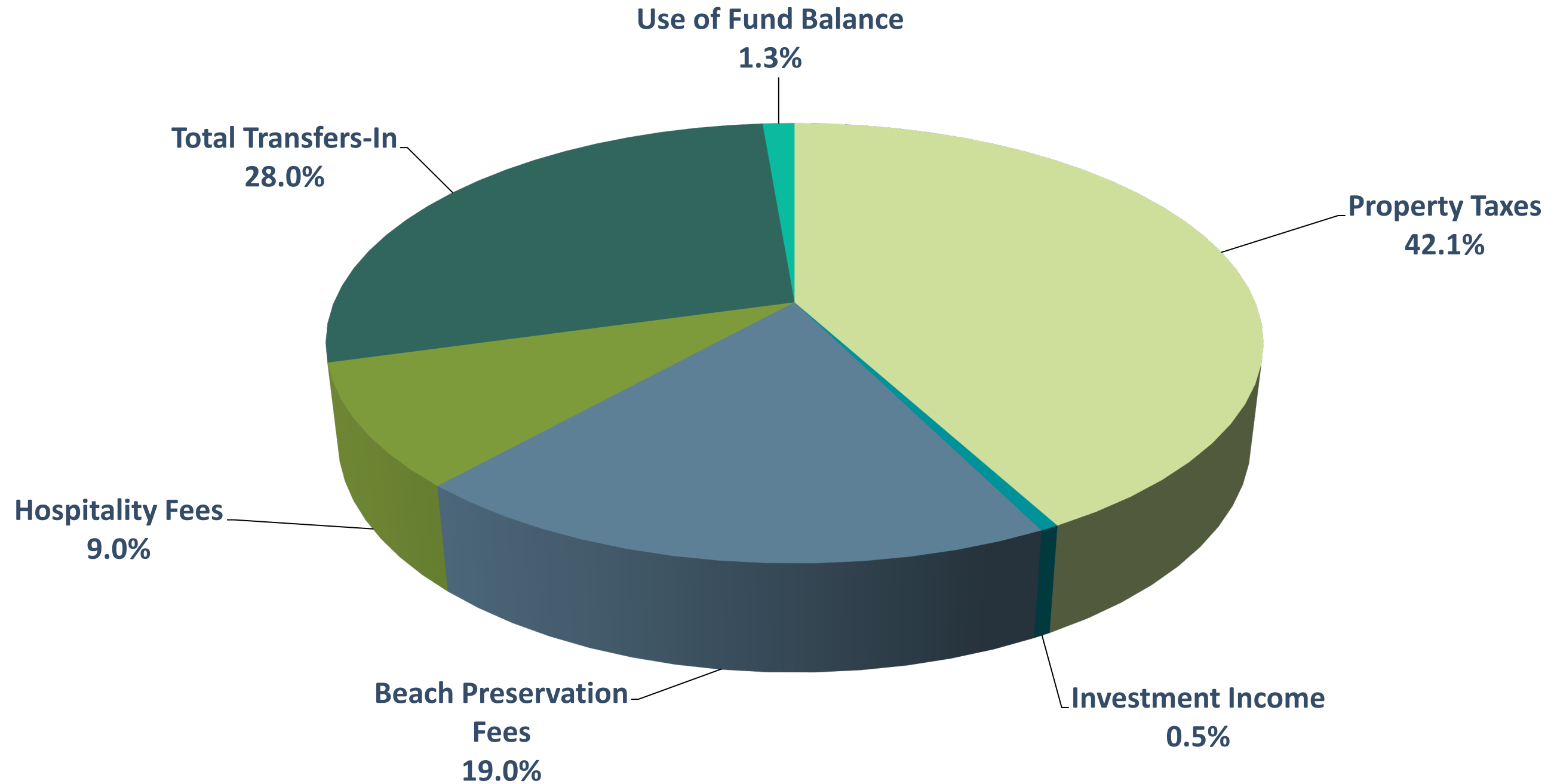
FY 2027 PROPOSED DEBT SERVICE FUND BUDGET REVENUES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Property Taxes	\$ 6,308,036	\$ 6,619,129	\$ 6,035,600	\$ 6,035,600	\$ 6,600,000	\$ 6,732,000	\$ 696,400	11.5%
Investment Income	657,135	635,822	325,115	325,115	276,218	87,500	(237,615)	-73.1%
Transfers In:								
Beach Preservation Fees	3,948,375	3,946,625	11,062,000	11,351,310	11,351,310	3,041,908	(8,309,402)	-73.2%
Hospitality Fees	1,437,134	1,443,158	1,441,368	1,441,368	1,441,368	1,442,825	1,457	0.1%
Tax Increment Financing (TIF)	3,931,259	2,928,708	-	-	-	-	-	0.0%
Real Estate Transfer Fee	1,095,850	-	-	-	-	-	-	0.0%
Natural Disasters Fund	-	-	-	-	-	-	-	0.0%
Total Transfers-In	10,412,618	8,318,491	12,503,368	12,792,678	12,792,678	4,484,733	(8,307,945)	-64.1%
Use of Fund Balance	-	-	-	11,930,888	11,291,759	209,755	(11,721,133)	-98.2%
Total Revenues	\$ 17,377,789	\$ 15,573,441	\$ 18,864,083	\$ 31,084,281	\$ 30,960,656	\$ 11,513,988	\$ (19,570,293)	-63.0%

»» Property Tax Debt Millage Remains at 5.1 Mills in FY 2027



FY 2027 PROPOSED DEBT SERVICE FUND BUDGET REVENUES



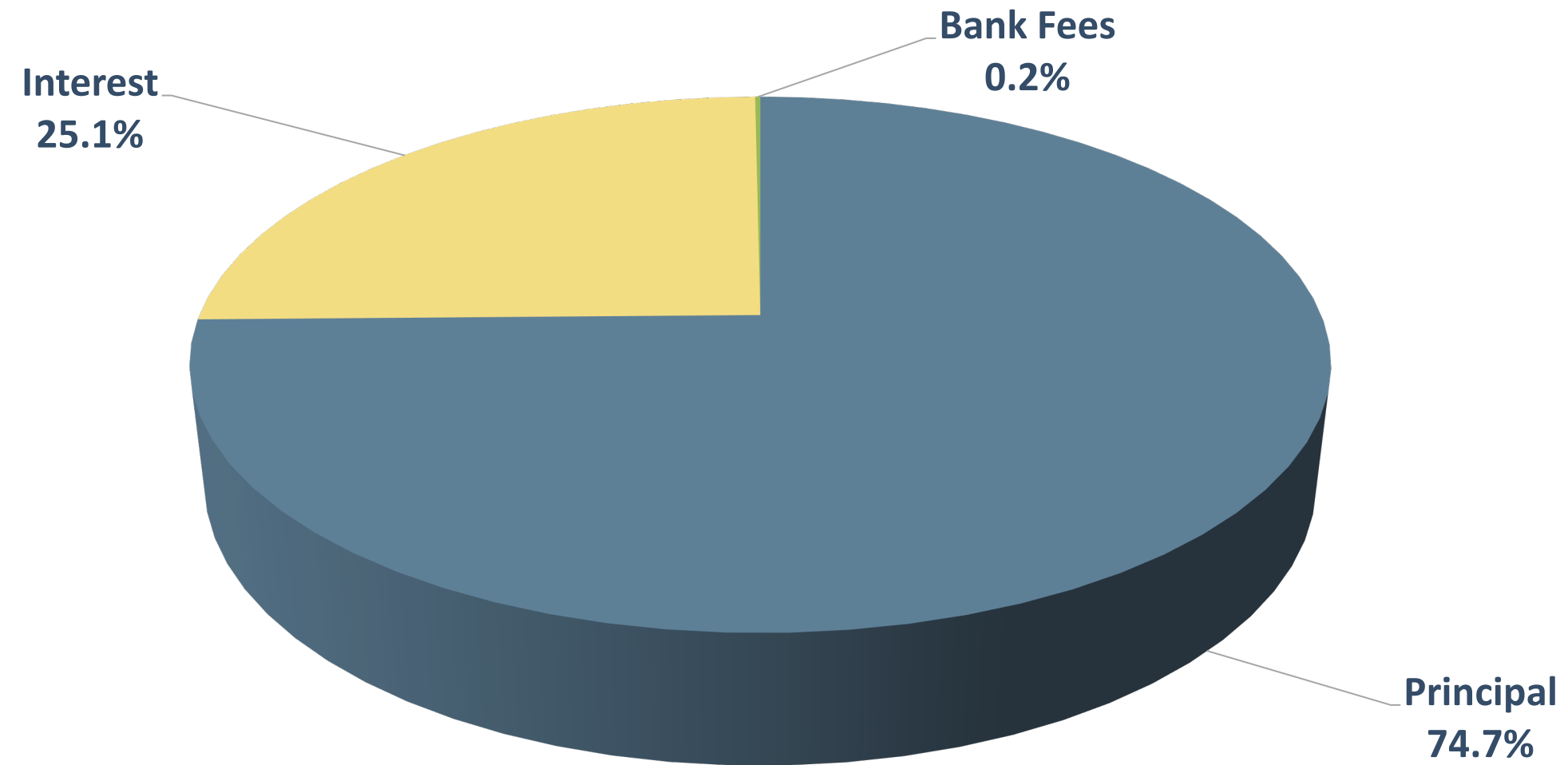


FY 2027 PROPOSED DEBT SERVICE FUND BUDGET EXPENDITURES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Principal	\$ 12,995,000	\$ 12,625,000	\$ 7,325,000	\$ 7,325,000	\$ 7,325,000	\$ 8,605,000	\$ 1,280,000	17.5%
Interest	2,809,733	2,403,967	1,626,483	1,915,793	1,915,793	2,888,988	973,195	50.8%
Bank Fees	15,850	15,025	17,600	17,600	17,600	20,000	2,400	13.6%
Anticipated Debt Costs	-	2,500	2,400,000	14,330,888	14,207,263	-	(14,330,888)	-100.0%
Callable Bond - Beach Preservation S.O. Bond	-	-	7,495,000	7,495,000	7,495,000	-	(7,495,000)	-100.0%
Total Expenditures	\$ 15,820,583	\$ 15,046,492	\$ 18,864,083	\$ 31,084,281	\$ 30,960,656	\$ 11,513,988	\$ (19,570,293)	-63.0%



FY 2027 PROPOSED DEBT SERVICE FUND BUDGET EXPENDITURES



»» The Town's debt payments are primarily principal reduction



FY 2027 DEBT SERVICE FUND BUDGET HIGHLIGHTS-\$11,513,988

- ✓ Debt Service Property Tax millage remains at 5.1 mills in FY27 (Millage was reduced from 5.5 mills to 5.1 mills in FY26)
- ✓ \$93.9 million in debt reduction from FY18 to FY26 (Includes \$19 million Beach Bond and \$19.3 million GO Bond net new debt as of June 30, 2026)
- ✓ An additional \$8.6 million debt reduction is planned in FY27 (not including Stormwater)
- ✓ Series 2025 Special Obligation Bond (Beach Preservation Fee Pledge) issued at \$19 million during FY26 with principal payments August 2026 through August 2032
- ✓ Series 2026 General Obligation Bonds were issued at \$35 million during FY26 with the first payment of \$15.7 million in June 2026, and the balance of \$19.3 million to be paid FY27 – FY41 (\$2.2 million scheduled in FY27)
- ✓ Debt payments offset by revenues will result in an ending Debt Service Fund Balance of **\$2.7 million**
- ✓ The Town continues to improve its financial position and capacity by steadily decreasing debt, increasing reserves, and increasing assessed values
- ✓ Stormwater bonds are paid through the Stormwater Fund



FY 2027 DEBT SERVICE FUND BUDGET EXPENDITURE HIGHLIGHTS

- ✓ Total Budget is a decrease of \$19.6m / 63%:
 - Principal - \$8.6m / 17.5% increase based on new bonds
 - Interest - \$2.9m / 50.8% increase based on new bonds
 - Bank Fees - \$20.0k / 23.6% increase
 - FY26 New Debt Costs and Callable Beach Bonds not repeated in FY27 - \$21.8m decrease



FY 2027 PROPOSED DEBT SERVICE FUND BUDGET OUTSTANDING ISSUES

	Interest	Principal	Total	Balance After FY27 Pmts	Final Payment FY	Funding Source
Debt Service Payments - (without Stormwater Bonds)						
<u>General Obligation Bonds (Original Issue Amount)</u>						
Series 2016C GO Referendum Refunding Bonds (\$9,035,000)	97,638	465,000	562,638	4,110,000	2035	Property Tax
Series 2020A GO Referendum Refunding Bonds (\$5,830,000)- to 2020A	105,600	780,000	885,600	1,665,000	2028	Property Tax
Series 2017A GO Non-Referendum Bonds (\$27,310,000)	749,319	815,000	1,564,319	22,960,000	2047	Property Tax
Series 2020B GO Referendum Bonds (\$6,285,000)	74,747	485,000	559,747	4,135,000	2035	Property Tax
Series 2019 GO Obligation Bonds (\$5,000,000)	125,900	225,000	350,900	3,495,000	2039	Property Tax
Series 2026 GO Obligation Bonds (\$35,000,000)	896,050	2,190,000	3,086,050	17,065,000	2041	Property Tax
Subtotal General Obligation Bonds	\$ 2,049,254	\$ 4,960,000	\$ 7,009,254	\$ 53,430,000		
<u>Special Obligation Bonds (Original Issue Amount)</u>						
Series 2019 Special Bonds (Hospitality Tax) (\$16,520,000)	\$ 247,825	\$ 1,195,000	\$ 1,442,825	\$ 7,425,000	2036	HTAX
Series 2025 Special Bonds (Beach Preservation Fee) (\$19,000,000)	591,908	2,450,000	3,041,908	16,550,000	2033	Beach Fee
Subtotal Special Obligation Bonds	\$ 839,733	\$ 3,645,000	\$ 4,484,733	\$ 23,975,000		
Grand Total - Existing Debt (a)	\$ 2,888,987	\$ 8,605,000	\$ 11,493,987	77,405,000		

Stormwater debt is accounted for in the Stormwater Fund. Outstanding Stormwater debt are these two special revenue bonds:

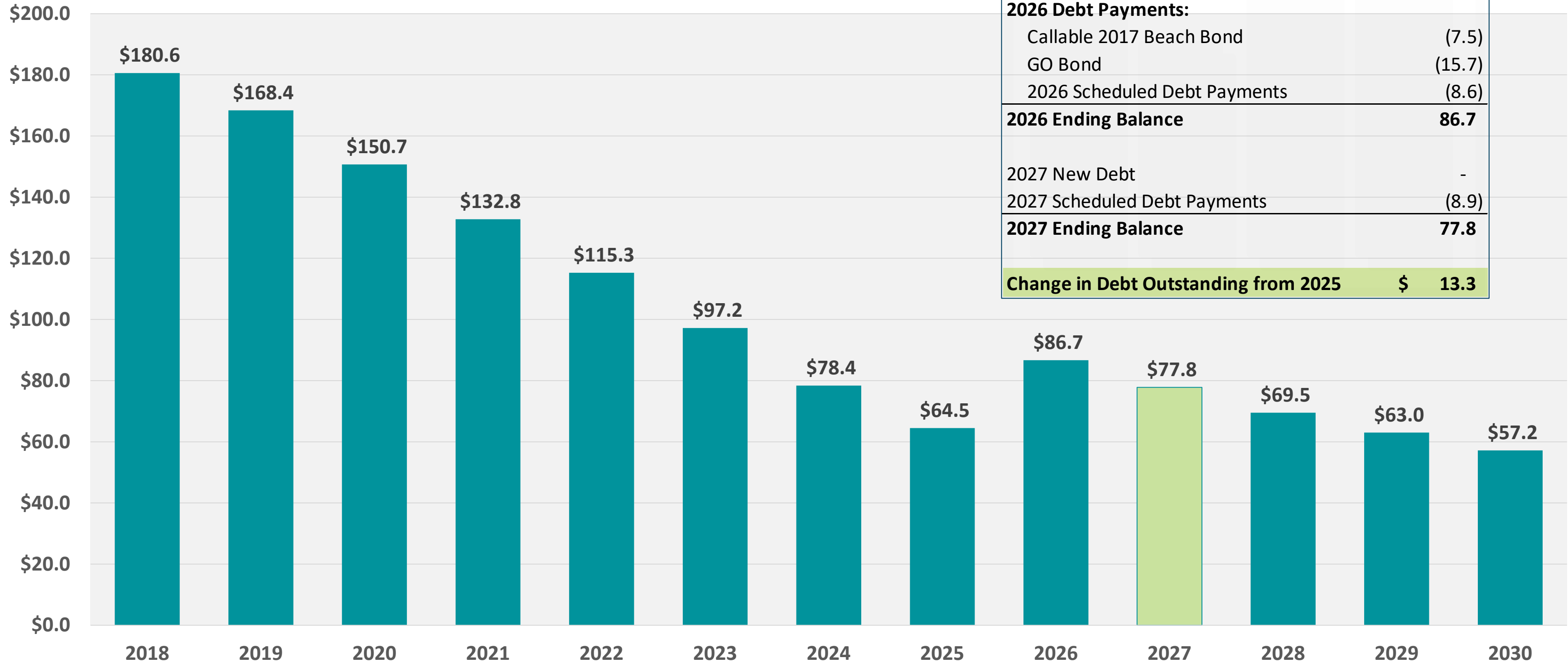
Stormwater Bonds (Original Issue Amount)

Series 2018 Special Bonds (Stormwater) (\$3,200,000)	18,970	345,000	363,970	355,000	2028	SWU
Total Stormwater Special Obligation Bonds	\$ 18,970	\$ 345,000	\$ 363,970	\$ 355,000		



TOTAL DEBT FY 2018 – FY 2030

Town of Hilton Head Island Debt
(in millions)



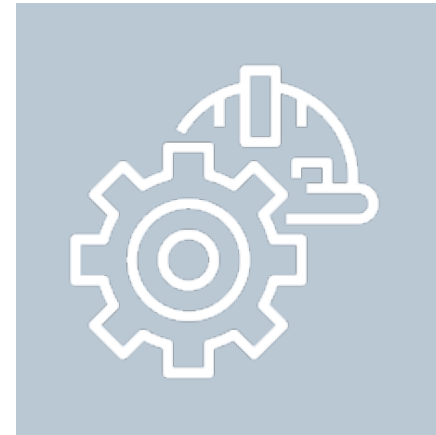
	in millions
Ending FY 2025 Outstanding Balance	\$ 64.5
2026 New Debt:	
Beach Bonds	19.0
GO Bonds	35.0
2026 Debt Payments:	
Callable 2017 Beach Bond	(7.5)
GO Bond	(15.7)
2026 Scheduled Debt Payments	(8.6)
2026 Ending Balance	86.7
2027 New Debt	
2027 New Debt	-
2027 Scheduled Debt Payments	(8.9)
2027 Ending Balance	77.8
Change in Debt Outstanding from 2025	\$ 13.3

»» The Town's debt has decreased steadily from FY 2018 – 2025
The Town issued new Beach and General Obligation Bonds in FY 2026



FY 2027 CONSOLIDATED BUDGET OVERVIEW

SIX MAJOR FUNDS



General Fund

Capital Improvements Program Fund



Debt Service Fund

Stormwater Utility Fund



**Gullah Geechee Historic Neighborhoods
Community Development Corporation Fund**

Housing Fund



GULLAH GEECHEE HISTORIC NEIGHBORHOODS COMMUNITY DEVELOPMENT CORPORATION (GGHNCDC) FUND

- ✓ This fund is used to account for and report the costs associated with the actions of the Corporation to protect the Town's historic and culturally sensitive neighborhoods.
- ✓ The focus of the Corporation is to enhance the quality of life for community residents; encourage entrepreneurialism; prevent gentrification; assist in business attraction, expansion, and retention; provide land planning and development assistance; pursue affordable housing opportunities; identify infrastructure needs; and provide critical financial opportunities.
- ✓ The primary sources of revenue are State and County Grants.



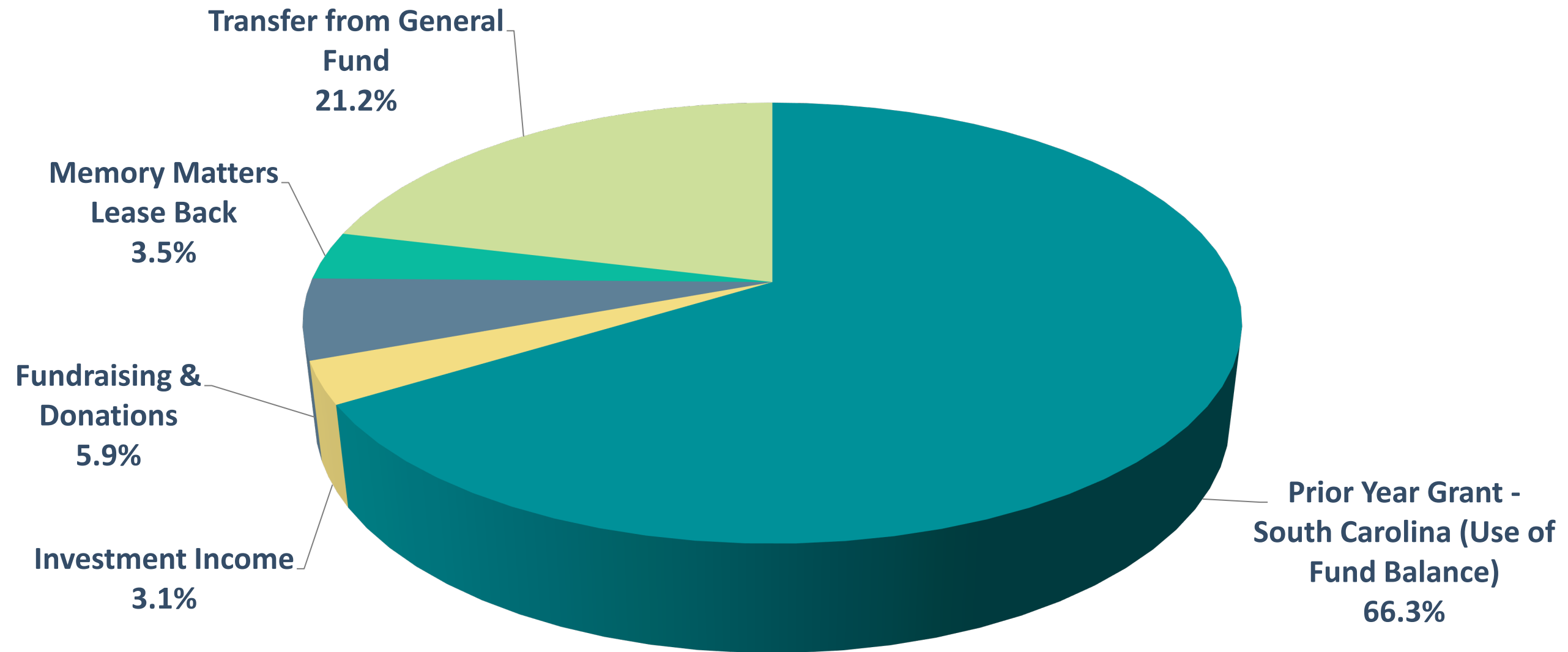


FY 2027 PROPOSED GGHNCDC FUND BUDGET REVENUES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Prior Year Grant - South Carolina (Use of Fund Balance)	\$ -	\$ -	\$ 2,945,169	\$ 2,945,169	\$ 1,489,774	\$ 1,123,230	\$ (1,821,939)	-61.9%
Prior Year Grant - Beaufort County (Use of Fund Balance)	-	-	216,434	216,434	-	-	(216,434)	-100.0%
Investment Income	275,478	279,404	125,000	125,000	169,789	52,500	(72,500)	-58.0%
Fundraising & Donations	-	-	-	-	14,000	100,000	100,000	0.0%
Memory Matters Lease Back	-	-	-	-	45,000	60,000	60,000	0.0%
Transfer from General Fund	-	-	-	-	-	359,026	359,026	0.0%
Total Revenues	\$ 275,478	\$ 279,404	\$ 3,286,603	\$ 3,286,603	\$ 1,718,563	\$ 1,694,756	\$ (1,591,847)	-48.4%



FY 2027 PROPOSED GGHNCDC FUND BUDGET REVENUES





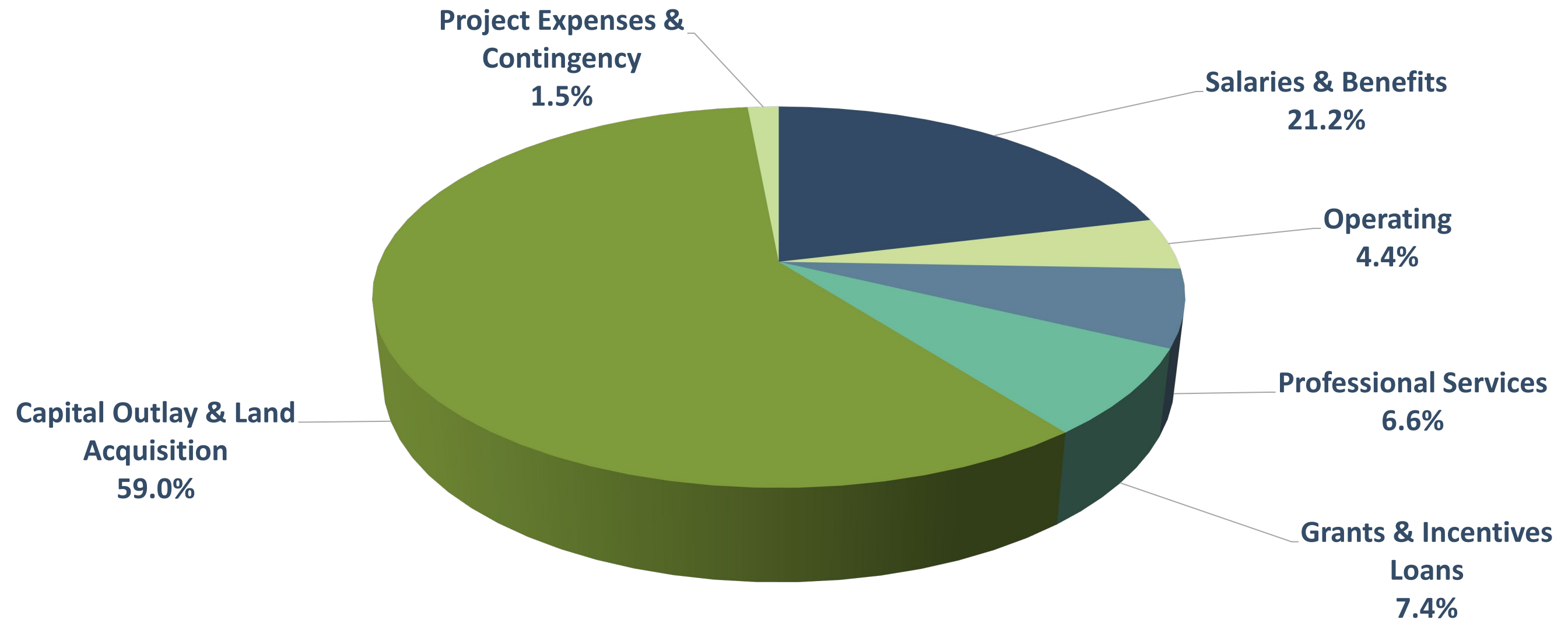
FY 2027 PROPOSED GGHNCDC FUND BUDGET EXPENDITURES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Salaries & Benefits	\$ 125,464	\$ 201,588	\$ 212,801	\$ 212,801	\$ 345,346	\$ 359,026	\$ 146,225	68.71%
Operating	3,678	15,482	39,592	39,592	29,267	74,520	34,928	88.22%
Professional Services	-	59,955	204,210	204,210	73,000	111,210	(93,000)	-45.54%
Grants & Incentives Loans	-	-	1,500,000	1,500,000	-	125,000	(1,375,000)	-91.67%
Capital Outlay & Land Acquisition	-	-	1,250,000	1,250,000	1,270,950	1,000,000	(250,000)	-20.00%
Project Expenses & Contingency	-	-	80,000	80,000	-	25,000	(55,000)	-68.75%
Total Expenditures	\$ 129,142	\$ 277,025	\$ 3,286,603	\$ 3,286,603	\$ 1,718,563	\$ 1,694,756	\$(1,591,847)	-48.43%

» The FY 2027 Projected Ending Fund Balance is \$3.0 million



FY 2027 PROPOSED GGHNCDC FUND BUDGET EXPENDITURES





FY 2027 GGHNCDC FUND BUDGET EXPENDITURE HIGHLIGHTS- \$3,286,603

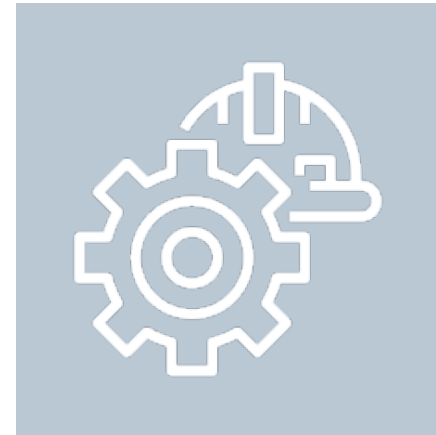
- ✓ **Budget endorsed by the Board of Directors in March 2026**
- ✓ **Salaries & Benefits - \$359k - 69% increase**
 - Includes 2 staff (reclassified 1 in FY26 from General Fund) and increases for up to 4% performance-based pay and workers compensation
- ✓ **Operating - \$76k - 88% increase**
 - Increase in Promotion and Hospitality related to fundraising event expenses
- ✓ **Professional Services - \$111k - 46% decrease**
 - Wayfinding Application – Experience Gullah - \$40k
 - Legal Services – Community Support for legal matters and appraisals - \$41k
 - Consulting Services – Lowcountry Gullah - \$30k
- ✓ **Grants and Incentive Loans - \$125k - 92% decrease**
 - Pitch Competition
 - Stoney Community Improvement grant program
- ✓ **Capital Outlay and Land Acquisition - \$1.0m - 20% decrease**
 - Purchase of site(s) for economic development
- ✓ **Project Expense & Contingency - \$25k - 69% decrease**
 - Unforeseen costs of main office development and other projects





FY 2027 CONSOLIDATED BUDGET OVERVIEW

SIX MAJOR FUNDS



General Fund



Capital Improvements Program Fund

Debt Service Fund

Stormwater Utility Fund



Gullah Geechee Historic Neighborhoods
Community Development Corporation Fund

Housing Fund



HOUSING FUND

- ✓ This fund is used to account for and report the costs associated with the development, implementation, and delivery of the strategies and tactics identified within the Town's adopted Workforce Housing Framework.
- ✓ The current sources of revenue are transfers from the State Accommodations Tax Fund and prior year fund balance.



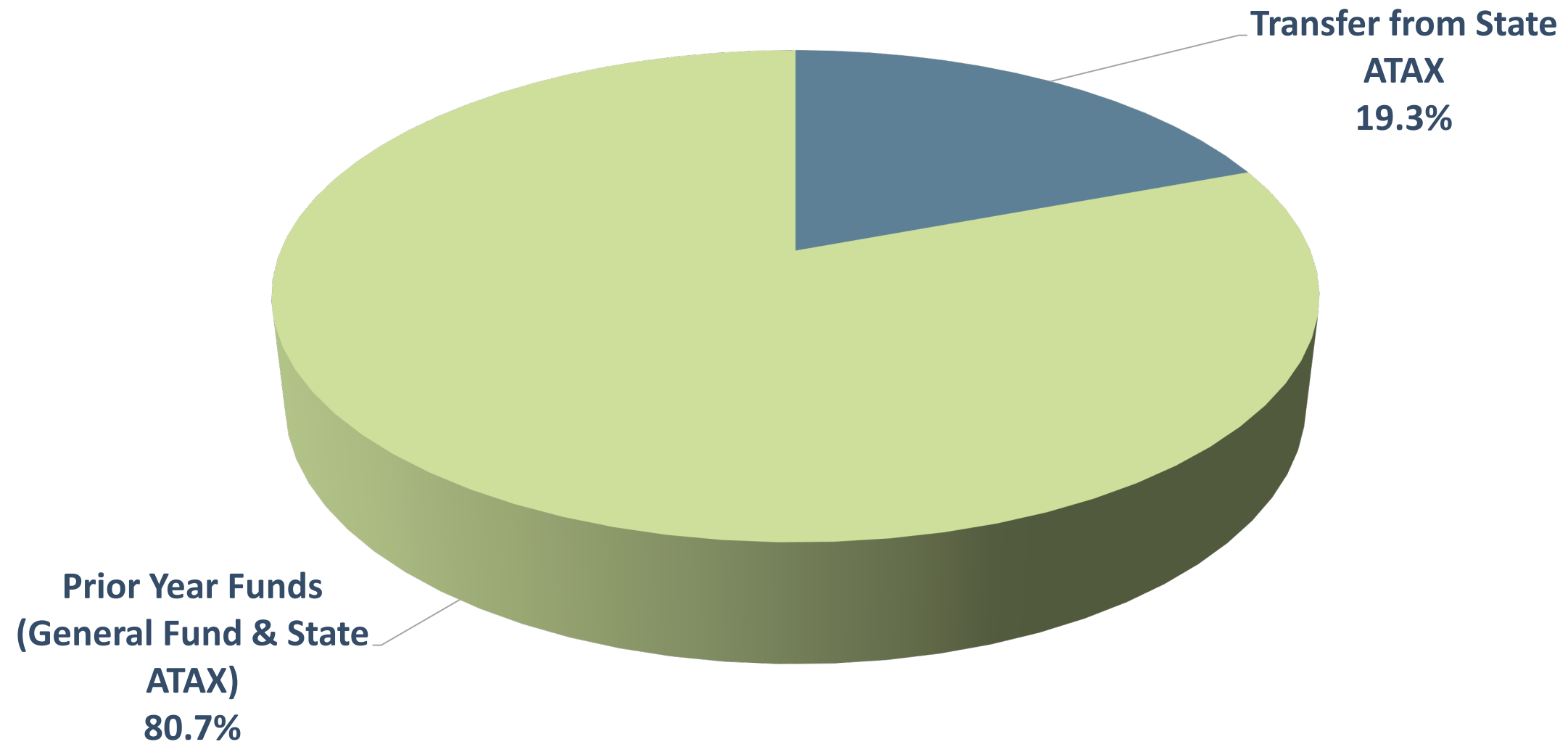


FY 2027 PROPOSED HOUSING FUND BUDGET REVENUES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projected	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Transfer from General Fund	\$ 2,000,000	\$ -	\$ 197,049	\$ 197,049	\$ 197,049	\$ -	\$ (197,049)	-100.0%
Transfer from Capital Projects	350,000	-	-	-	-	-	-	0.0%
Transfer from State ATAX	-	1,000,000	-	-	-	619,616	619,616	100.0%
Use of Fund Balance (General Fund & State ATAX)	-	-	2,781,088	2,781,088	2,393	2,591,882	(189,206)	-6.8%
Transfer-in Federal Grants (ARPA)	-	-	1,000,000	1,000,000	1,000,000	-	(1,000,000)	-100.0%
Total Revenues	\$ 2,350,000	\$ 1,000,000	\$ 3,978,137	\$ 3,978,137	\$ 1,199,442	\$ 3,211,498	\$ (766,639)	-19.3%



FY 2027 PROPOSED HOUSING FUND BUDGET REVENUES





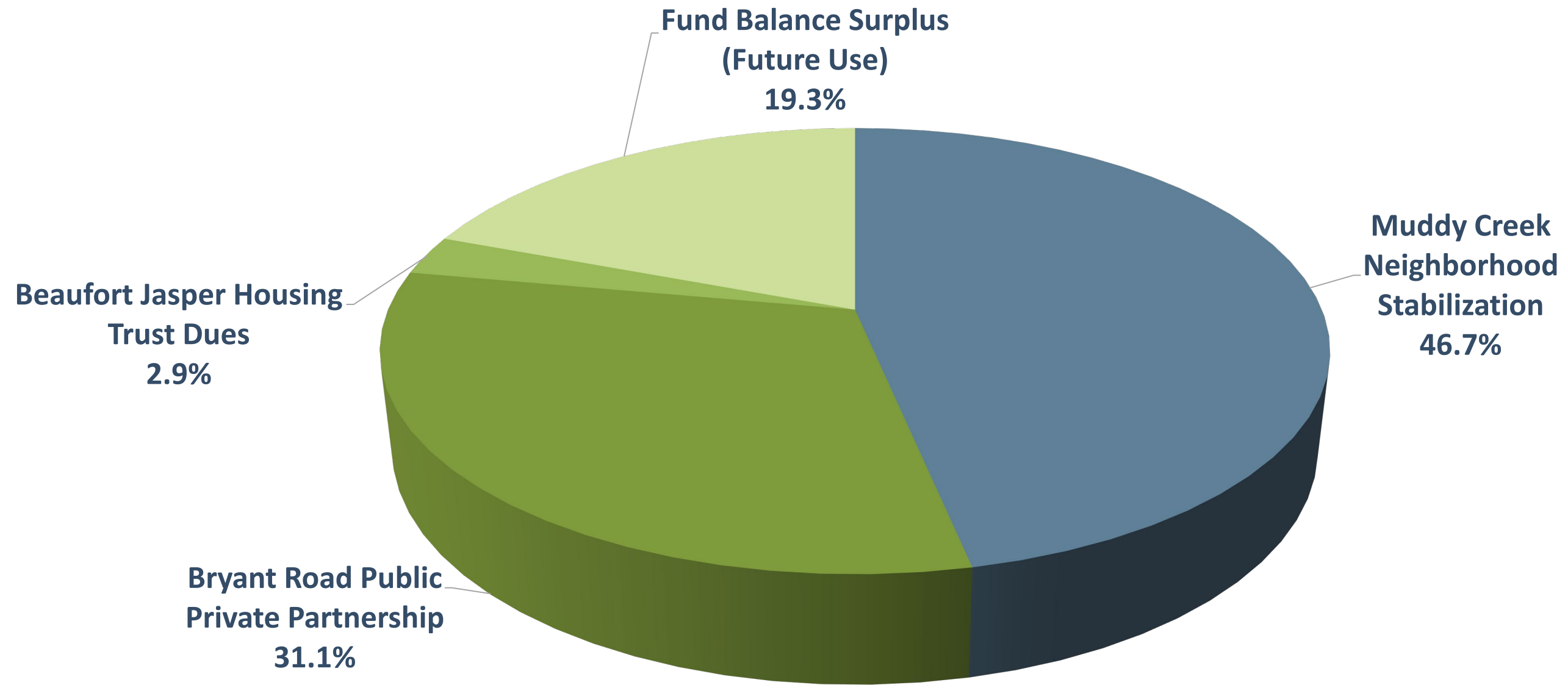
FY 2027 PROPOSED HOUSING FUND BUDGET EXPENDITURES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Northpoint Public Private Partnership	\$ 90,775	\$ 4,805	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)	-100.0%
Muddy Creek Neighborhood Stabilization	-	300	1,500,000	1,500,000	-	1,500,000	-	0.0%
Bryant Road Public Private Partnership	-	900	1,000,000	1,000,000	-	1,000,000	-	0.0%
Beaufort Jasper Housing Trust Dues	-	86,559	181,088	181,088	89,206	91,882	(89,206)	-49.3%
Lateral Sewer Connections	-	-	-	-	-	-	-	0.0%
Housing Program Personnel	-	-	194,332	194,332	1,148	-	(194,332)	-100.0%
Housing Program Operating	110,748	187,729	102,717	102,717	109,088	-	(102,717)	-100.0%
Fund Balance Surplus (Future Use)	-	-	-	-	-	619,616	619,616	0.0%
Total Expenditures	\$ 201,523	\$ 280,293	\$ 3,978,137	\$ 3,978,137	\$ 1,199,442	\$ 3,211,498	\$ (766,639)	-19.3%

»» The Housing Program Personnel and Operating is in the General Fund Budget in FY 2027
 The FY 2027 Projected Ending Fund Balance is \$893.5k



FY 2027 PROPOSED HOUSING FUND BUDGET EXPENDITURES





FY 2027 HOUSING FUND BUDGET EXPENDITURE HIGHLIGHTS - \$3,211,498

- ✓ **Muddy Creek Neighborhood Stabilization Plan – \$1.5m**
 - Muddy Creek Neighborhood Capital Improvement Projects are based upon neighborhood infrastructure assessment and community feedback.
 - **FY27 capital improvement projects include:**
 - Stormwater maintenance, ditch clearing, and roadway/landscape improvements on Muddy Creek Road and Bryant Road
 - Construct new sidewalks along Muddy Creek Road (west side), Bryant Road and Muddy Creek Court intersections
 - Add multiple crosswalks along Muddy Creek Road, Bryant Road, and Muddy Creek Court intersections
 - Install neighborhood identification, wayfinding, and crosswalk signage
 - Add lighting at crosswalks; consider bollard lighting along sidewalks and pathways, pending community input
 - **FY27 Next Steps:**
 - Develop concept drawings
 - Meet with Muddy Creek neighborhood residents for review & feedback – Q1/FY27
 - Begin engineering design, complete final design, permitting, and implementation
- ✓ **RFQ/RFP for Bryant Road Public-Private Partnership and related infrastructure improvements - \$1.0m**





FY 2027 SPECIAL REVENUES BUDGET OVERVIEW



FY 2027 SPECIAL REVENUES BUDGET OVERVIEW

SPECIAL REVENUE FUNDS:



- ✓ Beach Preservation Fees
- ✓ Hospitality Taxes
- ✓ Fire Truck Lease Proceeds
- ✓ State Accommodations Taxes
- ✓ Real Estate Transfer Fees
- ✓ Palmetto Electric Franchise Fees
- ✓ Short-Term Rental Permit Fees
- ✓ Grants



SPECIAL REVENUES FUND

- ✓ The Special Revenues Fund is used to account for local taxes and fees including State Accommodations Tax, Hospitality Tax, Beach Preservation Fees, Real Estate Transfer Fees, Palmetto Electric Franchise Fees, Short-Term Rental Permit Fees, Fire Truck Lease Proceeds, and Grants.
- ✓ The revenues generated support the General, Debt Service, Capital Improvements Program, and Housing Funds.
- ✓ The direct expenses in this fund consist primarily of Accommodations Tax grants, Destination Marketing Organization funding, beach monitoring, deed processing, and grant expenses.

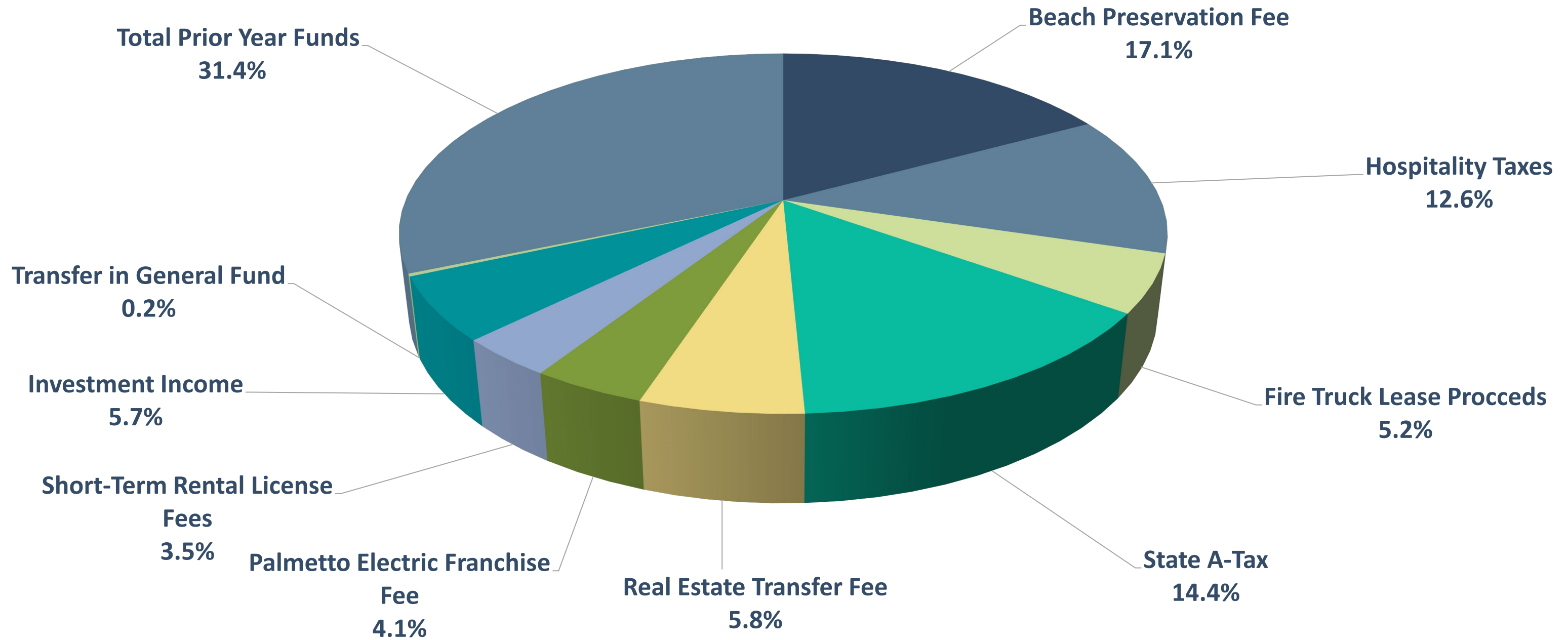


FY 2027 PROPOSED SPECIAL REVENUES FUND BUDGET REVENUES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original / Amended Budget	FY 2026 Projected	FY 2027 Proposed Budget	FY27 to FY26 Budget \$ Change	FY27 to FY26 Budget % Change
Operating Grants	\$ 711,710	\$ 1,529,756	\$ -	\$ 458,777	\$ -	\$ -	0.0%
Beach Preservation Fee	13,889,049	17,268,782	-	14,550,475	14,768,732	14,768,732	100.0%
Hospitality Taxes	10,574,379	10,559,662	-	10,760,553	10,878,919	10,878,919	100.0%
Fire Truck Lease Procceds	-	7,584,000	-	-	4,500,000	4,500,000	100.0%
TIF	7,844,686	3,258,859	-	16,682	-	-	0.0%
Road Usage Fees	1,724	950	-	228	-	-	0.0%
State A-Tax	12,790,329	13,167,662	-	12,644,919	12,417,310	12,417,310	100.0%
Real Estate Transfer Fee	4,883,205	5,228,355	-	6,324,914	5,029,064	5,029,064	100.0%
Palmetto Electric Franchise Fee	2,893,617	3,258,395	-	3,380,869	3,507,652	3,507,652	100.0%
Short-Term Rental License Fees	2,012,495	1,882,500	-	3,031,050	3,031,050	3,031,050	100.0%
Federal Grants	770,460	1,195,364	-	1,018,369	-	-	0.0%
Investment Income	6,723,744	6,590,666	-	5,501,711	4,934,421	4,934,421	100.0%
Transfer in General Fund	-	-	-	-	207,872	207,872	100.0%
Use of Fund Balance							
Special Revenue	-	-	-	-	363,151	363,151	100.0%
Beach Preservation Fee	-	-	-	16,701,035	-	-	100.0%
Hospitalty Tax Fund	-	-	-	5,870,513	17,000,798	17,000,798	100.0%
Fire Truck Lease Procceds	-	-	-	-	84,828	84,828	100.0%
TIF	-	-	-	2,566,404	1,506,637	1,506,637	100.0%
Road Usage	-	-	-	1,435,778	832,328	832,328	100.0%
State A-Tax	-	-	-	1,129,535	4,167,659	4,167,659	100.0%
Palmetto Electric Franchise Fee	-	-	-	-	2,617,498	2,617,498	100.0%
Short-Term Rental Fund	-	-	-	-	574,921	574,921	100.0%
Total Use of Fund Balance	-	-	-	27,703,264	27,147,820	27,147,820	100.0%
Total Revenues and Transfers In	\$ 63,095,398	\$ 71,524,951	\$ -	\$ 85,391,811	\$ 86,422,841	\$ 86,422,841	100.0%



FY 2027 PROPOSED SPECIAL REVENUES FUND BUDGET REVENUES





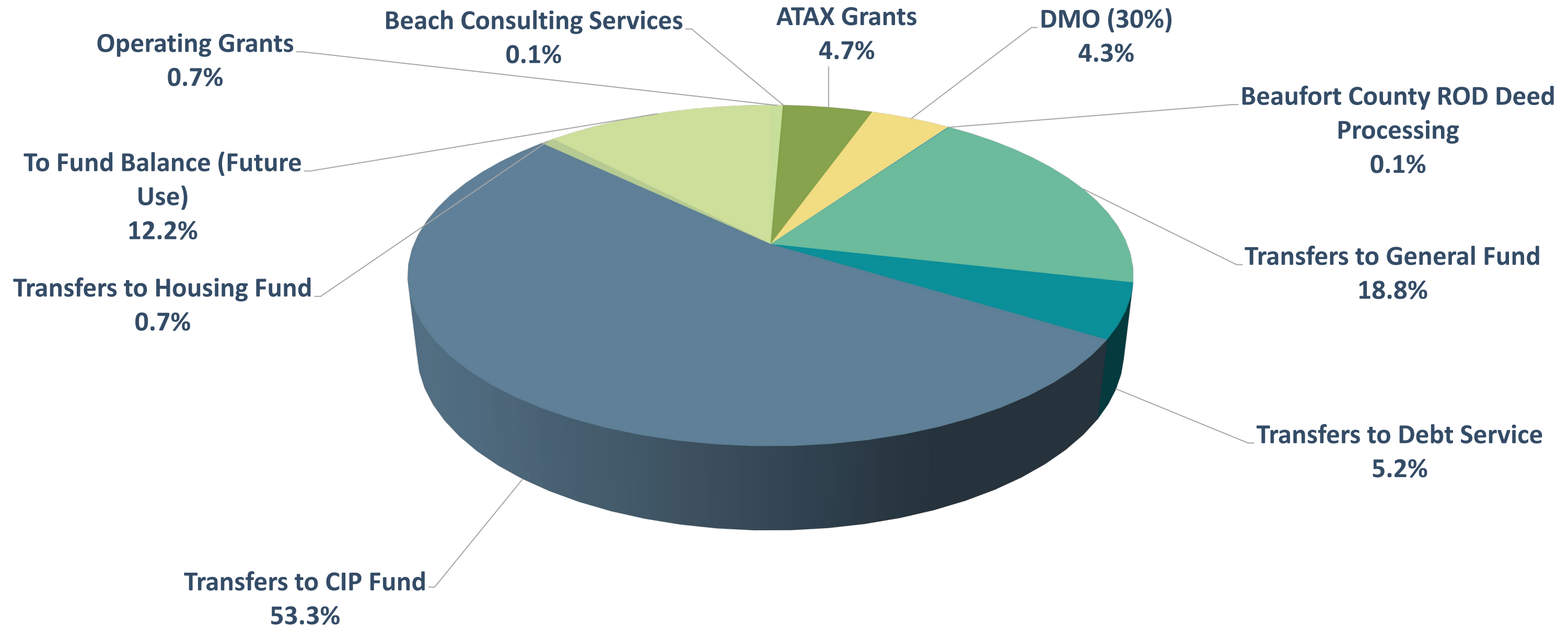
FY 2027 PROPOSED SPECIAL REVENUES FUND BUDGET EXPENDITURES

	FY 2024 Actual	FY 2025 Actual	FY 2026 Original / Amended Budget	FY 2026 Projected	FY 2027 Proposed Budget	FY27 to FY26 Budget \$ Change	FY27 to FY26 Budget % Change	% of Budget
Operating Grants	\$ 875,526	\$ 882,751	\$ -	\$ 416,747	\$ 571,023	\$ 571,023	100.0%	0.7%
Beach Consulting Services	35,500	38,350	-	43,250	43,250	43,250	100.0%	0.1%
Cost of Issuance - Lease	-	132,500	-	-	-	-	0.0%	0.0%
ATAX Grants	4,789,146	3,521,165	-	4,076,992	4,089,462	4,089,462	100.0%	4.7%
DMO (30%)	3,829,599	3,942,799	-	3,785,976	3,717,693	3,717,693	100.0%	4.3%
Beaufort County ROD Deed Processing	48,832	52,297	-	63,250	50,291	50,291	100.0%	0.1%
Buried Underground Cable	16,649	-	-	-	-	-	0.0%	0.0%
Professional Services/Bank Charges	(2,382)	(1,494)	-	(1,495)	-	-	0.0%	0.0%
ARPA Grants	618,772	1,159,149	-	14,344	-	-	0.0%	0.0%
Transfers Out								
Transfers to General Fund	14,154,087	14,232,026	-	13,093,959	16,236,626	16,236,626	100.0%	18.8%
Transfers to Debt Service	10,412,618	8,318,491	-	12,792,678	4,484,733	4,484,733	100.0%	5.2%
Transfers to CIP Fund	24,734,910	30,292,181	-	40,611,857	46,104,356	46,104,356	100.0%	53.3%
Transfers to Housing Fund	-	1,000,000	-	1,000,000	619,616	619,616	100.0%	0.7%
Total Transfer Out	49,301,615	53,842,698	-	67,498,494	67,445,330	67,445,330	100.0%	78.0%
Fund Balance Surplus (Future Use)	-	-	-	9,494,253	10,505,791	10,505,791	100.0%	12.2%
Total Expenditures and Transfers Out	\$ 59,513,257	\$ 63,570,215	\$ -	\$ 85,391,811	\$ 86,422,841	\$ 86,422,841	100.0%	100.0%

»» The Fund Balance Surplus includes Beach Preservation Fee and Real Estate Transfer Fee



FY 2027 PROPOSED SPECIAL REVENUES FUND BUDGET EXPENDITURES



» The majority of Special Revenues are Sources of Funds for the CIP, General, Debt Service and Housing Funds



SPECIAL REVENUES FUND – BEACH PRESERVATION FEES FY 2024 - 2027

Expenditures	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY 2027 to FY 2026 Budget \$ Change	FY 2027 to FY 2026 Budget % Change
General Fund - Beach Patrol, Safety, Maintenance, Repairs	\$ 1,983,508	\$ 1,983,508	\$ 248,548	\$ 248,548	\$ 248,548	\$ 2,466,895	\$ 2,218,347	892.5%
Debt Service Fund Payments	3,948,375	3,946,625	11,062,000	11,351,310	11,351,310	3,041,908	(8,309,402)	-73.2%
Spartina Marine Light Ordinance Enforcement Patrol	35,500	38,350	38,100	-	43,250	43,250	43,250	0.0%
CIP - Beach Management & Monitoring	68,925	129,379	220,000	290,620	220,000	220,620	(70,000)	-24.1%
CIP - Beach Renourishment	423,265	534,735	40,500,000	21,500,000	20,900,000	600,000	(20,900,000)	-97.2%
CIP - Coligny Beach Park Boardwalk Maintenance	-	-	250,000	250,000	225,000	-	(250,000)	-100.0%
CIP - Driessen Beach Park Improvements	827,851	-	-	-	-	-	-	0.0%
CIP - Beach Operations Center Renovations	-	-	-	-	-	300,000	300,000	0.0%
CIP - Beach Wayfinding and Signage	-	-	-	-	-	200,000	200,000	0.0%
CIP - Folly Field Beach Park Improvements	78,982	-	-	-	-	-	-	0.0%
CIP - 69 Pope Avenue Beach Parking Lot	-	-	-	-	-	150,000	150,000	0.0%
CIP - Islanders Beach Park Improvements	724,611	205,646	-	128,499	-	5,128,499	5,000,000	3891.1%
CIP - Beach Park Maintenance & Improvements	280,444	341,385	150,000	150,000	150,000	150,000	-	0.0%
CIP - Beach Wheelchair Storage	-	38,661	-	-	18,778	-	-	0.0%
CIP - Beach Contingency	-	107,403	100,000	100,000	64,978	100,000	-	0.0%
CIP - Park Improvements	58,907	73,850	-	-	1,400	-	-	0.0%
CIP - Public Safety Watercraft	-	36,000	-	-	-	-	-	0.0%
Total Expenditures	\$ 8,430,368	\$ 7,435,542	\$ 52,568,648	\$ 34,018,977	\$ 33,223,264	\$ 12,401,172	\$ (21,617,805)	-63.5%

» Beach Preservation Fee projections for FY 2027 – 2033 are on the following slide



SPECIAL REVENUES FUND – BEACH PRESERVATION FEES FY 2027 - 2033

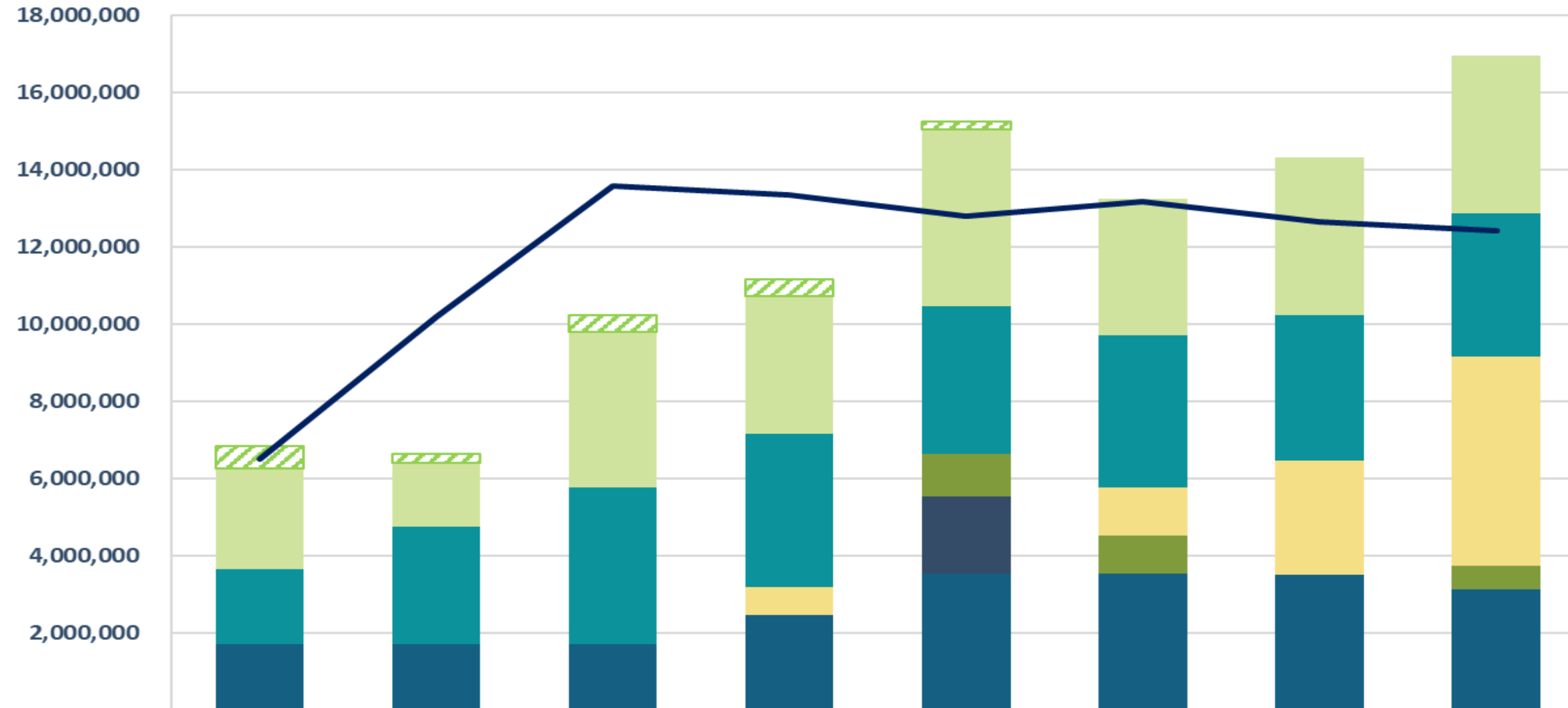
	FY 2027 Proposed Budget	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Beginning Fund Balance	38,623,827	42,845,385	53,498,886	62,713,780	73,493,470	84,346,203	95,247,318
Revenues							
Beach Preservation Fees	14,768,732	14,990,263	15,215,117	15,443,344	15,674,994	15,910,119	16,148,771
Investment Income	1,853,997	1,761,297	1,673,232	1,589,571	1,510,092	1,434,588	1,362,858
Total Revenues	16,622,729	16,751,560	16,888,350	17,032,915	17,185,086	17,344,707	17,511,629
Expenditures							
Consulting Services	43,250	43,250	43,250	43,250	43,250	43,250	43,250
Transfer to General Fund	2,466,895	2,540,902	2,617,129	2,695,643	2,776,512	2,887,573	3,003,075
Transfer to CIP	6,849,119	470,000	1,970,000	470,000	470,000	470,000	1,470,000
Transfer to Debt Service	3,041,908	3,043,907	3,043,077	3,044,332	3,042,591	3,042,769	3,039,784
Total Expenditures	12,401,172	6,098,059	7,673,456	6,253,225	6,332,353	6,443,592	7,556,109
Net change in fund balance	4,221,557	10,653,502	9,214,894	10,779,690	10,852,733	10,901,115	9,955,520
Ending Fund Balance	42,845,385	53,498,886	62,713,780	73,493,470	84,346,203	95,247,318	105,202,837
Proposed Reserve	42,845,385	53,498,886	62,713,780	73,493,470	84,346,203	95,247,318	105,202,837
Fund Balance After Reserve	-	-	-	-	-	-	-

» The Fund Balance is projected to grow to \$105 million by FY 2033 (Future CIP projects are TBD)



FY 2027 PROPOSED SPECIAL REVENUES BUDGET – STATE ACCOMMODATIONS TAX

Distribution of State 2% ATAX Dollars



	2020	2021	2022	2023	2024	2025	2026 Projection	2027 Budget
DMO - Supplemental (Calendar Year)	575,000	234,085	419,458	437,090	215,608	-	-	-
HHI ATAX Grants (Calendar Year)	2,616,600	1,629,223	4,032,501	3,559,779	4,573,538	3,521,165	4,076,992	4,089,462
DMO - 30%	1,939,622	3,047,544	4,063,286	3,995,971	3,829,599	3,942,799	3,785,976	3,717,693
HHI Capital Improvements	-	-	-	722,592	14,294	1,255,105	2,945,183	5,410,921
Housing	-	-	-	-	1,100,000	1,000,000	-	619,616
Land Acquisition	-	-	-	-	2,000,000	-	-	-
Town - General Fund Tourism Services	1,695,449	1,706,394	1,695,211	2,445,211	3,515,021	3,515,021	3,500,000	3,123,078
Revenues (Fiscal Year)	6,490,407	10,183,479	13,569,288	13,344,903	12,790,329	13,167,662	12,644,919	12,417,310
End of Fiscal Year Balance	3,443,421	7,015,839	10,387,797	12,943,693	10,985,198	11,335,170	10,205,635	6,037,976

» Note: There is a two-year spending requirement for State ATAX Funds



FY 2027 PROPOSED SPECIAL REVENUES BUDGET – USES OF ACCOMMODATIONS TAX

State Accommodations Taxes – General Fund - \$3,123,078 (Town Council Policy – 20% of Revenue; State Law – the first \$25k and 5% of Revenue)

✓ Administration

- Fire Rescue
- Community Code Enforcement
- Police Services
- Beach Services
- Revenue Management Services

✓ Facilities Management

- Roadside Maintenance
- Pathway Maintenance
- Public Park Maintenance

✓ Community Events

- Annual Hilton Head Island Jam Songwriter's Festival
- Holiday Decorations & Events

State Accommodations Taxes – Capital Improvements Program Fund - \$5,410,921 (Town Council Policy – 7% of Revenue plus discretionary amount for CIP funding)

✓ Pathway, Facility and Equipment Programs

- Pathway Enhancements
- Facility Enhancements

State Accommodations Taxes – Housing Fund - \$619,616 (Town Council Policy – 5% of Revenue)

✓ Development of Workforce Housing Program

State Accommodations Taxes – Special Revenue Fund - \$7,807,155

✓ ATAX Grants - \$4,089,462

✓ Destination Marketing Organization - \$3,717,693



FY 2027 PROPOSED RESERVE POLICIES, FUND BALANCE & KPIs



FY 2027 PROPOSED RESERVE POLICIES

Fund	Projected Fund Balance at 06/30/2026	Current Reserve Policy	FY 2027 Proposed Minimum Reserve Policy	Year-end FY26 Projected Change	Year-end FY27 Projected Change
General Fund	57,836,280	24,217,589	50% - 55% of the Ending Fund Balance; Transfer amount above 55% to Disaster Fund	5,465,915	2,908,088
Real Estate Transfer Fee Fund	19,335,175	1,000,000	\$1,000,000	-	-
Beach Preservation Fee Fund	38,623,827	20,000,000	Transfer Ending Fund Balance at Year-end with no Maximum	-	22,845,384
Hospitality Tax Fund	22,933,201	5,000,000	\$5,000,000	-	-
Stormwater Utility Fund	12,891,854	5,000,000	\$3,000,000	-	(2,000,000)
Stormwater Utility Fund Net Fixed Assets		-	No Minimum	-	7,090,752
Natural Disasters Fund	38,633,361	36,000,000	Transfer Ending Fund Balance at Year-end with no Maximum	-	3,745,965
Capital Improvements Fund	37,159,645	-	Town Council Designates Reserves for Economic Development during the Adoption of each Fiscal Year Budget	-	4,341,500
Total	227,413,345	91,217,589		5,465,915	38,931,689
<hr/>					
Total Projected Restricted Fund Balance		91,217,589		96,683,504	135,615,193
Total Projected Unrestricted Fund Balance		163,598,982		158,133,066	99,325,616
Percent Restricted		36%		38%	58%
Projected Ending Fund Balance		254,816,563		254,816,563	234,940,803



FY 2027 PROPOSED RESERVE POLICIES

	Projected Fund Balance at 6/30/2026	Current Reserve Policy	Proposed Minimum Balance Policy	Projected Restricted Fund Balance at 6/30/2027	FY 2027 Proposed Reserve Policy
Operating Reserves:					
General Fund	\$ 57,836,280	\$ 24,217,589	50% - 55%	\$ 32,591,592	50% - 55% of the Ending Fund Balance; Transfer amount above 55% to Disaster Fund
Housing Fund	2,865,792	-	-	-	No Minimum Balance
GGHNCDC Fund	4,074,501	-	-	-	No Minimum Balance
Stormwater	12,891,854	5,000,000	3,000,000	10,090,752	One year operating expenditures and net assets
Subtotal Operating Reserves	\$ 77,668,427	\$ 29,217,589		\$ 42,682,344	
Capital Reserves:					
Capital Projects	\$ 37,159,645	\$ -	-	\$ 4,341,500	Town Council Designates Reserves for Economic Development during the Adoption of each Fiscal Year Budget
Subtotal Capital Reserves	\$ 37,159,645	\$ -		\$ 4,341,500	
Special Purpose Reserves:					
TIF	\$ 1,506,637	\$ -	-	\$ -	No Minimum Balance
State ATAX	10,205,635	-	-	-	No Minimum Balance
Real Estate Transfer Fee	19,335,175	1,000,000	1,000,000	1,000,000	Keep Current Policy
Beach Preservation Fee	38,623,827	20,000,000	Ending Fund Bal.	42,845,384	Transfer Ending Fund Balance at Year-end with no Maximum
Hospitality Tax	22,933,201	5,000,000	5,000,000	5,000,000	Keep Current Policy
Road Usage Fee	832,328	-	-	-	No Minimum Balance
Palmetto Electric Franchise Fee	3,641,983	-	-	-	No Minimum Balance
Short-Term Rental Fee	876,611	-	-	-	No Minimum Balance
Debt Service	2,951,753	-	-	-	No Minimum Balance
Natural Disasters	38,633,361	36,000,000	Ending Fund Bal.	39,745,965	Transfer Ending Fund Balance at Year-end with no Maximum
Operating Grants	363,151	-	-	-	No Minimum Balance
Fire Truck Lease Proceeds	84,828	-	-	-	No Minimum Balance
Subtotal Special Purpose Reserves	\$ 139,988,491	\$ 62,000,000		\$ 88,591,349	
Total Reserves:	\$ 254,816,564	\$ 91,217,589		\$ 135,615,193	



FY 2027 FUND BALANCE OVERVIEW

2027 Total Town Budget	
Total Operating Revenue	125,544,443
Transfers In	72,592,815
Use of Fund Balance	35,147,460
Total Revenue	233,284,719
Total Operating Expense	145,420,206
Transfers Out	72,592,815
Fund Balance Surplus	15,271,698
Total Expense	233,284,719
Net Fund Balance Use	(19,875,761)



FY 2027 FUND BALANCE WALK

	SIX MAJOR FUNDS						NEW FUND	CONSOLIDATED
	GENERAL	DEBT SERVICE	STORMWATER	CAPITAL	GULLAH GEECHEE CDC	WORKFORCE HOUSING	SPECIAL REVENUE	TOTAL
BEGINNING FUND BALANCE	\$ 57,836,281	\$ 2,951,754	\$ 12,891,855	\$ 37,159,646	\$ 4,074,502	\$ 2,865,793	\$ 137,036,740	\$ 254,816,571
REVENUE	\$ 51,040,924	\$ 6,819,500	\$ 5,908,561	\$ 2,495,810	\$ 212,500	\$ -	\$ 59,067,148	\$ 125,544,443
EXPENSE	64,177,563	11,513,988	3,002,748	53,967,547	1,694,756	2,591,882	8,471,719	145,420,204
TRANSFERS IN	16,611,626	4,484,733	-	50,309,942	359,026	619,616	207,872	72,592,815
TRANSFERS OUT	566,898	-	4,580,586	-	-	-	67,445,330	72,592,815
CHANGE IN FUND BALANCE	\$ 2,908,088	\$ (209,755)	\$ (1,674,773)	\$ (1,161,796)	\$ (1,123,230)	\$ (1,972,266)	\$ (16,642,029)	\$ (19,875,761)
ENDING FUND BALANCE	\$ 60,744,369	\$ 2,741,999	\$ 11,217,082	\$ 35,997,851	\$ 2,951,272	\$ 893,527	\$ 120,394,711	\$ 234,940,810
TOWN COUNCIL PROPOSED RESERVE								
OPERATING RESERVE	\$ 32,591,592	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 5,000,000	\$ 40,591,592
NET FIXED ASSETS	-	-	7,090,752	-	-	-	-	7,090,752
ECONOMIC DEVELOPMENT	-	-	-	4,341,500	-	-	-	4,341,500
BEACH PRESERVATION	-	-	-	-	-	-	42,845,385	42,845,385
DISASTER - DEBT SERVICE	-	-	-	-	-	-	1,000,000	1,000,000
DISASTER FUND	-	-	-	-	-	-	39,745,965	39,745,965
TOWN COUNCIL PROPOSED RESERVE TOTAL	\$ 32,591,592	\$ -	\$ 10,090,752	\$ 4,341,500	\$ -	\$ -	\$ 88,591,349	\$ 135,615,193
ENDING FUND BALANCE AFTER RESERVES	\$ 28,152,777	\$ 2,741,999	\$ 1,126,330	\$ 31,656,351	\$ 2,951,272	\$ 893,527	\$ 31,803,361	\$ 99,325,617



FY 2027 FUND BALANCE WALK – SPECIAL REVENUES

	SPECIAL REVENUE	BEACH PRESERVATION FEES	HTAX FEES	FIRE TRUCK LEASE PROCEEDS	TIF TAXES	ROAD USAGE FEES	STATE ATAX FEES	REAL ESTATE TRANSFER FEES	PALMETTO ELECTRIC FEES	SHORT TERM RENTAL FEES	DISASTER FUND	TOTAL
BEGINNING FUND BALANCE	\$ 363,151	\$ 38,623,827	\$ 22,933,201	\$ 84,828	\$ 1,506,637	\$ 832,328	\$ 10,205,635	\$ 19,335,175	\$ 3,641,983	\$ 876,611	\$ 38,633,361	\$ 137,036,740
REVENUE	\$ -	\$ 16,622,729	\$ 11,729,378	\$ 4,515,172	\$ -	\$ -	\$ 12,793,111	\$ 5,471,921	\$ 3,791,105	\$ 3,031,129	\$ 1,112,604	\$ 59,067,148
EXPENSE	571,023	43,250	-	-	-	-	7,807,156	50,291	-	-	-	8,471,719
TRANSFERS IN	207,872	-	-	-	-	-	-	-	-	-	-	207,872
TRANSFERS OUT	-	12,357,922	28,730,176	4,600,000	1,506,637	832,328	9,153,614	250,000	6,408,603	3,606,050	-	67,445,330
CHANGE IN FUND BALANCE	\$ (363,151)	\$ 4,221,557	\$ (17,000,798)	\$ (84,828)	\$ (1,506,637)	\$ (832,328)	\$ (4,167,659)	\$ 5,171,630	\$ (2,617,498)	\$ (574,921)	\$ 1,112,604	\$ (16,642,029)
ENDING FUND BALANCE	\$ -	\$ 42,845,385	\$ 5,932,403	\$ -	\$ -	\$ -	\$ 6,037,976	\$ 24,506,805	\$ 1,024,485	\$ 301,689	\$ 39,745,965	\$ 120,394,711
TOWN COUNCIL PROPOSED RESERVE												
OPERATING RESERVE	\$ -	\$ -	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
BEACH PRESERVATION	-	42,845,385	-	-	-	-	-	-	-	-	-	42,845,385
DISASTER - DEBT SERVICE	-	-	-	-	-	-	-	1,000,000	-	-	-	1,000,000
DISASTER FUND	-	-	-	-	-	-	-	-	-	-	39,745,965	39,745,965
TOWN COUNCIL PROPOSED RESERVE TOTAL	\$ -	\$ 42,845,385	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ 39,745,965	\$ 88,591,349
ENDING FUND BALANCE AFTER RESERVES	\$ -	\$ -	\$ 932,403	\$ -	\$ -	\$ -	\$ 6,037,976	\$ 23,506,805	\$ 1,024,485	\$ 301,689	\$ -	\$ 31,803,361



FY 2027 KPIs

Available Fund Balance	2025 Actual	2026 Projected	2027 Proposed Budget
General Fund Unrestricted FB	64,281,157	57,836,280	60,744,368
Current Assets SWU	8,904,258	7,882,690	6,861,123
Total	73,185,415	65,718,970	67,605,491
Less - Current Liab. SWU	4,009,795	3,079,795	3,069,795
Net	69,175,620	62,639,175	64,535,696
Revenue (recurring excludes grant income)	133,037,875	122,236,444	119,778,443
Ratio	52%	51%	54%
Aaa Criteria	>35%	>35%	>35%

Liquidity Ratio	2025 Actual	2026 Projected	2027 Proposed Budget
Unrestricted Cash - Govt Funds	241,606,853	241,924,717	223,723,728
Unrestricted Cash- SWU	8,888,189	5,147,896	4,126,330
Less - ST Debt Govt Fund	7,983,000	8,605,000	9,070,000
Less - ST Debt SWU	1,275,000	345,000	335,000
Net Total	241,237,042	238,122,613	218,445,058
Revenue (recurring excludes grant income)	133,037,875	122,236,444	119,778,443
Ratio	181%	195%	182%
Aaa Criteria	>40%	>40%	>40%



FY 2027 KPIs

LT Liabilities Ratio	2025 Actual	2026 Projected	2027 Proposed Budget
Total LT Debt - Govt (1)	72,872,930	95,619,930	81,210,000
Total LT Debt - SWU	1,975,000	680,000	355,000
Adjusted Net Pension Liability (2)	17,901,586	17,901,586	17,901,586
Adjusted OPEB Liability (2)	4,033,824	4,033,824	4,033,824
Other LT Liabilities (3)	13,187,714	12,835,417	12,500,000
Total	109,971,054	131,070,757	116,000,410
Revenue (recurring excludes grant income)	133,037,875	122,236,444	119,778,443
Ratio	83%	107%	97%
Aaa Criteria	<100%	<100%	<100%

(1) - Includes outstanding GO Bonds, Revenue Bonds, Financed Purchases (Leases) and Bond Premiums (being amortized)

(2) - Adjusted Net Pension Liability is calculated during the audit based on the previous year performance of the SC Police Officers Retirement Plan and the Town's share of any unfunded pension liability. Adjusted OPEB Liability is calculated every two years by an actuary based on the number of eligible employees and value of any plan assets. For this example, the amounts for 2026 and 2027 are the amounts reported in FY2025

(3) - Includes long term liabilities to other governments, compensated absences and subscription-based information technology agreements.

Fixed Costs Ratio	2025 Actual	2026 Projected	2027 Proposed Budget
Implied Debt Service - Govt (1)	3,507,950	4,602,943	3,909,279
Implied Debt Service - SWU (1)	98,750	32,734	17,089
Pension Tread Water Contribution (2)	2,565,310	2,565,310	2,565,310
OPEB Contribution (3)	225,101	225,101	225,101
Implied Cost Other LT Liabilities	158,442	617,870	601,724
Total	6,555,553	8,043,958	7,318,503
Revenue (recurring excludes grant income)	133,037,875	122,236,444	119,778,443
Ratio	5%	7%	6%
Aaa Criteria	<10%	<10%	<10%

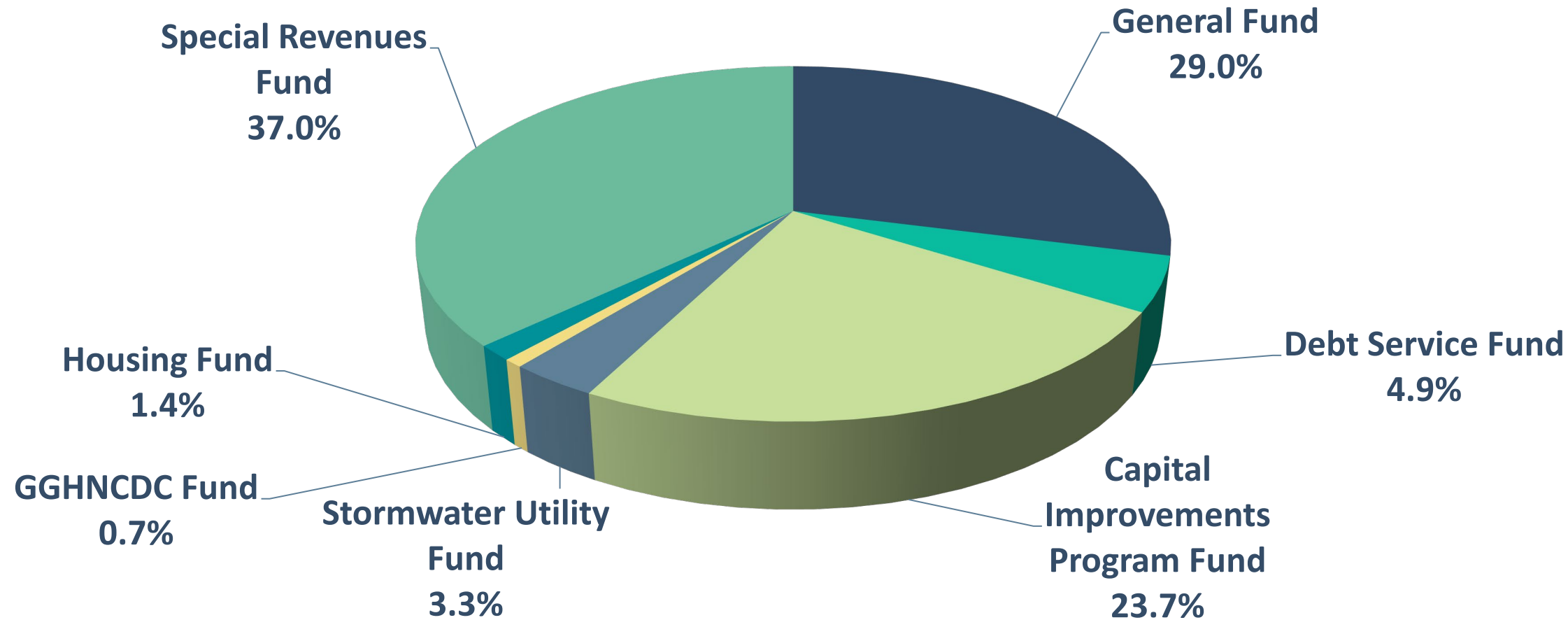
(1) - Implied Debt Service takes total outstanding debt and amortizes it over a 20-year period at an average bond rates.

(2) - Pension Tread Water Contribution is based on current year funding to the pension plan

(3) - OBEP Contribution is based on current year contribution to the OPEB plan



FY 2027 PROPOSED CONSOLIDATED BUDGET – ALL FUNDS



	FY 2024 Actual	FY 2025 Actual	FY 2026 Original Budget	FY 2026 Amended Budget	FY 2026 Projection	FY 2027 Proposed Budget	FY27 to FY26 Amended Budget \$ Change	FY27 to FY26 Amended Budget % Change
Expenditures								
General Fund	\$ 57,822,970	\$ 57,775,830	\$ 59,754,870	\$ 60,362,809	\$ 65,387,249	\$ 67,652,550	\$ 7,289,741	12.1%
Debt Service Fund	15,820,581	15,046,492	18,864,083	31,084,281	30,960,656	11,513,988	(19,570,293)	-63.0%
Capital Improvements Program Fund	27,398,738	31,066,109	77,687,380	124,616,414	110,369,157	55,205,752	(69,410,662)	-55.7%
Stormwater Utility Fund	5,150,208	6,062,194	11,140,277	11,893,723	6,552,349	7,583,334	(4,310,389)	-36.2%
GGHNCDC Fund	129,142	277,025	3,286,603	3,286,603	1,718,563	1,694,756	(1,591,847)	-48.4%
Housing Fund	201,523	280,287	3,978,137	3,978,137	1,199,442	3,211,498	(766,639)	-19.3%
Special Revenues Fund	59,513,257	63,570,215	-	-	85,391,811	86,422,841	86,422,841	0.0%
Consolidated Budget	\$ 166,036,419	\$ 174,078,152	\$ 174,711,350	\$ 235,221,967	\$ 301,579,227	\$ 233,284,719	\$ (1,937,248)	-0.8%



FY 2027 CONSOLIDATED BUDGET REVIEW & APPROVAL PROCESS

MAY 12

**Budget Ordinance
to Town Council for
Public Hearing &
First Reading**

MAY 14

**Town Council Budget
Workshop:**
General Fund
Debt Service Fund
GGHNCDC Fund
Housing Fund
Special Revenues Fund

MAY 19

**Town Council
Budget Workshop:**
CIP Fund
Stormwater Fund
Consolidated Budget

JUNE 9

**Budget Ordinance
to Town Council for
Public Hearing &
Second and Final
Reading**



THANK YOU